

**MEGAFORCE CO., LTD.  
AND SUBSIDIARIES  
Consolidated Financial Statements for the  
DECEMBER 31, 2015 AND 2014**

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

		<b>2015.12.31</b>		<b>2014.12.31</b>				<b>2015.12.31</b>		<b>2014.12.31</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>ASSETS</b>						<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current assets</b>						<b>Current liabilities</b>					
1100	Cash and cash equivalents	\$ 902,987	16	\$ 665,963	13	2100	Short-term borrowings	\$ 1,347,577	25	\$ 1,027,399	20
1170	Notes and accounts receivable, net	1,811,975	33	1,744,896	34	2170	Notes and accounts payable	620,593	11	636,873	12
1310	Inventories	563,396	10	645,625	12	2200	Other payables	594,952	11	565,679	11
1476	Other financial assets - current	494,461	9	392,660	8	2220	Other payables to related parties	10,000	-	-	-
1479	Other current assets	52,942	1	34,206	1	2230	Current tax liabilities	17,991	-	25,873	1
<b>Total current assets</b>		<b>3,825,761</b>	<b>69</b>	<b>3,483,350</b>	<b>68</b>	2399	Other current liabilities	75,776	1	74,698	2
<b>Non-current assets</b>						2360	Net defined benefit liability - current	109,935	2	-	-
1523	Available-for-sale financial assets-non-current	10,544	-	14,182	-	2322	Long-term borrowings, current portion	30,000	1	25,000	-
1543	Non-current financial assets at cost, net	1,731	-	1,731	-	<b>Total current liabilities</b>		<b>2,806,824</b>	<b>51</b>	<b>2,355,522</b>	<b>46</b>
1600	Property, plant and equipment	1,356,679	25	1,320,546	26	<b>Non-current liabilities</b>					
1780	Intangible assets	55,389	1	53,211	1	2540	Long-term borrowings	5,000	-	35,000	1
1840	Deferred tax assets	159,435	3	168,292	3	2640	Net defined benefit liability - non-current	59,815	1	165,693	3
1980	Other financial assets - non-current	8,011	-	18,964	-	2670	Other non-current liabilities	9,734	-	2,195	-
1990	Other non-current assets	105,061	2	64,722	2	<b>Total non-current liabilities</b>		<b>74,549</b>	<b>1</b>	<b>202,888</b>	<b>4</b>
<b>Total non-current assets</b>		<b>1,696,850</b>	<b>31</b>	<b>1,641,648</b>	<b>32</b>	<b>Total liabilities</b>		<b>2,881,373</b>	<b>52</b>	<b>2,558,410</b>	<b>50</b>
						<b>Equity attributable to owners of parent</b>					
						3100	Capital stock	1,302,344	24	1,300,734	25
						3200	Capital surplus	818,655	15	1,018,426	20
						3300	Retained earnings(accumulated deficit)	78,936	1	(201,942)	(4)
						3400	Other equity interest	376,749	7	391,447	8
						<b>Total equity attributable to owners of parent</b>		<b>2,576,684</b>	<b>47</b>	<b>2,508,665</b>	<b>49</b>
						<b>Non-controlling interests</b>					
						36XX	Non-controlling interests	64,554	1	57,923	1
						<b>Total equity</b>		<b>2,641,238</b>	<b>48</b>	<b>2,566,588</b>	<b>50</b>
<b>TOTAL ASSETS</b>		<b>\$ 5,522,611</b>	<b>100</b>	<b>\$ 5,124,998</b>	<b>100</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 5,522,611</b>	<b>100</b>	<b>\$ 5,124,998</b>	<b>100</b>

