

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2017 and 2016
(Expressed in, Thousands of New Taiwan Dollars)

		2017/12/31		2016/12/31				2017/12/31		2016/12/31	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	1,984,013	20	1,843,893	20	2,100	Short-term borrowings (note 6(l))	240,000	2	140,000	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	734,002	7	734,675	8	2,170	Notes and accounts payable	895,974	9	833,838	9
1170	Notes and accounts receivable, net (notes 6(c) and 7)	937,773	9	1,108,067	12	2,206	Employee bonus payable (note 6(r))	175,000	2	82,500	1
1200	Other receivables, net (notes 6(c) and 7)	539,467	5	187,693	2	2,230	Current tax liabilities	154,292	2	81,362	1
1310	Inventories, manufacturing business, net (note 6(d))	1,153,803	11	1,054,296	12	2,300	Other current liabilities	<u>945,148</u>	<u>9</u>	<u>651,356</u>	<u>7</u>
1410	Prepayments	65,306	1	28,964	0			<u>2,410,414</u>	<u>24</u>	<u>1,789,056</u>	<u>20</u>
1476	Other current financial assets (note 6(a))	<u>2,539,200</u>	<u>25</u>	<u>2,057,820</u>	<u>23</u>						
		<u>7,953,564</u>	<u>78</u>	<u>7,015,408</u>	<u>77</u>						
Non-current assets:						Non-current liabilities:					
1523	Non-current available-for-sale financial assets (note 6(e))	226,318	2	230,137	3	2,640	Net defined benefit liability, non-current (note 6(l))	396,206	4	433,352	4
1551	Investments accounted for using equity method (note 6(g))	310,033	3	362,389	4	2,645	Guarantee deposits received	10,426	0	10,457	0
1543	Non-current financial assets at cost, net (note 6(h))	761,868	8	644,258	7	2,570	Deferred tax liabilities (note 6(m))	<u>2,296</u>	<u>0</u>	<u>2,223</u>	<u>0</u>
1600	Property, plant and equipment (note 6(i))	580,010	6	581,444	6			<u>408,928</u>	<u>4</u>	<u>446,032</u>	<u>4</u>
1780	Intangible assets (note 6(j))	256,273	3	250,519	3		Total liabilities	<u>2,819,342</u>	<u>28</u>	<u>2,235,088</u>	<u>24</u>
1840	Deferred tax assets (note 6(m))	25,808	0	23,405	0		Equity attributable to owners of parent: (notes 6(n) and (o))				
1900	Other non-current assets	<u>28,931</u>	<u>0</u>	<u>23,670</u>	<u>0</u>	3,100	Common stock	<u>4,341,148</u>	<u>43</u>	<u>4,341,148</u>	<u>48</u>
		<u>2,189,241</u>	<u>22</u>	<u>2,115,822</u>	<u>23</u>	3,200	Capital surplus	<u>536,328</u>	<u>5</u>	<u>735,781</u>	<u>8</u>
							Retained earnings:				
						3,310	Legal reserve	1,312,585	13	1,264,428	14
						3,350	Unappropriated retained earnings	<u>1,109,748</u>	<u>11</u>	<u>481,567</u>	<u>5</u>
								<u>2,422,333</u>	<u>24</u>	<u>1,745,995</u>	<u>19</u>
						3,400	Other equity interest	<u>147,779</u>	<u>1</u>	<u>177,522</u>	<u>2</u>
						3,500	Treasury stock	<u>(91,111)</u>	<u>(1)</u>	<u>(101,268)</u>	<u>(1)</u>
							Total equity attributable to owners of parent:	7,356,477	72	6,899,178	76
						36XX	Non-controlling interests	<u>(33,014)</u>	<u>0</u>	<u>(3,036)</u>	<u>0</u>
							Total equity	<u>7,323,463</u>	<u>72</u>	<u>6,896,142</u>	<u>76</u>
Total assets		<u>10,142,805</u>	<u>100</u>	<u>9,131,230</u>	<u>100</u>	Total liabilities and equity		<u>10,142,805</u>	<u>100</u>	<u>9,131,230</u>	<u>100</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2017		2016	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7, 9)	\$7,503,267	100	6,558,933	100
5000	Operating costs (notes 6(d), (j) and (l))	<u>4,156,099</u>	<u>55</u>	<u>3,852,508</u>	<u>59</u>
	Gross profit from operations	3,347,168	45	2,706,425	41
5920	Add: realized profit	<u>652</u>	<u>0</u>	<u>1,745</u>	<u>0</u>
		<u>3,347,820</u>	<u>45</u>	<u>2,708,170</u>	<u>41</u>
	Operating expenses: (notes 6(j), (l) and 9)				
6100	Selling expenses	309,706	4	321,595	5
6200	Administrative expenses	301,480	4	295,460	5
6300	Research and development expenses	<u>1,386,852</u>	<u>18</u>	<u>1,338,700</u>	<u>20</u>
