

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Balance Sheets
June 30, 2017 and 2016
(Expressed in, Thousands of New Taiwan Dollars)

Assets		30-Jun-17		31-Dec-16		30-Jun-16		Liabilities and Equity		30-Jun-17		31-Dec-16		30-Jun-16	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$2,483,566	25	1,843,893	20	1,146,953	12	2100	Short-term borrowings (note 6(k))	\$240,000	2	140,000	2	88,000	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	788,608	8	734,675	8	749,564	8	2170	Notes and accounts payable (note 7)	824,288	8	833,838	9	678,218	7
1170	Notes and accounts receivable, net (notes 6(c) and 7)	1,289,778	13	1,108,067	12	1,012,801	11	2206	Employee bonus payable	155,006	2	82,500	1	167,663	2
1200	Other receivables, net (notes 6(c) and 7)	197,580	2	187,693	2	162,891	2	2230	Current tax liabilities	113,359	1	81,362	1	86,704	1
1310	Inventories, manufacturing business, net (note 6(d))	1,051,732	11	1,054,296	12	955,234	10	2300	Other current liabilities	739,921	9	651,356	7	392,831	4
1410	Prepayments	42,551	0	28,964	0	27,002	0	2216	Cash dividends payable	681,561	7	0	0	882,290	10
1476	Other current financial assets (note 6(a))	1,940,950	21	2,057,820	23	3,030,760	35			2,754,135	29	1,789,056	20	2,295,706	25
		7,794,765	80	7,015,408	77	7,085,205	78	Non-Current liabilities:							
Non-current assets:								2640	Net defined benefit liability, non-current	434,274	4	433,352	4	476,913	5
1523	Non-current available-for-sale financial assets (note 6(e))	222,059	2	230,137	3	215,462	2	2645	Guarantee deposits received	10,314	0	10,457	0	10,336	0
1547	Non-current investments in debt instrument without active market (note 6(f))	0	0	0	0	4,313	0	2570	Deferred tax liabilities	2,223	0	2,223	0	173	0
1551	Investments accounted for using equity method (note 6(g))	318,728	3	362,389	4	282,202	3			446,811	4	446,032	4	487,422	5
1543	Non-current financial assets at cost, net (note 6(h))	580,403	6	644,258	7	705,139	8	Total liabilities							
1600	Property, plant and equipment (note 6(i))	572,430	6	581,444	6	586,706	6	Equity attributable to owners of parent: (notes 6(n))							
1780	Intangible assets (note 6(j))	280,403	3	250,519	3	290,661	3	3100	Common stock	4,341,148	44	4,341,148	48	4,411,448	48
1840	Deferred tax assets	23,405	0	23,405	0	18,916	0	3200	Capital surplus	487,466	5	735,781	8	791,207	9
1900	Other non-current assets	21,081	0	23,670	0	19,759	0	Retained earnings:							
		2,018,509	20	2,115,822	23	2,123,158	22	3310	Legal reserve	1,312,585	13	1,264,428	14	1,264,428	14
								3350	Unappropriated retained earnings	432,705	4	481,567	5	243,957	2
										1,745,290	17	1,745,995	19	1,508,385	16
								3400	Other equity interest	170,827	2	177,522	2	164,002	2
								3500	Treasury stock	(101,268)	(1)	(101,268)	(1)	(471,138)	(5)
								Total equity attributable to owners of parent:							
								36XX	Non-controlling interests	(31,135)	0	(3,036)	0	21,331	0
								Total equity							
										6,612,328	67	6,896,142	76	6,425,235	70
Total assets		\$9,813,274	100	9,131,230	100	9,208,363	100	Total liabilities and equity		\$9,813,274	100	9,131,230	100	9,208,363	100

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended June 30, 2017 and 2016
(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			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7)	\$1,866,847	100	1,551,786	100	3,456,087	100	2,951,576	100
5000	Operating costs (notes 6(d), (i), (j) and 7)	<u>1,036,252</u>	<u>56</u>	<u>919,070</u>	<u>59</u>	<u>1,929,293</u>	<u>56</u>	<u>1,753,208</u>	<u>59</u>
	Gross profit from operations	830,595	44	632,716	41	1,526,794	44	1,198,368	41
5920	Add: realized (unrealized) profit	<u>95</u>	<u>0</u>	<u>(1,190)</u>	<u>0</u>	<u>508</u>	<u>0</u>	<u>(558)</u>	<u>0</u>
		<u>830,690</u>	<u>44</u>	<u>631,526</u>	<u>41</u>	<u>1,527,302</u>	<u>44</u>	<u>1,197,810</u>	<u>41</u>
	Operating expenses: (notes 6 (i),(j), (l), 7 and 12)								
6100	Selling expenses	78,516	4	72,580	5	143,981	4	139,132	5
6200	Administrative expenses	76,820	4	74,946	5	149,945	4	147,106	5
