

**THINFLEX CORPORATION AND SUBSIDIARIES**

**BALANCE SHEETS**

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

Assets		<u>December 31, 2013</u>		<u>December 31, 2012</u>		<u>January 1, 2012</u>	
		<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<b>Current assets</b>							
1100	Cash and cash equivalents	\$ 340,224	13	\$ 276,749	13	\$ 162,659	10
1110	Financial assets at fair value through profit - current	-	-	1,769	-	-	-
1150	Notes receivable, net	196,497	8	107,443	5	48,742	3
1170	Accounts receivable, net	707,129	27	644,543	31	419,424	24
1180	Accounts receivable,-net-related parties	892	-	210	-	839	-
1200	Other receivables	4,336	-	2,722	-	4,884	-
1210	Other receivables-related parties	1,959	-	865	-	556	-
130X	Inventories	207,491	8	215,243	10	179,473	10
1410	Prepayments	7,563	-	9,078	1	14,125	1
1479	Other current assets	264,641	10	92,818	4	142,181	8
11XX	<b>Total Current assets</b>	<u>1,730,732</u>	<u>66</u>	<u>1,351,440</u>	<u>64</u>	<u>972,883</u>	<u>56</u>
<b>Non-current assets</b>							
1600	Property, plant and equipment	731,860	28	577,643	28	573,834	33
1780	Intangible Assets	1,521	-	1,682	-	2,508	-
1840	Deferred income tax assets	67,583	2	83,505	4	84,604	5
1915	Prepayments for business facilities	32,949	1	956	-	11,081	1
1920	Guarantee deposits paid	7,001	-	6,343	-	5,805	-
1985	Long-term prepaid rents	14,911	1	14,453	1	15,383	1
1900	Other non-current assets	53,619	2	60,588	3	70,784	4
15XX	<b>Total Non-current assets</b>	<u>909,444</u>	<u>34</u>	<u>745,170</u>	<u>36</u>	<u>763,999</u>	<u>44</u>
1XXX	<b>Total assets</b>	<u>\$ 2,640,176</u>	<u>100</u>	<u>\$ 2,096,610</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		December 31, 2013		December 31, 2012		January 1, 2012	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>							
2100	Short-term borrowings	\$ 490,169	19	\$ 263,668	12	\$ 182,623	11
2150	Notes payable	25,439	1	1,862	-	483	-
2170	Accounts payable	160,856	6	181,219	9	71,465	4
2180	Accounts payable- related parties	26,699	1	34,066	2	11,534	1
2200	Other payables	173,140	7	97,637	5	71,825	4
2220	Other payables- related parties	12	-	1,861	-	24	-
2250	Current provisions	13,400	-	12,233	1	7,912	-
2320	Long-term borrowings, current portion	196,346	7	89,648	4	69,301	4
2399	Other current liabilities, others	899	-	784	-	888	-
21XX	<b>Total Current Liabilities</b>	<u>1,086,960</u>	<u>41</u>	<u>682,978</u>	<u>33</u>	<u>416,055</u>	<u>24</u>
<b>Non-current liabilities</b>							
2540	Long-term borrowings	197,425	8	280,368	13	274,888	16
2600	Other non-current liabilities	32,259	1	38,162	2	43,824	2
25XX	<b>Total Non-current liabilities</b>	<u>229,684</u>	<u>9</u>	<u>318,530</u>	<u>15</u>	<u>318,712</u>	<u>18</u>
2XXX	<b>Total Liabilities</b>	<u>1,316,644</u>	<u>50</u>	<u>1,001,508</u>	<u>48</u>	<u>734,767</u>	<u>42</u>
<b>Equity</b>							
<b>Share capital</b>							
3110	Common stock	1,006,378	38	927,537	44	770,914	45
3120	Preference stock	-	-	-	-	852,730	49
3200	Capital surplus	-	-	-	-	40,000	2
Retained earnings							
3310	Legal reserve	10,655	-	-	-	-	-
3350	Unappropriated retained earnings (accumulated deficit)	252,281	10	139,670	7	(702,321)	(40)
3400	Other equity interest	8,610	-	( 9,852)	(1)	-	-
31XX	<b>Total equity attributable to owners of parent</b>	<u>1,277,924</u>	<u>48</u>	<u>1,057,355</u>	<u>50</u>	<u>961,323</u>	<u>56</u>
36XX	Non-controlling interests	45,608	2	37,747	2	40,792	2
3XXX	<b>Total equity</b>	<u>1,323,532</u>	<u>50</u>	<u>1,095,102</u>	<u>52</u>	<u>1,002,115</u>	<u>58</u>
	<b>Total liabilities and equity</b>	<u>\$ 2,640,176</u>	<u>100</u>	<u>\$ 2,096,610</u>	<u>100</u>	<u>\$ 1,736,882</u>	<u>100</u>