		<u>1,998,038</u>	<u>26</u>	<u>1,955,755</u>	<u>30</u>
	Income from operations	<u>1,349,782</u>	<u>19</u>	<u>752,415</u>	<u>11</u>
	Non-operating income and expenses:				
7010	Other revenue (notes 6(q) and 9)	88,448	1	74,095	1
7020	Other gains and losses (notes 6(f), (h) and (q))	(127,016)	(1)	(99,156)	(1)
7050	Finance costs	(4,213)	0	(2,141)	0
7590	Miscellaneous expense	(5,248)	0	(4,822)	0
7770	Share of loss of associates and joint ventures accounted for using equity method (note 6(g))	<u>(39,492)</u>	<u>(1)</u>	<u>4,499</u>	<u>0</u>
		<u>(87,521)</u>	<u>(1)</u>	<u>(27,525)</u>	<u>0</u>
	Income before income tax	1,262,261	18	724,890	11
8110	Income tax expenses (note 6(m))	<u>230,151</u>	<u>3</u>	<u>144,889</u>	<u>2</u>
	Net income	<u>1,032,110</u>	<u>15</u>	<u>580,001</u>	<u>9</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to				
8311	Gains on remeasurements of defined benefit plans	36252	0	46,582	0
8349	Income tax relating to items that will not be reclassified subsequently	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>36,252</u>	<u>0</u>	<u>46,582</u>	<u>0</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Foreign currency translation differences	(2,083)	0	(2,302)	0
8362	Net change in fair value of available for-sale financial assets	(29,234)	0	(18,266)	0
8370	Share of other comprehensive income of associates and joint ventures accounted	1,276	0	(23,488)	0
8399	Income tax relating to items that may be reclassified subsequently	<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>(30,041)</u>	<u>0</u>	<u>(44,056)</u>	<u>0</u>
8300	Other comprehensive income, net of tax	<u>6,211</u>	<u>0</u>	<u>2,526</u>	<u>0</u>
	Comprehensive income	<u>\$1,038,321</u>	<u>15</u>	<u>582,527</u>	<u>9</u>
	Net income for the period attributable to:				
	Owners of the parent	\$1,073,802	16	652,667	10
	Non-controlling interests	<u>(41,692)</u>	<u>(1)</u>	<u>(72,666)</u>	<u>(1)</u>
		<u>\$1,032,110</u>	<u>15</u>	<u>580,001</u>	<u>9</u>
	Total comprehensive income for the period attributable to:				
	Owners of the parent	\$1,079,841	16	655,414	10
	Non-controlling interests	<u>(41,520)</u>	<u>(1)</u>	<u>(72,887)</u>	<u>(1)</u>
		<u>\$1,038,321</u>	<u>15</u>	<u>582,527</u>	<u>9</u>
	Earnings per share (note 6(o))				
	Basic earnings per share		<u>\$2.58</u>		<u>1.57</u>
	Diluted earnings per share		<u>\$2.55</u>		<u>1.56</u>

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings		Total other equity interest		Treasury stock	Total equity attributable to owners of parent				
			Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets						
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	652,667	0	0	0	652,667	(72,666)	580,001		
Other comprehensive income	0	0	0	46,472	(1,971)	(41,754)	0	2,747	(221)	2,526		
Total comprehensive income	0	0	0	699,139	(1,971)	(41,754)	0	655,414	(72,887)	582,527		
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	-	45,972	0	0	0	0	0	45,972	0	45,972		
Cash dividends from capital surplus	0	(185,281)	0	0	0	0	0	(185,281)	0	(185,281)		
Adjustments of capital surplus for company's cash dividends received by subsidiaries	0	28,505	0	0	0	0	7,577	36,082	0	36,082		
Issuance of shares for non- controlling interests	(70,300)	(83,931)	0	(208,062)	0		362,293	0	22,688	22,688		
Retirement of treasury stock	0	0	0	0	0		0	0	0	0		
Decrease in noncontrolling interests	0	(45,972)	0	(9,983)	0	0	0	(55,955)	55,955	0		
Balance at December 31, 2016	\$4,411,448	735,781	1,264,428	481,567	(2,138)	179,660	(101,268)	6,899,178	(3,036)	6,896,142		
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	1,073,802	0	0	0	1,073,802	(41,692)	1,032,110		
Other comprehensive income	0	0	0	35,782	(1,922)	(27,821)	0	6,039	172	6,211		
