

Representation Letter

The entities that are required to be included in the combined financial statements of COMPAL ELECTRONICS, INC. as of and for the year ended December 31, 2017 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, COMPAL ELECTRONICS, INC. and its subsidiaries do not prepare a separate set of combined financial statements.

Company name: COMPAL ELECTRONICS, INC.

Chairman: Sheng-Hsun Hsu (Rock Hsu)

Date: March 19, 2018

Independent Auditor' s Report

To COMPAL ELECTRONICS, INC.:

Opinion

We have audited the consolidated financial statements of COMPAL ELECTRONICS, INC. and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as of December 31, 2017 and 2016, and the consolidated statement of comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor' s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and other ethical responsibilities in accordance with the Code have been fulfilled. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Account receivable valuation

Please refer to Note (4)(g) for the accounting policy of accounts receivable. Information of account receivable valuation are shown in Note (6)(g) of the consolidated financial statements.

Description of key audit matters:

The Group devotes to develop new product lines and customers in emerging countries, and the credit risks of these customers are higher than other world leading enterprises. Therefore, valuation of accounts receivable has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

In order to evaluate the reasonableness of the Group's estimations for bad debts, our key audit procedures included analyzing the aging of accounts receivable, examining the historical recovery records, and the current credit status of customers, as well as inspecting the amount collected in the subsequent period.

2. Inventory valuation

Please refer to Note (4)(h) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note (6)(h) of the consolidated financial statements.

Description of key audit matters:

The inventory is measured at the lower of cost or net realizable value. The short life cycle of electronic products may cause significant changes in customers' demand and sales of related products. Consequently, the book value of inventory may be lower than the net realizable value of inventory. Therefore, the valuation of inventory is one of the key audit matters.

Our key audit procedures performed in respect of the above area included the following:

In order to verify the rationality of assessment of inventory valuation estimated by the Group, our key audit procedures included reviewing the consistency of accounting policy, inspecting the Group's inventory aging reports, analyzing the change of inventory aging, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

Other Matter

Compal Electronics Inc, has prepared the annual parent company only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as the related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor' s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group' s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor' s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor' s report are Kuan Ying Kuo and Yiu Kwan Au.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

COMPAL ELECTRONICS, INC. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2017		December 31, 2016				December 31, 2017		December 31, 2016	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents (note (6)(a))	\$ 70,062,713	19.3	72,950,596	21.0	2100	Short-term borrowings (note (6)(n))	\$ 56,515,525	15.6	43,480,777	12.5
1110	Current financial assets at fair value through profit or loss (note (6)(b))	40,706	-	86,440	-	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	24,463	-	137,489	-
1125	Current available-for-sale financial assets (note (6)(d))	46,479	-	48,631	-	2170	Notes and accounts payable	140,381,168	38.6	127,523,732	36.7
1147	Current bond investments without active market (note (6)(f))	350,000	0.1	350,000	0.1	2180	Notes and accounts payable to related parties (note (7))	1,636,656	0.5	1,958,211	0.6
1170	Notes and accounts receivable, net (notes (6)(g) and 8)	177,272,731	48.8	175,318,313	50.5	2200	Other payables	16,318,597	4.5	17,853,264	5.1
1180	Notes and accounts receivable due from related parties, net (notes (6)(g) and 7)	113,994	-	70,972	-	2230	Current tax liabilities	4,362,395	1.2	3,795,925	1.1
1200	Other receivables, net (notes (6)(g), 6(k) and 7)	988,008	0.3	1,082,607	0.3	2250	Current provisions (note (6)(p))	1,827,439	0.5	1,842,094	0.5
1310	Inventories (note (6)(h))	69,512,712	19.1	48,105,125	13.9	2300	Other current liabilities	3,071,238	0.8	2,899,674	0.9
1470	Other current assets (note 8)	3,395,311	0.9	2,456,323	0.7	2313	Unearned revenue	1,617,626	0.4	1,774,158	0.5
		321,782,654	88.5	300,469,007	86.5	2320	Long-term borrowings, current portion (note (6)(o))	6,200,625	1.7	7,966,875	2.3
								231,955,732	63.8	209,232,199	60.2
Non-current assets:											
1550	Investments accounted for using equity method (note (6)(i))	11,807,622	3.2	11,726,370	3.4	2540	Long-term borrowings (note (6)(o))	21,252,263	5.8	23,954,688	7.0
1523	Non-current available-for-sale financial assets (note (6)(d))	7,646,667	2.1	9,556,461	2.8	2570	Deferred tax liabilities (note (6)(s))	614,437	0.2	746,962	0.2
1543	Non-current financial assets at cost (note (6)(e))	53,982	-	71,820	-	2640	Non-current net defined benefit liabilities (note (6)(r))	705,810	0.2	631,821	0.2
1546	Non-current investments without active market (note (6)(f))	350,000	0.1	700,000	0.2	2670	Non-current liabilities	180,207	-	166,626	-
1600	Property, plant and equipment (notes (6)(m) and (8))	18,179,367	5.0	20,952,677	6.0			22,752,717	6.2	25,500,097	7.4
1780	Intangible assets	1,284,660	0.4	1,291,281	0.4			254,708,449	70.0	234,732,296	67.6
1840	Deferred tax assets (note (6)(s))	1,351,371	0.4	1,262,986	0.4						
1985	Long-term prepaid rents (note (6)(q))	571,133	0.2	594,520	0.2						
1990	Other non-current assets (notes (6)(r) and (8))	328,965	0.1	390,989	0.1	3110	Ordinary share (note (6)(t))	44,191,916	12.2	44,241,606	12.8
		41,573,767	11.5	46,547,104	13.5	3200	Capital surplus (note (6)(t))	10,938,773	3.0	11,779,274	3.4
						3300	Retained earnings (note (6)(t))	56,557,146	15.6	55,289,409	15.9
						3400	Other equity interest (notes (6)(t) and (6)(u))	(8,911,004)	(2.5)	(4,624,653)	(1.3)
						3500	Treasury shares (note (6)(t))	(881,247)	(0.2)	(881,247)	(0.3)
								101,895,584	28.1	105,804,389	30.5
						36XX	Non-controlling interests	6,752,388	1.9	6,479,426	1.9
								108,647,972	30.0	112,283,815	32.4
Total assets		\$ 363,356,421	100.	347,016,111	100.	Total equity					
						Total liabilities and equity		\$ 363,356,421	100.	347,016,111	100.

