

Independent Auditors' Review Report

To COMPAL ELECTRONICS, INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of COMPAL ELECTRONICS, INC. and its subsidiaries as of September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2019 and 2018, as well as the changes in equity and cash flows for the nine months ended September 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$22,162,821 thousand and \$20,384,537 thousand, constituting 5.3% and 4.7% of consolidated total assets as of September 30, 2019 and 2018, respectively, total liabilities amounting to \$3,174,818 thousand and \$4,996,067 thousand, constituting 1.0% and 1.6% of consolidated total liabilities as of September 30, 2019 and 2018, respectively, and total comprehensive income amounting to \$(46,775) thousand, \$(31,367) thousand, \$(38,266) thousand and \$190,658 thousand, constituting (2.9)%, (0.9)%, (0.6)% and 2.3% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2019 and 2018, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of COMPAL ELECTRONICS, INC. and its subsidiaries as of September 30, 2019 and 2018, and of its consolidated financial performance for the three months and nine months ended September 30, 2019 and 2018, as well as its consolidated cash flows for the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Szu-Chuan Chien and Yiu-Kwan Au.

KPMG

Taipei, Taiwan (Republic of China)
November 11, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2019 and 2018

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2019, December 31, 2018, and September 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2019		December 31, 2018		September 30, 2018				September 30, 2019		December 31, 2018		September 30, 2018	
Assets		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note (6)(a))	\$ 55,444,483	13.3	70,296,545	17.6	72,064,833	16.7	2100	Short-term borrowings (note (6)(n))	\$ 67,790,281	16.2	72,350,197	18.1	84,959,651	19.7
1110	Current financial assets at fair value through profit or loss (note (6)(b))	3,838,516	0.9	4,611,134	1.1	3,893,302	0.9	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	950	-	26,913	-	11,546	-
1136	Current financial assets at amortized cost (note (6)(c))	-	-	350,000	0.1	350,000	0.1	2125	Current derivative financial liabilities for hedging (note (6)(d))	-	-	-	-	1,808	-
1170	Notes and accounts receivable, net (note (6)(f))	204,651,901	49.0	203,715,965	51.0	209,474,786	48.5	2130	Current contract liabilities (note (6)(aa))	1,234,894	0.3	1,476,304	0.4	1,480,288	0.3
1180	Notes and accounts receivable due from related parties, net (notes (6)(f) and (7))	104,454	-	58,106	-	24,725	-	2170	Notes and accounts payable	173,419,466	41.5	152,300,093	38.1	168,876,386	39.1
1200	Other receivables, net (notes (6)(f) and (7))	1,799,346	0.4	1,665,249	0.4	2,021,133	0.5	2180	Notes and accounts payable to related parties (note (7))	1,526,774	0.4	1,976,620	0.5	1,691,710	0.4
1310	Inventories (note (6)(g))	111,059,758	26.7	79,148,922	19.8	102,939,506	23.8	2200	Other payables (note (7))	21,219,396	5.1	19,558,007	4.9	24,266,789	5.6
1470	Other current assets (note (8))	<u>2,960,582</u>	<u>0.7</u>	<u>2,899,329</u>	<u>0.7</u>	<u>3,402,254</u>	<u>0.8</u>	2230	Current tax liabilities	3,898,574	0.9	3,722,191	0.9	4,437,087	1.0
		<u>379,859,040</u>	<u>91.0</u>	<u>362,745,250</u>	<u>90.7</u>	<u>394,170,539</u>	<u>91.3</u>	2250	Current provisions (note (6)(r))	820,158	0.2	426,981	0.1	441,086	0.1
