MEGAFORCE CO., LTD. AND SUBSIDIARIES Consolidated Financial Statements for the Three Months Ended March 31,2017 and 2016 (Reviewed , Not Audited)

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MEGAFORCE CO., LTD. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS March 31,2017, December 31, And March 31, 2016

		2017.3.31 (Reviewed	2017.3.31 (Reviewed)			<u> </u>	2016.3.31 (Reviewed))		
ASSETS		Amount %		Amount %		Amount %		LIABILITIES AND STOCKHOLDERS' EQU		
Current assets									(Current liabilities
1100	Cash and cash equivalents	\$ 1,011,177	24	\$	783,999	18	877,546	18	2100	Short-term borrowings
1170	Notes and accounts receivable, net	1,233,294	30		1,604,964	36	1,407,088	29	2170	Notes and accounts payable
1310	Inventories	576,355	14		587,573	13	493,446	10	2200	Other payables
1476	Other financial assets-current	38,656	1		49,433	1	460,261	9	2220	Other payables to related parties
1479	Other current assets	39,766	1		33,517	1	31,183	1	2230	Current tax liabilities
	Total current assets	2,899,248	70		3,059,486	69	3,269,524	67	2399	Other current liabilities
									2360	Net defined benefit liability - current
N	Ion-current assets								2322	Long-term borrowings, current portion
1523	Available-for-sale financial assets-non-current	5,219	-		5,702	-	8,836	-		Total current liabilities
1543	Non-current financial assets at cost, net	749	-		749	-	1,731	-	1	Non-current liabilities
1600	Property, plant and equipment	1,057,453	25		1,153,011	26	1,302,181	27	2540	Long-term borrowings
1780	Intangible assets	41,790	1		44,097	1	60,435	1	2640	Net defined benefit liability-non-current
1840	Deferred tax assets	71,080	2		74,990	2	161,469	3	2670	Other non-current liabilities
1980	Other financial assets-non-current	12,063	-		13,281	-	12,139	-		Total non-current liabilities
1990	Other non-current assets	68,137	2		85,770	2	93,890	2		Total liabilities
	Total non-current assets	1,256,491	30		1,377,600	31	1,640,681	33		
									E	Equity attributable to owners of parent
									3100	Capital stock
									3200	Capital surplus
									3300	Retained earnings(accumulated deficit)
									3400	Other equity interest
										Total equity attributable to owners of parent
									36XX	Non-controlling interests Total equity

TOTAL ASSETS

<u>\$4,155,739 100 4,437,086 100 \$4,910,205 100</u>

٦	TOTAL LIABILITIES AND EQUITY	\$4,155,739	100	4,437,086	100	\$4,910,205	100
	Total equity	2,272,522	55	2,442,389	55	2,519,136	51
36XX	Non-controlling interests	32,258	1	35,199	1	57,322	1
	parent						
	Total equity attributable to owners of	2,240,264	54	2,407,190	54	2,461,814	50
3400	Other equity interest	(778)	-	144,166	3	326,120	7
3300	Retained earnings(accumulated deficit)	112,925	3	141,585	3	14,481	-
3200	Capital surplus	825.623	20	819.095	19	818.869	17
а 3100	Equity attributable to owners of parent Capital stock	1,302,494	31	1,302,344	29	1,302,344	26
_	.						
	Total liabilities	1,883,217	45	1,994,697	45	2,391,069	49
	Total non-current liabilities	227,755	5	77,150	2	70,828	2
2670	Other non-current liabilities	10,090	-	10,131	-	9,758	-
2640	Net defined benefit liability-non-current	55,415	1	54,519	1	61,070	2
2540	Long-term borrowings	162,250	4	12,500	1	-	-
N	Non-current liabilities						
	Total current liabilities	1,655,462	40	1,917,547	43	2,320,241	47
2322	Long-term borrowings, current portion	49,000	1	25,000	-	27,500	1
2360	Net defined benefit liability - current	106,682	3	117,944	3	96,237	2
2399	Other current liabilities	64,777	2	80,469	2	56,441	1
2230	Current tax liabilities	9,407	-	31,782	1	6,722	-
2220	Other payables to related parties	-	-	-	-	10,000	-
2200	Other payables	431,557	10	568,879	13	486,244	10
2170	Notes and accounts payable	455,847	11	532,994	12	391,878	8

