

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2016 and 2015
(Expressed in, Thousands of New Taiwan Dollars)

Assets	31-Dec-16		31-Dec-15		Liabilities and Equity	31-Dec-16		31-Dec-15	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$1,843,893	20	1,087,933	12	2100 Short-term borrowings (note 6(k))	\$140,000	2	130,500	1
1110 Current financial assets at fair value through profit or loss (note 6(b))	734,675	8	739,715	8	2170 Notes and accounts payable	833,838	9	836,251	9
1170 Notes and accounts receivable, net (notes 6(c) and 7)	1,108,067	12	1,046,332	11	2206 Employee bonus payable (note 6(s))	82,500	1	128,000	1
1200 Other receivables, net (notes 6(c) and 7)	187,693	2	203,273	2	2230 Current tax liabilities	81,362	1	45,437	-
1310 Inventories, manufacturing business, net (note 6(d))	1,054,296	12	1,124,412	12	2300 Other current liabilities (note 7)	<u>651,356</u>	<u>7</u>	<u>542,769</u>	<u>6</u>
1410 Prepayments	28,964	-	84,696	1		<u>1,789,056</u>	<u>20</u>	<u>1,682,957</u>	<u>17</u>
1476 Other current financial assets (note 6(a))	<u>2,057,820</u>	<u>23</u>	<u>2,752,390</u>	<u>29</u>	Non-Current liabilities:				
	<u>7,015,408</u>	<u>77</u>	<u>7,038,751</u>	<u>75</u>	2640 Net defined benefit liability, non-current (note 6(l))	433,352	4	499,832	5
Non-current assets:					2645 Guarantee deposits received	10,457	-	10,520	-
1523 Non-current available-for-sale financial assets (note 6(e))	230,137	3	242,403	3	2570 Deferred tax liabilities (note 6(m))	<u>2,223</u>	-	<u>173</u>	-
1547 Non-current investments in debt instrument without active market (note 6(f))	-	-	12,938	-		<u>446,032</u>	<u>4</u>	<u>510,525</u>	<u>5</u>
1551 Investments accounted for using equity method (note 6(g))	362,389	4	244,499	3	Total liabilities				
1543 Non-current financial assets at cost, net (note 6(h))	644,258	7	801,796	9		<u>2,235,088</u>	<u>24</u>	<u>2,193,482</u>	<u>22</u>
1600 Property, plant and equipment (note 6(i))	581,444	6	612,066	7	Equity attributable to owners of parent: (notes 6(n) and (o))				
1780 Intangible assets (note 6(j))	250,519	3	290,523	3	3100 Common stock	<u>4,341,148</u>	<u>48</u>	<u>4,411,448</u>	<u>48</u>
1840 Deferred tax assets (note 6(m))	23,405	-	18,916	-	3200 Capital surplus	<u>735,781</u>	<u>8</u>	<u>976,488</u>	<u>11</u>
1900 Other non-current assets	<u>23,670</u>	-	<u>22,753</u>	-	Retained earnings:				
	2,115,822	23	2,245,894	25	3310 Legal reserve	1,264,428	14	1,186,930	13
					3350 Unappropriated retained earnings	<u>481,567</u>	<u>5</u>	<u>774,980</u>	<u>9</u>
						<u>1,745,995</u>	<u>19</u>	<u>1,961,910</u>	<u>22</u>
					3400 Other equity interest	<u>177,522</u>	<u>2</u>	<u>221,247</u>	<u>2</u>
					3500 Treasury stock	<u>-101,268</u>	<u>-1</u>	<u>-471,138</u>	<u>-5</u>
					Total equity attributable to owners of parent:				
						6,899,178	76	7,099,955	78
					36XX Non-controlling interests	<u>-3,036</u>	-	<u>-8,792</u>	-
						<u>6,896,142</u>	<u>76</u>	<u>7,091,163</u>	<u>78</u>
					Total equity				
						<u>\$9,131,230</u>	<u>100</u>	<u>9,284,645</u>	<u>100</u>
					Total liabilities and equity				
						<u>\$9,131,230</u>	<u>100</u>	<u>9,284,645</u>	<u>100</u>
Total assets	<u>\$9,131,230</u>	<u>100</u>	<u>9,284,645</u>	<u>100</u>					

