

THINFLEX CORPORATION AND SUBSIDIARIES

BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets									
1100	Cash and cash equivalents	\$ 341,374	15	\$ 276,749	13	\$ 189,304	10	\$ 162,659	10
1110	Financial assets at fair value through profit - current	-	-	1,769	-	18	-	-	-
1150	Notes receivable, net	152,431	7	107,443	5	165,601	9	48,742	3
1170	Accounts receivable, net	606,120	26	644,543	31	476,305	26	419,424	24
1180	Accounts receivable,-net-related parties	1,394	-	210	-	556	-	839	-
1200	Other receivables	4,556	-	2,722	-	2,521	-	4,884	-
1210	Other receivables-related parties	520	-	865	-	838	-	556	-
130X	Inventories	222,512	10	215,243	10	177,034	9	179,473	10
1410	Prepayments	8,190	-	9,078	1	13,491	1	14,125	1
1476	Other financial assets-current	189,020	8	92,818	4	35,361	2	142,139	8
1470	Other current assets	3,799	-	-	-	11	-	42	-
11XX	Total Current Assets	<u>1,529,916</u>	<u>66</u>	<u>1,351,440</u>	<u>64</u>	<u>1,061,040</u>	<u>57</u>	<u>972,883</u>	<u>56</u>
Non-current assets									
1600	Property, plant and equipment	557,491	24	577,643	28	614,949	33	573,834	33
1780	Intangible Assets	1,668	-	1,682	-	1,671	-	2,508	-
1840	Deferred income tax assets	72,820	3	83,505	4	85,559	5	84,604	5
1915	Prepayments for business facilities	85,638	4	956	-	2,713	-	11,081	1
1920	Guarantee deposits paid	6,248	-	6,343	-	6,289	-	5,805	-
1980	Other non-current financial assets	6,030	-	10,558	1	21,515	1	19,508	1
1985	Long-term prepaid rents	14,982	1	14,453	1	14,821	1	15,383	1
1900	Other non-current assets	49,663	2	50,030	2	51,951	3	51,276	3
15XX	Total Non-current assets	<u>794,540</u>	<u>34</u>	<u>745,170</u>	<u>36</u>	<u>799,468</u>	<u>43</u>	<u>763,999</u>	<u>44</u>
1XXX	Total assets	<u>\$ 2,324,456</u>	<u>100</u>	<u>\$ 2,096,610</u>	<u>100</u>	<u>\$ 1,860,508</u>	<u>100</u>	<u>\$ 1,736,882</u>	<u>100</u>

THINFLEX CORPORATION AND SUBSIDIARIES

BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities									
2100	Short-term borrowings	\$ 398,560	17	\$ 263,668	12	\$ 229,918	12	\$ 182,623	11
2120	Financial liabilities at fair value through loss - current	1,121	-	-	-	-	-	-	-
2150	Notes payable	2,108	-	1,862	-	4,035	-	483	-
2170	Accounts payable	148,861	6	181,219	9	126,849	7	71,465	4
2180	Accounts payable- related parties	25,468	1	34,066	2	30,154	2	11,534	1
2200	Other payables	130,347	6	97,637	5	68,786	4	71,825	4
2220	Other payables- related parties	1,128	-	1,861	-	45	-	24	-
2250	Current provisions	14,660	1	12,233	1	9,456	-	7,912	-
2320	Long-term borrowings, current portion	186,750	8	89,648	4	78,209	4	69,301	4
2399	Other current liabilities, others	916	-	784	-	942	-	888	-
21XX	Total Current Liabilities	<u>909,919</u>	<u>39</u>	<u>682,978</u>	<u>33</u>	<u>548,394</u>	<u>29</u>	<u>416,055</u>	<u>24</u>
Non-current liabilities									
2540	Long-term borrowings	178,204	8	280,368	13	236,689	13	274,888	16
2600	Other non-current liabilities	35,319	1	38,162	2	41,073	2	43,824	2
25XX	Total Non-current liabilities	<u>213,523</u>	<u>9</u>	<u>318,530</u>	<u>15</u>	<u>277,762</u>	<u>15</u>	<u>318,712</u>	<u>18</u>
2XXX	Total Liabilities	<u>1,123,442</u>	<u>48</u>	<u>1,001,508</u>	<u>48</u>	<u>826,156</u>	<u>44</u>	<u>734,767</u>	<u>42</u>
Equity									
Share capital									
3110	Common stock	927,537	40	927,537	44	770,914	41	770,914	45
3120	Preference stock	-	-	-	-	852,730	46	852,730	49
3150	Stock dividend to be distributed	78,841	3	-	-	-	-	-	-
3200	Capital surplus	-	-	-	-	-	-	40,000	2
Retained earnings									
3310	Legal reserve	10,655	1	-	-	-	-	-	-
3350	Unappropriated retained earnings (accumulated deficit)	137,085	6	139,670	7	(620,402)	(33)	(702,321)	(40)
3400	Other equity interest	4,790	-	(9,852)	(1)	(5,687)	-	-	-
31XX	Total equity attributable to owners of parent	<u>1,158,908</u>	<u>50</u>	<u>1,057,355</u>	<u>50</u>	<u>997,555</u>	<u>54</u>	<u>961,323</u>	<u>56</u>
36XX	Non-controlling interests	42,106	2	37,747	2	36,797	2	40,792	2
3XXX	Total equity	<u>1,201,014</u>	<u>52</u>	<u>1,095,102</u>	<u>52</u>	<u>1,034,352</u>	<u>56</u>	<u>1,002,115</u>	<u>58</u>
	Total liabilities and equity	<u>\$ 2,324,456</u>	<u>100</u>	<u>\$ 2,096,610</u>	<u>100</u>	<u>\$ 1,860,508</u>	<u>100</u>	<u>\$ 1,736,882</u>	<u>100</u>