2017.3.31

(Reviewed)

\$ 538,192 13

Amount %

2016.12.31

(Audited)

Amount %

2016.3.31

(Reviewed)

560,479 12 \$ 1,245,219 25

Amount %

MEGAFORCE CO., LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For The Three Months Ended March 31,2017 And 2016 (Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

Amount $\frac{4}{5}$ Amount $\frac{4}{5}$ 4000 Operating revenue \$ 1,076,513 100 \$ 1,097,462 100 5000 Operating expenses : 952,315 124,198 12 86,239 8 000 Selling expenses : 23,095 2 24,241 2 86,239 8 000 Research and development expenses 29,229 3 37,168 4 Total operating loss 29,229 3 37,168 4 Net operating los (23,865) (2) (60,853) (6) Non-operating income and expenses : (147,783 14 147,092 14 7101 Interest income 1,501 487 - 7510 Finance costs (4,780) (1) (5,943) - 7510 Finance costs, net (3,761) - 1,688 - 8300 Other comprehensive loss, net (3,761) - 1,688 - 8300 Other comprehensive income, net			2017			2016		
5000 Operating costs 952,315 88 1,011,223 92 Gross profit from operations 124,198 12 86,239 8 Operating expenses : 124,198 12 86,239 8 6100 Selling expenses : 95,653 9 85,663 8 6300 Research and development expenses 23,095 2 24,241 2 Net operating loss 23,229 3 37,168 4 Net operating income and expenses : 147,783 14 147,092 14 Net operating income and expenses : (2,3,585) (2) (60,033) (- 7101 Interest income 1,501 487 - (- 6,603) (1) 7510 Finance costs (2,864) - (6,603) (1) (12,059) (1) 7900 Loss before tax (29,728) (3) (71,224) (7) 7950 Tax expense (3,761) - 1,688 - 8300 Other comprehensive loss, net (145,789) (14) (49,384) (4) 8309 Income tax relating to components of other comprehensive loss 5 <				Amount	%		Amount	%
Gross profit from operations Operating expenses : 124,198 12 86,239 8 6100 Selling expenses : 23,095 2 24,241 2 6200 Administrative expenses : 95,459 9 85,683 8 6300 Research and development expenses : 29,229 3 37,168 4 Total operating expenses : 141,7783 14 147,092 14 Net operating loss (23,585) (2) (60,853) (6) Non-operating income and expenses : 1,501 487 - 7010 Interest income 1,501 487 - 7020 Other gains and losses (4,780) (1) (5,943) - 7510 Finance costs (2,864) (6,603) (1) 7900 Loss before tax (23,781) - 1,888 - 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,789) (1	4000	Operating revenue	\$	1,076,513	100	\$	1,097,462	100
Operating expenses 23,095 2 24,241 2 6100 Selling expenses 95,459 9 85,683 8 6300 Research and development expenses 29,229 3 37,168 4 Total operating loss (23,585) (2) (60,853) (6) Non-operating income and expenses : (147,783 14 147,092 14 Not operating income and expenses : (23,585) (2) (60,853) (6) Non-operating income and expenses : (23,681) (1) (15,943) - 7101 Interest income 1,501 487 - 7020 Other gains and losses (2,864) (6,603) (1) (101 Exchange differences on translation (145,306) (14) (12,912) (7) 7950 Tax expense (3,761) 1,688 - - - 8301 Exchange differences on translation (145,306) (14) (49,384) (4) 91 Income tax relating to components o	5000	Operating costs		952,315	88		1,011,223	92
6100 Selling expenses 23,095 2 24,241 2 6200 Administrative expenses 95,459 9 85,683 8 6300 Research and development expenses 29,229 3 37,168 4 147,783 14 147,092 14 Net operating loss (23,585) (2) (60,853) (6) Non-operating income and expenses : 1,501 487 - 7020 Other gains and losses (4,780) (1) (5,943) - 7510 Finance costs (2,864) - (6,603) (1) 7900 Loss before tax (29,728) (3) (72,912) (7) 7950 Tax expense (3,761) - 1,688 - 8301 Exchange differences on translation (145,306) (14) (49,384) (4) 8361 Exchange differences on translation (145,789) (14) (51,092) (4) 8300 Other comprehensive income (145,789) (14) (51,092) (4) 8500 Total comprehensive inc	(Gross profit from operations		124,198	12		86,239	8
6200 Administrative expenses 95,459 9 85,683 8 6300 Research and development expenses 29,229 3 37,168 4 Net operating loss (23,585) (2) (60,853) (6) Non-operating income and expenses : (23,585) (2) (60,853) (6) 7010 Interest income 1,501 - 487 - 7020 Other gains and losses (4,780) (1) (5,943) - 7510 Finance costs (2,864) - (6,603) (1) 7900 Loss before tax (29,728) (3) (72,912) (7) 7950 Tax expense (3,761) 1,688 - 8300 Other comprehensive loss, net (145,306) (14) (49,384) (4) 8361 Exchange differences on translation (145,789) (14) (51,092) (4) 8300 Other comprehensive loss \$ (179,278) (17) (122,316) (1) 8301 Income tax relating to components of other comprehensive loss \$ (179,278) <td>(</td> <td>Operating expenses :</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	(Operating expenses :						