**THINFLEX CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	2013		2012	
	AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	\$ 1,556,661	100	\$ 1,275,017	100
5000 <b>Operating costs</b>	( 1,145,264)	( 74 )	( 963,029)	( 75 )
5950 <b>Net operating margin</b>	<u>411,397</u>	<u>26</u>	<u>311,988</u>	<u>25</u>
<b>Operating expenses</b>				
6100 Selling expenses	( 64,759)	( 4 )	( 68,249)	( 6 )
6200 General & administrative expenses	( 88,260)	( 6 )	( 75,482)	( 6 )
6300 Research and development expenses	( 34,238)	( 2 )	( 29,951)	( 2 )
6000 <b>Total operating expenses</b>	<u>( 187,257)</u>	<u>( 12 )</u>	<u>( 173,682)</u>	<u>( 14 )</u>
6900 <b>Operating profit</b>	<u>224,140</u>	<u>14</u>	<u>138,306</u>	<u>11</u>
<b>Non-operating income and expenses</b>				
7010 Other income	14,835	1	10,362	1
7020 Other gains and losses	24,308	2	( 12,310)	( 1 )
7050 Finance costs	( 23,626)	( 2 )	( 20,648)	( 2 )
7000 <b>Total Non-operating income and expenses</b>	<u>15,517</u>	<u>1</u>	<u>( 22,596)</u>	<u>( 2 )</u>
7900 <b>Profit before income tax</b>	<u>239,657</u>	<u>15</u>	<u>115,710</u>	<u>9</u>
7950 Income tax expense	( 17,035)	( 1 )	( 363)	-
8200 <b>Profit for the period</b>	<u>\$ 222,622</u>	<u>14</u>	<u>\$ 115,347</u>	<u>9</u>
8310 <b>Other comprehensive income for the year</b>	<u>\$ 21,986</u>	<u>2</u>	<u>(\$ 11,195)</u>	<u>( 1 )</u>
8500 <b>Total comprehensive income for the period</b>	<u>\$ 244,608</u>	<u>16</u>	<u>\$ 104,152</u>	<u>8</u>
<b>Attributable to :</b>				
8610 Equity holders of the Company	\$ 218,285	14	\$ 117,049	9
8620 Minority interest	<u>4,337</u>	<u>-</u>	<u>( 1,702)</u>	<u>-</u>
	<u>\$ 222,622</u>	<u>14</u>	<u>\$ 115,347</u>	<u>9</u>
<b>Basic earnings per share</b>				
9750 <b>Total basic earnings per share</b>	<u>\$ 2.17</u>		<u>\$ 2.18</u>	
9850 <b>Total diluted earnings per share</b>	<u>\$ 2.15</u>		<u>\$ 1.16</u>	