Non-current assets:								2280	Current lease liabilities (note (6)(q))	632,012	0.2	-	-	-	-
1550	Investments accounted for using equity method (note (6)(h))	7,208,408	1.7	7,364,485	1.9	7,120,925	1.6	2300	Other current liabilities	2,528,005	0.6	3,255,135	0.8	2,540,214	0.6
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	121,036	-	69,390	-	45,165	-	2365	Current refund liabilities (note (6)(s))	1,669,019	0.4	1,579,832	0.4	1,039,668	0.2
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	4,637,345	1.1	5,172,295	1.3	5,585,923	1.3	2322	Long-term borrowings, current portion (note (6)(o))	<u>16,889,375</u>	<u>4.0</u>	<u>17,535,625</u>	<u>4.4</u>	<u>18,054,375</u>	<u>4.2</u>
1600	Property, plant and equipment (notes (6)(l) and (8))	19,880,190	4.8	20,418,228	5.1	20,585,966	4.8			<u>291,628,904</u>	<u>69.8</u>	<u>274,207,898</u>	<u>68.6</u>	<u>307,800,608</u>	<u>71.2</u>
1755	Right-of-use assets (note (6)(m))	2,619,473	0.6	-	-	-	-	Non-Current liabilities:							
1780	Intangible assets	1,647,543	0.4	1,516,253	0.4	1,464,509	0.3	2530	Bonds payable (note (6)(p))	963,090	0.2	-	-	-	-
1840	Deferred tax assets	1,020,966	0.2	1,023,948	0.3	1,554,160	0.4	2540	Long-term borrowings (note (6)(o))	8,968,906	2.1	10,998,438	2.7	11,458,281	2.7
1985	Long-term prepaid rents	-	-	891,147	0.2	890,856	0.2	2570	Deferred tax liabilities	495,708	0.1	478,169	0.1	701,589	0.2
1990	Other non-current assets (note (8))	<u>696,385</u>	<u>0.2</u>	<u>593,827</u>	<u>0.1</u>	<u>525,153</u>	<u>0.1</u>	2580	Non-current lease liabilities (note (6)(q))	990,136	0.2	-	-	-	-
		<u>37,831,346</u>	<u>9.0</u>	<u>37,049,573</u>	<u>9.3</u>	<u>37,772,657</u>	<u>8.7</u>	2640	Non-current net defined benefit liability	700,118	0.2	710,146	0.2	696,840	0.2
								2670	Non-current liabilities, others (note (6)(h))	<u>231,246</u>	<u>0.1</u>	<u>238,324</u>	<u>0.1</u>	<u>200,215</u>	<u>-</u>
										<u>12,349,204</u>	<u>2.9</u>	<u>12,425,077</u>	<u>3.1</u>	<u>13,056,925</u>	<u>3.1</u>
									Total liabilities	<u>303,978,108</u>	<u>72.7</u>	<u>286,632,975</u>	<u>71.7</u>	<u>320,857,533</u>	<u>74.3</u>
									Equity:						
									Equity attributable to owners of parent (notes (6)(v) and (6)(w)):						
								3110	Ordinary share	44,071,466	10.6	44,071,466	11.0	44,071,466	10.2
								3200	Capital surplus	9,133,450	2.2	9,932,434	2.5	9,965,268	2.3
								3300	Retained earnings	56,948,143	13.6	60,060,381	15.0	58,424,825	13.5
								3400	Other equity interest	(3,457,703)	(0.8)	(7,459,388)	(1.8)	(7,466,391)	(1.7)
								3500	Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>
										<u>105,814,109</u>	<u>25.4</u>	<u>105,723,646</u>	<u>26.5</u>	<u>104,113,921</u>	<u>24.1</u>
								36XX	Non-controlling interests	<u>7,898,169</u>	<u>1.9</u>	<u>7,438,202</u>	<u>1.8</u>	<u>6,971,742</u>	<u>1.6</u>
									Total equity	<u>113,712,278</u>	<u>27.3</u>	<u>113,161,848</u>	<u>28.3</u>	<u>111,085,663</u>	<u>25.7</u>
Total assets		<u><u>\$ 417,690,386</u></u>	<u><u>100.0</u></u>	<u><u>399,794,823</u></u>	<u><u>100.0</u></u>	<u><u>431,943,196</u></u>	<u><u>100.0</u></u>	Total liabilities and equity		<u><u>\$ 417,690,386</u></u>	<u><u>100.0</u></u>	<u><u>399,794,823</u></u>	<u><u>100.0</u></u>	<u><u>431,943,196</u></u>	<u><u>100.0</u></u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended September 30				For the nine months ended September 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net sales revenue (notes (6)(z) and (7))	\$ 249,923,397	100.0	253,408,464	100.0	712,919,021	100.0	687,404,390	100.0
