

**MEGAFORCE CO., LTD.  
AND SUBSIDIARIES**  
**Consolidated Financial Statements for the  
Three Months Ended March 31, 2015 and 2014  
(Reviewed , Not Audited)**

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**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31, 2015, December 31, And March 31, 2014**  
**(Expressed in Thousands of New Taiwan Dollars)**

		2015.3.31		2014.12.31		2014.3.31				2015.3.31		2014.12.31		2014.3.31			
		(Reviewed)		(Audited)		(Reviewed)				(Reviewed)		(Audited)		(Reviewed)			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
ASSETS																	
Current assets																	
1100	Cash and cash equivalents	\$	487,345	10	665,963	13	748,938	16	2100	Short-term borrowings	\$	1,131,942	22	1,027,399	20	908,501	20
1170	Notes and accounts receivable, net		1,696,284	33	1,744,896	34	1,392,290	29	2120	Financial liabilities at fair value through profit or loss -current		-	-	-	-	631	-
1310	Inventories		783,960	15	645,625	12	548,039	12									
1476	Other financial assets-current		530,409	10	392,660	8	392,328	8	2170	Notes and accounts payable		649,565	12	636,873	12	477,963	10
1479	Other current assets		58,751	1	34,206	1	23,997	-	2200	Other payables		534,044	10	565,679	11	427,896	9
Total current assets			3,556,749	69	3,483,350	68	3,105,592	65	2230	Current tax liabilities		33,006	1	25,873	1	20,734	-
									2250	Current provisions		-	-	-	-	46,258	1
Non-current assets									2399	Other current liabilities		63,774	1	74,698	2	56,390	1
1523	Available-for-sale financial assets-non-current		12,613	-	14,182	-	26,908	1	2322	Long-term borrowings, current portion		32,500	1	25,000	-	2,500	-
1543	Non-current financial assets at cost, net		1,731	-	1,731	-	1,731	-	Total current liabilities			2,444,831	47	2,355,522	46	1,940,873	41
1600	Property, plant and equipment		1,318,790	26	1,320,546	26	1,370,936	29	Non-current liabilities								
1780	Intangible assets		52,189	1	53,211	1	49,216	1	2540	Long-term borrowings		27,500	1	35,000	1	57,500	1
1840	Deferred tax assets		167,400	3	168,292	3	139,570	3	2640	Net defined benefit liability-non-current		166,882	3	165,693	3	151,462	3
1980	Other financial assets-non-current		16,959	-	18,964	-	13,499	-	2670	Other non-current liabilities		2,224	-	2,195	-	3,053	-
1990	Other non-current assets		54,065	1	64,722	2	53,623	1	Total non-current liabilities			196,606	4	202,888	4	212,015	4
Total non-current assets			1,623,747	31	1,641,648	32	1,655,483	35	Total liabilities			2,641,437	51	2,558,410	50	2,152,888	45
Equity attributable to owners of parent																	
									3100	Capital stock		1,301,119	25	1,300,734	25	1,300,249	27
									3200	Capital surplus		1,019,351	20	1,018,426	20	1,143,034	24
									3300	Accumulated deficit		(198,936)	(4)	(201,942)	(4)	(192,477)	(4)
									3400	Other equity interest		367,702	7	391,447	8	284,936	6
									Total equity attributable to owners of parent			2,489,236	48	2,508,665	49	2,535,742	53
									Non-controlling interests			49,823	1	57,923	1	72,445	2
									36XX	Total equity		2,539,059	49	2,566,588	50	2,608,187	55
TOTAL ASSETS		\$	5,180,496	100	5,124,998	100	4,761,075	100	TOTAL LIABILITIES AND EQUITY		\$	5,180,496	100	5,124,998	100	4,761,075	100

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For The Three Months Ended March 31, 2015 And 2014**  
**(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)**  
**(Reviewed, Not Audited)**

	<b>2015</b>		<b>2014</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 <b>Operating revenue</b>	\$ 1,301,303	100	1,038,873	100
5000 <b>Operating costs</b>	1,136,683	87	966,741	93
<b>Gross profit from operations</b>	164,620	13	72,132	7
<b>Operating expenses :</b>				
6100 Selling expenses	28,933	2	23,105	2
6200 Administrative expenses	82,410	7	74,173	7
6300 Research and development expenses	34,979	3	29,070	3
<b>Total operating expenses</b>	146,322	12	126,348	12
<b>Net operating income (loss)</b>	18,298	1	(54,216)	(5)
<b>Non-operating income and expenses :</b>				
7101 Interest income	1,878	-	1,495	-
7020 Other gains and losses	(190)	-	679	-
7510 Finance costs	(4,758)	-	(4,910)	-
	(3,070)	-	(2,736)	-
7900 <b>Income (loss) before tax</b>	15,228	1	(56,952)	(5)
7950 <b>Tax expense</b>	(20,064)	(1)	(11,328)	(1)
8200 <b>Net Loss</b>	(4,836)	-	(68,280)	(6)
<b>Other comprehensive income :</b>				
8361 Other comprehensive income, before tax, exchange differences on translation	(22,434)	(2)	(19,732)	(2)
8362 Other comprehensive income, before tax, available-for-sale financial assets	(1,569)	-	2,267	-
8399 Income tax relating to components of other comprehensive income	-	-	-	-
8300 <b>Other comprehensive income, net</b>	(24,003)	(2)	(17,465)	(2)
8500 <b>Total comprehensive income</b>	<b>\$ (28,839)</b>	<b>(2)</b>	<b>(85,745)</b>	<b>(8)</b>
<b>Income (loss), attributable to :</b>				
8610 Owners of parent	3,006	-	(64,332)	(6)
8620 Non-controlling interests	(7,842)	-	(3,948)	-
	<b>\$ (4,836)</b>	<b>-</b>	<b>(68,280)</b>	<b>(6)</b>
<b>Comprehensive income attributable to :</b>				
8710 Owners of parent	(20,739)	(2)	(81,670)	(8)
8720 Non-controlling interests	(8,100)	-	(4,075)	-
	<b>\$ (28,839)</b>	<b>(2)</b>	<b>(85,745)</b>	<b>(8)</b>
<b>Earnings per share (expressed in dollars) :</b>				
9710 <b>Basic earnings (loss) per share</b>	<b>\$ 0.02</b>		<b>(0.50)</b>	
9810 <b>Diluted earnings (loss) per share</b>	<b>\$ 0.02</b>		<b>(0.50)</b>	

