

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

Address : 1F., No.5, Zihciang St., Tucheng Dist., New Taipei City 236, Taiwan
Telephone : 886-2-2268-7790

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

		2015.9.30		2014.12.31		2014.9.30				2015.9.30		2014.12.31		2014.9.30				
		(Reviewed)		(Audited)		(Reviewed)				(Reviewed)		(Audited)		(Reviewed)				
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%			
ASSETS																		
Current assets																		
1100	Cash and cash equivalents	\$	709,604	12	665,963	13	659,800	13	2100	Short-term borrowings	\$	1,310,503	22	1,027,399	20	939,370	19	
1170	Notes and accounts receivable, net		2,157,782	36	1,744,896	34	1,576,858	32	2170	Notes and accounts payable		792,897	13	636,873	12	616,806	13	
1310	Inventories		750,633	13	645,625	12	660,242	14	2200	Other payables		737,198	13	565,679	11	515,581	10	
1476	Other financial assets-current		459,489	8	392,660	8	354,181	7	2220	Other payables to related parties		8,000	-	-	-	-	-	
1479	Other current assets		53,776	1	34,206	1	49,850	1	2230	Current tax liabilities		32,589	1	25,873	1	32,078	1	
Total current assets			4,131,284	70	3,483,350	68	3,300,931	67	2399	Other current liabilities		140,856	2	74,698	2	76,911	2	
									2322	Long-term borrowings, current portion		30,000	1	25,000	-	17,500	-	
									Total current liabilities			3,052,043	52	2,355,522	46	2,198,246	45	
Non-current assets																		
1523	Available-for-sale financial assets-non-current		11,190	-	14,182	-	23,276	1	Non-current liabilities									
1543	Non-current financial assets at cost, net		1,731	-	1,731	-	1,731	-	2540	Long-term borrowings		12,500	-	35,000	1	42,500	1	
1600	Property, plant and equipment		1,415,177	24	1,320,546	26	1,323,755	27	2640	Net defined benefit liability-non-current		169,258	3	165,693	3	153,881	3	
1780	Intangible assets		57,620	1	53,211	1	49,026	1	2670	Other non-current liabilities		2,286	-	2,195	-	3,071	-	
1840	Deferred tax assets		170,040	3	168,292	3	139,250	3	Total non-current liabilities			184,044	3	202,888	4	199,452	4	
1980	Other financial assets-non-current		22,639	1	18,964	-	23,060	-	Total liabilities			3,236,087	55	2,558,410	50	2,397,698	49	
1990	Other non-current assets		74,920	1	64,722	2	56,246	1	Equity attributable to owners of parent									
Total non-current assets			1,753,317	30	1,641,648	32	1,616,344	33	3100	Capital stock		1,301,924	22	1,300,734	25	1,300,249	26	
									3200	Capital surplus		818,383	14	1,018,426	20	1,017,037	21	
									3300	Unappropriated retained earnings (accumulated deficit)		58,420	1	(201,942)	(4)	(163,145)	(3)	
									3400	Other equity interest		435,969	7	391,447	8	301,111	6	
									Total equity attributable to owners of parent			2,614,696	44	2,508,665	49	2,455,252	50	
									Non-controlling interests									
									36XX	Total equity		2,648,514	45	2,566,588	50	2,519,577	51	
TOTAL ASSETS		\$5,884,601	100	5,124,998	100	4,917,275	100	TOTAL LIABILITIES AND EQUITY		\$5,884,601	100	5,124,998	100	4,917,275	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 September 30				Nine Months Ended September 30			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	\$ 1,658,991	100	1,224,052	100	4,394,518	100	3,456,943	100
5000 Operating costs	1,361,317	82	1,087,455	89	3,806,793	87	3,157,369	91
Gross profit from operations	297,674	18	136,597	11	587,725	13	299,574	9
Operating expenses :								
6100 Selling expenses	27,840	2	25,750	2	87,448	2	72,749	2
6200 Administrative expenses	106,473	6	76,041	6	278,229	6	241,568	7
6300 Research and development expenses	43,466	3	33,720	3	115,516	3	94,063	3
Total operating expenses	177,779	11	135,511	11	481,193	11	408,380	12
Net operating income (loss)	119,895	7	1,086	-	106,532	2	(108,806)	(3)
Non-operating income and expenses :								
7101 Interest income	1,699	-	2,585	-	5,951	-	6,180	-
7020 Other gains and losses	(4,036)	-	(7,512)	(1)	(5,436)	-	(6,824)	-
7510 Finance costs	(5,993)	-	(4,047)	-	(15,927)	-	(13,272)	-
	(8,330)	-	(8,974)	(1)	(15,412)	-	(13,916)	-
7900 Income (Loss) before tax	111,565	7	(7,888)	(1)	91,120	2	(122,722)	(3)
7950 Tax expense	(29,900)	(2)	(25,024)	(2)	(56,447)	(1)	(52,642)	(2)
8200 Net income (loss)	81,665	5	(32,912)	(3)	34,673	1	(175,364)	(5)
Other comprehensive income (loss) :								
8361 Other comprehensive income, before tax, exchange differences on translation	96,485	6	59,034	5	47,919	1	227	-
8362 Other comprehensive loss, before tax, available-for-sale financial assets	(516)	-	(4,676)	-	(2,992)	-	(1,366)	-
8399 Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-	-
8300 Other comprehensive income (loss), net	95,969	6	54,358	5	44,927	1	(1,139)	-
8500 Total comprehensive income (loss)	<u>\$ 177,634</u>	<u>11</u>	<u>21,446</u>	<u>2</u>	<u>79,600</u>	<u>2</u>	<u>(176,503)</u>	<u>(5)</u>
Net income (loss), attributable to :								
8610 Owners of parent	89,156	5	(28,699)	(3)	58,420	1	(163,145)	(5)
8620 Non-controlling interests	(7,491)	0	(4,213)	-	(23,747)	-	(12,219)	-
	<u>\$ 81,665</u>	<u>5</u>	<u>(32,912)</u>	<u>(3)</u>	<u>34,673</u>	<u>1</u>	<u>(175,364)</u>	<u>(5)</u>
Comprehensive income (loss) attributable to :								
8710 Owners of parent	184,179	11	25,249	2	102,942	2	(164,308)	(5)
8720 Non-controlling interests	(6,545)	0	(3,803)	-	(23,342)	-	(12,195)	-
	<u>\$ 177,634</u>	<u>11</u>	<u>21,446</u>	<u>2</u>	<u>79,600</u>	<u>2</u>	<u>(176,503)</u>	<u>(5)</u>
Earnings per share (expressed in dollars) :								
9710 Basic income (loss) per share	<u>\$ 0.68</u>		<u>(0.22)</u>		<u>0.45</u>		<u>(1.26)</u>	
9810 Diluted income (loss) per share	<u>\$ 0.68</u>		<u>(0.22)</u>		<u>0.45</u>		<u>(1.26)</u>	

MEGAFORCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Nine Months Ended September 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 (Accumulated deficit)	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	-	-	(163,145)	-	-	-	(163,145)	(12,219)	(175,364)
Other comprehensive income (loss)	-	-	-	203	(1,366)	(1,163)	(1,163)	24	(1,139)
Total comprehensive income (loss)	-	-	(163,145)	203	(1,366)	(1,163)	(164,308)	(12,195)	(176,503)
Exercise of employee stock options	8,335	167	-	-	-	-	8,502	-	8,502
Compensation cost arising from employee stock options	-	3,222	-	-	-	-	3,222	-	3,222
Changes in non-controlling interests	-	-	-	-	-	-	-	61,449	61,449
Balance at September 30, 2014	\$ 1,300,249	1,017,037	(163,145)	317,501	(16,390)	301,111	2,455,252	64,325	2,519,577
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 income (loss)	-	-	58,420	-	-	-	58,420	(23,747)	34,673
Other comprehensive income (loss)	-	-	-	47,514	(2,992)	44,522	44,522	405	44,927
Total comprehensive income (loss)	-	-	58,420	47,514	(2,992)	44,522	102,942	(23,342)	79,600
Exercise of employee stock options	1,190	774	-	-	-	-	1,964	-	1,964
Compensation cost arising from employee stock options	-	1,125	-	-	-	-	1,125	-	1,125
Changes in non-controlling interests	-	-	-	-	-	-	-	(763)	(763)
Balance at September 30, 2015	\$ 1,301,924	818,383	58,420	437,197	(1,228)	435,969	2,614,696	33,818	2,648,514

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

	2015	2014
Cash flows from (used in) operating activities :		
Net Income (loss) before tax	\$ 91,120	(122,722)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	193,486	193,596
Amortization expense	5,911	7,714
Interest expense	15,927	13,272
Interest income	(5,951)	(6,180)
Share-based payments	1,125	3,222
Net gain on financial assets or liabilities at fair value through profit or loss	-	(723)
Gain on disposal of property, plan and equipment	(184)	(475)
Property, plan and equipment transferred to expenses	1,853	38
Gain on disposal of non-current assets classified as held for sale	-	(3,463)
Totoal adjustments to reconcile profit	212,167	207,001
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease (increase) in accounts receivable	(378,639)	170,452
Increase in inventories	(90,730)	(92,084)
Decrease in other financial assets– current	6,768	5,459
Increase in other current assets	(18,355)	(3,335)
Totoal changes in operating assets	(480,956)	80,492
Changes in operating liabilities :		
Increase in notes and accounts payable	145,395	40,631
Increase (decrease) in other payable	49,920	(37,455)
Increase in other current liabilities	62,807	22,054
Increase in net defined benefit liability	3,565	3,620
Total changes in operating liabilities	261,687	28,850
Total changes in operating assets and liabilities	(219,269)	109,342
Total adjustments	(7,102)	316,343
Cash inflow generated from operations	84,018	193,621
Income taxes paid	(49,879)	(46,780)
Net cash flows from operating activities	34,139	146,841
Cash flows from (used in) investing activities :		
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	(164,643)	(113,623)
Proceeds from disposal of property, plant and equipment	9,880	26,880
Acquisition of intangible assets	(12,411)	(4,963)
Acquisition of ownership interests in subsidiaries	-	46,109
Increase in other financial assets-current	(73,728)	(34,120)
Increase in other financial assets-non-current	(3,183)	(7,989)
Increase in other non-current assets	(9,492)	(8,042)
Interest received	6,046	5,086
Net cash flows used in investing activities	(247,531)	(77,280)
Cash flows from (used in) financing activities :		
Increase in short-term loans	4,365,647	3,385,692
Decrease in short-term loans	(4,082,022)	(3,426,983)
Proceeds from long-term debt	-	60,000
Repayments of long-term debt	(17,500)	(30,161)
Increase in other payables to related parties	8,000	-
Increase in other non-current liabilities	48	-
Exercise of employee stock options	1,964	8,502
Interest paid	(15,973)	(13,668)
Change in non-controlling interests	(763)	(6,010)
Net cash flows from (used in) financing activities	259,401	(22,628)
Effect of exchange rate changes on cash and cash equivalents	(2,368)	2,383
Net increase in cash and cash equivalents	43,641	49,316
Cash and cash equivalents at beginning of period	665,963	610,484
Cash and cash equivalents at end of period	\$ 709,604	659,800