

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS (CONSOLIDATED)
June 30, 2015, December 31, 2014, and June 30, 2014

| Assets | Notes | 2015/6/30 NTS'000 | 2014/12/31 NTS'000 | 2014/6/30 NTS'000 |
|--|--------------|----------------------|-----------------------|----------------------|
| Current assets | | | | |
| Cash and cash equivalents | 4,6(1) | 6,589,769 | 7,418,163 | 6,941,865 |
| Available-for-sale financial assets-current | 4,6(2) | 118,992 | 67,460 | 104,985 |
| Notes receivable, net | 4,6(3) | 10,174 | 11,402 | 12,555 |
| Accounts receivable, net | 4,6(4) | 3,245,549 | 3,494,939 | 3,261,878 |
| Receivables from related parties | 4,6(4),7 | 734,067 | 716,931 | 726,766 |
| Other receivables | | 112,393 | 173,093 | 116,429 |
| Other receivables from related parties | 7 | 108,974 | 157,741 | 1,218,936 |
| Inventories | 4,6(5) | 354,441 | 286,284 | 278,632 |
| Prepayments | | 304,498 | 412,533 | 443,826 |
| Other current assets | | 239,275 | 167,031 | 138,407 |
| Other financial assets-current | 8 | 6,920 | 17,781 | 29,634 |
| Total current assets | | <u>11,825,052</u> | <u>12,923,358</u> | <u>13,273,913</u> |
| Non-current assets | | | | |
| Available-for-sale financial assets-noncurrent | 4,6(2) | 5,594 | 16,544 | - |
| Financial assets measured at cost-noncurrent | 4,6(6) | 632,579 | 632,579 | 649,768 |
| Investments - equity method | 4,6(7) | 1,170,254 | 1,137,346 | 1,095,182 |
| Property, plant & equipments | 4,6(8),8 | 25,507,670 | 24,009,814 | 22,760,412 |
| Intangible assets | 4,6(9),6(11) | 114,441 | 108,107 | 100,685 |
| Deferred income tax assets | 4,6(22) | 552,330 | 650,090 | 767,695 |
| Other financial assets-noncurrent | 8 | 94,476 | 94,476 | 76,544 |
| Other non-current assets - other | 6(10) | 147,176 | 150,044 | 159,092 |
| Total non-current assets | | <u>28,224,520</u> | <u>26,799,000</u> | <u>25,609,378</u> |
| Total Assets | | <u>40,049,572</u> | <u>39,722,358</u> | <u>38,883,291</u> |

KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS (CONSOLIDATED)
June 30, 2015, December 31, 2014, and June 30, 2014

| Liabilities and shareholders' Equity | Notes | 2015/6/30 NTS'000 | 2014/12/31 NTS'000 | 2014/6/30 NTS'000 |
|---|---------------|----------------------|-----------------------|----------------------|
| Current liabilities | | | | |
| Notes payable | | \$2,444 | 4,225 | 4,878 |
| Accounts payable | 7 | 682,217 | 496,870 | 620,885 |
| Accounts payable- related parties | | - | - | 95 |
| Other payables | | 3,904,867 | 1,750,275 | 4,328,951 |
| Other payables to related parties | 7 | 53,035 | 33,530 | 55,168 |
| Payables to equipment suppliers | | 561,990 | 825,010 | 1,188,385 |
| Income tax payable for the period | 4,6(22) | 175,452 | 371,999 | 167,607 |
| Current portion of long-term loans payable | 4,6(13),8 | 2,289,777 | 1,895,299 | 799,298 |
| Other current liabilities | | 128,108 | 234,434 | 141,199 |
| Total current liabilities | | <u>7,797,890</u> | <u>5,611,642</u> | <u>7,306,466</u> |
| Non-current liabilities | | | | |
| Long-term loans | 4,6(13),8 | 10,012,565 | 10,889,013 | 9,978,818 |
| Net defined benefit liability | 4,6(14) | 262,216 | 262,216 | 263,013 |
| Deposits received | | 631 | 631 | 541 |
| Total non-current liabilities | | <u>10,275,412</u> | <u>11,151,860</u> | <u>10,242,372</u> |
| Total liabilities | | <u>18,073,302</u> | <u>16,763,502</u> | <u>17,548,838</u> |
| The owner's equity | | | | |
| Capital | 4,6(15) | | | |
| Common stock | | 11,922,944 | 11,923,184 | 11,923,184 |
| Additional paid-in capital | 4,6(15),6(16) | 6,268,513 | 6,623,735 | 6,621,829 |
| Retained earnings | 4,6(15) | | | |
| Legal reserve | | 1,430,126 | 1,174,220 | 1,174,220 |
| Special reserve | | 201,416 | 201,416 | 201,416 |
| Retained earnings-unappropriated | | 1,974,261 | 2,739,431 | 1,401,902 |
| Total retained earnings | | <u>3,605,803</u> | <u>4,115,067</u> | <u>2,777,538</u> |
| Other equity | 6(16) | 174,940 | 292,876 | 7,755 |
| The owner's equity | | <u>21,972,200</u> | <u>22,954,862</u> | <u>21,330,306</u> |
| Non-controlling interest | 6(15) | 4,070 | 3,994 | 4,147 |
| Total owner's equity | | <u>21,976,270</u> | <u>22,958,856</u> | <u>21,334,453</u> |
| Total Liabilities and Equity | | <u>40,049,572</u> | <u>39,722,358</u> | <u>38,883,291</u> |