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2016		2015	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7, 9)	\$6,558,933	100	6,605,099	100
5000	Operating costs (notes 6(d), (j), (k) and 7, 9)	<u>3,852,508</u>	<u>59</u>	<u>3,789,609</u>	<u>58</u>
	Gross profit from operations	2,706,425	41	2,815,490	42
5920	Add: realized (unrealized) profit	<u>1,745</u>	=	<u>-1,804</u>	=
		<u>2,708,170</u>	<u>41</u>	<u>2,813,686</u>	<u>42</u>
	Operating expenses: (notes 6(j), (k), 7 and 9)				
6100	Selling expenses	321,595	5	348,288	5
6200	Administrative expenses	295,460	5	313,371	5
6300	Research and development expenses	<u>1,338,700</u>	<u>20</u>	<u>1,303,143</u>	<u>20</u>
		<u>1,955,755</u>	<u>30</u>	<u>1,964,802</u>	<u>30</u>
	Income from operations	<u>752,415</u>	<u>11</u>	<u>848,884</u>	<u>12</u>
	Non-operating income and expenses:				
7010	Other revenue (notes 6(r) and 7)	74,095	1	105,635	2
7020	Other gains and losses (notes 6(f), (h) and (r))	-103,978	-1	-52,652	-
7050	Finance costs	-2,141	-	-1,203	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note 7)	<u>4,499</u>	=	<u>11,046</u>	=
		<u>-27,525</u>	=	<u>62,826</u>	<u>2</u>
	Income before income tax	724,890	11	911,710	14
8110	Income tax expenses (note 6(m))	<u>144,889</u>	<u>2</u>	<u>172,764</u>	<u>3</u>
	Net income	<u>580,001</u>	<u>9</u>	<u>738,946</u>	<u>11</u>
8300	Other comprehensive income: Components of other comprehensive income that will not be reclassified to profit or loss				
8310	Gains (losses) on				
8311	remeasurements of defined benefit plans	46,582	-	-5,963	-
8349	Income tax relating to items that will not be reclassified subsequently	=	=	=	=
		<u>46,582</u>	=	<u>-5,963</u>	=
8360	Items that may be reclassified subsequently to				
8361	Foreign currency translation differences	-2,302	-	759	-