6300 Research and development expenses 29,229 3 37,168 4 Net operating expenses 147,783 14 147,092 14 Net operating income and expenses : (23,585) (2) (60,853) (6) 7101 Interest income 1,501 487 - 7020 Other gains and losses (4,780) (1) (5,943) - 7510 Finance costs (28,64) (6,603) (1) 7900 Loss before tax (29,728) (3) (72,912) (7) 7910 Tax expense (3,761) 1,688 - 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8399 Income tax relating to components of other comprehensive income - <	6100	Selling expenses		23,095	2		24,241	2
Total operating expenses 147,783 14 147,092 14 Net operating loss (23,585) (2) (60,853) (6) Non-operating income and expenses : 1,501 487 (6,603) (1) 7020 Other gains and losses (4,780) (1) (5,943) (6,603) (1) 7510 Finance costs (2,864) (6,603) (1) (12,059) (1) 7900 Loss before tax (29,728) (3) (72,912) (7) 7950 Tax expense (3,761) 1,688 . 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8362 Unrealised loss on valuation of available-for-sale (483) (1,708) . 8399 Income tax relating to components of other - - - . 810 Owners of parent (28,660) (3) (64,455) (6) </td <td>6200</td> <td>Administrative expenses</td> <td></td> <td>95,459</td> <td>9</td> <td></td> <td>85,683</td> <td>8</td>	6200	Administrative expenses		95,459	9		85,683	8
Net operating loss (23,585) (2) (60,853) (6) Non-operating income and expenses : 1,501 487 - 7020 Other gains and losses (4,780) (1) (5,943) - 7510 Finance costs (2,864) (6,603) (1) (12,059) (1) 7900 Loss before tax (29,728) (3) (72,912) (7) 7950 Tax expense (3,761) 1,688 - 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 9362 financial assets (483) - - - - 8399 Income tax relating to components of other comprehensive income - - - - - 8300 Other comprehensive loss \$ (179,278) (17) (122,316) (11) 8300 Other comprehensive loss \$ (179,278) (17) (122,316) <td>6300</td> <td>Research and development expenses</td> <td>_</td> <td>29,229</td> <td>3</td> <td></td> <td>37,168</td> <td>4</td>	6300	Research and development expenses	_	29,229	3		37,168	4
Non-operating income and expenses : 1,501 487 7101 Interest income 1,501 487 7020 Other gains and losses (4,780) (1) (5,943) 7510 Finance costs (2,864) (6,603) (1) 7900 Loss before tax (2,9728) (3) (72,912) (7) 7950 Tax expense (3,761) 1,688 - 1,688 - 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8362 financial assets (4,839) - - - - 8300 Other comprehensive income (145,789) (14) (49,384) (4) 8300 Other comprehensive income, net (145,789) (14) (51,092) (4) 8500 Total comprehensive loss \$ (179,278) (17) (122,316) (11) Net loss, attributable to :		Total operating expenses		147,783	14		147,092	14
7101 Interest income 1,501 - 487 - 7020 Other gains and losses $(4,780)$ (1) $(5,943)$ - 7510 Finance costs $(2,864)$ - $(6,603)$ (1) 7900 Loss before tax $(29,728)$ (3) $(72,912)$ (7) 7950 Tax expense $(3,761)$ - $1,688$ - 8300 Other comprehensive loss, net $(33,489)$ (3) $(71,224)$ (7) 8361 Exchange differences on translation $(145,306)$ (14) $(49,384)$ (4) 8362 Unrealised loss on valuation of available-for-sale $(145,306)$ (14) $(49,384)$ (4) 83630 Other comprehensive income $(145,789)$ (14) $(51,092)$ (4) 8399 Income tax relating to components of other - - - - 8300 Other comprehensive loss \$ $(179,278)$ (17) $(122,316)$ (11) Net loss, attributable to : 8610 Owners of parent $(28,660)$ (3)	I	Net operating loss		(23,585)	(2)		(60,853)	(6)
7020 Other gains and losses (4,780) (1) (5,943) 7510 Finance costs (2,864) (6,603) (1) 7900 Loss before tax (29,728) (3) (72,912) (7) 7950 Tax expense (3,761) 1,688 - 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8362 Unrealised loss on valuation of available-for-sale financial assets (483) - (1,708) - 8399 Income tax relating to components of other comprehensive income -	I	Non-operating income and expenses :						