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2017		2016	
		Amount	%	Amount	%
4000	Net sales revenue (notes (6)(w) and (7))	\$ 887,656,959	100.0	766,810,035	100.0
5000	Cost of sales (notes (6)(h), (6)(r), (7) and (12))	<u>855,692,390</u>	<u>96.4</u>	<u>733,973,065</u>	<u>95.7</u>
	Gross profit	<u>31,964,569</u>	<u>3.6</u>	<u>32,836,970</u>	<u>4.3</u>
	Operating expenses: (notes (6)(q), (6)(r), (6) and (12))				
6100	Selling expenses	7,167,461	0.8	5,270,267	0.7
6200	Administrative expenses	4,050,028	0.5	4,541,630	0.6
6300	Research and development expenses	<u>11,538,651</u>	<u>1.3</u>	<u>11,961,428</u>	<u>1.6</u>
		<u>22,756,140</u>	<u>2.6</u>	<u>21,773,325</u>	<u>2.9</u>
	Net operating income	<u>9,208,429</u>	<u>1.0</u>	<u>11,063,645</u>	<u>1.4</u>
	Non-operating income and expenses:				
7020	Other gains and losses (notes (6)(d), (6)(i), (6)(k) and (6)(y))	(1,897,072)	(0.2)	(1,042,285)	(0.1)
7050	Finance costs	(1,297,965)	(0.1)	(946,893)	(0.1)
7190	Other income (notes (6)(q) and (6)(y))	1,566,475	0.2	1,961,554	0.3
7590	Miscellaneous disbursements	(52,752)	-	(54,672)	-
7670	Impairment loss (notes (6)(d), (6)(e) and (6)(m))	(19,405)	-	(239,989)	-
7770	Share of profit of associates and joint ventures accounted for using equity method (note (6)(i))	<u>606,567</u>	<u>-</u>	<u>1,071,985</u>	<u>0.1</u>
	Total non-operating income and expenses	<u>(1,094,152)</u>	<u>(0.1)</u>	<u>749,700</u>	<u>0.2</u>
7900	Profit before tax	8,114,277	0.9	11,813,345	1.6
7950	Less: Tax expense (note (6)(s))	<u>1,956,240</u>	<u>0.2</u>	<u>2,845,339</u>	<u>0.4</u>
	Profit	<u>6,158,037</u>	<u>0.7</u>	<u>8,968,006</u>	<u>1.2</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Other comprehensive income, before tax, remeasurement of defined benefit obligation	(84,394)	-	(97,739)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(561)	-	(1,673)	-
8349	Income tax relating to items that will not be reclassified (note (6)(s))	<u>14,348</u>	<u>-</u>	<u>16,616</u>	<u>-</u>
	Items that will be reclassified subsequently to profit or loss	<u>(70,607)</u>	<u>-</u>	<u>(82,796)</u>	<u>-</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Other comprehensive income, before tax, exchange differences on translation of foreign financial statement	(4,808,866)	(0.5)	(938,426)	(0.1)
8362	Other comprehensive income, before tax, available-for-sale financial assets	326,490	-	458,015	-
8363	Gains (losses) on effective portion of cash flow hedges	-	-	(21,360)	-
8370	Other components of other comprehensive income that will be reclassified to profit or loss	(30,076)	-	(702,159)	(0.1)
8399	Income tax relating to items that will be reclassified to profit or loss (note (6)(s))	<u>(21,353)</u>	<u>-</u>	<u>21,180</u>	<u>-</u>
	Items that will be reclassified subsequently to profit or loss	<u>(4,533,805)</u>	<u>(0.5)</u>	<u>(1,182,750)</u>	<u>(0.2)</u>
8300	Other comprehensive income, net	<u>(4,604,412)</u>	<u>(0.5)</u>	<u>(1,265,546)</u>	<u>(0.2)</u>
8500	Comprehensive income	<u>\$ 1,553,625</u>	<u>0.2</u>	<u>7,702,460</u>	<u>1.0</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 5,749,525	0.7	8,130,890	1.2
8620	Profit, attributable to non-controlling interests	<u>408,512</u>	<u>-</u>	<u>837,116</u>	<u>-</u>
		<u>\$ 6,158,037</u>	<u>0.7</u>	<u>8,968,006</u>	<u>1.2</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 1,189,818	0.1	6,916,562	1.0
8720	Comprehensive income, attributable to non-controlling interests	<u>363,807</u>	<u>-</u>	<u>785,898</u>	<u>-</u>
		<u>\$ 1,553,625</u>	<u>0.1</u>	<u>7,702,460</u>	<u>1.0</u>
	Earnings per share (note 6(v))				
9750	Basic earnings per share	<u>\$ 1.32</u>		<u>1.88</u>	
9850	Diluted earnings per share	<u>\$ 1.31</u>		<u>1.84</u>	