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>2015</b>		<b>2014</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 <b>Operating revenue</b>	\$ 5,915,570	100	\$ 4,858,636	100
5000 <b>Operating costs</b>	5,086,892	86	4,421,024	91
<b>Gross profit from operations</b>	828,678	14	437,612	9
<b>Operating expenses :</b>				
6100 Selling expenses	117,469	2	99,638	2
6200 Administrative expenses	379,981	6	314,742	6
6300 Research and development expenses	163,036	3	131,586	3
<b>Total operating expenses</b>	660,486	11	545,966	11
<b>Net operating income (loss)</b>	168,192	3	(108,354)	(2)
<b>Non-operating income and expenses :</b>				
7101 Interest income	7,719	-	7,464	-
7020 Other gains and losses	(12,209)	-	(48,170)	(1)
7510 Finance costs	(22,353)	(1)	(17,609)	-
	(26,843)	(1)	(58,315)	(1)
7900 <b>Income (Loss) before tax</b>	141,349	2	(166,669)	(3)
7950 <b>Tax expense</b>	(92,712)	(1)	(45,932)	(1)
8200 <b>Net income (loss)</b>	48,637	1	(212,601)	(4)
<b>Other comprehensive income :</b>				
Components of other comprehensive income that will not be reclassified to profit or loss :				
8311 Gains (losses) on remeasurements of defined benefit plans	705	-	(10,607)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(120)	-	1,803	-
	585	-	(8,804)	-
Components of other comprehensive income that will be reclassified to profit or loss :				
8361 Exchange differences on translation	(11,226)	-	73,251	1
8362 Unrealised gains (losses) on valuation of available-for-sale financial assets	(3,638)	-	16,788	-
	(14,864)	-	90,039	1
8300 <b>Other comprehensive income, net</b>	(14,279)	-	81,235	1
8500 <b>Total comprehensive income (loss)</b>	<b>\$ 34,358</b>	<b>1</b>	<b>\$ (131,366)</b>	<b>(3)</b>
<b>Net income (loss), attribute to :</b>				
8610 Owners of parent	78,351	1	(193,138)	(4)
8620 Non-controlling interests	(29,714)	-	(19,463)	-
	<b>\$ 48,637</b>	<b>1</b>	<b>\$ (212,601)</b>	<b>(4)</b>
<b>Comprehensive income (loss) attributable to :</b>				
8710 Owners of parent	64,238	1	(112,769)	(3)
8720 Non-controlling interests	(29,880)	-	(18,597)	-
	<b>\$ 34,358</b>	<b>1</b>	<b>\$ (131,366)</b>	<b>(3)</b>
<b>Earnings per share (expressed in dollars) :</b>				
9710 <b>Basic earnings (loss) per share</b>	<b>\$ 0.60</b>		<b>\$ (1.49)</b>	
9810 <b>Diluted earnings (loss) per share</b>	<b>\$ 0.60</b>		<b>\$ (1.49)</b>	

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of Parent								
	Capital Stock- Common Stock	Capital Surplus	Retained Earnings (Accumulated Deficit)		Other Equity Interest		Total Equity Attributable to Owners of Parent	Non- controlling Interests	Total Equity
			Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total			
<b>Balance, January 1, 2014</b>	\$ 1,291,914	1,141,793	(128,145)	317,298	(15,024)	302,274	2,607,836	15,071	2,622,907
Appropriation and distribution of retained earnings:									
Capital surplus used to offset accumulated deficits	-	(128,145)	128,145	-	-	-	-	-	-
Net loss	-	-	(193,138)	-	-	-	(193,138)	(19,463)	(212,601)
Other comprehensive income (loss)	-	-	(8,804)	72,385	16,788	89,173	80,369	866	81,235
Total comprehensive income (loss)	-	-	(201,942)	72,385	16,788	89,173	(112,769)	(18,597)	(131,366)
Compensation cost arising from employee stock options	-	4,296	-	-	-	-	4,296	-	4,296
Exercise of employee stock options	8,820	482	-	-	-	-	9,302	-	9,302
Changes in non-controlling interests	-	-	-	-	-	-	-	61,449	61,449
<b>Balance, December 31, 2014</b>	<b>\$ 1,300,734</b>	<b>1,018,426</b>	<b>(201,942)</b>	<b>389,683</b>	<b>1,764</b>	<b>391,447</b>	<b>2,508,665</b>	<b>57,923</b>	<b>2,566,588</b>
Appropriation and distribution of retained earnings:									
Capital surplus used to offset accumulated deficits	-	(201,942)	201,942	-	-	-	-	-	-
Net income (loss)	-	-	78,351	-	-	-	78,351	(29,714)	48,637
Other comprehensive income (loss)	-	-	585	(11,060)	(3,638)	(14,698)	(14,113)	(166)	(14,279)
Total comprehensive income (loss)	-	-	78,936	(11,060)	(3,638)	(14,698)	64,238	(29,880)	34,358
Compensation cost arising from employee stock options	-	1,125	-	-	-	-	1,125	-	1,125
Exercise of employee stock options	1610	1,046	-	-	-	-	2,656	-	2,656
Changes in non-controlling interests	-	-	-	-	-	-	-	36,511	36,511
<b>Balance, December 31, 2015</b>	<b>\$ 1,302,344</b>	<b>818,655</b>	<b>78,936</b>	<b>378,623</b>	<b>(1,874)</b>	<b>376,749</b>	<b>2,576,684</b>	<b>64,554</b>	<b>2,641,238</b>

**MEGAFORCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(Expressed in Thousands of New Taiwan Dollars)

	2015	2014
<b>Cash flows from (used in) operating activities :</b>		
Net income (loss) before tax	\$141,349	\$ (166,669)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	260,779	259,098
Amortization expense	7,731	7,481
Amortization of long-term rent prepayment	1,240	1,209
Interest expense	22,353	17,609
Interest income	(7,719)	(7,464)
Share-based payments	1,125	4,296
Net gain on financial assets or liabilities at fair value through profit or loss	-	(723)
Loss on disposal of property, plan and equipment	292	14,206
Property, plan and equipment transferred to expenses	1,853	38
Gain on disposal of non-current assets classified as held for sale	-	(3,463)
Impairment loss on non-financial assets	-	27,248
Total adjustments to reconcile profit	287,654	319,535
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease (increase) in accounts receivable	(76,787)	46,753
Decrease (increase) in inventories	84,610	(60,537)
Decrease (increase) in other financial assets— current	6,114	(2,038)
Decrease (increase) in other current assets	(18,055)	13,639
Total changes in operating assets	(4,118)	(2,183)
Changes in operating liabilities :		
Increase (decrease) in notes and accounts payable	(14,920)	44,775
Decrease in other payable	(3,665)	(14,235)
Increase in other current liabilities	220	17,327
Increase in accrued pension liabilities	4,762	4,826
Total changes in operating liabilities	(13,603)	52,693
Total changes in operating assets and liabilities	(17,721)	50,510
Total adjustments	269,933	370,045
Cash inflow generated from operations	411,282	203,376
Income taxes paid	(84,946)	(72,516)
<b>Net cash flows from operating activities</b>	<b>326,336</b>	<b>130,860</b>
<b>Cash flows from (used in) investing activities :</b>		
Acquisition of available-for-sale financial assets	-	(2,636)
Increase in prepayments for investments	(7,064)	-
Proceeds from disposal of non-current assets classified as held for sale	-	16,018
Acquisition of property, plant and equipment	(279,350)	(144,419)
Proceeds from disposal of property, plant and equipment	10,642	28,092
Acquisition of intangible assets	(14,164)	(4,971)
Acquisition of ownership interests in subsidiaries	-	46,109
Increase in other financial assets-current	(108,389)	(65,465)
Decrease (increase) in other financial assets-non-current	10,988	(3,300)
Increase in other non-current assets	(34,275)	(15,341)
Interest received	7,815	7,445
<b>Net cash flows used in investing activities</b>	<b>(413,797)</b>	<b>(138,468)</b>
<b>Cash flows from (used in) financing activities :</b>		
Increase in short-term loans	5,611,805	4,470,400
Repayments of short-term loans	(5,270,576)	(4,443,533)
Proceeds from long-term debt	-	60,000
Repayments of long-term debt	(25,000)	(30,161)
Increase in other payables to related parties	10,000	-
Increase in other non-current liabilities	7	200
Exercise of employee stock options	2,656	9,302
Interest paid	(22,048)	(17,753)
Changes in non-controlling interests	36,511	(6,010)
<b>Net cash flows from financing activities</b>	<b>343,355</b>	<b>42,445</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(18,870)</b>	<b>20,642</b>
<b>Net increase in cash and cash equivalents</b>	<b>237,024</b>	<b>55,479</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>665,963</b>	<b>610,484</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 902,987</b>	<b>\$ 665,963</b>