

**MEGAFORCE CO., LTD.  
AND SUBSIDIARIES**  
**Consolidated Financial Statements for the  
Three Months Ended March 31, 2014 and 2013  
(Reviewed , Not Audited)**

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**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31, 2014, December 31, And March 31, 2013**  
**(Expressed in Thousands of New Taiwan Dollars)**

		2014.3.31		2013.12.31		2013.3.31				2014.3.31		2013.12.31		2013.3.31			
		(Reviewed)		(Audited)		(Reviewed)				(Reviewed)		(Audited)		(Reviewed)			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
ASSETS																	
Current assets																	
1100	Cash and cash equivalents	\$	748,938	16	610,484	12	710,609	14	2100	Short-term borrowings	\$	908,501	20	977,043	20	843,840	16
1170	Notes and accounts receivable, net		1,392,290	29	1,744,468	35	1,626,710	31	2120	Financial liabilities at fair value through profit or loss -current		631	-	723	-	4,992	
1310	Inventories		548,039	12	566,336	11	608,898	12									
1460	Non-current assets classified as held for sale, net		-	-	12,555	-	-	-	2170	Notes and accounts payable		477,963	10	574,682	12	637,672	12
									2200	Other payables		427,896	9	516,768	10	496,875	9
1476	Other financial assets - current		392,328	8	324,083	7	447,042	8	2230	Current tax liabilities		20,734	-	25,661	1	11,024	-
1479	Other current assets		23,997	-	45,510	1	39,142	-	2250	Current provisions		46,258	1	46,671	1	-	-
	Total current assets		3,105,592	65	3,303,436	66	3,432,401	65	2399	Other current liabilities		56,390	1	60,096	1	65,113	2
									2321	Bonds payable, current portion or exercise sell back		-	-	-	-	287,418	5
Non-current assets																	
1523	Available-for-sale financial assets-non-current		26,908	1	22,006	-	49,203	1	2322	Long-term borrowings, current portion		2,500	-	23,960	-	100,082	2
1543	Non-current financial assets at cost, net		1,731	-	-	-	-	-		Total current liabilities		1,940,873	41	2,225,604	45	2,447,016	46
1600	Property, plant and equipment		1,370,936	29	1,440,463	29	1,532,360	29		Non-current liabilities							
1780	Intangible assets		49,216	1	39,329	1	46,664	1	2540	Long-term borrowings		57,500	1	5,990	-	35,850	1
1980	Other financial assets - non-current		13,499	-	14,446	-	32,297	1	2640	Accrued pension liabilities		151,462	3	150,260	3	155,190	3
1990	Other non-current assets		193,193	4	188,151	4	174,294	3	2670	Other non-current liabilities		3,053	-	3,070	-	3,145	-
	Total non-current assets		1,655,483	35	1,704,395	34	1,834,818	35		Total non-current liabilities		212,015	4	159,320	3	194,185	4
										Total liabilities		2,152,888	45	2,384,924	48	2,641,201	50
Equity attributable to owners of parent																	
									3100	Capital stock		1,300,249	27	1,291,914	26	1,290,371	25
									3200	Capital surplus		1,143,034	24	1,141,793	23	1,182,945	23
									3300	Accumulated deficit		(192,477)	(4)	(128,145)	(3)	(89,375)	(2)
									3400	Other equity interest		284,936	6	302,274	6	228,400	4
										Total equity attributable to owners of parent		2,535,742	53	2,607,836	52	2,612,341	50
Non-controlling interests																	
									36XX			72,445	2	15,071	-	13,677	-
										Total equity		2,608,187	55	2,622,907	52	2,626,018	50
TOTAL ASSETS		\$4,761,075	100	5,007,831	100	5,267,219	100	TOTAL LIABILITIES AND EQUITY		\$4,761,075	100	5,007,831	100	5,267,219	100		

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For The Three Months Ended March 31, 2014 And 2013**  
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