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For The Three Months Ended March 31, 2015 And 2014  
(Expressed in Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of Parent									
	Retained Earnings (Accumulated Deficit)				Other Equity Interest			Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	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, 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>(192,477)</b>	<b>(192,477)</b>	<b>297,693</b>	<b>(12,757)</b>	<b>284,936</b>	<b>2,535,742</b>	<b>72,445</b>	<b>2,608,187</b>
<b>Balance at January 1, 2015</b>	\$ 1,300,734	1,018,426	(201,942)	(201,942)	389,683	1,764	391,447	2,508,665	57,923	2,566,588
Net income (loss)	-	-	3,006	3,006	-	-	-	3,006	(7,842)	(4,836)
Other comprehensive income	-	-	-	-	(22,176)	(1,569)	(23,745)	(23,745)	(258)	(24,003)
Total comprehensive income	-	-	3,006	3,006	(22,176)	(1,569)	(23,745)	(20,739)	(8,100)	(28,839)
Exercise of employee stock options	385	250	-	-	-	-	-	635	-	635
Compensation cost arising from employee stock options	-	675	-	-	-	-	-	675	-	675
<b>Balance at March 31, 2015</b>	<b>\$ 1,301,119</b>	<b>1,019,351</b>	<b>(198,936)</b>	<b>(198,936)</b>	<b>367,507</b>	<b>195</b>	<b>367,702</b>	<b>2,489,236</b>	<b>49,823</b>	<b>2,539,059</b>

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For The Three Months Ended March 31, 2015 And 2014**  
**(Expressed in Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

	2015	2014
<b>Cash flows from (used in) operating activities :</b>		
Net income (loss) before tax	\$15,228	(56,952)
<b>Adjustments :</b>		
Adjustments to reconcile profit (loss)		
Depreciation expense	62,788	66,141
Amortization expense	1,251	2,372
Interest expense	4,758	4,910
Interest income	(1,878)	(1,495)
Share-based payments	675	1,074
Net gain on financial assets or liabilities at fair value through profit or loss	-	(92)
Loss on disposal of property, plan and equipment	224	25
Property, plan and equipment transferred to expenses	401	-
Gain on disposal of non-current assets classified as held for sale	-	(3,463)
Totoal adjustments to reconcile profit	68,219	69,472
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease in accounts receivable	34,426	341,078
Decrease (increase) in inventories	(142,501)	14,680
Decrease in other financial assets– current	8,151	704
Decrease (increase) in other current assets	(24,683)	21,846
Totoal changes in operating assets	(124,607)	378,308
Changes in operating liabilities :		
Increase (decrease) in notes and accounts payable	17,256	(93,022)
Decrease in other payable	(24,906)	(69,711)
Decrease in other current liabilities	(10,122)	(3,391)
Increase in net defined benefit liability	1,189	1,202
Total changes in operating liabilities	(16,583)	(164,922)
Total changes in operating assets and liabilities	(141,190)	213,386
Total adjustments	(72,971)	282,858
Cash inflow (outflow) generated from operations	(57,743)	225,906
Income taxes paid	(12,776)	(17,449)
<b>Net cash flows from (used in) operating activities</b>	(70,519)	208,457
<b>Cash flows from (used in) investing activities :</b>		
Acquisition of available-for-sale financial assets	-	(2,635)
Proceeds from disposal of available-for-sale financial assets	-	16,018
Acquisition of property, plant and equipment	(71,742)	(22,851)
Proceeds from disposal of property, plant and equipment	46	-
Acquisition of intangible assets	(4,213)	(481)
Acquisition of ownership interests in subsidiaries	-	46,109
Increase in other financial assets-current	(145,576)	(69,090)
Decrease in other financial assets-non-current	1,848	1,272
Decrease (increase) in other non-current assets	9,894	(5,255)
Interest received	1,259	3,425
<b>Net cash flows used in investing activities</b>	(208,484)	(33,488)
<b>Cash flows from (used in) financing activities :</b>		
Increase (decrease) in short-term loans	136,990	(73,491)
Proceeds from long-term debt	-	60,000
Repayments of long-term debt	-	(30,161)
Increase in other non-current liabilities	50	6
Exercise of employee stock options	635	8,502
Interest paid	(4,406)	(6,938)
<b>Net cash flows from (used in) financing activities</b>	133,269	(42,082)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(32,884)	5,567
<b>Net increase (decrease) in cash and cash equivalents</b>	(178,618)	138,454
<b>Cash and cash equivalents at beginning of period</b>	665,963	610,484
<b>Cash and cash equivalents at end of period</b>	<b>\$ 487,345</b>	<b>748,938</b>