

**MEGAFORCE CO., LTD.
AND SUBSIDIARIES**
**Consolidated Financial Statements for the
Six Months Ended June 30, 2015 and 2014
(Reviewed , Not Audited)**

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MEGAFORCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2015, December 31, And June 30, 2014
(Expressed in Thousands of New Taiwan Dollars)

		2015.6.30		2014.12.31		2014.6.30				2015.6.30		2014.12.31		2014.6.30			
		(Reviewed)		(Audited)		(Reviewed)				(Reviewed)		(Audited)		(Reviewed)			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
ASSETS																	
Current assets																	
1100	Cash and cash equivalents	\$	578,145	11	665,963	13	675,501	14	2100	Short-term borrowings	\$	1,191,503	22	1,027,399	20		
1110	Total current financial assets at fair value through profit or loss		-	-	-	-	243	-	2170	Notes and accounts payable		627,606	12	636,873	12		
									2200	Other payables		675,810	13	565,679	11		
1170	Notes and accounts receivable, net		1,738,145	33	1,744,896	34	1,469,407	31	2230	Current tax liabilities		14,107	-	25,873	1		
1310	Inventories		775,905	15	645,625	12	561,414	12	2250	Current provisions		-	-	-	-		
1476	Other financial assets-current		488,314	9	392,660	8	439,254	9	2399	Other current liabilities		104,872	2	74,698	2		
1479	Other current assets		60,133	1	34,206	1	43,004	1	2322	Long-term borrowings, current portion		30,000	1	25,000	-		
Total current assets			3,640,642	69	3,483,350	68	3,188,823	67	Total current liabilities			2,643,898	50	2,355,522	46		
Non-current assets																	
1523	Available-for-sale financial assets-non-current		11,706	-	14,182	-	27,951	1	2540	Long-term borrowings		20,000	-	35,000	1		
1543	Non-current financial assets at cost, net		1,731	-	1,731	-	1,731	-	2640	Net defined benefit liability-non-current		168,069	3	165,693	3		
1600	Property, plant and equipment		1,331,349	25	1,320,546	26	1,310,686	27	2670	Other non-current liabilities		2,196	-	2,195	-		
1780	Intangible assets		57,083	1	53,211	1	51,244	1	Total non-current liabilities			190,265	3	202,888	4		
1840	Deferred tax assets		166,367	3	168,292	3	138,406	3	Total liabilities			2,834,163	53	2,558,410	50		
1980	Other financial assets-non-current		22,816	1	18,964	-	20,560	-	Equity attributable to owners of parent								
1990	Other non-current assets		72,185	1	64,722	2	47,187	1	3100	Capital stock		1,301,219	25	1,300,734	25		
Total non-current assets			1,663,237	31	1,641,648	32	1,597,765	33	3200	Capital surplus		817,924	16	1,018,426	20		
								3300	Accumulated deficit		(30,736)	(1)	(201,942)	(4)	(134,446)	(3)	
								3400	Other equity interest		340,946	6	391,447	8	247,163	5	
								Total equity attributable to owners of parent			2,429,353	46	2,508,665	49	2,428,929	51	
								36XX	Non-controlling interests		40,363	1	57,923	1	68,128	1	
								Total equity			2,469,716	47	2,566,588	50	2,497,057	52	
TOTAL ASSETS		\$	5,303,879	100	5,124,998	100	4,786,588	100	TOTAL LIABILITIES AND EQUITY		\$	5,303,879	99	5,124,998	100	4,786,588	100

MEGAFORCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended June 30				Six Months Ended June 30			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	\$ 1,434,224	100	1,194,018	100	2,735,527	100	2,232,891	100
5000 Operating costs	1,308,793	91	1,103,173	93	2,445,476	89	2,069,914	93
Gross profit from operations	125,431	9	90,845	7	290,051	11	162,977	7
Operating expenses :								
6100 Selling expenses	30,675	2	23,894	2	59,608	2	46,999	2
6200 Administrative expenses	89,346	6	91,354	8	171,756	6	165,527	7
6300 Research and development expenses	37,071	3	31,273	2	72,050	3	60,343	3
Total operating expenses	157,092	11	146,521	12	303,414	11	272,869	12
Net operating loss	(31,661)	(2)	(55,676)	(5)	(13,363)	-	(109,892)	(5)
Non-operating income and expenses :								
7101 Interest income	2,374	-	2,100	-	4,252	-	3,595	-
7020 Other gains and losses	(1,210)	-	9	-	(1,400)	-	688	-
7510 Finance costs	(5,176)	-	(4,315)	-	(9,934)	(1)	(9,225)	-
	(4,012)	-	(2,206)	-	(7,082)	(1)	(4,942)	-
7900 Loss before tax	(35,673)	(2)	(57,882)	(5)	(20,445)	(1)	(114,834)	(5)
7950 Tax expense	(6,483)	(1)	(16,290)	(1)	(26,547)	(1)	(27,618)	(1)
8200 Net loss	(42,156)	(3)	(74,172)	(6)	(46,992)	(2)	(142,452)	(6)
Other comprehensive income (loss) :								
8361 Other comprehensive loss, before tax, exchange differences on translation	(26,132)	(2)	(39,075)	(3)	(48,566)	(2)	(58,807)	(3)
8362 Other comprehensive income (loss), before available-for-sale financial assets	(907)	-	1,043	-	(2,476)	-	3,310	-
8399 Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-	-
8300 Other comprehensive loss, net	(27,039)	(2)	(38,032)	(3)	(51,042)	(2)	(55,497)	(3)
8500 Total comprehensive loss	<u>\$ (69,195)</u>	<u>(5)</u>	<u>(112,204)</u>	<u>(9)</u>	<u>(98,034)</u>	<u>(4)</u>	<u>(197,949)</u>	<u>(9)</u>
Net loss, attributable to :								
8610 Owners of parent	(33,742)	(2)	(70,114)	(6)	(30,736)	(2)	(134,446)	(6)
8620 Non-controlling interests	(8,414)	(1)	(4,058)	-	(16,256)	-	(8,006)	-
	<u>\$ (42,156)</u>	<u>(3)</u>	<u>(74,172)</u>	<u>(6)</u>	<u>(46,992)</u>	<u>(2)</u>	<u>(142,452)</u>	<u>(6)</u>
Comprehensive loss attributable to :								
8710 Owners of parent	(60,498)	(4)	(107,887)	(9)	(81,237)	(3)	(189,557)	(9)
8720 Non-controlling interests	(8,697)	(1)	(4,317)	-	(16,797)	(1)	(8,392)	-
	<u>\$ (69,195)</u>	<u>(5)</u>	<u>(112,204)</u>	<u>(9)</u>	<u>(98,034)</u>	<u>(4)</u>	<u>(197,949)</u>	<u>(9)</u>
Earnings per share (expressed in dollars) :								
9710 Basic loss per share	<u>\$ (0.26)</u>		<u>(0.54)</u>		<u>(0.24)</u>		<u>(1.04)</u>	
9810 Diluted loss per share	<u>\$ (0.26)</u>		<u>(0.54)</u>		<u>(0.24)</u>		<u>(1.04)</u>	

MEGAFORCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Six Months Ended June 30, 2015 And 2014
(Expressed in Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of Parent								
	Common Stock	Capital Surplus	Unappropriated Retained Earnings	Other Equity Interest		Total	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total Equity
				Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets				
Balance at January 1, 2014	\$ 1,291,914	1,141,793	(128,145)	317,298	(15,024)	302,274	2,607,836	15,071	2,622,907
Capital surplus used to offset accumulated deficits	-	(128,145)	128,145	-	-	-	-	-	-
Net loss	-	-	(134,446)	-	-	-	(134,446)	(8,006)	(142,452)
Other comprehensive income (loss)	-	-	-	(58,421)	3,310	(55,111)	(55,111)	(386)	(55,497)
Total comprehensive income (loss)	-	-	(134,446)	(58,421)	3,310	(55,111)	(189,557)	(8,392)	(197,949)
Exercise of employee stock options	8,335	167	-	-	-	-	8,502	-	8,502
Compensation cost arising from employee stock options	-	2,148	-	-	-	-	2,148	-	2,148
Changes in non-controlling interests	-	-	-	-	-	-	-	61,449	61,449
Balance at June 30, 2014	\$ 1,300,249	1,015,963	(134,446)	258,877	(11,714)	247,163	2,428,929	68,128	2,497,057
Balance at January 1, 2015	\$ 1,300,734	1,018,426	(201,942)	389,683	1,764	391,447	2,508,665	57,923	2,566,588
Capital surplus used to offset accumulated deficits	-	(201,942)	201,942	-	-	-	-	-	-
Net loss	-	-	(30,736)	-	-	-	(30,736)	(16,256)	(46,992)
Other comprehensive loss	-	-	-	(48,025)	(2,476)	(50,501)	(50,501)	(541)	(51,042)
Total comprehensive loss	-	-	(30,736)	(48,025)	(2,476)	(50,501)	(81,237)	(16,797)	(98,034)
Exercise of employee stock options	485	315	-	-	-	-	800	-	800
Compensation cost arising from employee stock options	-	1,125	-	-	-	-	1,125	-	1,125
Changes in non-controlling interests	-	-	-	-	-	-	-	(763)	(763)
Balance at June 30, 2015	\$ 1,301,219	817,924	(30,736)	341,658	(712)	340,946	2,429,353	40,363	2,469,716

MEGAFORCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Six Months Ended June 30, 2015 And 2014
(Expressed in Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2015	2014
Cash flows from (used in) operating activities :		
Net loss before tax	\$ (20,445)	(114,834)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	128,822	129,689
Amortization expense	2,954	4,979
Interest expense	9,934	9,225
Interest income	(4,252)	(3,595)
Share-based payments	1,125	2,148
Net gain on financial assets or liabilities at fair value through profit or loss	-	(966)
Gain on disposal of property, plan and equipment	(243)	(2,055)
Property, plan and equipment transferred to expenses	1,456	38
Gain on disposal of non-current assets classified as held for sale	-	(3,463)
Total adjustments to reconcile profit	139,796	136,000
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease (increase) in accounts receivable	(23,476)	243,027
Increase in inventories	(141,542)	(5,896)
Decrease in other financial assets— current	9,327	4,501
Decrease (increase) in other current assets	(26,821)	2,333
Total changes in operating assets	(182,512)	243,965
Changes in operating liabilities :		
Increase (decrease) in notes and accounts payable	1,269	(40,458)
Increase (decrease) in other payable	58,379	(40,765)
Increase in other current liabilities	31,614	7,142
Increase in net defined benefit liability	2,376	2,411
Total changes in operating liabilities	93,638	(71,670)
Total changes in operating assets and liabilities	(88,874)	172,295
Total adjustments	50,922	308,295
Cash inflow generated from operations	30,477	193,461
Income taxes paid	(37,593)	(32,067)
Net cash flows from (used in) operating activities	(7,116)	161,394
Cash flows from (used in) investing activities :		
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	(105,233)	(51,112)
Proceeds from disposal of property, plant and equipment	539	26,813
Acquisition of intangible assets	(7,150)	(4,855)
Acquisition of ownership interests in subsidiaries	-	46,109
Increase in other financial assets-current	(105,526)	(119,717)
Increase in other financial assets-non-current	(4,173)	(6,019)
Decrease (increase) in other non-current assets	(8,893)	124
Interest received	3,979	7,102
Net cash flows used in investing activities	(226,457)	(88,172)
Cash flows from (used in) financing activities :		
Increase (decrease) in short-term loans	192,824	(15,171)
Proceeds from long-term debt	-	60,000
Repayments of long-term debt	(10,000)	(30,161)
Increase in other non-current liabilities	48	6
Exercise of employee stock options	800	8,502
Interest paid	(10,057)	(13,102)
Change in non-controlling interests	(763)	(6,010)
Net cash flows from financing activities	172,852	4,064
Effect of exchange rate changes on cash and cash equivalents	(27,097)	(12,269)
Net increase (decrease) in cash and cash equivalents	(87,818)	65,017
Cash and cash equivalents at beginning of period	665,963	610,484
Cash and cash equivalents at end of period	\$ 578,145	675,501