	<b>2014</b>		<b>2013</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 <b>Operating revenue</b>	\$ 1,038,873	100	1,163,333	100
5000 <b>Operating costs</b>	966,741	93	1,029,948	88
<b>Gross profit from operations</b>	72,132	7	133,385	12
<b>Operating expenses :</b>				
6100 Selling expenses	23,105	2	23,382	2
6200 Administrative expenses	74,173	7	66,284	6
6300 Research and development expenses	29,070	3	22,892	2
<b>Total operating expenses</b>	126,348	12	112,558	10
<b>Net operating income (loss)</b>	(54,216)	(5)	20,827	2
<b>Non-operating income and expenses :</b>				
7101 Interest income	1,495	-	3,917	-
7020 Other gains and losses	679	-	5,849	1
7510 Finance costs	(4,910)	-	(6,460)	(1)
	(2,736)	-	3,306	-
7900 <b>Income (loss) before tax</b>	(56,952)	(5)	24,133	2
7950 <b>Tax expense</b>	(11,328)	(1)	(13,520)	(1)
8200 <b>Net Income (loss)</b>	(68,280)	(6)	10,613	1
<b>Other comprehensive income :</b>				
8310 Other comprehensive income, before tax, exchange differences on translation	(19,732)	(2)	63,668	5
8325 Other comprehensive income, before tax, available-for-sale financial assets	2,267	-	147	-
8399 Income tax relating to components of other comprehensive income	-	-	-	-
8300 <b>Other comprehensive income, net</b>	(17,465)	(2)	63,815	5
8500 <b>Total comprehensive income</b>	<b>\$ (85,745)</b>	<b>(8)</b>	<b>74,428</b>	<b>6</b>
<b>Income (loss), attributable to :</b>				
8610 Owners of parent	(64,332)	(6)	9,988	1
8620 Non-controlling interests	(3,948)	-	625	-
	<b>(68,280)</b>	<b>(6)</b>	<b>10,613</b>	<b>1</b>
<b>Comprehensive income attributable to :</b>				
8710 Owners of parent	(81,670)	(8)	73,432	6
8720 Non-controlling interests	(4,075)	-	996	-
	<b>\$ (85,745)</b>	<b>(8)</b>	<b>74,428</b>	<b>6</b>
<b>Earnings per share (expressed in dollars) :</b>				
9710 <b>Basic earnings (loss) per share</b>	<b>\$ (0.50)</b>		<b>0.08</b>	
9810 <b>Diluted earnings (loss) per share</b>	<b>\$ (0.50)</b>		<b>0.08</b>	

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For The Three Months Ended March 31, 2014 And 2013**  
**(Expressed in Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

	Equity Attributable to Owners of Parent											
	Retained Earnings (Accumulated Deficit)					Other Equity Interest			Treasury Stock	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings	Total	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total				
<b>Balance at January 1, 2013</b>	\$ 1,362,141	1,199,552	27,556	(126,919)	(99,363)	188,904	(23,948)	164,956	(89,772)	2,537,514	12,681	2,550,195
Net income	-	-	-	9,988	9,988	-	-	-	-	9,988	625	10,613
Other comprehensive income	-	-	-	-	-	63,297	147	63,444	-	63,444	371	63,815
Total comprehensive income	-	-	-	9,988	9,988	63,297	147	63,444	-	73,432	996	74,428
Compensation cost arising from employee stock options	-	1,395	-	-	-	-	-	-	-	1,395	-	1,395
Retirement of treasury share	(71,770)	(18,002)	-	-	-	-	-	-	89,772	-	-	-
<b>Balance at March 31, 2013</b>	<b>\$ 1,290,371</b>	<b>1,182,945</b>	<b>27,556</b>	<b>(116,931)</b>	<b>(89,375)</b>	<b>252,201</b>	<b>(23,801)</b>	<b>228,400</b>	<b>-</b>	<b>2,612,341</b>	<b>13,677</b>	<b>2,626,018</b>
<b>Balance at January 1, 2014</b>	\$ 1,291,914	1,141,793	-	(128,145)	(128,145)	317,298	(15,024)	302,274	-	2,607,836	15,071	2,622,907
Net loss	-	-	-	(64,332)	(64,332)	-	-	-	-	(64,332)	(3,948)	(68,280)
Other comprehensive income	-	-	-	-	-	(19,605)	2,267	(17,338)	-	(17,338)	(127)	(17,465)
Total comprehensive income	-	-	-	(64,332)	(64,332)	(19,605)	2,267	(17,338)	-	(81,670)	(4,075)	(85,745)
Exercise of employee stock options	8,335	167	-	-	-	-	-	-	-	8,502	-	8,502
Compensation cost arising from employee stock options	-	1,074	-	-	-	-	-	-	-	1,074	-	1,074
Changes in non-controlling	-	-	-	-	-	-	-	-	-	-	61,449	61,449
<b>Balance at March 31, 2014</b>	<b>\$ 1,300,249</b>	<b>1,143,034</b>	<b>-</b>	<b>(192,477)</b>	<b>(192,477)</b>	<b>297,693</b>	<b>(12,757)</b>	<b>284,936</b>	<b>-</b>	<b>2,535,742</b>	<b>72,445</b>	<b>2,608,187</b>