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8362	Net change in fair value of available for-sale financial assets	-18,266	-	-37,829	-
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	-23,488	-	27,717	-
8399	Income tax relating to items that may be reclassified subsequently	=	=	=	=
	Components of other comprehensive income that will be reclassified to profit or loss	<u>-44,056</u>	=	<u>-9,353</u>	=
8300	Other comprehensive income, net of tax	<u>2,526</u>	=	<u>-15,316</u>	=
	Comprehensive income	<u>\$582,527</u>	<u>9</u>	<u>723,630</u>	<u>11</u>
	Net income for the period attributable to:				
	Owners of the parent	\$652,667	10	824,777	12
	Non-controlling interests	<u>-72,666</u>	<u>-1</u>	<u>-85,831</u>	<u>-1</u>
		<u>\$580,001</u>	<u>9</u>	<u>738,946</u>	<u>11</u>
	Total comprehensive income for the period attributable to:				
	Owners of the parent	\$655,414	10	809,408	12
	Non-controlling interests	<u>-72,887</u>	<u>-1</u>	<u>-85,778</u>	<u>-1</u>
		<u>\$582,527</u>	<u>9</u>	<u>723,630</u>	<u>11</u>
	Earnings per share (note 6(p))				
	Basic earnings per share		<u>\$1.57</u>		<u>1.98</u>
	Diluted earnings per share		<u>\$1.56</u>		<u>1.95</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent										
	Common stock	Capital surplus	Retained earnings		Total other equity interest		Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Unappropri- ated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets				
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	-	-	-	824,777	-	-	-	824,777	-85,831	738,946
Other comprehensive income	-	-	-	<u>-5,779</u>	<u>522</u>	<u>-10,112</u>	-	<u>-15,369</u>	<u>84</u>	<u>-15,285</u>
Total comprehensive income	-	-	-	<u>818,998</u>	<u>522</u>	<u>-10,112</u>	-	<u>809,408</u>	<u>-85,747</u>	<u>723,661</u>
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	148,804	-148,804	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-1,336,668	-	-	-	-1,336,668	-	-1,336,668
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using equity	-	-	-	-3,693	-	-	-	-3,693	-	-3,693
Cash dividends from capital surplus	-	-251,453	-	-	-	-	-	-251,453	-	-251,453
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	54,666	-	-	-	-	10,283	64,949	-	64,949
Share-based payments	-	-	-	-	-	-	-	-	-1,223	-1,223
Issuance of shares for non-controlling interests	-	-	-	-	-	-	-	-	<u>25,437</u>	<u>25,437</u>
Balance at December 31, 2015	<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	-	-	-	652,667	-	-	-	652,667	-72,666	580,001
Other comprehensive income	-	-	-	<u>46,472</u>	<u>-1,971</u>	<u>-41,754</u>	-	<u>2,747</u>	<u>-221</u>	<u>2,526</u>
Total comprehensive income	-	-	-	<u>699,139</u>	<u>-1,971</u>	<u>-41,754</u>	-	<u>655,414</u>	<u>-72,887</u>	<u>582,527</u>
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	77,498	-77,498	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-697,009	-	-	-	-697,009	-	-697,009
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using equity	-	45,972	-	-	-	-	-	45,972	-	45,972
Cash dividends from capital surplus	-	-185,281	-	-	-	-	-	-185,281	-	-185,281
Retirement of treasury stock	-70,300	-83,931	-	-208,062	-	-	362,293	-	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	28,505	-	-	-	-	7,577	36,082	-	36,082
Issuance of shares for non-controlling interests	-	-	-	-	-	-	-	-	22,688	22,688
Changes in non-controlling interests	-	<u>-45,972</u>	-	<u>-9,983</u>	-	-	-	<u>-55,955</u>	<u>55,955</u>	-
Balance at December 31, 2016	<u>\$4,341,148</u>	<u>735,781</u>	<u>1,264,428</u>	<u>481,567</u>	<u>-2,138</u>	<u>179,660</u>	<u>-101,268</u>	<u>6,899,178</u>	<u>-3,036</u>	<u>6,896,142</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net income	\$724,890	911,710
Adjustments:		
Adjustments to reconcile net income:		
Depreciation expense	60,361	79,476
Amortization expense	87,627	70,378
Provision (reversal of provision) for bad debt expense	7,662	1,875
Net loss (gain) on financial assets at fair value through profit or loss	138	-6,480
Interest expense	2,141	1,203
Interest income	-42,683	-55,108
Dividend income	-16,161	-31,205
Share of profit of associates and joint ventures accounted for using equity method	-4,499	-11,046
Loss on disposal of property, plan and equipment	388	2,713
Impairment loss on financial assets	87,498	52,796
Difference between net pension liability and actual appropriations	5,955	12,132
Impairment loss and disposal loss on inventory	109,073	68,182
(Gain) Loss on disposal of non-current financial assets carried at cost	-2,226	29,073
Gain on disposal of available-for-sale financial assets	-	-9,194
Others	<u>1,305</u>	<u>-1,707</u>
Total adjustments to reconcile net income	<u>296,579</u>	<u>203,088</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets held for trading	4,902	-100,234
Decrease (increase) in notes and accounts receivable	-69,397	153,316
Decrease (increase) in inventories	-38,957	26,269
Decrease (increase) in other current assets	55,732	-64,396
Decrease (increase) in other receivables	15,325	-741
Increase (decrease) in notes and accounts payable	-2,413	26,713
Increase (decrease) in other current liabilities	<u>37,287</u>	<u>-192,959</u>
Total adjustments	<u>299,058</u>	<u>51,056</u>
Cash inflow generated from operations	1,023,948	962,766
Interest received	42,938	55,067
Dividends received	16,161	31,205
Interest paid	-2,195	-1,096
Income taxes paid	<u>-111,403</u>	<u>-242,418</u>
Net cash flows from operating activities	<u>969,449</u>	<u>805,524</u>
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	11,530

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Acquisition of investment accounted for using equity method	-90,000	-86,000
Acquisition of financial assets at amortised cost	-77,905	-137,287
Acquisition of available-for-sale financial assets	-6,000 -	
Acquisition of investments in debt instrument without active market	-	-17,251
Proceeds from disposal of financial assets at cost	18,535	40,000
Proceeds from return of capital of financial assets carried at cost	144,575	129,089
Acquisition of property, plant and equipment	-34,605	-23,871
Proceeds from disposal of property, plant and equipment	-	4,888
Acquisition of intangible assets	-47,660	-34,857
Decrease (Increase) in other non-current assets	-917	6,401
Decrease in time deposit with maturity longer than three months	<u>694,570</u>	<u>612,460</u>
Net cash flows from investing activities	<u>600,593</u>	<u>505,102</u>
Cash flows used in financing activities:		
Increase in short-term loans	90,000	130,500
Decrease in short-term loans	-80,500 -	
Increase in guarantee deposits received	-63	-9,141
Cash dividends	-846,207	-1,523,172
Change in non-controlling interests	<u>22,688</u>	<u>20,521</u>
Net cash flows from (used in) financing activities	<u>-814,082</u>	<u>-1,381,292</u>
Net increase (decrease) in cash and cash equivalents	755,960	-70,666
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>\$1,843,893</u>	<u>1,087,933</u>