5000	Cost of sales (notes (6)(g), (7) and (12))	<u>241,860,510</u>	<u>96.8</u>	<u>246,019,083</u>	<u>97.1</u>	<u>688,527,276</u>	<u>96.6</u>	<u>665,592,534</u>	<u>96.8</u>
	Gross profit	<u>8,062,887</u>	<u>3.2</u>	<u>7,389,381</u>	<u>2.9</u>	<u>24,391,745</u>	<u>3.4</u>	<u>21,811,856</u>	<u>3.2</u>
	Operating expenses: (notes (6)(t), (6)(u) and (12))								
6100	Selling expenses	1,249,685	0.5	1,109,378	0.4	3,689,529	0.5	3,171,629	0.5
6200	Administrative expenses	1,051,783	0.4	1,106,466	0.4	3,063,209	0.4	3,084,256	0.4
6300	Research and development expenses	<u>3,341,570</u>	<u>1.3</u>	<u>3,267,254</u>	<u>1.3</u>	<u>10,138,266</u>	<u>1.4</u>	<u>8,971,307</u>	<u>1.3</u>
		<u>5,643,038</u>	<u>2.2</u>	<u>5,483,098</u>	<u>2.1</u>	<u>16,891,004</u>	<u>2.3</u>	<u>15,227,192</u>	<u>2.2</u>
	Net operating income	<u>2,419,849</u>	<u>1.0</u>	<u>1,906,283</u>	<u>0.8</u>	<u>7,500,741</u>	<u>1.1</u>	<u>6,584,664</u>	<u>1.0</u>
	Non-operating income and expenses:								
7020	Other gains and losses, net (notes (6)(d), (6)(h), (6)(j), (6)(ab) and (6)(ad))	199,194	0.1	2,439,988	0.9	290,950	-	2,287,729	0.3
7050	Finance costs (notes (6)(p) and (6)(q))	(649,050)	(0.3)	(709,778)	(0.3)	(2,138,992)	(0.3)	(1,741,563)	(0.3)
7190	Other income (note (6)(ab))	545,543	0.2	490,734	0.2	1,615,555	0.2	1,562,778	0.2
7590	Miscellaneous disbursements	(6,474)	-	(4,561)	-	(18,853)	-	(12,959)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(h))	<u>(1,696)</u>	<u>-</u>	<u>253,887</u>	<u>0.1</u>	<u>(9,700)</u>	<u>-</u>	<u>548,123</u>	<u>0.1</u>
	Total non-operating income and expenses	<u>87,517</u>	<u>-</u>	<u>2,470,270</u>	<u>0.9</u>	<u>(261,040)</u>	<u>(0.1)</u>	<u>2,644,108</u>	<u>0.3</u>
7900	Profit from continuing operations before tax	2,507,366	1.0	4,376,553	1.7	7,239,701	1.0	9,228,772	1.3
7950	Less: Income tax expenses (note (6)(v))	<u>463,198</u>	<u>0.2</u>	<u>514,537</u>	<u>0.2</u>	<u>1,503,446</u>	<u>0.2</u>	<u>1,494,285</u>	<u>0.2</u>
	Profit	<u>2,044,168</u>	<u>0.8</u>	<u>3,862,016</u>	<u>1.5</u>	<u>5,736,255</u>	<u>0.8</u>	<u>7,734,487</u>	<u>1.1</u>
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(51,268)	-	(58,370)	-	(79,813)	-	(779,603)	(0.1)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	52,214	-	(5,737)	-	87,233	-	(60,578)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(v))	<u>3,722</u>	<u>-</u>	<u>10,337</u>	<u>-</u>	<u>23,222</u>	<u>-</u>	<u>(54,244)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(2,776)</u>	<u>-</u>	<u>(74,444)</u>	<u>-</u>	<u>(15,802)</u>	<u>-</u>	<u>(785,937)</u>	<u>(0.1)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(198,051)	(0.1)	106,108	-	556,163	0.1	1,416,190	0.2
8368	Gains (losses) on hedging instrument (note (6)(ac))	-	-	(10,530)	-	-	-	(1,808)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(215,914)	(0.1)	(269,454)	(0.1)	(156,234)	-	(222,328)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(v))	<u>(2,158)</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>541</u>	<u>-</u>	<u>4,354</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(411,807)</u>	<u>(0.2)</u>	<u>(174,088)</u>	<u>(0.1)</u>	<u>399,388</u>	<u>0.1</u>	<u>1,187,700</u>	<u>0.2</u>
8300	Other comprehensive income	<u>(414,583)</u>	<u>(0.2)</u>	<u>(248,532)</u>	<u>(0.1)</u>	<u>383,586</u>	<u>0.1</u>	<u>401,763</u>	<u>0.1</u>