6300	Research and development expenses	<u>344,341</u>	<u>18</u>	<u>332,021</u>	<u>21</u>	<u>675,223</u>	<u>20</u>	<u>640,914</u>	<u>22</u>
		<u>499,677</u>	<u>26</u>	<u>479,547</u>	<u>31</u>	<u>969,149</u>	<u>28</u>	<u>927,152</u>	<u>32</u>
	Income from operations	<u>331,013</u>	<u>18</u>	<u>151,979</u>	<u>10</u>	<u>558,153</u>	<u>16</u>	<u>270,658</u>	<u>9</u>
	Non-operating income and expenses:								
7010	Other revenue (notes 6(q) and 9)	40,634	2	22,608	1	49,808	1	35,733	1
7020	Other gains and losses (notes 6(f), (h) and (q))	(92)	0	(24,767)	(1)	(69,167)	(2)	(57,002)	(2)
7050	Finance costs	(1,032)	0	(422)	0	(1,730)	0	(821)	0
7590	Miscellaneous expense	(2,269)	0	(3,325)	0	(3,927)	0	(3,363)	0
7770	Share of loss of associates and joint ventures accounted for using equity method (note 6(g))	<u>(22,931)</u>	<u>(1)</u>	<u>3,631</u>	<u>0</u>	<u>(29,240)</u>	<u>(1)</u>	<u>16,735</u>	<u>1</u>
		<u>14,310</u>	<u>1</u>	<u>(2,275)</u>	<u>0</u>	<u>(54,256)</u>	<u>(2)</u>	<u>(8,718)</u>	<u>0</u>
	Income before income tax	345,323	19	149,704	10	503,897	14	261,940	9
8110	Income tax expenses (note 6(m))	<u>65,468</u>	<u>4</u>	<u>29,362</u>	<u>2</u>	<u>99,159</u>	<u>3</u>	<u>51,439</u>	<u>2</u>
	Net income	<u>279,855</u>	<u>15</u>	<u>120,342</u>	<u>8</u>	<u>404,738</u>	<u>11</u>	<u>210,501</u>	<u>7</u>
8300	Other comprehensive income:								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Foreign currency translation differences	298	0	(160)	0	(1,853)	0	(1,144)	0
8362	Net change in fair value of available for-sale financial assets	(11,470)	(1)	(109,336)	(7)	(4,911)	0	(32,941)	(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	(496)	0	(8,274)	(1)	(227)	0	(23,454)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(11,668)</u>	<u>(1)</u>	<u>(117,770)</u>	<u>(8)</u>	<u>(6,991)</u>	<u>0</u>	<u>(57,539)</u>	<u>(2)</u>
8300	Other comprehensive income, net of tax	<u>(11,668)</u>	<u>(1)</u>	<u>(117,770)</u>	<u>(8)</u>	<u>(6,991)</u>	<u>0</u>	<u>(57,539)</u>	<u>(2)</u>
	Comprehensive income	<u>\$268,187</u>	<u>14</u>	<u>2,572</u>	<u>0</u>	<u>397,747</u>	<u>11</u>	<u>152,962</u>	<u>5</u>
	Net income for the period attributable to:								
	Owners of the parent	\$292,227	16	138,212	9	432,541	12	247,864	8
	Non-controlling interests	<u>(12,372)</u>	<u>(1)</u>	<u>(17,870)</u>	<u>(1)</u>	<u>(27,803)</u>	<u>(1)</u>	<u>(37,363)</u>	<u>(1)</u>
		<u>\$279,855</u>	<u>15</u>	<u>120,342</u>	<u>8</u>	<u>404,738</u>	<u>11</u>	<u>210,501</u>	<u>7</u>
	Total comprehensive income for the period attributable to:								
	Owners of the parent	\$280,557	15	20,418	1	425,846	12	190,619	6
	Non-controlling interests	<u>(12,370)</u>	<u>(1)</u>	<u>(17,846)</u>	<u>(1)</u>	<u>(28,099)</u>	<u>(1)</u>	<u>(37,657)</u>	<u>(1)</u>
		<u>\$268,187</u>	<u>14</u>	<u>2,572</u>	<u>0</u>	<u>397,747</u>	<u>11</u>	<u>152,962</u>	<u>5</u>
	Earnings per share (note 6(p))								
	Basic earnings per share		<u>\$0.70</u>		<u>0.33</u>		<u>1.04</u>		<u>0.60</u>
	Diluted earnings per share		<u>\$0.70</u>		<u>0.33</u>		<u>1.03</u>		<u>0.59</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended June 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings				Total other equity interest			Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	(losses) on available-for-sale financial assets	Unrealized gains				
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	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	\$0	0	0	247,864	(850)	(56,395)	0	190,619	(37,657)	152,962	
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 method	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)	0	(185,281)	
Issuance of shares for non-controlling interests	0	0	0	0	0	0	0	0	17,987	17,987	
Decrease in noncontrolling interests	0	(45,413)	0	(4,380)	0	0	0	(49,793)	49,793	0	
Balance at JUNE 30, 2016	\$4,411,448	791,207	1,264,428	243,957	(1,017)	165,019	(471,138)	6,403,904	21,331	6,425,235	
