

THINFLEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

Assets	31-Dec-2016		31-Dec-2015		
	Amount	%	Amount	%	
Current Assets					
1100	Cash and cash equivalents	\$ 357,735	14	\$ 318,528	13
1150	Notes receivable, net	323,970	12	113,556	5
1170	Accounts receivable, net	992,885	37	807,911	33
1180	Accounts receivable-net-related parties	292	-	6,749	-
1200	Other receivables	5,791	-	3,565	-
130X	Inventories	236,817	9	275,570	11
1410	Prepayments	33,221	1	29,095	1
1479	Other current assets	56,852	2	138,367	6
11XX	Total Current Assets	\$ 2,007,563	75	\$ 1,693,341	69
Non-current Assets					
1600	Property, plant and equipment	555,812	21	648,656	26
1780	Intangible assets	1,054	-	1,650	-
1840	Deferred income tax assets	22,668	1	26,898	1
1915	Prepayments for equipment	13,776	1	27,504	1
1920	Refundable deposits	7,832	-	11,380	-
1985	Long-term prepaid rents	13,052	-	14,583	1
1900	Other non-current assets	49,618	2	46,962	2
15XX	Total Non-current Assets	663,812	25	777,633	31
1XXX	Total Assets	\$ 2,671,375	100	\$ 2,470,974	100

THINFLEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	31-Dec-2016		31-Dec-2015	
		Amount	%	Amount	%
	Current Liabilities				
2100	Short-term borrowings	\$ 663,056	25	\$ 349,989	14
2150	Notes payable	1,400	-	14,732	1
2170	Accounts payable	220,316	8	180,650	7
2180	Accounts payable- related parties	154,151	6	133,299	5
2200	Other payables	159,757	6	163,435	7
2230	Income tax payable	10,859	-	38,182	2
2250	Current provisions	14,437	1	21,785	1
2320	Long-term liabilities, current portion	-	-	10,000	-
2399	Other current liabilities, others	726	-	1,435	-
21XX	Total Current Liabilities	1,224,702	46	913,507	37
	Non-current Liabilities				
2540	Long-term borrowings	93,930	3	192,500	8
2600	Other non-current liabilities	14,698	1	20,288	1
25XX	Total Non-current liabilities	108,628	4	212,788	9
2XXX	Total Liabilities	1,333,330	50	1,126,295	46
	Equity Attributable to Owners of The				
	Parent				
3110	Common stock	1,006,378	38	1,006,378	41
	Retained earnings				
3310	Legal reserve	68,195	2	55,748	2
3350	Unappropriated retained earnings	272,310	10	255,067	10
3400	Other equity interest	(8,838)	-	27,486	1
31XX	Total Equity Attributable to Owners of The				
	Parent	1,338,045	50	1,344,679	54
3XXX	Total Equity	1,338,045	50	1,344,679	54
3X2X	Total Liabilities and Equity	\$ 2,671,375	100	\$ 2,470,974	100

THINFLEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		For the years ended December 31			
Items		2016		2015	
		Amount	%	Amount	%
4000	Operating Revenue	\$ 2,222,419	100	\$ 2,011,313	100
5000	Operating Costs	(1,817,174)	(82)	(1,595,940)	(79)
5950	Net operating margin	405,245	18	415,373	21
Operating Expenses					
6100	Selling expenses	(80,792)	(3)	(75,904)	(4)
6200	General & administrative expenses	(83,553)	(4)	(90,973)	(5)
6300	Research and development expenses	(43,587)	(2)	(49,560)	(2)
6000	Total Operating Expenses	(207,932)	(9)	(216,437)	(11)
6900	Operating Profit	197,313	9	198,936	10
Non-operating Income and Expenses					
7010	Other income	14,981	1	13,645	1
7020	Other gains and losses	(62,051)	(3)	(27,656)	(2)
7050	Finance costs	(11,918)	(1)	(23,155)	(1)
7000	Total Non-operating Income and Expenses	(58,988)	(3)	(37,166)	(2)
7900	Profit before Income Tax	138,325	6	161,770	8
7950	Income tax expense	(28,125)	(1)	(37,157)	(2)
8200	Profit For the Period	\$ 110,200	5	\$ 124,613	6
Other Comprehensive Income (Loss)					
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences arising on translation of foreign operations	\$ (36,324)	(2)	\$ (4,398)	0
8500	Total Comprehensive Income for the Period	\$ 73,876	3	\$ 120,215	6
Profit Attributable to :					
8610	Owners of the parent	\$ 110,200	5	\$ 124,468	6
8620	Non-controlling interests	-	-	145	-
		\$ 110,200	5	\$ 124,613	6
Comprehensive Income Attributable to:					
8710	Owners of the parent	\$ 73,876	3	\$ 121,359	6
8720	Non-controlling interests	-	-	(1,144)	-
		\$ 73,876	3	\$ 120,215	6
Earnings Per Share(in dollars)					
9750	Basic earnings per share	\$	1.10	\$	1.24
9850	Diluted earnings per share	\$	1.09	\$	1.23