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
STATEMENTS OF INCOME (CONSOLIDATED)

| | Notes | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--|-------------------------------|---|------------------|---|------------------|
| | | 2015 NT\$'000 | 2014 NT\$'000 | 2015 NT\$'000 | 2014 NT\$'000 |
| Operating Revenues | | | | | |
| Net operating revenues | 6(17),7 | 4,345,477 | 4,126,273 | 8,419,009 | 7,655,829 |
| Cost of goods sold | 6(5),6(9),6(14),6(18),6(19),7 | (3,048,401) | (2,819,150) | (5,964,358) | (5,386,893) |
| Gross Profit | | 1,297,076 | 1,307,123 | 2,454,651 | 2,268,936 |
| Operating Expenses | 6(9),6(16),6(18),6(19) | | | | |
| Selling expenses | | (63,394) | (61,160) | (127,731) | (120,629) |
| Administrative expenses | | (287,622) | (270,392) | (573,031) | (528,663) |
| Research and development expenses | | (172,142) | (150,167) | (349,036) | (281,648) |
| Total operating expenses | | (523,158) | (481,719) | (1,049,798) | (930,940) |
| Operating Income(loss) | | 773,918 | 825,404 | 1,404,853 | 1,337,996 |
| Non-operating Income | | | | | |
| Other income | 6(20) | 54,655 | 80,686 | 99,674 | 106,658 |
| Other profit or loss | 6(20) | 48,055 | (6,443) | 104,035 | 233 |
| Financial cost | 6(8),6(20) | (34,946) | (30,637) | (75,936) | (67,955) |
| Gain on the shareportion of associates and joint venture - equity method | 6(7) | 13,138 | 43,157 | 38,222 | 62,875 |
| Total non-operating income | | 80,902 | 86,763 | 165,995 | 101,811 |
| Net income before tax | | 854,820 | 912,167 | 1,570,848 | 1,439,807 |
| Income tax expense | 4,6(22) | (174,788) | (129,418) | (291,394) | (226,057) |
| Net Income | | 680,032 | 782,749 | 1,279,454 | 1,213,750 |
| Other comprehensive income | 6(21) | | | | |
| Translation differences arising from translating the foreign currency financial statements of the foreign operations | | (43,770) | (88,388) | (112,278) | (31,328) |
| Unrealized gain or loss on available-for-sale financial instruments | | (4,147) | 2,572 | (7,917) | 3,645 |
| Other comprehensive profit and loss for the period (net income post-tax) | | (47,917) | (85,816) | (120,195) | (27,683) |
| Total comprehensive income | | 632,115 | 696,933 | \$1,159,259 | 1,186,067 |
| Net income belonging to : | | | | | |
| Owner | | 679,820 | 782,442 | \$1,279,191 | 1,213,381 |
| Non-controlling interest | | 212 | 307 | 263 | 369 |
| | | 680,032 | 782,749 | \$1,279,454 | 1,213,750 |
| Total comprehensive income belonging to : | | | | | |
| Owner | | 632,026 | 696,644 | 1,159,183 | 1,185,561 |
| Non-controlling interest | | 89 | 289 | 76 | 506 |
| | | 632,115 | 696,933 | 1,159,259 | 1,186,067 |
| Earnings Per Share | 6(23) | | | | |
| Basic Earnings Per Share | | \$ 0.57 | \$ 0.66 | \$ 1.07 | \$ 1.02 |
| Diluted Earnings Per Share | | \$ 0.56 | \$ 0.65 | \$ 1.06 | \$ 1.01 |

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

KING YUAN ELECTRONICS CO., LTD.

