

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2016 and 2015

(Expressed in, Thousands of New Taiwan Dollars)

Assets	30-Sep-16		31-Dec-15		30-Sep-15		Liabilities and Equity	30-Sep-16		31-Dec-15		30-Sep-15	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$1,712,738	17	1,087,933	12	934,438	10	2100 Short-term borrowings (note 6(b))	\$113,500	1	\$130,500	1	46,000	1
1110 Current financial assets at fair value through profit or loss (note 6(b))	1,135,226	11	739,715	8	538,019	6	2170 Notes and accounts payable(note 7)	845,538	9	836,251	9	825,431	9
1170 Notes and accounts receivable, net (notes 6(c) and 7)	1,361,954	14	1,046,332	11	1,213,123	13	2206 Employee bonus payable	179,756	2	128,000	1	252,786	3
1200 Other receivables, net (notes 6(c) and 7)	246,562	2	203,273	2	262,521	3	2230 Current tax liabilities	140,261	1	45,437	0	165,820	2
1310 Inventories, manufacturing business, net (note 6(d))	921,600	9	1,124,412	12	1,180,782	14	2300 Other current liabilities (note 7)	518,107	5	542,769	6	476,903	5
1410 Prepayments	34,392	0	84,696	1	35,232	0	2216 Cash dividends payable	882,259	9	0	0	0	0
1476 Other current financial assets (note 6(a))	2,319,470	24	2,752,390	29	2,754,810	31		2,679,421	27	1,682,957	17	1,766,940	20
	7,731,942	77	7,038,751	75	6,918,925	77	Non-Current liabilities:						
Non-current assets:							2640 Net defined benefit liability, non-current	478,348	5	499,832	5	492,348	5
1523 Non-current available-for-sale financial assets (note 6(e))	273,175	3	242,403	3	202,646	2	2645 Guarantee deposits received	10,334	0	10,520	0	10,458	0
1547 Non-current investments in debt instrument without active market (note 6(f))	0	0	12,938	0	17,251	0	2570 Deferred tax liabilities	173	0	173	0	6,023	0
1551 Investments accounted for using equity method (note 6(g))	282,085	3	244,499	3	216,624	2		488,855	5	510,525	5	508,829	5
1543 Non-current financial assets at cost, net (note 6(h))	714,827	7	801,796	9	822,853	9	Total liabilities						
1600 Property, plant and equipment (note 6(i))	573,971	7	612,066	7	629,035	7		3,168,276	32	2,193,482	22	2,275,769	25
1780 Intangible assets (note 6(j))	269,707	3	290,523	3	300,464	3	Equity attributable to owners of parent: (notes 6(n) and (o))						
1840 Deferred tax assets	18,916	0	18,916	0	19,958	0	3100 Common stock	4,341,148	44	4,411,448	48	4,411,448	48
1900 Other non-current assets	17,866	0	22,753	0	25,295	0	3200 Capital surplus	707,276	7	976,488	11	976,488	11
	2,150,547	23	2,245,894	25	2,234,126	23	Retained earnings:						
							3310 Legal reserve	1,264,428	13	1,186,930	13	1,186,930	13
							3350 Unappropriated retained earnings	275,154	3	774,980	9	598,185	7
								1,539,582	16	1,961,910	22	1,785,115	20
							3400 Other equity interest	220,865	2	221,247	2	158,596	2
							3500 Treasury stock	(108,845)	(1)	(471,138)	(5)	(471,138)	(6)
							Total equity attributable to owners of parent:						
								6,700,026	68	7,099,955	78	6,860,509	75
							36XX Non-controlling interests	14,187	0	(8,792)	0	16,773	0
							Total equity						
								6,714,213	68	7,091,163	78	6,877,282	75
Total assets	\$9,882,489	100	9,284,645	100	9,153,051	100	Total liabilities and equity	\$9,882,489	100	9,284,645	100	9,153,051	100

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

[illegible]

