

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Balance Sheets
June 30, 2016 and 2015
(Expressed in, Thousands of New Taiwan Dollars)

Assets	30-Jun-16		31-Dec-15		30-Jun-15		Liabilities and Equity	30-Jun-16		31-Dec-15		30-Jun-15	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$1,146,953	12	1,087,933	12	2,370,238	23	2100 Short-term borrowings (note 6(k))	\$88,000	1	\$130,500	1	72,000	1
1110 Current financial assets at fair value through profit or loss (note 6(b))	749,564	8	739,715	8	551,644	5	2170 Notes and accounts payable (note 7)	678,218	7	836,251	9	686,620	7
1170 Notes and accounts receivable, net (notes 6(c) and 7)	1,012,801	11	1,046,332	11	1,007,255	10	2206 Employee bonus payable	167,663	2	128,000	1	249,602	2
1200 Other receivables, net (notes 6(c) and 7)	162,891	2	203,273	2	84,590	2	2230 Current tax liabilities	86,704	1	45,437	0	121,607	1
1310 Inventories, manufacturing business, net (note 6(d))	955,234	10	1,124,412	12	1,199,197	12	2300 Other current liabilities (note 7)	392,831	4	542,769	6	495,277	5
1410 Prepayments	27,002	0	84,696	1	25,769	0	2216 Cash dividends payable	<u>882,290</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>1,588,121</u>	<u>15</u>
1476 Other current financial assets (note 6(e))	<u>3,030,760</u>	<u>35</u>	<u>2,752,390</u>	<u>29</u>	<u>2,831,550</u>	<u>27</u>		<u>2,295,706</u>	<u>25</u>	<u>1,682,957</u>	<u>17</u>	<u>3,213,227</u>	<u>31</u>
	<u>7,085,205</u>	<u>78</u>	<u>7,038,751</u>	<u>75</u>	<u>8,070,243</u>	<u>79</u>	Non-Current liabilities:						
Non-current assets:							2640 Net defined benefit liability, non-current	476,913	5	499,832	5	490,826	5
1523 Non-current available-for-sale financial assets (note 6(e))	215,462	2	242,403	3	251,810	2	2645 Guarantee deposits received	10,336	0	10,520	0	10,452	0
1547 Non-current investments in debt instrument without active market (note 6(f))	4313	0	12,938	0	17,251	0	2570 Deferred tax liabilities	<u>173</u>	<u>0</u>	<u>173</u>	<u>0</u>	<u>6,023</u>	<u>0</u>
1551 Investments accounted for using equity method (note 6(g))	282,202	3	244,499	3	208,788	2		<u>487,422</u>	<u>5</u>	<u>510,525</u>	<u>5</u>	<u>507,301</u>	<u>5</u>
1543 Non-current financial assets at cost, net (note 6(h))	705,139	8	801,796	9	803,893	8	Total liabilities	<u>2,783,128</u>	<u>30</u>	<u>2,193,482</u>	<u>22</u>	<u>3,720,528</u>	<u>36</u>
1600 Property, plant and equipment (note 6(i))	586,706	6	612,066	7	640,933	6	Equity attributable to owners of parent: (notes 6(n) and (o))						
1780 Intangible assets (note 6(j))	290,661	3	290,523	3	303,910	3	3100 Common stock	<u>4,411,448</u>	<u>48</u>	<u>4,411,448</u>	<u>48</u>	<u>4,411,448</u>	<u>43</u>
1840 Deferred tax assets	18,916	0	18,916	0	19,958	0	3200 Capital surplus	<u>791,207</u>	<u>9</u>	<u>976,488</u>	<u>11</u>	<u>922,596</u>	<u>9</u>
1900 Other non-current assets	<u>19,759</u>	<u>0</u>	<u>22,753</u>	<u>0</u>	<u>27,070</u>	<u>0</u>	Retained earnings:						
	<u>2,123,158</u>	<u>22</u>	<u>2,245,894</u>	<u>25</u>	<u>2,273,613</u>	<u>21</u>	3310 Legal reserve	1,264,428	14	1,186,930	13	1,186,930	11
							3350 Unappropriated retained earnings	<u>243,957</u>	<u>2</u>	<u>774,980</u>	<u>9</u>	<u>365,508</u>	<u>4</u>
								<u>1,508,385</u>	<u>16</u>	<u>1,961,910</u>	<u>22</u>	<u>1,552,438</u>	<u>15</u>
							3400 Other equity interest	<u>164,002</u>	<u>2</u>	<u>221,247</u>	<u>2</u>	<u>205,760</u>	<u>2</u>
							3500 Treasury stock	<u>(471,138)</u>	<u>(5)</u>	<u>(471,138)</u>	<u>(5)</u>	<u>(481,421)</u>	<u>(5)</u>
							Total equity attributable to owners of parent:	6,403,904	70	7,099,955	78	6,610,821	64
							36XX Non-controlling interests	<u>21,331</u>	<u>0</u>	<u>(8,792)</u>	<u>0</u>	<u>12,507</u>	<u>0</u>
							Total equity	<u>6,425,235</u>	<u>70</u>	<u>7,091,163</u>	<u>78</u>	<u>6,623,328</u>	<u>64</u>
Total assets	<u>\$9,208,363</u>	<u>100</u>	<u>9,284,645</u>	<u>100</u>	<u>10,343,856</u>	<u>100</u>	Total liabilities and equity	<u>\$9,208,363</u>	<u>\$100</u>	<u>9,284,645</u>	<u>\$100</u>	<u>10,343,856</u>	<u>\$100</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended June 30, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2016		2015		2016		2015	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	\$1,551,786	100	1,518,842	100	2,951,576	100	3,203,250	100