STATEMENTS OF CASH FLOWS (CONSOLIDATED)

| | For the six-month period ended June 30, | |
|--|---|-----------|
| | 2015 | 2014 |
| | NT\$'000 | NT\$'000 |
| Cash flows from operating activities: | | |
| Net income before tax | 1,570,848 | 1,439,807 |
| Adjustments to reconcile net income to net cash provided by operating activities : | | |
| Depreciation (including other assets) | 2,565,353 | 2,106,168 |
| Amortization | 5,132 | 3,833 |
| Interest expense | 75,936 | 67,955 |
| Interest income | (39,974) | (42,730) |
| Stock-based compensation expenses | 4,411 | 10,865 |
| Gain on the shareportion of associates and joint venture - equity method | (38,222) | (62,875) |
| Gain on disposal (retirement) of property, plant & equipments | (42,011) | 1,858 |
| Gain on reclassified of property, plant & equipments | - | 1,070 |
| Gain on disposal of other assets | (35,731) | - |
| Gain on disposal of investments | (36) | (2,112) |
| Impairment loss on financial assets | 9,681 | 47,000 |
| Unrealized loss (gain) on foreign exchange | (230,153) | (19,553) |
| Varies in the value of assets and liabilities related to operation activities : | | |
| Decrease in notes receivable | 1,228 | 1,787 |
| Decrease (increase) in accounts receivable | 249,390 | (421,499) |
| Increase in receivables from related parties | (17,136) | (68,441) |
| Decrease in other receivables | 55,503 | 34,441 |
| (Increase) Decrease in other receivables from related parties | (1,455) | 392,432 |
| Invrease in inventories | (68,157) | (29,146) |
| Decrease (increase) in unearned receipts | 99,608 | (261,088) |
| Decrease (increase) in other current assets | (72,244) | (37,170) |
| Increase (decrease) in notes payable | (1,781) | (1,941) |
| Increase in accounts payable | 185,347 | 213,921 |
| Increase in other payables to related parties | - | 95 |
| Increase (decrease) in other accounts payable | 10,201 | (154,775) |
| Increase in other payables to related parties | 19,505 | 27,783 |
| Increase in accrued pension liabilities | (106,326) | (61,090) |
| Cash provided by operating activities | 4,198,917 | 3,186,595 |
| Gain on interest | 39,541 | 48,804 |
| Paid income tax | (390,181) | (297,589) |
| Net cash provided by operating activities | 3,848,277 | 2,937,810 |

| | For the six-month period ended June 30, | |
|--|---|-------------|
| | 2015 | 2014 |
| | NT\$'000 | NT\$'000 |
| Cash flows from investing activities: | | |
| Acquisition of financial assets in available-for-sale | (88,180) | (98,885) |
| Disposal of financial assets in available-for-sale | 30,036 | 81,592 |
| Financial assets at cost-noncurrent capital deducted by returning cash | - | 1,600 |
| Acquisition of investments accounted under the equity method | (2,179) | - |
| Acquisition of property, plant and equipment | (4,510,364) | (4,465,875) |
| Disposal of property, plant and equipment, and deferred assets | 304,905 | 74,894 |
| (Increase) decrease in refundable deposits | (2,631) | (4,739) |
| Acquisition of intangible assets. | - | (223) |
| Decrease (increase) in other financial assets | 10,861 | (25,715) |
| Decrease in other financial assets | 35,769 | - |
| Increase in other prepaid | 1,573 | 1,320 |
| Gain on dividends income | 8,400 | 6,325 |
| Net cash used in investing activities | (4,211,810) | (4,429,706) |

| | For the six-month period ended June 30, | |
|--|---|-------------|
| | 2015 | 2014 |
| | NT\$'000 | NT\$'000 |
| Cash flows from financing activities: | | |
| Increase in long-term loans | 2,607,931 | 1,698,932 |
| Repayments of long-term loans | (2,863,410) | (1,892,807) |
| Treasury shares repurchased | (144) | (1,311) |
| Paid Interest | (74,029) | (62,747) |
| Net cash used by/generated from financing activities | (329,652) | (257,933) |
| The impact of exchange rate fluctuation on cash and cash equivalents | (135,209) | (16,738) |
| Net increase in cash and cash equivalents | (828,394) | (1,766,567) |
| Cash and cash equivalents at the beginning of period | 7,418,163 | 8,708,432 |
| Cash and cash equivalents at the end of period | 6,589,769 | 6,941,865 |

