

THINFLEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

	Assets	June 30, 2014		December 31, 2013		June 30, 2013	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents	\$ 332,380	12	\$ 340,224	13	\$ 341,374	15
1110	Financial assets at fair value through profit or loss						
	- current	1,168	-	-	-	-	-
1150	Notes receivable, net	300,848	11	196,497	8	152,431	7
1170	Accounts receivable, net	707,566	26	707,129	27	606,120	26
1180	Accounts receivable, -related parties, net	2,660	-	892	-	1,394	-
1200	Other receivables	4,078	-	4,336	-	4,556	-
1210	Other receivables-related parties	1,189	-	1,959	-	520	-
130X	Inventories	262,845	9	207,491	8	222,512	10
1410	Prepayments	23,743	1	7,563	-	8,190	-
1479	Other current assets	233,194	8	264,641	10	192,819	8
11XX	Total current assets	<u>1,869,671</u>	<u>67</u>	<u>1,730,732</u>	<u>66</u>	<u>1,529,916</u>	<u>66</u>
Non-current assets							
1600	Property, plant and equipment	714,154	26	731,860	28	557,491	24
1780	Intangible assets	2,126	-	1,521	-	1,668	-
1840	Deferred income tax assets	54,880	2	67,583	2	72,820	3
1915	Prepayments for business facilities	54,294	2	32,949	1	85,638	4
1920	Guarantee deposits paid	9,445	-	7,001	-	6,248	-
1985	Long-term prepaid rents	14,404	1	14,911	1	14,982	1
1990	Other non-current assets, others	50,792	2	53,619	2	55,693	2
15XX	Total non-current assets	<u>900,095</u>	<u>33</u>	<u>909,444</u>	<u>34</u>	<u>794,540</u>	<u>34</u>
1XXX	Total assets	<u>\$ 2,769,766</u>	<u>100</u>	<u>\$ 2,640,176</u>	<u>100</u>	<u>\$ 2,324,456</u>	<u>100</u>

THINFLEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		June 30, 2014		December 31, 2013		June 30, 2013	
		Amount	%	Amount	%	Amount	%
Current liabilities							
2100	Short-term borrowings	\$ 568,773	21	\$ 490,169	19	\$ 398,560	17
2120	Financial liabilities at fair value through profit or loss - current	-	-	-	-	1,121	-
2150	Notes payable	5,498	-	25,439	1	2,108	-
2170	Accounts payable	201,270	7	160,856	6	148,861	6
2180	Accounts payable- related parties	53,619	2	26,699	1	25,468	1
2200	Other payables	298,065	11	173,140	7	130,347	6
2220	Other payables- related parties	-	-	12	-	1,128	-
2250	Current provisions	14,993	1	13,400	-	14,660	1
2320	Long-term borrowings, current portion	114,310	4	196,346	7	186,750	8
2399	Other current liabilities, others	1,554	-	899	-	916	-
21XX	Total current liabilities	1,258,082	46	1,086,960	41	909,919	39
Non-current liabilities							
2540	Long-term borrowings	226,775	8	197,425	8	178,204	8
2600	Other non-current liabilities	29,461	1	32,259	1	35,319	1
25XX	Total non-current liabilities	256,236	9	229,684	9	213,523	9
2XXX	Total liabilities	1,514,318	55	1,316,644	50	1,123,442	48
Equity							
Share capital							
3110	Share capital common stock	1,006,378	36	1,006,378	38	927,537	40
3150	Stock dividend to be distributed	-	-	-	-	78,841	3
Retained earnings							
3310	Legal reserve	32,484	1	10,655	-	10,655	1
3350	Unappropriated retained earnings	177,926	7	252,281	10	137,085	6
3400	Other equity interest	(15)	-	8,610	-	4,790	-
31XX	Total equity attributable to owners of parent	1,216,773	44	1,277,924	48	1,158,908	50
36XX	Non-controlling interests	38,675	1	45,608	2	42,106	2
3XXX	Total equity	1,255,448	45	1,323,532	50	1,201,014	52
Total liabilities and equity		\$ 2,769,766	100	2,640,176	100	2,324,456	100

THINFLEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

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

Items	For the three months ended June 30				For the six months ended June 30			
	2014		2013		2014		2013	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	\$ 475,169	100	\$ 384,269	100	\$ 847,789	100	\$ 709,910	100
5000 Operating costs	(346,696)	(73)	(278,529)	(73)	(621,509)	(73)	(522,508)	(74)
5900 Net operating margin	<u>128,473</u>	<u>27</u>	<u>105,740</u>	<u>27</u>	<u>226,280</u>	<u>27</u>	<u>187,402</u>	<u>26</u>
Operating expenses								
6100 Selling expenses	(12,539)	(3)	(16,092)	(4)	(24,640)	(3)	(29,502)	(4)
6200 General & administrative expenses	(24,855)	(5)	(20,071)	(5)	(48,240)	(6)	(40,196)	(6)
6300 Research and development expenses	(10,343)	(2)	(7,962)	(2)	(17,716)	(2)	(15,095)	(2)
6000 Total operating expenses	<u>(47,737)</u>	<u>(10)</u>	<u>(44,125)</u>	<u>(11)</u>	<u>(90,596)</u>	<u>(11)</u>	<u>(84,793)</u>	<u>(12)</u>
6900 Operating profit	<u>(80,736)</u>	<u>(17)</u>	<u>(61,615)</u>	<u>(16)</u>	<u>(135,684)</u>	<u>(16)</u>	<u>(102,609)</u>	<u>(14)</u>
Non-operating income and expenses								
7010 Other income	3,387	1	2,388	-	9,501	1	5,640	1
7020 Other gains and losses	(4,671)	(1)	7,356	2	(16,380)	(2)	17,044	2
7050 Finance costs	(7,011)	(1)	(5,178)	(1)	(14,335)	(2)	(10,475)	(1)
7900 Total Non-operating income and expenses	<u>(8,295)</u>	<u>(1)</u>	<u>4,566</u>	<u>1</u>	<u>(21,214)</u>	<u>(3)</u>	<u>12,209</u>	<u>2</u>
7900 Profit before income tax	72,441	16	66,181	17	114,470	13	114,818	16
7950 Income tax expense	(9,236)	(2)	(6,818)	(2)	(16,761)	(2)	(11,657)	(1)
8200 Profit for the period	<u>\$ 63,205</u>	<u>14</u>	<u>\$ 59,363</u>	<u>15</u>	<u>\$ 97,709</u>	<u>11</u>	<u>\$ 103,161</u>	<u>15</u>
8310 Financial statements translation difference of foreign operations	<u>(\$ 8,157)</u>	<u>(2)</u>	<u>\$ 6,618</u>	<u>2</u>	<u>(\$ 9,513)</u>	<u>(1)</u>	<u>\$ 16,664</u>	<u>2</u>
8500 Total comprehensive income for the period	<u>\$ 55,048</u>	<u>12</u>	<u>\$ 65,981</u>	<u>17</u>	<u>\$ 88,196</u>	<u>10</u>	<u>\$ 119,825</u>	<u>17</u>
Attributable to								
8610 Owners of the parent	\$ 62,826	14	\$ 57,669	15	\$ 98,430	11	\$ 100,824	14
8620 Non-controlling interests	379	-	1,694	-	(721)	-	2,337	1
Total	<u>\$ 63,205</u>	<u>14</u>	<u>\$ 59,363</u>	<u>15</u>	<u>\$ 97,709</u>	<u>11</u>	<u>\$ 103,161</u>	<u>15</u>
Comprehensive income attributable to:								
8710 Owners of parent	\$ 55,382	12	\$ 63,404	16	\$ 89,805	10	\$ 115,466	16
8620 Non-controlling interests	(334)	-	2,577	1	(1,609)	-	4,359	1
Total	<u>\$ 55,048</u>	<u>12</u>	<u>\$ 65,981</u>	<u>17</u>	<u>\$ 88,196</u>	<u>10</u>	<u>\$ 119,825</u>	<u>17</u>
Basic earnings per share								
9750 Total basic earnings per share (in dollars)	<u>\$ 0.62</u>		<u>\$ 0.57</u>		<u>\$ 0.98</u>		<u>\$ 1.00</u>	
9850 Total diluted earnings per share (in dollars)	<u>\$ 0.62</u>		<u>\$ 0.57</u>		<u>\$ 0.97</u>		<u>\$ 1.00</u>	

THINFLEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							Non-controlling interest	Total equity
	Share capital - common stock	Stock dividend to be distributed	Legal reserve	Unappropriated retained earnings	Currency translation differences of foreign operations	Total			
<u>For the six-month periods ends June30,2013</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 six months ended June 30,2013	-	-	-	100,824	-	100,824	2,337	103,161	
Other comprehensive income	-	-	-	-	14,642	14,642	2,022	16,664	
Balance at June 30, 2013	<u>\$ 927,537</u>	<u>\$ 78,841</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>	
<u>For the six-month periods ends June30,2014</u>									
Balance at January 1, 2014	\$ 1,006,378	\$ -	\$ 10,655	\$ 252,281	\$ 8,610	\$1,277,924	\$ 45,608	\$1,323,532	
Distribution of 2013 consolidated net income:									
Legal reserve	-	-	21,829	(21,829)	-	-	-	-	
Cash dividends	-	-	-	(150,956)	-	(150,956)	-	(150,956)	
Net income for the six months ended June 30,2014	-	-	-	98,430	-	98,430	(721)	97,709	
Other comprehensive income	-	-	-	-	(8,625)	(8,625)	(888)	(9,513)	
Decrease in non-controlling interests	-	-	-	-	-	-	(5,324)	(5,324)	
Balance at June 30, 2014	<u>\$ 1,006,378</u>	<u>\$ -</u>	<u>32,484</u>	<u>\$ 177,926</u>	<u>(\$ 15)</u>	<u>\$ 1,216,773</u>	<u>\$ 38,675</u>	<u>\$1,255,448</u>	

THINFLEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30
(Expressed in thousands of New Taiwan dollars)

	For the six-month periods ended June,30	
	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax for the period	\$ 114,470	\$ 114,818
Adjustments to reconcile net income to net cash provided by operating activities		
Income and expenses having no effect on cash flows		
Depreciation	71,359	44,721
Amortization	451	484
Rent- long-term prepaid rents	177	177
Amortization-other non-current assets	1,255	1,255
Provision for doubtful accounts(Reversal of allowance for doubtful accounts)	(1,478)	2,073
Interest income	(2,783)	(1,738)
Interest expense	14,335	10,475
Loss on disposal of property, plant and equipment	512	657
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	(1,168)	1,769
Notes receivable	(108,733)	(39,795)
Accounts receivable	(14,088)	59,963
Accounts receivable- related parties,net	(1,768)	(1,184)
Other receivables	(495)	(1,391)
Other receivables- related parties	770	345
Inventories	(57,576)	(2,387)
Prepayments	(16,300)	1,227
Other current assets	(24)	(3,799)
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	(19,941)	246
Accounts payable	40,890	(33,088)
Accounts payable- related parties	26,920	(8,598)
Other payables	(7,013)	15,626
Other payables- related parties	(12)	(733)
Current provision	1,704	2,187
Other current liabilities,others	658	129
Cash generated from operations	42,122	164,560
Interest received	3,530	1,309
Interest paid	(14,334)	(10,523)
Net cash generated from operating activities	31,318	155,346
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of property, plant and equipment	(34,311)	(5,105)
Decrease (increase) in other financial-current	25,570	(91,850)
Acquisition of intangible assets	(1,056)	(470)
Increase in prepayments for business facilities	(63,066)	(92,900)
Increase(decrease) in refundable deposits	(2,512)	199
Decrease in other financial-non-current	1,537	4,528
Increase in other non-current assets	(2,773)	(3,608)
Net cash used in investing activities	(76,611)	(189,206)

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THINFLEX CORPORATION AND SUBSIDIARIES
CONSOLIDATE STATEMENTS OF CASH FLOWS

For the six months ended June 30
(Expressed in thousands of New Taiwan dollars)

	2014	2013
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term borrowings	\$ 88,311	\$ 125,654
Increase in long-term borrowings	36,741	235,958
Decrease in long-term borrowings	(87,662)	(245,204)
Changer in non-controlling interests	(3,635)	2,022
Net cash generated from financing activities	33,755	118,430
Effect of exchange rate changes on cash and cash equivalents	3,694	(19,945)
(Decrease) increase in cash and cash equivalents	(7,844)	64,625
Cash and cash equivalents at beginning of period	340,224	276,749
Cash and cash equivalents at end of period	\$ 332,380	\$ 341,374