THINFLEX CORPORATION AND SUBSIDIARIES

STATEMENTS OF INCOME

(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Three months ended June 30				Six months ended June 30			
	2013		2012		2013		2012	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	\$ 384,269	100	\$ 316,678	100	\$ 709,910	100	\$ 539,326	100
5000 Operating costs	(278,529)	(73)	(236,176)	(75)	(522,508)	(74)	(420,744)	(78)
5900 Net operating margin	105,740	27	80,502	25	187,402	26	118,582	22
Operating expenses								
6100 Selling expenses	(16,092)	(4)	(12,955)	(4)	(29,502)	(4)	(23,526)	(4)
6200 General & administrative expenses	(20,071)	(5)	(17,344)	(5)	(40,196)	(6)	(32,124)	(6)
6300 Research and development expenses	(7,962)	(2)	(5,718)	(2)	(15,095)	(2)	(13,924)	(3)
6000 Total operating expenses	(44,125)	(11)	(36,017)	(11)	(84,793)	(12)	(69,574)	(13)
6900 Operating profit	61,615	16	44,485	14	102,609	14	49,008	9
Non-operating income and expenses								
7010 Other income	2,388	-	4,410	1	5,640	1	7,579	2
7020 Other gains and losses	7,356	2	1,377	1	17,044	2	(8,798)	(2)
7050 Finance costs	(5,178)	(1)	(5,300)	(2)	(10,475)	(1)	(10,505)	(2)
7900 Profit before income tax	66,181	17	44,972	14	114,818	16	37,284	7
7950 Income tax (expense) benefit	(6,818)	(2)	1,473	1	(11,657)	(1)	1,473	-
8200 Profit for the period	\$ 59,363	15	46,445	15	103,161	15	38,757	7
8310 Other comprehensive income for the year	\$ 6,618	2	2,904	1	16,664	2	(6,520)	(1)
8500 Total comprehensive income for the period	\$ 65,981	17	49,349	16	119,825	17	32,237	6
Attributable to								
8610 Equity holders of the Company	\$ 57,669	15	48,648	16	100,824	14	41,919	8
8620 Minority interest	\$ 1,694	-	(2,203)	(1)	2,337	1	(3,162)	(1)
	\$ 59,363	15	\$ 46,445	15	\$ 103,161	15	\$ 38,757	7
Basic earnings per share								
9750 Total basic earnings per share	\$	0.57	\$	1.00	\$	1.00	\$	0.84
9850 Total diluted earnings per share	\$	0.57	\$	0.48	\$	1.00	\$	0.42