7510 Finance costs (2,864) - (6,603) (1) 7900 Loss before tax (29,728) (3) (72,912) (7) 7950 Tax expense (3,761) - 1,688 - 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8362 Innancial assets (483) - (1,708) - 8399 Income tax relating to components of other comprehensive income (145,789) (14) (51,092) (4) 8500 Other comprehensive income, net (145,789) (17) (122,316) (11) 8500 Total comprehensive loss § (179,278) (17) (122,316) (11) 8610 Owners of parent (28,660) (3) (64,455) (6) (6) 8620 Non-controlling interests (4,829) - (6,769) (11) 7720 Comprehensive loss attributable to : (5,674) (1) (7,232) (1) <	7101	Interest income		1,501	-		487	-
1 + 1 + 3 + 1 + 1 + 1 + 1 + 1 + 1 + 1 +	7020	Other gains and losses		(4,780)	(1)		(5,943)	-
7900 Loss before tax (29,728) (3) (72,912) (7) 7950 Tax expense (3,761) - 1,688 - 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8362 Unrealised loss on valuation of available-for-sale financial assets (483) - (1,708) - 8399 Income tax relating to components of other comprehensive income - - - 8300 Other comprehensive income (145,789) (14) (51,092) (4) (4) 8500 Total comprehensive income, net (145,789) (14) (51,092) (4) (4) 8610 Owners of parent (28,660) (3) (64,455) (6) (6) 8620 Non-controlling interests (4,829) - (6,769) (1) (71,224) (7) Comprehensive loss attributable to : 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (173,604) (16) (115,084) (10) 8720 Non-controlling interests (5,674) (1) (7,232) (1) 8710 Owners of parent (179,278) (17) (122,316) (11) 8710 Dwners of parent (5,674) (1) (7,232) (1) 87	7510	Finance costs		(2,864)	-		(6,603)	(1)
7950 Tax expense (3,761) - 1,688 - 8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8362 Unrealised loss on valuation of available-for-sale financial assets (145,306) (14) (49,384) (4) 8399 Income tax relating to components of other comprehensive income - </td <td></td> <td></td> <td></td> <td>(6,143)</td> <td>(1)</td> <td></td> <td>(12,059)</td> <td>(1)</td>				(6,143)	(1)		(12,059)	(1)
8300 Other comprehensive loss, net (33,489) (3) (71,224) (7) 8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8362 Income lax relating to components of other comprehensive income (483) (1,708) - 8300 Other comprehensive income (145,789) (14) (51,092) (4) 8500 Total comprehensive loss (145,789) (14) (51,092) (4) 8500 Total comprehensive loss (145,789) (14) (51,092) (4) 8610 Owners of parent (28,660) (3) (64,455) (6) 8620 Non-controlling interests (4,829) - (6,769) (1) 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (5,674) (1) (7,232) (1) 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (179,278) (17) (122,316) (11) 8720 Non-controlling interests (179,278) (17) (122,316) (11) 8710 Basic earnings (loss) per shar	7900 l	Loss before tax		(29,728)	(3)		(72,912)	(7)
8361 Exchange differences on translation (145,306) (14) (49,384) (4) 8362 Unrealised loss on valuation of available-for-sale (483) - (1,708) - 8399 Income tax relating to components of other - - - - - 8300 Other comprehensive income (145,789) (14) (51,092) (4) 8500 Total comprehensive loss (145,789) (14) (51,092) (4) 8610 Owners of parent (28,660) (3) (64,455) (6) 8620 Non-controlling interests (4,829) - (6,769) (1) 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (5,674) (1) (7,232) (1) 8720 Non-controlling interests (5,674) (1) (7,232) (1) 8720 Non-controlling interests (5,674) (1) (7,232) (1) 8710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)	7950	Tax expense		(3,761)	-		1,688	-
Unrealised loss on valuation of available-for-sale financial assets (483) - (1,708) - 8399 Income tax relating to components of other comprehensive income -<	8300	Other comprehensive loss, net		(33,489)	(3)		(71,224)	(7)
8362 (483) - (1,708) - 8399 Income tax relating to components of other comprehensive income - <	8361	Exchange differences on translation		(145,306)	(14)		(49,384)	(4)