8500	Total comprehensive income	<u>\$ 1,629,585</u>	<u>0.6</u>	<u>3,613,484</u>	<u>1.4</u>	<u>6,119,841</u>	<u>0.9</u>	<u>8,136,250</u>	<u>1.2</u>
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	\$ 1,800,061	0.7	3,733,179	1.4	4,941,697	0.7	7,218,776	1.0
8620	Profit, attributable to non-controlling interests	<u>244,107</u>	<u>0.1</u>	<u>128,837</u>	<u>0.1</u>	<u>794,558</u>	<u>0.1</u>	<u>515,711</u>	<u>0.1</u>
		<u>\$ 2,044,168</u>	<u>0.8</u>	<u>3,862,016</u>	<u>1.5</u>	<u>5,736,255</u>	<u>0.8</u>	<u>7,734,487</u>	<u>1.1</u>
	Comprehensive income attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 1,391,359	0.5	3,490,118	1.4	5,323,485	0.8	7,604,613	1.1
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>238,226</u>	<u>0.1</u>	<u>123,366</u>	<u>-</u>	<u>796,356</u>	<u>0.1</u>	<u>531,637</u>	<u>0.1</u>
		<u>\$ 1,629,585</u>	<u>0.6</u>	<u>3,613,484</u>	<u>1.4</u>	<u>6,119,841</u>	<u>0.9</u>	<u>8,136,250</u>	<u>1.2</u>
	Earnings per share (note 6(y))								
9750	Basic earnings per share	<u>\$ 0.41</u>		<u>0.86</u>		<u>1.13</u>		<u>1.66</u>	
9850	Diluted earnings per share	<u>\$ 0.41</u>		<u>0.85</u>		<u>1.12</u>		<u>1.64</u>	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2019 and 2018****(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 financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Unearned employee benefit and others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	\$ 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
Effects of retrospective application	-	-	-	-	494,051	494,051	-	(5,847,823)	5,353,772	-	(494,051)	-	-	-	-
Adjusted balance at January 1, 2018	<u>44,191,916</u>	<u>10,938,773</u>	<u>18,252,861</u>	<u>4,339,549</u>	<u>34,458,787</u>	<u>57,051,197</u>	<u>(3,477,376)</u>	<u>(5,847,823)</u>	<u>-</u>	<u>(79,856)</u>	<u>(9,405,055)</u>	<u>(881,247)</u>	<u>101,895,584</u>	<u>6,752,388</u>	<u>108,647,972</u>
Profit for the nine months ended September 30, 2018	-	-	-	-	7,218,776	7,218,776	-	-	-	-	-	-	7,218,776	515,711	7,734,487
Other comprehensive income	-	-	-	-	28,828	28,828	1,175,865	(818,204)	-	(652)	357,009	-	385,837	15,926	401,763
Total comprehensive income	-	-	-	-	7,247,604	7,247,604	1,175,865	(818,204)	-	(652)	357,009	-	7,604,613	531,637	8,136,250
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	574,953	-	(574,953)	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,491,599	(4,491,599)	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	128	-	-	(477,345)	(477,345)	-	476,199	-	-	476,199	-	(1,018)	-	(1,018)
Changes in equity of associates and joint ventures accounted for using equity method	-	(459)	-	-	(1,155)	(1,155)	-	1,130	-	-	1,130	-	(484)	-	(484)
Share-based payments transaction	(120,450)	(151,766)	-	-	36,141	36,141	-	-	-	79,856	79,856	-	(156,219)	-	(156,219)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(1,024,470)	(1,024,470)	-	1,024,470	-	-	1,024,470	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(312,283)	(312,283)
Balance at September 30, 2018	<u>\$ 44,071,466</u>	<u>9,965,268</u>	<u>18,827,814</u>	<u>8,831,148</u>	<u>30,765,863</u>	<u>58,424,825</u>	<u>(2,301,511)</u>	<u>(5,164,228)</u>	<u>-</u>	<u>(652)</u>	<u>(7,466,391)</u>	<u>(881,247)</u>	<u>104,113,921</u>	<u>6,971,742</u>	<u>111,085,663</u>
Balance at January 1, 2019	\$ 44,071,466	9,932,434	18,827,814	8,831,148	32,401,419	60,060,381	(1,852,952)	(5,606,436)	-	-	(7,459,388)	(881,247)	105,723,646	7,438,202	113,161,848
Profit for the nine months ended September 30, 2019	-	-	-	-	4,941,697	4,941,697	-	-	-	-	-	-	4,941,697	794,558	5,736,255