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For The Three Months Ended March 31, 2014 And 2013**  
**(Expressed in Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities :</b>		
Net income (loss) before tax	\$ (56,952)	24,133
<b>Adjustments :</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	66,141	68,921
Amortization expense	2,372	3,136
Interest expense	4,910	6,460
Interest income	(1,495)	(3,917)
Share-based payments	1,074	1,395
Net loss(gain) on financial assets or liabilities at fair value through profit or loss	(92)	2,985
Loss on disposal of property, plan and equipment	25	3,134
Property, plan and equipment transferred to expenses	-	11
Gain on disposal of non-current assets classified as held for sale	(3,463)	-
Totoal adjustments to reconcile profit	69,472	82,125
<b>Changes in operating assets and liabilities :</b>		
Changes in operating assets :		
Decrease in accounts receivable	341,078	115,828
Decrease(Increase) in inventories	14,680	(83,517)
Decrease(Increase) in other financial assets– current	704	(3,443)
Decrease in other current assets	21,846	13,967
Totoal changes in operating assets	378,308	42,835
Changes in operating liabilities :		
Decrease in notes and accounts payable	(93,022)	(6,329)
Decrease in other payable	(69,711)	(42,681)
Decrease in other current liabilities	(3,391)	(12,150)
Increase in accrued pension liabilities	1,202	1,086
Total changes in operating liabilities	(164,922)	(60,074)
Total changes in operating assets and liabilities	213,386	(17,239)
Total adjustments	282,858	64,886
Cash inflow generated from operations	225,906	89,019
Income taxes paid	(17,449)	(10,692)
<b>Net cash flows from operating activities</b>	208,457	78,327
<b>Cash flows used in investing activities :</b>		
Acquisition of available-for-sale financial assets	(2,636)	-
Proceeds from disposal of available-for-sale financial assets	16,018	-
Acquisition of property, plant and equipment	(22,851)	(53,202)
Proceeds from disposal of property, plant and equipment	-	12,022
Acquisition of intangible assets	(481)	(500)
Acquisition of ownership interests in subsidiaries	46,109	-
Increase in other financial assets-current	(69,090)	(168,038)
Decrease in other financial assets-non-current	1,272	24,554
Decrease(Increase) in other non-current assets	(5,255)	3,262
Interest received	3,425	5,261
<b>Net cash flows used in investing activities</b>	(33,489)	(176,641)
<b>Cash flows from (used in) financing activities :</b>		
Increase(Decrease) in short-term loans	(73,491)	97,950
Proceeds from long-term debt	60,000	-
Repayments of long-term debt	(30,161)	(32,684)
Decrease in other non-current liabilities	6	10
Exercise of employee stock options	8,502	-
Interest paid	(6,938)	(5,837)
<b>Net cash flows from(used in) financing activities</b>	(42,082)	59,439
<b>Effect of exchange rate changes on cash and cash equivalents</b>	5,568	11,958
<b>Net increase(decrease) in cash and cash equivalents</b>	138,454	(26,917)
<b>Cash and cash equivalents at beginning of period</b>	610,484	737,526
<b>Cash and cash equivalents at end of period</b>	<b>\$ 748,938</b>	<b>710,609</b>