comprehensive income (145,789) (14) (51,092) (4) 8300 Other comprehensive income, net (145,789) (17) (122,316) (11) 8500 Total comprehensive loss \$ (179,278) (17) (122,316) (11) Net loss, attributable to : 8610 Owners of parent (28,660) (3) (64,455) (6) 8620 Non-controlling interests (4,829) - (6,769) (1) \$ (33,489) (3) (71,224) (7) Comprehensive loss attributable to : (173,604) (16) (115,084) (10) 8710 Owners of parent (179,278) (17) (122,316) (11) 8720 Non-controlling interests (5,674) (1) (7,232) (1) \$ (179,278) (17) (122,316) (11) \$ (179,278) (17) (122,316) (11) \$ (0.22) \$ (0.49)	8362			(483)	-		(1,708)	-
8500 Total comprehensive loss \$ (179,278) (17) (122,316) (11) Net loss, attributable to : 8610 Owners of parent (28,660) (3) (64,455) (6) 8620 Non-controlling interests (4,829) - (6,769) (1) Comprehensive loss attributable to : \$ (33,489) (3) (71,224) (7) Comprehensive loss attributable to : (173,604) (16) (115,084) (10) 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (5,674) (1) (7,232) (1) Earnings per share (expressed in dollars): \$ (179,278) (17) (122,316) (11) 9710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)	8399			-	-		-	-
Net loss, attributable to : (28,660) (3) (64,455) (6) 8610 Non-controlling interests (4,829) (6,769) (1) \$ (33,489) (3) (71,224) (7) Comprehensive loss attributable to : (173,604) (16) (115,084) (10) 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (5,674) (1) (7,232) (1) \$ (179,278) (17) (122,316) (11) Basic earnings (loss) per share \$ (0.22) \$ (0.49)	8300	Other comprehensive income, net		(145,789)	(14)		(51,092)	(4)
8610 Owners of parent (28,660) (3) (64,455) (6) 8620 Non-controlling interests (4,829) - (6,769) (1) \$ (33,489) (3) (71,224) (7) Comprehensive loss attributable to : (173,604) (16) (115,084) (10) 8710 Owners of parent (5,674) (1) (7,232) (1) 8720 Non-controlling interests (5,674) (1) (7,232) (1) \$ (179,278) (17) (122,316) (11) 9710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)	8500	Total comprehensive loss	\$	(179,278)	(17)		(122,316)	(11)
8620 Non-controlling interests (4,829) (6,769) (1) \$ (33,489) (3) (71,224) (7) Comprehensive loss attributable to : (173,604) (16) (115,084) (10) 8710 Owners of parent (5,674) (1) (7,232) (1) 8720 Non-controlling interests (5,674) (1) (7,232) (1) \$ (179,278) (17) (122,316) (11) 9710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)	I	Net loss, attributable to :						
\$ (33,489) (3) (71,224) (7) Comprehensive loss attributable to : (173,604) (16) (115,084) (10) 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (5,674) (1) (7,232) (1) \$ (179,278) (17) (122,316) (11) Basic earnings (loss) per share \$ (0.22) \$ (0.49)	8610	Owners of parent		(28,660)	(3)		(64,455)	(6)
Comprehensive loss attributable to : 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (5,674) (1) (7,232) (1) \$ (179,278) (17) (122,316) (11) Earnings per share (expressed in dollars): 9710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)	8620	Non-controlling interests		(4,829)	-		(6,769)	(1)
Comprehensive loss attributable to : 8710 Owners of parent (173,604) (16) (115,084) (10) 8720 Non-controlling interests (5,674) (1) (7,232) (1) \$ (179,278) (17) (122,316) (11) Earnings per share (expressed in dollars): 9710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)			\$	(33,489)	(3)		(71,224)	(7)
8720 Non-controlling interests (5,674) (1) (7,232) (1) \$ (179,278) (17) (122,316) (11) Earnings per share (expressed in dollars) : 9710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)	(Comprehensive loss attributable to :						
\$ (179,278) (17) (122,316) (11) Earnings per share (expressed in dollars) : 9710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)	8710	Owners of parent		(173,604)	(16)		(115,084)	(10)
Earnings per share (expressed in dollars) :9710 Basic earnings (loss) per share\$ (0.22)\$ (0.49)	8720	Non-controlling interests		(5,674)	(1)		(7,232)	(1)
9710 Basic earnings (loss) per share \$ (0.22) \$ (0.49)			\$	(179,278)	(17)		(122,316)	(11)
	I	Earnings per share (expressed in dollars):						
9810 Diluted earnings (loss) per share \$ (0.22) \$ (0.49)	9710 l	Basic earnings (loss) per share	\$		(0.22)		\$ (0.49)
	9810 l	Diluted earnings (loss) per share	\$		(0.22)		\$ (0.49)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY For The Three Months Ended March 31, 2017 And 2016 (Expressed in Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