**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							Non-controlling interest	Total equity
	Share capital - common stock	Preference stock	Capital surplus	Retained Earnings		Other equity interest	Total		
				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	-	-	-	-
Capital reduction to offset accumulated deficits	( 330,515)	( 365,592)	-	-	696,107	-	-	-	-
Conversion of preference share	487,138	( 487,138)	-	-	-	-	-	-	-
Cash dividends of preference share	-	-	-	-	( 11,165)	-	( 11,165)	-	( 11,165)
Net income for the period	-	-	-	-	117,049	-	117,049	( 1,702)	115,347
Exchange differences on translation of foreign financial statements capital reserve	-	-	-	-	-	( 9,852)	( 9,852)	( 1,343)	( 11,195)
Balance at December 31, 2012	<u>\$ 927,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,670</u>	<u>(\$ 9,852 )</u>	<u>\$ 1,057,355</u>	<u>\$ 37,747</u>	<u>\$ 1,095,102</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)	-	-	-	-
Effect on Long-term Equity Investment Not Recognized by Shareholding Percentage	-	-	-	-	( 2,265)	-	( 2,265)	-	( 2,265)
Net income for the period	-	-	-	-	218,285	-	218,285	4,337	222,622
Exchange differences on translation of foreign financial statements capital reserve	-	-	-	-	-	18,462	18,462	3,524	21,986
Balance at December 31, 2013	<u>\$ 1,006,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,655</u>	<u>\$ 252,281</u>	<u>\$ 8,610</u>	<u>\$ 1,277,924</u>	<u>\$ 45,608</u>	<u>\$ 1,323,532</u>

THINFLEX CORPORATION AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(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	\$ 239,657	\$ 115,710
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Income and expenses having no effect on cash flows		
Depreciation	98,880	87,334
Amortization	894	1,497
Rent- long-term prepaid rents	349	454
Amortization-other non-current assets	2,511	2,510
Provision for doubtful accounts(Reversal of allowance for doubtful accounts)	6,075	( 3,446 )
Interest income	( 4,444 )	( 1,912 )
Interest expense	23,626	20,648
Loss on disposal of property, plant and equipment	1,467	1,056
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	( 1,769 )
Notes receivable	( 83,060 )	( 58,701 )
Accounts receivable	( 41,410 )	( 221,500 )
Accounts receivable- related parties	( 682 )	629
Other receivables	( 816 )	2,108
Other receivables- related parties	( 1,093 )	( 310 )
Inventories	13,386	( 38,908 )
Prepayments	1,907	8,631
Other current assets	-	42
Net changes in liabilities relating to operating activities		
Notes payable	23,577	1,379
Accounts payable	( 21,206 )	109,871
Accounts payable- related parties	( 7,367 )	22,532
Other payables	63,870	18,615
Other payables- related parties	( 1,849 )	1,837
Current provision	891	4,420
Other current liabilities	110	( 100 )
Cash generated from operations	<u>317,042</u>	<u>72,627</u>
Interest received	3,667	2,063
Interest paid	( 22,076 )	( 20,115 )
Net cash used in operating activities	<u>298,633</u>	<u>54,575</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash paid for acquisition of property, plant and equipment	( 218,776 )	( 18,700 )
Decrease (increase) in other financial-current	( 166,801 )	( 49,321 )
Cash paid for intangible assets	( 734 )	( 670 )
Cash paid for prepayments for business facilities	( 36,075 )	( 72,049 )
Increase in deposits-out	( 537 )	( 598 )
Decrease in other financial-non-current	5,021	8,950
Increase in other non-current assets	( 6,295 )	( 7,152 )
Net cash provided by investing activities	<u>( 424,197 )</u>	<u>( 40,898 )</u>

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**THINFLEX CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	<u>2013</u>	<u>2012</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Increase in short-term borrowings	\$ 2,320,509	\$ 1,551,367
Decrease in short-term borrowings	( 2,104,676 )	( 1,466,330 )
Increase in long-term borrowings	411,528	415,390
Decrease in long-term borrowings	( 392,605 )	( 388,074 )
Cash dividends of ordinary share	( 13,913 )	-
Cash dividends of preference share	( 11,165 )	-
Decrease in other non-current liabilities	<u>3,524</u>	<u>( 1,343 )</u>
Net cash used in financing activities	<u>213,202</u>	<u>111,010</u>
Effect of exchange rate changes on cash and cash equivalents	<u>( 24,163 )</u>	<u>( 10,597 )</u>
Increase in cash and cash equivalents	63,475	114,090
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>\$ 340,224</u>	<u>\$ 276,749</u>

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