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
	Retained earnings						Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2016	\$ 44,711,266	12,838,638	16,571,311	3,139,021	32,167,179	51,877,511	2,803,061	(6,010,432)	(719,510)	(3,926,881)	(1,724,739)	103,775,795	5,822,321	109,598,116
Profit for the year ended December 31, 2016	-	-	-	-	8,130,890	8,130,890	-	-	-	-	-	8,130,890	837,116	8,968,006
Other comprehensive income	-	-	-	-	(74,452)	(74,452)	(1,478,779)	346,602	(7,699)	(1,139,876)	-	(1,214,328)	(51,218)	(1,265,546)
Comprehensive income	-	-	-	-	8,056,438	8,056,438	(1,478,779)	346,602	(7,699)	(1,139,876)	-	6,916,562	785,898	7,702,460
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	868,461	-	(868,461)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	60,653	(60,653)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,426,671)	(4,426,671)	-	-	-	-	-	(4,426,671)	-	(4,426,671)
Cash dividends from capital surplus	-	(885,334)	-	-	-	-	-	-	-	-	-	(885,334)	-	(885,334)
Changes in ownership interests in subsidiaries	-	22	-	-	(658)	(658)	-	-	-	-	-	(636)	-	(636)
Changes in equity of associates and joint ventures accounted for using equity method	-	1,723	-	-	(10,527)	(10,527)	-	-	-	-	-	(8,804)	-	(8,804)
Share-based payments transaction	(31,500)	(40,846)	-	-	3,671	3,671	-	-	442,104	442,104	-	373,429	-	373,429
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,048	-	-	-	-	-	-	-	-	-	60,048	-	60,048
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(128,793)	(128,793)
Retirement of treasury share	(438,160)	(194,977)	-	-	(210,355)	(210,355)	-	-	-	-	843,492	-	-	-
Balance at December 31, 2016	44,241,606	11,779,274	17,439,772	3,199,674	34,649,963	55,289,409	1,324,282	(5,663,830)	(285,105)	(4,624,653)	(881,247)	105,804,389	6,479,426	112,283,815
Profit for the year ended December 31, 2017	-	-	-	-	5,749,525	5,749,525	-	-	-	-	-	5,749,525	408,512	6,158,037
Other comprehensive income	-	-	-	-	(68,107)	(68,107)	(4,801,658)	310,058	-	(4,491,600)	-	(4,559,707)	(44,705)	(4,604,412)
Total comprehensive income	-	-	-	-	5,681,418	5,681,418	(4,801,658)	310,058	-	(4,491,600)	-	1,189,818	363,807	1,553,625
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	813,089	-	(813,089)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,139,875	(1,139,875)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,422,153)	(4,422,153)	-	-	-	-	-	(4,422,153)	-	(4,422,153)
Cash dividends from capital surplus	-	(884,431)	-	-	-	-	-	-	-	-	-	(884,431)	-	(884,431)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	33,016	-	-	(2,179)	(2,179)	-	-	-	-	-	30,837	357,314	388,151
Changes in ownership interests in subsidiaries	-	142	-	-	(424)	(424)	-	-	-	-	-	(282)	-	(282)
Changes in equity of associates and joint ventures accounted for using equity method	-	14,217	-	-	(194)	(194)	-	-	-	-	-	14,023	-	14,023
Share-based payments transaction	(49,690)	(63,472)	-	-	11,269	11,269	-	-	205,249	205,249	-	103,356	-	103,356
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,027	-	-	-	-	-	-	-	-	-	60,027	-	60,027
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(448,159)	(448,159)
Balance at December 31, 2017	\$ 44,191,916	10,938,773	18,252,861	4,339,549	33,964,736	56,557,146	(3,477,376)	(5,353,772)	(79,856)	(8,911,004)	(881,247)	101,895,584	6,752,388	108,647,972