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
STATEMENTS OF CHANGES IN OWNER'S EQUITY (CONSOLIDATED)
For the six-month period ended June 30, 2015 and 2014

| | The owner's equity | | | | | | | | | | | |
|---|--------------------|----------------------------|---------------|-----------------|----------------------------------|--|---|----------|----------------|-------------|--------------------------|--------------|
| | Retained Earnings | | | | | Other owner's equity | | | | | | |
| | Capital | Additional paid-in capital | Legal reserve | Special reserve | Retained earnings-unappropriated | Translation differences arising from translating the foreign currency financial statements of the foreign operations | Unrealized gain or loss on available-for-sale financial instruments | Others | Treasury Stock | Total | Non-controlling interest | Total equity |
| NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 | NT\$'000 |
| Balance as of January 1, 2014 | \$11,925,369 | 6,620,582 | 992,583 | 201,416 | 1,925,430 | 51,798 | (7,567) | (18,818) | (825) | 21,689,968 | 3,641 | 21,693,609 |
| Net earnings - appropriated and distributed, 2013 | | | | | | | | | | | | |
| Legal reserve | - | - | 181,637 | - | (181,637) | - | - | - | - | - | - | - |
| Common stock cash dividend | - | - | - | - | (1,550,175) | - | - | - | - | (1,550,175) | - | (1,550,175) |
| Other changes in additional paid-in capital | | | | | | | | | | | | |
| Changes in associates and joint venture - equity method | - | - | - | - | (5,097) | - | - | - | - | (5,097) | - | (5,097) |
| Net income for the six-month period ended June 30, 2014 | - | - | - | - | 1,213,381 | - | - | - | - | 1,213,381 | 369 | 1,213,750 |
| Other comprehensive income for the period | - | - | - | - | - | (31,465) | 3,645 | - | - | (27,820) | 137 | (27,683) |
| Total comprehensive income for the period | - | - | - | - | 1,213,381 | (31,465) | 3,645 | - | - | 1,185,561 | 506 | 1,186,067 |
| Employee restricted stock | (2,185) | 1,247 | - | - | - | - | - | 10,162 | 825 | 10,049 | - | 10,049 |
| Balance as of June 30, 2014 | 11,923,184 | 6,621,829 | 1,174,220 | 201,416 | 1,401,902 | 20,333 | (3,922) | (8,656) | - | 21,330,306 | 4,147 | 21,334,453 |
| Balance as of January 1, 2015 | 11,923,184 | 6,623,735 | 1,174,220 | 201,416 | 2,739,431 | 302,784 | (7,836) | (2,072) | - | 22,954,862 | 3,994 | 22,958,856 |
| Net earnings - appropriated and distributed, 2014 | | | | | | | | | | | | |
| Legal reserve | - | - | 255,906 | - | (255,906) | - | - | - | - | - | - | - |
| Common stock cash dividend | - | (357,691) | - | - | (1,788,455) | - | - | - | - | (2,146,146) | - | (2,146,146) |
| Other changes in additional paid-in capital | | | | | | | | | | | | |
| Changes in associates and joint venture - equity method | - | 2 | - | - | - | - | - | - | - | 2 | - | 2 |
| Net income for the six-month period ended June 30, 2015 | - | - | - | - | 1,279,191 | - | - | - | - | 1,279,191 | 263 | 1,279,454 |
| Other comprehensive income for the period | - | - | - | - | - | (112,091) | (7,917) | - | - | (120,008) | (187) | (120,195) |
| Total comprehensive income for the period | - | - | - | - | 1,279,191 | (112,091) | (7,917) | - | - | 1,159,183 | 76 | 1,159,259 |
| Employee restricted stock | (240) | 2,435 | - | - | - | - | - | 2,072 | - | 4,267 | - | 4,267 |
| Balance as of June 30, 2015 | 11,922,944 | 6,268,513 | 1,430,126 | 201,416 | 1,974,261 | 190,693 | (15,753) | - | - | 21,972,200 | 4,070 | 21,976,270 |

The accompanying notes are an integral part of the financial statements.