5000	Operating costs (notes 6(d), (i), (j) and 7)	<u>919,070</u>	<u>59</u>	<u>876,559</u>	<u>58</u>	<u>1,753,208</u>	<u>59</u>	<u>1,777,371</u>	<u>55</u>
	Gross profit from operations	632,716	41	642,283	42	1,198,368	41	1,425,879	45
5920	Add: realized (unrealized) profit	<u>(1,190)</u>	<u>0</u>	<u>702</u>	<u>0</u>	<u>(558)</u>	<u>0</u>	<u>(648)</u>	<u>0</u>
		<u>631,526</u>	<u>41</u>	<u>642,985</u>	<u>42</u>	<u>1,197,810</u>	<u>41</u>	<u>1,425,231</u>	<u>45</u>
	Operating expenses: (notes 6 (i),(j), (l), 7 and 12)								
6100	Selling expenses	72,580	5	78,338	5	139,132	5	177,327	6
6200	Administrative expenses	74,946	5	79,799	5	147,106	5	160,886	5
6300	Research and development expenses	<u>332,021</u>	<u>21</u>	<u>303,183</u>	<u>20</u>	<u>640,914</u>	<u>22</u>	<u>617,855</u>	<u>19</u>
		<u>479,547</u>	<u>31</u>	<u>461,320</u>	<u>30</u>	<u>927,152</u>	<u>32</u>	<u>956,068</u>	<u>30</u>
	Income from operations	<u>151,979</u>	<u>10</u>	<u>181,665</u>	<u>12</u>	<u>270,658</u>	<u>9</u>	<u>469,163</u>	<u>15</u>
	Non-operating income and expenses:								
7010	Other revenue (notes 6(r) and 6(v))	22,608	1	45,670	3	35,733	1	64,533	2
7020	Other gains and losses (notes 6(f), (h) and (r))	(24,767)	(1)	(50,832)	(3)	(57,002)	(2)	(74,018)	(2)
7050	Finance costs	(422)	0	(236)	0	(821)	0	(249)	0
7590	Miscellaneous expense	(3,325)	0	(15)	0	(3,363)	0	(2,413)	0
7770	Share of loss of associates and joint ventures accounted for using equity method (note 6(u))	<u>3,631</u>	<u>0</u>	<u>3,607</u>	<u>0</u>	<u>16,735</u>	<u>1</u>	<u>798</u>	<u>0</u>
		<u>(2,275)</u>	<u>0</u>	<u>(1,806)</u>	<u>0</u>	<u>(8,718)</u>	<u>0</u>	<u>(11,349)</u>	<u>0</u>
	Income before income tax	149,704	10	179,859	12	261,940	9	457,814	15
8110	Income tax expenses (note 6(m))	<u>29,362</u>	<u>2</u>	<u>35,191</u>	<u>2</u>	<u>51,439</u>	<u>2</u>	<u>91,400</u>	<u>3</u>
	Net income	<u>120,342</u>	<u>8</u>	<u>144,668</u>	<u>10</u>	<u>210,501</u>	<u>7</u>	<u>366,414</u>	<u>12</u>
8300	Other comprehensive income:								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Foreign currency translation differences	(160)	0	(389)	0	(1,144)	0	(859)	0
8362	Net change in fair value of available-for-sale financial assets	(109,336)	(7)	(22,146)	(1)	(32,941)	(1)	(28,648)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method - items that may be reclassified to profit or loss	(8,274)	(1)	0	0	(23,454)	(1)	4,263	0
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(117,770)</u>	<u>(8)</u>	<u>(22,535)</u>	<u>(1)</u>	<u>(57,539)</u>	<u>(2)</u>	<u>(25,244)</u>	<u>(1)</u>
8300	Other comprehensive income, net of tax	<u>(117,770)</u>	<u>(8)</u>	<u>(22,535)</u>	<u>(1)</u>	<u>(57,539)</u>	<u>(2)</u>	<u>(25,244)</u>	<u>(1)</u>
	Comprehensive income	<u>\$2,572</u>	<u>0</u>	<u>122,133</u>	<u>9</u>	<u>152,962</u>	<u>5</u>	<u>341,170</u>	<u>11</u>
	Net income for the period attributable to:								
	Owners of the parent	\$138,212	9	160,184	11	247,864	8	405,833	13
	Non-controlling interests	<u>(17,870)</u>	<u>(1)</u>	<u>(15,516)</u>	<u>(1)</u>	<u>(37,363)</u>	<u>(1)</u>	<u>(39,419)</u>	<u>(1)</u>
		<u>\$120,342</u>	<u>8</u>	<u>144,668</u>	<u>10</u>	<u>210,501</u>	<u>7</u>	<u>366,414</u>	<u>12</u>
	Total comprehensive income for the period attributable to:								
	Owners of the parent	\$20,418	1	137,720	10	190,619	6	380,756	12
	Non-controlling interests	<u>(17,846)</u>	<u>(1)</u>	<u>(15,587)</u>	<u>(1)</u>	<u>(37,657)</u>	<u>(1)</u>	<u>(39,586)</u>	<u>(1)</u>
		<u>\$2,572</u>	<u>0</u>	<u>122,133</u>	<u>9</u>	<u>152,962</u>	<u>5</u>	<u>341,170</u>	<u>11</u>
	Earnings per share (note 6(p))								
	Basic earnings per share		<u>\$0.33</u>		<u>0.38</u>		<u>0.60</u>		<u>0.97</u>
	Diluted earnings per share		<u>\$0.33</u>		<u>0.38</u>		<u>0.59</u>		<u>0.96</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended June 30, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Total other equity interest				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings Legal reserve	Unappropriated earnings						
Balance at January 1, 2015	<u>\$4,411,448</u>	<u>1,173,275</u>	<u>1,038,126</u>	<u>1,445,147</u>	<u>(689)</u>	<u>231,526</u>	<u>(481,421)</u>	<u>7,817,412</u>	<u>52,741</u>	<u>7,870,153</u>
Net Income	0	0	0	405,833	0	0	0	405,833	(39,419)	366,414
Other comprehensive income	0	0	0	0	(692)	(24,385)	0	(25,077)	(167)	(25,244)