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

THINFLEX CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Equity attributable to owners of the parent							Total	Non-controlling interest	Total equity
	Share capital - common stock	Preference stock	Stock dividend to be	Capital surplus	Retained Earnings		Other equity interest			
					Legal reserve	Unappropriated retained	Currency translation			
<u>2012 New Taiwan Dollars</u>										
Balance at January 1, 2012	\$ 770,914	\$ 852,730	\$ -	\$ 40,000	\$ -	(\$ 702,321)	\$ -	\$ 961,323	\$ 40,792	\$ 1,002,115
Capital surplus used to offset accumulated deficits	-	-	-	(40,000)	\$ -	\$ 40,000	\$ -	-	-	-
Net income for the period	-	-	-	-		41,919	-	41,919	(3,162)	38,757
Exchange differences on translation of foreign financial statements capital reserve	-	-	-	-		-	(5,687)	(5,687)	(833)	(6,520)
Balance at June 30, 2012	<u>\$ 770,914</u>	<u>\$ 852,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 620,420)</u>	<u>(\$ 5,687)</u>	<u>\$ 997,555</u>	<u>\$ 36,797</u>	<u>\$ 1,034,352</u>
<u>2013 New Taiwan Dollars</u>										
Balance at January 1, 2013	\$ 927,537	\$ -	\$ -	\$ -	\$-	\$ 139,670	(\$ 9,852)	\$ 1,057,355	\$ 37,747	\$ 1,095,102
Distribution of 2012 consolidated net income:										
Legal reserve	-	-	-	-	10,655	(10,655)	-	-	-	-
Cash dividends	-	-	-	-	-	(13,913)	-	(13,913)	-	(13,913)
Stock dividends		-	78,841	-	-	(78,841)	-	-	-	-
Net income for the period	-	-	-	-	-	100,824	-	100,824	2,337	103,161
Exchange differences on translation of foreign financial statements capital reserve	-	-	-	-	-	-	14,642	14,642	2,022	16,664
Balance at June 30, 2013	<u>\$ 927,537</u>	<u>\$ -</u>	<u>\$ 78,841</u>	<u>\$ -</u>	<u>\$ 10,655</u>	<u>\$ 137,085</u>	<u>\$ 4,790</u>	<u>\$1,158,908</u>	<u>\$ 42,106</u>	<u>\$ 1,201,014</u>

THINFLEX CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the six months ended June 30

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax for the period	\$ 114,818	\$ 37,284
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Income and expenses having no effect on cash flows		
Depreciation	44,721	42,098
Amortization	484	1,037
Rent- long-term prepaid rents	177	286
Amortization-other non-current assets	1,255	1,255
Provision for doubtful accounts(Reversal of allowance for doubtful accounts)	2,073 (2,923)
Interest income	(1,738)	(1,383)
Interest expense	10,475	10,505
Loss on disposal of property, plant and equipment	657	324
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Net loss (gain) on financial assets at fair value through profit or loss	1,769 (18)
Notes receivable	(39,795)	(118,152)
Accounts receivable	59,963 (60,230)
Accounts receivable- related parties	(1,184)	283
Other receivables	(1,391)	2,300
Other receivables- related parties	345 (282)
Inventories	(2,387)	2,973
Prepayments	1,227 (1,620)
Other current assets	(3,799)	31
Net changes in liabilities relating to operating activities		
Net loss (gain) on financial liabilities at fair value through profit or loss	1,121	-
Notes payable	246	3,552
Accounts payable	(33,088)	55,452
Accounts payable- related parties	(8,598)	18,620
Other payables	17,788 (3,043)
Other payables- related parties	(733)	21
Current provision	2,187	1,601
Other current liabilities	129	55
Cash generated from operations	166,722	(9,974)
Interest received	1,309	1,441
Interest paid	(10,523)	(9,986)
Net cash used in (provided by) operating activities	157,508	(18,519)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash paid for acquisition of property, plant and equipment	(5,105)	(8,705)
Decrease (increase) in other financial-current	(91,850)	106,778
Cash paid for intangible assets	(470)	200)
Cash paid for prepayments for business facilities	(92,900)	(69,787)
Decrease (increase) in deposits-out	199	(517)
Decrease (increase) in other financial-non-current	4,528	(2,007)
Increase in other non-current assets	(3,608)	(4,931)
Net cash (provided by) used in investing activities	(189,206)	20,631

(Continued)

THINFLEX CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS

For the six months ended June 30

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term borrowings	\$ 1,147,941	\$ 650,515
Decrease in short-term borrowings	(1,022,287)	(603,220)
Increase in long-term borrowings	235,958	213,023
Decrease in long-term borrowings	(245,204)	(242,314)
Decrease in other non-current liabilities	(2,843)	(2,751)
Net cash used in financing activities	<u>113,565</u>	<u>15,253</u>
Effect of exchange rate changes on cash and cash equivalents	(17,242)	9,280
Increase in cash and cash equivalents	64,625	26,645
Cash and cash equivalents at beginning of period	<u>276,749</u>	<u>162,659</u>
Cash and cash equivalents at end of period	<u><u>\$ 341,374</u></u>	<u><u>\$ 189,304</u></u>

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