Equity Attributable to Owners	s of	Parent
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				Re	etained Earnings		Other Equity Interest					
	Con	nmon 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	Total Equity Attributable to Owners of Parent	Non- controlling Interests	Total Equity
Balance at January 1, 2016	\$	1,302,344	818,655	-	78,936	78,936	378,623	(1,874)	376,749	2,576,684	64,554	2,641,238
Net loss		-	-	-	(64,455)	(64,455)	-	-	-	(64,455)	(6,769)	(71,224)
Other comprehensive income		-	-	-	-	-	(48,921)	(1,708)	(50,629)	(50,629)	(463)	(51,092)
Total comprehensive income		-	-	-	(64,455)	(64,455)	(48,921)	(1,708)	(50,629)	(115,084)	(7,232)	(122,316)
Compensation cost arising from employee stock options			214	-	-		-	-	-	214	-	214
Balance at March 31, 2016	\$	1,302,344	818,869	-	14,481	14,481	329,702	(3,582)	326,120	2,461,814	57,322	2,519,136
Balance at January 1, 2017 Net loss	\$	1,302,344 -	819,095 -	7,835	133,750 (28,660)	141,585 (28,660)	148,996	(4,830)	144,166	2,407,190 (28,660)	35,199 (4,829)	(33,489)
Other comprehensive income		-	-	-	-	-	(144,461)	(483)	(144,944)	(144,944)	(845)	(145,789)
Total comprehensive income Changes in non-controlling interests		-	-	-	(28,660)	(28,660)	(144,461)	(483)	(144,944)	(173,604)	(5,674) 9,050	(179,278) 9,050
Changes in ownership interests of subsidiaries		-	6,324	-	-	-	-	-	-	6,324	(6,324)	-
Compensation cost arising from employee stock options		-	113	-	-	-	-	-	-	113	7	120
Exercise of employee stock options		150	91	-	-	-	-	-	-	241	-	241
Balance at March 31, 2017	\$	1,302,494	825,623	7,835	105,090	112,925	4,535	(5,313)	(778)	2,240,264	32,258	2,272,522