Total comprehensive income	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>405,833</u>	<u>(692)</u>	<u>(24,385)</u>	<u>0</u>	<u>380,756</u>	<u>(39,586)</u>	<u>341,170</u>
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	0	0	148,804	(148,804)	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	(1,336,668)	0	0	0	(1,336,668)	0	(1,336,668)
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using equity		0	0	0	0	0	0	0	0	0
Cash dividends from capital surplus	0	(251,453)	0	0	0	0	0	(251,453)	0	(251,453)
Compensation costs for employee stock options	0	0	0	0	0	0	0	0	116	116
Issuance of shares for non-controlling interests	0	774	0	0	0	0	0	774	(774)	0
Decrease in noncontrolling interests	0	0	0	0	0	0	0	0	10	10
Balance at JUNE 30, 2015	<u>\$4,411,448</u>	<u>922,596</u>	<u>1,186,930</u>	<u>365,508</u>	<u>(1,381)</u>	<u>207,141</u>	<u>(481,421)</u>	<u>6,610,821</u>	<u>12,507</u>	<u>6,623,328</u>
Balance at January 1, 2016	<u>\$4,411,448</u>	<u>976,488</u>	<u>1,186,930</u>	<u>774,980</u>	<u>(167)</u>	<u>221,414</u>	<u>(471,138)</u>	<u>7,099,955</u>	<u>(8,792)</u>	<u>7,091,163</u>
Net income	0	0	0	247,864	0	0	0	247,864	(37,363)	210,501
Other comprehensive income	0	0	0	0	(850)	(56,395)	0	(57,245)	(294)	(57,539)
Total comprehensive income	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>247,864</u>	<u>(850)</u>	<u>(56,395)</u>	<u>0</u>	<u>190,619</u>	<u>(37,657)</u>	<u>152,962</u>
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	0	0	77,498	(77,498)	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	(697,009)	0	0	0	(697,009)	0	(697,009)
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using equity	0	45,413	0	0	0	0	0	45,413	0	45,413
Cash dividends from capital surplus	0	(185,281)	0	0	0	0	0	(185,281)		(185,281)
Retirement of treasury stock	0	0	0	0	0	0	0	0	0	0
Adjustments of capital surplus for company's cash dividends received by subsidiaries	0	0	0	0	0	0	0	0	0	0
Issuance of shares for non-controlling interests	0	0	0	0	0	0	0	0	17,987	17,987
Changes in non-controlling interests	0	(45,413)	0	(4,380)	0	0	0	(49,793)	49,793	0
Balance at JUNE 30, 2016	<u>\$4,411,448</u>	<u>791,207</u>	<u>1,264,428</u>	<u>243,957</u>	<u>(1,017)</u>	<u>165,019</u>	<u>(471,138)</u>	<u>6,403,904</u>	<u>21,331</u>	<u>6,425,235</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended June 30, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2016	2015
Cash flows from operating activities:		
Net income	\$261,940	457,814
Adjustments:		
Adjustments to reconcile net income:		
Depreciation expense	35,560	40,413
Amortization expense	42,905	33,379
Provision (reversal of provision) for bad debt expense	(561)	(1,079)
Net loss (gain) on financial assets at fair value through profit or loss	3,267	5,374
Interest expense	821	249
Interest income	(22,561)	(28,388)
Dividend income	(7,566)	(25,243)
Share base pay compensation costs	0	116
Share of profit of associates and joint ventures accounted for using equity method	(16,735)	(798)
Loss on disposal of property, plan and equipment	194	2,551
Impairment loss on financial assets	45,984	22,562
(Gain) Loss on disposal of non-current financial assets carried at cost	0	26,101
Difference between net pension liability and actual appropriations	2,935	3,126
Impairment loss and disposal loss on inventory	37,389	23,717
Gain on disposal of available-for-sale financial assets	0	(8,306)
Others	(240)	(94)
Total adjustments to reconcile net income	<u>121,392</u>	<u>93,680</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets held for trading	(13,116)	75,983
Decrease (increase) in notes and accounts receivable	34,092	195,347
Decrease (increase) in inventories	131,789	(4,051)
Decrease (increase) in other current assets	57,694	(5,469)
Decrease (increase) in other receivables	40,371	117,979
Increase (decrease) in notes and accounts payable	(158,033)	(122,918)
Increase (decrease) in other current liabilities	<u>(136,049)</u>	<u>(118,741)</u>
Total adjustments	<u>(43,252)</u>	<u>138,130</u>
Cash inflow generated from operations	340,080	689,624
Interest received	22,572	28,310
Dividends received	7,566	25,243
Interest paid	(901)	(249)
Income taxes paid	<u>(10,172)</u>	<u>(80,076)</u>
Net cash flows from operating activities	<u>359,145</u>	<u>662,852</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended June 30, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