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

		Equity attributable to owners of the parent					
		Retained earnings		Other equity interest			
		Unappropriated retained earnings		Currency translation differences of foreign operations			
		Legal reserve			Total	Non- controlling interest	Total equity
2015	Share capital - common stock						
Balance at January 1, 2015	\$ 1,006,378	\$ 32,484	\$ 312,138	\$ 24,338	\$ 1,375,338	\$ 41,584	\$ 1,416,922
Distribution of 2014 consolidated net income:							
Legal reserve	-	23,264	(23,264)	-	-	-	-
Cash dividends	-	-	(150,956)	-	(150,956)	-	(150,956)
Net income for the period	-	-	124,468	-	124,468	145	124,613
Other comprehensive income for the period	-	-	-	(3,109)	(3,109)	(1,289)	(4,398)
Changes in non-controlling interests	-	-	(7,319)	6,257	(1,062)	(40,440)	(41,502)
Balance at December 31, 2015	\$ 1,006,378	\$ 55,748	\$ 255,067	\$ 27,486	\$ 1,344,679	\$ 0	\$ 1,344,679
2016							
Balance at January 1, 2016	\$ 1,006,378	\$ 55,748	\$ 255,067	\$ 27,486	\$ 1,344,679	\$ -	\$ 1,344,679
Distribution of 2015 consolidated net income:							
Legal reserve	-	12,447	(12,447)	-	-	-	-
Cash dividends	-	-	(80,510)	-	(80,510)	-	(80,510)
Net income for the period	-	-	110,200	-	110,200	-	110,200
Other comprehensive income for the period	-	-	-	(36,324)	(36,324)	-	(36,324)
Balance at December 31, 2016	\$ 1,006,378	\$ 68,195	\$ 272,310	\$ (8,838)	\$ 1,338,045	\$ 0	\$ 1,338,045

THINFLEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31	
	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 138,325	\$ 161,770
Adjustments for		
Income and expenses having no effect on cash flows		
Net loss on financial assets/liabilities at fair value		
through profit or loss	-	841
(Reversal of provision)provision for bad debts	(2,705)	6,196
Depreciation expense	167,459	167,509
Loss on disposal of property, plant and equipment	680	1,493
Amortization expense	592	914
Rent- long-term prepaid rents	351	366
Amortization-other non-current assets	2,511	2,511
Interest income	(4,671)	(4,919)
Interest expense	11,918	23,155
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Notes receivable	(219,718)	247,421
Accounts receivable	(230,265)	31,628
Accounts receivable- related parties	6,457	1,401
Other receivables	(1,798)	1,118
Inventories	26,951	(43,670)
Prepayments	(6,024)	(2,639)
Other current assets	39	(17)
Net changes in liabilities relating to operating activities		
Financial liabilities at fair value through profit or loss	-	(9,430)
Notes payable	(145)	(2,173)
Accounts payable	41,406	18,121
Accounts payable- related parties	20,852	(24,735)
Other payables	1,821	8,845
Current provision	(6,628)	5,098
Other current liabilities	(709)	658
Cash generated from operations	(53,301)	591,462
Interest received	4,291	5,970
Interest paid	(9,808)	(25,598)
Income tax paid	(52,585)	(4,574)
Net cash (used in) provided by operating activities	\$ (111,403)	\$ 567,260

THINFLEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31	
	2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease in other financial-current	\$ 72,864	\$ 280,572
Cash paid for acquisition of property, plant and equipment	(76,373)	(64,350)
Proceeds from disposal of property, plant and equipment	67	0
Cash paid for intangible assets	(80)	(847)
Cash paid for prepayments for equipment	(11,384)	(30,775)
Decrease (increase) in refundable deposits	2,982	(3,123)
Cash paid for solar energy equipment	(5,582)	(6,145)
Increase in other financial-non-current	0	(4,000)
Increase in other non-current assets	(5,219)	(593)
Net cash (used in) provided by investing activities	\$ (22,725)	\$ 170,739
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term borrowings	\$ 1,602,119	\$ 1,457,737
Decrease in short-term borrowings	(1,264,347)	(2,104,611)
Increase in long-term borrowings	359,778	340,000
Decrease in long-term borrowings	(468,348)	(419,414)
Acquisition of ownership interests in subsidiaries	0	(41,502)
Cash dividends of ordinary share	(80,510)	(150,956)
Net cash provided by (used in) financing activities	148,692	(918,746)
Effect of exchange rate changes on cash and cash equivalents	24,643	4,795
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,207	(175,952)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	318,528	494,480
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 357,735	\$ 318,528