MEGAFORCE CO., LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS For The Three Months Ended March 31, 2017 And 2016 (Expressed in Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2017		2016	
Cash flows from (used in) operating activities :	•	(00 700)		
Net loss before tax	\$	(29,728)	(72,912)	
Adjustments :				
Adjustments to reconcile profit				
Depreciation expense		61,330	66,011	
Amortization expense		2,340	2,824	
Amortization of long-term rent prepayment		284	313	
Interest expense		2,864	6,603	
Interest income		(1,501)	(487)	
Share-based payments		120	214	
Loss on disposal of property, plan and equipment		204	2,309	
Property, plan and equipment transferred to expenses		30	1,171	
Totoal adjustments to reconcile profit		65,671	78,958	
Changes in operating assets and liabilities :		<u> </u>	,	
Changes in operating assets :				
Decrease in accounts receivable		303,916	38,698	
Decrease (increase) in inventories		(11,585)	62,438	
Decrease in other financial assets– current		1,678	2,957	
Decrease (increase) in other current assets		(7,301)	21,618	
Totoal changes in operating assets		286,708	467,711	
Changes in operating liabilities :		200,700	107,711	
Decrease in notes and accounts payable		(54,982)	(222,467)	
Decrease in other payable		(110,300)	(101,131)	
Decrease in other current liabilities		(12,116)	(18,369)	
Decrease in net defined benefit liability		(10,366)	(12,443)	
Total changes in operating liabilities		(187,764)	(354,410)	
Total changes in operating assets and liabilities		98,944	113,301	
Total adjustments		164,615	192,259	
Cash inflow generated from operations		134,887	119,347	
Income taxes paid		(25,564)	(14,470)	
Net cash flows from operating activities		109,323	104,877	
Cash flows from (used in) investing activities :				
Acquisition of property, plant and equipment		(33,183)	(38,280)	
Proceeds from disposal of property, plant and equipment		1,491	(00,200)	
Acquisition of intangible assets		(320)	(8,048)	
Decrease in other financial assets-current		8,086	30,380	
Decrease (increase) in other financial assets-non-current		1,164	(4,229)	
Decrease in other non-current assets		14,879	9,433	
Interest received		1,475	659	
Net cash flows used in investing activities	-	(6,408)	(10,085)	
Cash flows from (used in) financing activities :		(0,100)	(10,000)	
Increase in short-term loans		839,033	1,543,516	
Repayments of short-term loans		(850,677)	(1,619,374)	
Proceeds from long-term debt		180,000	-	
Repayments of long-term debt		(6,250)	(7,500)	
Increase in other non-current liabilities		-	51	
Changes in non-controlling interests		9,050	-	
Exercise of employee stock options		241	-	
Interest paid		(3,375)	(6,846)	
Net cash flows from (used in) financing activities		168,022	(90,153)	
Effect of exchange rate changes on cash and cash equivalents		(43,759)	(30,080)	
Net increase in cash and cash equivalents		227,178	(25,441)	
Cash and cash equivalents at beginning of period		783,999	902,987	
Cash and cash equivalents at end of period	\$	1,011,177	877,546	
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