Balance at January 1, 2017	\$4,341,148	735,781	1,264,428	481,567	(2,138)	179,660	(101,268)	6,899,178	(3,036)	6,896,142	
Net income	0	0	0	432,541	0	0	0	432,541	(27,803)	404,738	
Other comprehensive income	0	0	0	0	(1,557)	(5,138)	0	(6,695)	(296)	(6,991)	
Total comprehensive income	\$0	0	0	432,541	(1,557)	(5,138)	0	425,846	(28,099)	397,747	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	0	0	48,157	(48,157)	0	0	0	0	0	0	
Cash dividends of ordinary share	0	0	0	(433,246)	0	0	0	(433,246)	0	(433,246)	
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method											
Cash dividends from capital surplus	0	(248,315)	0	0	0	0	0	(248,315)	0	(248,315)	
Balance at JUNE 30, 2017	\$4,341,148	487,466	1,312,585	432,705	(3,695)	174,522	(101,268)	6,643,463	(31,135)	6,612,328	

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended June 30, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2017	2016
Cash flows from operating activities:		
Net income	\$503,897	261,940
Adjustments:		
Adjustments to reconcile net income:		
Depreciation expense	23,234	35,560
Amortization expense	43,414	42,905
Provision (reversal of provision) for bad debt expense	223	(561)
Net loss (gain) on financial assets at fair value through profit or loss	6,626	3,267
Interest expense	1,730	821
Interest income	(18,269)	(22,561)
Dividend income	(23,052)	(7,566)
Share of profit of associates and joint ventures accounted for using equity method	29,240	(16,735)
Loss on disposal of property, plant and equipment	288	194
Impairment loss on financial assets	30,291	45,984
(Gain) Loss on disposal of non-current financial assets carried at cost	(12,008)	0
Difference between net pension liability and actual appropriations	922	2,935
Impairment loss and disposal loss on inventory	40,357	37,389
Gain on disposal of available-for-sale financial assets	(7,612)	0
Others	<u>(1,553)</u>	<u>(240)</u>
Total adjustments to reconcile net income	<u>113,831</u>	<u>121,392</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets held for trading	(60,559)	(13,116)
Decrease (increase) in notes and accounts receivable	(181,934)	34,092
Decrease (increase) in inventories	(37,793)	131,789
Decrease (increase) in other current assets	(8,724)	57,694
Decrease (increase) in other receivables	(9,889)	40,371
Increase (decrease) in notes and accounts payable	(9,550)	(158,033)
Increase (decrease) in other current liabilities	<u>161,179</u>	<u>(136,049)</u>
Total adjustments	<u>(147,270)</u>	<u>(43,252)</u>
Cash inflow generated from operations	470,458	340,080
Interest received	18,271	22,572
Interest paid	(1,838)	(901)
Income taxes paid	<u>(67,161)</u>	<u>(10,172)</u>
Net cash flows from operating activities	<u>419,730</u>	<u>351,579</u>
Cash flows from investing activities:		
Dividends received	36,972	7,566
Proceeds from disposal of available-for-sale financial assets	10,780	0
Acquisition of financial assets at amortised cost	0	(36,705)
Acquisition of available-for-sale financial assets	0	(6,000)
Proceeds from disposal of financial assets at cost	12,008	16,000
Proceeds from return of capital of financial assets carried at cost	33,565	80,003
Acquisition of property, plant and equipment	(19,391)	(10,292)
Acquisition of intangible assets	(73,307)	(43,058)
Decrease (Increase) in other non-current assets	2,589	2,994
Decrease in time deposit with maturity longer than three months	<u>116,870</u>	<u>(278,370)</u>
Net cash flows from investing activities	<u>120,086</u>	<u>(267,862)</u>
Cash flows used in financing activities:		
Increase in short-term loans	150,000	47,500
Decrease in short-term loans	(50,000)	(90,000)
Increase in guarantee deposits received	(143)	(184)
Change in non-controlling interests	<u>0</u>	<u>17,987</u>
Net cash flows from (used in) financing activities	<u>99,857</u>	<u>(24,697)</u>
Net increase (decrease) in cash and cash equivalents	639,673	59,020
Cash and cash equivalents at beginning of period	<u>1,843,893</u>	<u>1,087,933</u>
Cash and cash equivalents at end of period	<u>\$2,483,566</u>	<u>1,146,953</u>