

English Translation of Financial Statements Originally Issued in Chinese
KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS (CONSOLIDATED)
March 31, 2016, December 31, 2015, and March 31, 2015

Assets	Notes	2016/3/31 NTS'000	2015/12/31 NTS'000	2015/3/31 NTS'000
Current assets				
Cash and cash equivalents	4,6(1)	5,359,397	6,234,138	6,550,485
Available-for-sale financial assets-current	4,6(2)	116,718	115,787	73,865
Notes receivable, net	4,6(3)	8,190	8,463	10,156
Accounts receivable, net	4,6(4)	3,130,943	3,008,420	3,115,621
Receivables from related parties	4,6(4),7	648,582	685,757	564,756
Other receivables		211,232	95,897	178,526
Other receivables from related parties	7	116,707	100,614	117,938
Inventories	4,6(5)	391,024	414,229	312,458
Prepayments		238,312	211,606	488,957
Other current assets		233,863	217,217	235,490
Other financial assets-current	8	303	3,037	5,545
Total current assets		<u>10,455,271</u>	<u>11,095,165</u>	<u>11,653,797</u>
Non-current assets				
Available-for-sale financial assets-noncurrent	4,6(2)	14,182	9,638	14,777
Financial assets measured at cost-noncurrent	4,6(6)	1,621,461	1,621,461	632,579
Investments - equity method	4,6(7)	1,233,668	1,222,692	1,162,962
Property, plant & equipments	4,6(8),8	27,767,365	25,689,164	24,953,081
Intangible assets	4,6(9),6(11)	104,698	104,529	107,790
Deferred income tax assets	4,6(22)	410,990	449,824	618,964
Other financial assets-noncurrent	8	93,170	93,170	94,476
Other non-current assets - other	6(10)	144,642	146,493	149,465
Total non-current assets		<u>31,390,176</u>	<u>29,336,971</u>	<u>27,734,094</u>
Total Assets		<u><u>41,845,447</u></u>	<u><u>40,432,136</u></u>	<u><u>39,387,891</u></u>

KING YUAN ELECTRONICS CO., LTD.
BALANCE SHEETS (CONSOLIDATED)
March 31, 2016, December 31, 2015, and March 31, 2015

Liabilities and shareholders' Equity	Notes	2016/3/31 NTS'000	2015/12/31 NTS'000	2015/3/31 NTS'000
Current liabilities				
Notes payable		5,797	7,118	16,910
Accounts payable		536,660	528,431	581,288
Other payables		1,750,312	1,725,293	1,613,235
Other payables to related parties	7	56,327	72,950	31,040
Payables to equipment suppliers		710,406	746,758	1,294,700
Income tax payable for the period	4,6(22)	427,124	342,912	452,652
Current portion of long-term loans payable	4,6(13),8	2,601,870	2,475,478	2,162,826
Other current liabilities		259,684	244,356	215,879
Total current liabilities		<u>6,348,180</u>	<u>6,143,296</u>	<u>6,368,530</u>
Non-current liabilities				
Long-term loans	4,6(13),8	12,288,524	11,615,080	9,266,030
Net defined benefit liability	4,6(14)	315,848	315,848	262,216
Deposits received		1,198	759	631
Total non-current liabilities		<u>12,605,570</u>	<u>11,931,687</u>	<u>9,528,877</u>
Total liabilities		<u>18,953,750</u>	<u>18,074,983</u>	<u>15,897,407</u>
The owner's equity				
Capital	4,6(15)			
Common stock		11,622,944	11,622,944	11,923,034
Additional paid-in capital	4,6(7),6(15),6(16)	5,987,334	5,987,947	6,626,297
Retained earnings	4,6(15)			
Legal reserve		1,430,126	1,430,126	1,174,220
Special reserve		201,416	201,416	201,416
Retained earnings-unappropriated		3,519,810	2,916,901	3,338,802
Total retained earnings		<u>5,151,352</u>	<u>4,548,443</u>	<u>4,714,438</u>
Other equity	6(16)	124,778	192,939	222,734
The owner's equity		<u>22,886,408</u>	<u>22,352,273</u>	<u>23,486,503</u>
Non-controlling interest	6(15)	5,289	4,880	3,981
Total owner's equity		<u>22,891,697</u>	<u>22,357,153</u>	<u>23,490,484</u>
Total Liabilities and Equity		<u>41,845,447</u>	<u>40,432,136</u>	<u>39,387,891</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 CASH FLOWS (CONSOLIDATED)

	For the three-month period ended March 31,	
	2016	2015
	NT\$'000	NT\$'000
Cash flows from operating activities:		
Net income before tax	730,280	716,028
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation	1,349,270	1,222,900
Amortization	4,356	2,190
allowance for uncollectible account	88	-
Interest expense	47,814	40,990
Interest income	(5,355)	(20,136)
Stock-based compensation expenses	-	4,540
Gain on the shareportion of associates and joint venture - equity method	(11,176)	(25,084)
Gain on disposal (retirement) of property, plant & equipments	(33,207)	(36,915)
Gain on disposal of investments	-	(39)
Unrealized loss (gain) on foreign exchange	(102,066)	(106,445)
Varies in the value of assets and liabilities related to operation activities :		
notes receivable	273	1,246
accounts receivable	(122,611)	379,318
receivables from related parties	37,175	152,175
other receivables	(84,610)	(8,850)
other receivables from related parties	(16,131)	12,440
Inventories	23,205	(26,174)
unearned receipts	(23,829)	(50,189)
other current assets	(16,646)	(68,459)
notes payable	(1,321)	12,685
accounts payable	8,229	84,418
other payables	24,246	(134,751)
other payables – related parties	(17,554)	(2,490)
other current liabilities	15,328	(18,555)
Cash provided by operating activities	<u>1,805,758</u>	<u>2,130,843</u>
Gain on interest	6,895	20,713
Paid income tax	<u>(4,161)</u>	<u>(4,827)</u>
Net cash provided by operating activities	<u>1,808,492</u>	<u>2,146,729</u>