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from (used in) operating activities:		
Profit before tax	\$ 8,114,277	11,813,345
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	5,184,672	5,668,112
Increase (decrease) in allowance for uncollectible accounts	3,007,185	643,362
Finance cost	1,297,965	946,893
Interest income	(877,370)	(561,897)
Dividend income	(169,839)	(191,333)
Compensation cost of share-based payment	110,855	398,302
Share of profit of associates and joint ventures accounted for using equity method	(606,567)	(1,071,985)
Loss (gain) on disposal of property, plant and equipment	(110,846)	(87,995)
Loss (gain) on disposal of investments	4,252	(112,448)
Impairment loss on financial assets	19,405	239,989
Long-term prepaid rents	13,135	14,171
Adjustments to reconcile profit (loss)	7,872,847	5,885,171
Changes in operating assets and liabilities:		
Changes in operating assets:		
Changes in financial assets at fair value through profit or loss	45,734	(61,028)
Decrease (increase) in notes and accounts receivable	(4,986,899)	(11,651,155)
Decrease (increase) in other receivable	(59,604)	(306,896)
Decrease (increase) in inventories	(21,407,587)	(1,605,047)
Decrease (increase) in other current assets	(974,717)	127,598
Decrease (increase) in other non-current assets	(90,471)	153,782
Total changes in operating assets	(27,473,544)	(13,342,746)
Changes in operating liabilities:		
Changes in financial liabilities at fair value through profit or loss	(113,026)	108,274
Increase (decrease) in notes and accounts payable	12,535,881	953,860
Increase (decrease) in other payable	(1,776,989)	(52,699)
Increase (decrease) in provisions	(14,655)	(546,616)
Increase (decrease) in unearned revenue	(156,532)	26,584
Increase (decrease) in other current liabilities	171,564	(607,250)
Others	109,229	197,107
Total changes in operating liabilities	10,755,472	79,260
Total changes in operating assets and liabilities	(16,718,072)	(13,263,486)
Total adjustments	(8,845,225)	(7,378,315)
Cash flows from (used in) operations	(730,948)	4,435,030
Interest received	884,079	552,344
Dividends received	313,738	313,080
Interest paid	(1,242,536)	(905,672)
Income taxes paid	(1,405,335)	(3,107,120)
Net cash flows from (used in) operating activities	(2,181,002)	1,287,662
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method, available-for-sale financial assets and financial assets at cost	(97,009)	(186,052)
Proceeds from disposal of investments accounted for using equity method and available-for-sale financial assets	2,265,745	345,026
Redemption from bond investments without active market	350,000	350,000
Net cash flow from disposal of subsidiaries	129,000	(139,401)
Proceeds from capital reduction and liquidation of investments	28,615	47,695
Acquisition of property, plant and equipment	(3,378,053)	(3,595,770)
Proceeds from disposal of property, plant and equipment	183,253	519,243
Acquisition of intangible assets	(386,935)	(579,740)
Others	30,451	57,033
Net cash flows from (used in) investing activities	(874,933)	(3,181,966)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	13,034,748	13,999,601
Proceeds from long-term borrowings	12,664,420	23,515,000
Repayments of long-term borrowings	(17,133,095)	(20,166,617)
Cash dividends paid	(5,246,557)	(5,251,957)
Acquisition of non-controlling interests	(35,699)	(8,643)
Proceed of disposal of ownership interests in subsidiaries (without losing control)	413,257	-
Change in non-controlling interests	(447,794)	(153,961)
Others	13,581	(20,238)
Net cash flows from (used in) financing activities	3,262,861	11,913,185
Effect of exchange rate changes on cash and cash equivalents	(3,094,809)	180,173
Net increase (decrease) in cash and cash equivalents	(2,887,883)	10,199,054
Cash and cash equivalents at beginning of period	72,950,596	62,751,542
Cash and cash equivalents at end of period	\$ 70,062,713	72,950,596

See accompanying notes to financial statements.