Cash flows from investing activities:

Proceeds from disposal of available-for-sale financial assets	0	10,415
Acquisition of investment accounted for using equity method	0	(80,000)
Acquisition of financial assets at amortised cost	(36,705)	(95,990)
Acquisition of available-for-sale financial assets	(6,000)	0
Acquisition of investments in debt instrument without active market	0	(17,251)
Proceeds from disposal of financial assets at cost	16,000	40,000
Proceeds from return of capital of financial assets carried at cost	80,003	111,698
Acquisition of property, plant and equipment	(10,292)	(11,880)
Proceeds from disposal of property, plant and equipment	0	4,856
Acquisition of intangible assets	(43,058)	(11,246)
Decrease (Increase) in other non-current assets	2,994	2,084
Decrease in time deposit with maturity longer than three months	<u>(278,370)</u>	<u>533,300</u>
Net cash flows from investing activities	<u>(275,428)</u>	<u>485,986</u>

Cash flows used in financing activities:

Increase in short-term loans	47,500	72,000
Decrease in short-term loans	(90,000)	0
Increase in guarantee deposits received	(184)	(9,209)
Cash dividends	0	0
Change in non-controlling interests	<u>17,987</u>	<u>10</u>
Net cash flows from (used in) financing activities	<u>(24,697)</u>	<u>62,801</u>

Net increase (decrease) in cash and cash equivalents

Net increase (decrease) in cash and cash equivalents	59,020	1,211,639
Cash and cash equivalents at beginning of period	<u>1,087,933</u>	<u>1,158,599</u>
Cash and cash equivalents at end of period	<u>\$1,146,953</u>	<u>\$2,370,238</u>