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

	Components of other comprehensive income that will be reclassified to profit								
		<u>56,686</u>	<u>3</u>	<u>(46,684)</u>	<u>(2)</u>	<u>(853)</u>	<u>1</u>	<u>(71,928)</u>	<u>(2)</u>
8300	Other comprehensive income, net of tax	<u>56,686</u>	<u>3</u>	<u>(46,684)</u>	<u>(2)</u>	<u>(853)</u>	<u>1</u>	<u>(71,928)</u>	<u>(2)</u>
	Comprehensive income	<u>\$284,707</u>	<u>14</u>	<u>168,611</u>	<u>10</u>	<u>437,669</u>	<u>10</u>	<u>509,781</u>	<u>11</u>
	Net income for the period attributable to:								
	Owners of the parent	\$243,429	12	236,317	13	491,293	10	642,150	14
	Non-controlling interests	<u>(15,408)</u>	<u>(1)</u>	<u>(21,022)</u>	<u>(1)</u>	<u>(52,771)</u>	<u>(1)</u>	<u>(60,441)</u>	<u>(1)</u>
		<u>\$228,021</u>	<u>11</u>	<u>215,295</u>	<u>12</u>	<u>438,522</u>	<u>9</u>	<u>581,709</u>	<u>13</u>
	Total comprehensive income for the period								
	Owners of the parent	\$300,292	15	189,153	11	490,911	11	569,909	12
	Non-controlling interests	<u>(15,585)</u>	<u>(1)</u>	<u>(20,542)</u>	<u>(1)</u>	<u>(53,242)</u>	<u>(1)</u>	<u>(60,128)</u>	<u>(1)</u>
		<u>\$284,707</u>	<u>14</u>	<u>168,611</u>	<u>10</u>	<u>437,669</u>	<u>10</u>	<u>509,781</u>	<u>11</u>
	Earnings per share (note 6(p))								
	Basic earnings per share		<u>\$0.58</u>		<u>0.57</u>		<u>1.18</u>		<u>1.54</u>
	Diluted earnings per share		<u>\$0.58</u>		<u>0.56</u>		<u>1.17</u>		<u>1.52</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended September 30, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Total other equity interest									
	Common stock	Capital surplus	Retained earnings		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
			Legal reserve	Unappropriated earnings						
Balance at January 1, 2015	\$4,411,448	1,173,275	1,038,126	1,445,147	(689)	231,526	(481,421)	7,817,412	52,741	7,870,153
Net Income	0	0	0	642,150	0	0	0	642,150	(60,441)	581,709
Other comprehensive income	0	0	0	0	1,081	(73,322)	0	(72,241)	313	(71,928)
Total comprehensive income	\$0	0	0	642,150	1,081	(73,322)	0	569,909	(60,128)	509,781
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	10,283	(241,170)	0	(241,170)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	0	54,666	0	0	0	0	0	54,666	0	54,666
Issuance of shares for non-controlling interest:	0	0	0	(4,863)	0		0	(4,863)	25,383	20,520
Decrease in noncontrolling interests	0	0	0	1,223	0	0	0	1,223	(1,223)	0
Balance at September 30, 2015	\$4,411,448	976,488	1,186,930	598,185	392	158,204	(471,138)	6,860,509	16,773	6,877,282
Balance at January 1, 2016	\$4,411,448	976,488	1,186,930	774,980	(167)	221,414	(471,138)	7,099,955	(8,792)	7,091,163
Net income	0	0	0	491,293	0	0	0	491,293	(52,771)	438,522
Other comprehensive income	0	0	0	0	(1,700)	1,318	0	(382)	(471)	(853)
Total comprehensive income	\$0	0	0	491,293	(1,700)	1,318	0	490,911	(53,242)	437,669
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	45,434	0	0	0	0	0	45,434	0	45,434
Cash dividends from capital surplus	0	(185,281)	0	0	0	0	0	(185,281)		(185,281)
Retirement of treasury stock	(70,300)	(83,931)	0	(208,062)	0	0	362,293	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 interest:	0	0	0	0	0	0	0	0	22,237	22,237
Changes in non-controlling interests	0	(45,434)	0	(8,550)	0	0	0	(53,984)	53,984	0
Balance at September 30, 2016	\$4,341,148	707,276	1,264,428	275,154	(1,867)	222,732	(108,845)	6,700,026	14,187	6,714,213

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended September 30, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2016	2015
Cash flows from operating activities:		
Net income	\$543,561	722,189
Adjustments:		
Adjustments to reconcile net income:		
Depreciation expense	48,209	60,118
Amortization expense	65,464	51,558
Provision (reversal of provision) for bad debt expense	(981)	(892)
Net loss (gain) on financial assets at fair value through profit or loss	7,556	(6,748)
Interest expense	1,417	650
Interest income	(32,208)	(41,116)
Dividend income	(15,661)	(30,524)
Share of profit of associates and joint ventures accounted for using equity method	(14,598)	(5,420)
Loss on disposal of property, plan and equipment	291	2,648
Impairment loss on financial assets	65,752	34,898
(Gain) Loss on disposal of non-current financial assets carried at cost	(1,531)	29,073
Difference between net pension liability and actual appropriations	4,370	4,648
Impairment loss and disposal loss on inventory	66,450	37,128
Gain on disposal of available-for-sale financial assets	0	(9,194)
Others	<u>(2,480)</u>	<u>1,686</u>
Total adjustments to reconcile net income	<u>192,050</u>	<u>128,513</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets held for trading	(403,067)	101,730
Decrease (increase) in notes and accounts receivable	(314,641)	(10,708)
Decrease (increase) in inventories	136,362	953
Decrease (increase) in other current assets	50,304	(14,932)
Decrease (increase) in other receivables	(43,435)	(60,318)
Increase (decrease) in notes and accounts payable	9,287	15,893
Increase (decrease) in other current liabilities	<u>1,319</u>	<u>(133,932)</u>
Total adjustments	<u>(563,871)</u>	<u>(101,314)</u>
Cash inflow generated from operations	171,740	749,388
Interest received	32,354	41,404
Dividends received	15,661	30,524
Interest paid	(1,496)	(650)
Income taxes paid	<u>(10,215)</u>	<u>(84,943)</u>
Net cash flows from operating activities	<u>208,044</u>	<u>735,723</u>
Cash flows from investing activities:		

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended September 30, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

Proceeds from disposal of available-for-sale financial assets	0	11,530
Acquisition of investment accounted for using equity method	0	(86,000)
Acquisition of financial assets at amortised cost	(67,905)	(127,287)
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	17,792	40,000
Proceeds from return of capital of financial assets carried at cost	85,799	111,698
Acquisition of property, plant and equipment	(11,103)	(19,528)
Proceeds from disposal of property, plant and equipment	0	4,856
Acquisition of intangible assets	(44,680)	(25,946)
Decrease (Increase) in other non-current assets	4,887	3,859
Decrease in time deposit with maturity longer than three months	<u>432,920</u>	<u>610,040</u>
Net cash flows from investing activities	<u>411,710</u>	<u>505,971</u>
Cash flows used in financing activities:		
Increase in short-term loans	63,000	46,000
Decrease in short-term loans	(80,000)	0
Increase in guarantee deposits received	(186)	(9,203)
Cash dividends	0	(1,523,172)
Change in non-controlling interests	<u>22,237</u>	<u>20,520</u>
Net cash flows from (used in) financing activities	<u>5,051</u>	<u>(1,465,855)</u>
Net increase (decrease) in cash and cash equivalents	624,805	(224,161)
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>\$1,712,738</u>	<u>934,438</u>