Total comprehensive income	0	0	0	1,109,584	(1,922)	(27,821)	0	1,079,841	(41,520)	1,038,321		
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	0	0	0	0	0	0	0	0	0	0		
Cash dividends from capital surplus	0	(248,315)	0	0	0	0	0	(248,315)	0	(248,315)		
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	17,718	0	0	0	0	10,157	27,875	0	27,875		
Issuance of shares for non- controlling interests	0	0	0	0	0	0	0	0	42,686	42,686		
Changes in non- controlling interests	0	31,144	0	0	0	0	0	31,144	(31,144)	0		
Balance at December 31, 2017	\$4,341,148	536,328	1,312,585	1,109,748	(4,060)	151,839	(91,111)	7,356,477	(33,014)	7,323,463		

ELAN MICROELECTRONICS CORPORATION AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities:		
Net income	\$1,262,261	724,890
Adjustments:		
Adjustments to reconcile net income:		
Depreciation expense	45,507	60,361
Amortization expense	73,342	87,627
Provision for bad debt expense	265	7,662
Net loss on financial assets at fair value through profit or loss	853	138
Interest expense	4,213	2,141
Interest income	(39,276)	(42,683)
Dividend income	(33,886)	(16,161)
Share of profit of associates and joint ventures accounted for using equity method	39,492	(4,499)
Loss on disposal of property, plant and equipment	309	388
Impairment loss on financial assets	85,420	87,498
Difference between net pension liability and actual appropriations	560	5,955
Impairment loss and disposal loss on inventory	92,965	109,073
Gain on disposal of non-current financial assets carried at cost	(16,684)	(2,226)
Gain on disposal of available-for-sale financial assets	(13,036)	0
Others	(1,908)	1,305
Total adjustments to reconcile net income	<u>238,136</u>	<u>296,579</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets held for trading	(180)	4,902
Decrease (increase) in notes and accounts receivable	170,029	(69,397)
Increase in inventories	(192,472)	(38,957)
Decrease (increase) in other current assets	(33,475)	55,732
Decrease in other receivables	(351,534)	15,325
Increase (decrease) in notes and accounts payable	62,136	(2,413)
Increase in other current liabilities	<u>384,812</u>	<u>37,287</u>
Total adjustments	<u>277,452</u>	<u>299,058</u>
Cash inflow generated from operations	1,539,713	1,023,948
Interest received	39,036	42,938
Dividends received	47,806	16,161
Interest paid	(4,185)	(2,195)
Income taxes paid	<u>(159,551)</u>	<u>(111,403)</u>
Net cash flows from operating activities	<u>1,462,819</u>	<u>969,449</u>
Cash flows from investing activities:		
Acquisition of investment accounted for using equity method	0	(90,000)
Acquisition of financial assets at amortised cost	(265,556)	(77,905)
Acquisition of available-for-sale financial assets	(30,800)	(6,000)
Proceeds from disposal of available-for-sale financial assets	18,421	0
Proceeds from disposal of financial assets at cost	16,684	18,535
Proceeds from return of capital of financial assets carried at cost	62,526	144,575
Acquisition of property, plant and equipment	(47,205)	(34,605)
Acquisition of intangible assets	(79,097)	(47,660)
Increase in other non-current assets	(5,261)	(917)
Decrease (increase) in time deposit with maturity longer than three months	<u>(481,380)</u>	<u>694,570</u>
Net cash flows (used in) from investing activities	<u>(811,668)</u>	<u>600,593</u>
Cash flows used in financing activities:		
Increase in short-term loans	440,000	90,000
Decrease in short-term loans	(340,000)	(80,500)
Decrease in guarantee deposits received	(31)	(63)
Cash dividends	(653,686)	(846,207)
Change in non-controlling interests	42,686	22,688
Net cash flows used in financing activities	<u>(511,031)</u>	<u>(814,082)</u>
Net increase in cash and cash equivalents	140,120	755,960
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>\$1,984,013</u>	<u>1,843,893</u>