	For the three-month period ended March 31,	
	2016	2015
	NT\$'000	NT\$'000
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets		(38,407)
Disposal of financial assets measured at cost-noncurrent		30,038
Acquisition of property, plant and equipment	(3,561,250)	(1,940,778)
Disposal of property, plant and equipment, and deferred assets	76,851	250,714
Increase in refundable deposits	(1,063)	(2,675)
Acquisition of intangible assets	(5,926)	-
Decrease in other financial assets	2,734	12,236
Increase in other noncurrent assets	-	38
Decrease in other prepaid	559	604
Net cash used in investing activities	<u>(3,488,095)</u>	<u>(1,688,230)</u>

	For the three-month period ended March 31,	
	2016	2015
	NT\$'000	NT\$'000
Cash flows from financing activities:		
Increase in long-term loans	2,991,140	936,538
Repayments of long-term loans	(2,091,870)	(2,187,530)
increase in deposits received	439	-
Paid Interest	(44,409)	(41,388)
Net cash used by/generated from financing activities	<u>855,300</u>	<u>(1,292,380)</u>
The impact of exchange rate fluctuation on cash and cash equivalents	<u>(50,438)</u>	<u>(33,797)</u>
Net decrease in cash and cash equivalents	<u>(874,741)</u>	<u>(867,678)</u>
Cash and cash equivalents at the beginning of period	<u>6,234,138</u>	<u>7,418,163</u>
Cash and cash equivalents at the end of period	<u><u>5,359,397</u></u>	<u><u>6,550,485</u></u>

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

		For the three-month period ended March 31,	
		2016	2015
		NT\$'000	NT\$'000
Operating Revenues			
Net operating revenues	4,6(17),7	4,358,356	4,073,532
Cost of goods sold	6(5),6(9),6(14),6(18),6(19),7	(3,171,070)	(2,915,957)
Gross Profit		1,187,286	1,157,575
Operating Expenses	6(9),6(16),6(18),6(19)		
Selling expenses		(76,280)	(64,337)
Administrative expenses		(288,194)	(285,409)
Research and development expenses		(170,510)	(176,894)
Total operating expenses		(534,984)	(526,640)
Operating Income(loss)		652,302	630,935
Non-operating Income			
Other income	6(20)	32,091	45,019
Other profit or loss	6(20)	82,525	55,980
Financial cost	6(8),6(20)	(47,814)	(40,990)
Gain on the shareportion of associates and joint venture - equity method	6(7)	11,176	25,084
Total non-operating income		77,978	85,093
Net income before tax		730,280	716,028
Income tax expense	4,6(22)	(127,207)	(116,606)
Net Income		603,073	599,422
Other comprehensive income	4,6(21)		
Translation differences arising from translating the foreign currency financial statements of the foreign operations		(73,391)	(68,508)
Unrealized gain or loss on available-for-sale financial instruments		5,475	(3,770)
Other comprehensive profit and loss for the period (net income post-tax)		(67,916)	(72,278)
Total comprehensive income		535,157	527,144
Net income belonging to :			
Owner		602,909	599,371
Non-controlling interest		164	51
		603,073	599,422
Total comprehensive income belonging to :			
Owner		534,748	527,157
Non-controlling interest		409	(13)
		535,157	527,144
Earnings Per Share	4,6(23)		
Basic Earnings Per Share		\$ 0.52	\$ 0.50
Diluted Earnings Per Share		\$ 0.51	\$ 0.50

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 three-month period ended March 31, 2016 and 2015

	The owner's equity									
	Capital		Retained Earnings			Other owner's equity				Total equity
	Common Stock	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	Total	
	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000	NTS'000
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	22,958,856
Other changes in additional paid-in capital										
Changes in associates and joint venture - equity method	-	2	-	-	-	-	-	-	2	2
Net income for the three-month period ended March 31, 2015	-	-	-	-	599,371	-	-	-	599,371	599,422
Other comprehensive income for the three-month period ended March 31, 2015	-	-	-	-	-	(68,444)	(3,770)	-	(72,214)	(72,278)
Total comprehensive income for the period	-	-	-	-	599,371	(68,444)	(3,770)	-	527,157	527,144
Share changes in equity of subsidiaries		32							32	32
Employee restricted stock	(150)	2,528						2,072	4,450	4,450
Balance as of March 31, 2015	11,923,034	6,626,297	1,174,220	201,416	3,338,802	234,340	(11,606)	-	23,486,503	23,490,484
Balance as of January 1, 2016	11,622,944	5,987,947	1,430,126	201,416	2,916,901	206,970	(14,031)		22,352,273	22,357,153
Other changes in additional paid-in capital										
Changes in associates and joint venture - equity method	-	(613)	-	-	-	-	-	-	(613)	(613)
Net income for the three-month period ended March 31, 2016	-	-	-	-	602,909	-	-	-	602,909	603,073
Other comprehensive income for the three-month period ended March 31, 2016	-	-	-	-	-	(73,636)	5,475	-	(68,161)	(67,916)
Total comprehensive income for the period	-	-	-	-	602,909	(73,636)	5,475	-	534,748	535,157
Balance as of March 31, 2016	11,622,944	5,987,334	1,430,126	201,416	3,519,810	133,334	(8,556)	-	22,886,408	22,891,697