Other comprehensive income	-	-	-	-	451	451	397,393	(16,056)	-	-	381,337	-	381,788	1,798	383,586
Total comprehensive income	-	-	-	-	4,942,148	4,942,148	397,393	(16,056)	-	-	381,337	-	5,323,485	796,356	6,119,841
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	891,336	-	(891,336)	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(1,363,317)	1,363,317	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	18,146	-	-	-	-	-	-	-	-	-	-	18,146	-	18,146
Changes in equity of associates and joint ventures accounted for using equity method	-	4,278	-	-	(26,891)	(26,891)	-	-	-	-	-	-	(22,613)	-	(22,613)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(3,620,348)	(3,620,348)	-	3,620,348	-	-	3,620,348	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(336,389)	(336,389)
Balance at September 30, 2019	<u>\$ 44,071,466</u>	<u>9,133,450</u>	<u>19,719,150</u>	<u>7,467,831</u>	<u>29,761,162</u>	<u>56,948,143</u>	<u>(1,455,559)</u>	<u>(2,002,144)</u>	<u>-</u>	<u>-</u>	<u>(3,457,703)</u>	<u>(881,247)</u>	<u>105,814,109</u>	<u>7,898,169</u>	<u>113,712,278</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 7,239,701	9,228,772
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	4,750,872	3,661,736
Increase (decrease) in expected credit loss	19,883	10,730
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(41,398)	(77,875)
Finance cost	2,138,992	1,741,563
Interest income	(1,292,482)	(986,443)
Dividend income	(127,349)	(279,044)
Compensation cost of share-based payments	75,333	(156,241)
Share of loss (profit) of associates and joint ventures accounted for using equity method	9,700	(548,123)
Gain on disposal of property, plant and equipment	(37,416)	(23,645)
Gain on disposal of investments	(58,107)	(2,511,085)
Long-term prepaid rents	-	10,054
Total adjustments to reconcile profit (loss)	5,438,028	841,627
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	138,759	(3,003,940)
Decrease (increase) in notes and accounts receivable	(1,006,441)	(31,981,516)
Decrease (increase) in other receivable	(379,055)	(1,092,309)
Decrease (increase) in inventories	(31,910,836)	(33,482,419)
Decrease (increase) in other current assets	(62,691)	48,682
Decrease (increase) in other non-current assets	(8,041)	(130,024)
Total changes in operating assets	(33,228,305)	(69,641,526)
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	(25,963)	(12,917)
Increase (decrease) in notes and accounts payable	20,668,983	28,550,272
Increase (decrease) in other payable	1,600,510	5,715,032
Increase (decrease) in refund liabilities	89,187	(479,638)
Increase (decrease) in provisions	393,177	53,939
Increase (decrease) in contract liabilities	(241,410)	(185,033)
Increase (decrease) in other current liabilities	(728,058)	(483,329)
Others	(9,986)	19,800
Total changes in operating liabilities	21,746,440	33,178,126
Total changes in operating assets and liabilities	(11,481,865)	(36,463,400)
Total adjustments	(6,043,837)	(35,621,773)
Cash inflow (outflow) generated from operations	1,195,864	(26,393,001)
Interest received	1,538,603	986,465
Dividends received	266,110	411,211
Interest paid	(2,496,337)	(1,608,800)
Income taxes paid	(1,289,006)	(1,437,782)
Net cash flows from (used in) operating activities	(784,766)	(28,041,907)
Cash flows from (used in) investing activities:		
Redemption from financial assets at amortized cost	350,000	350,000
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(264,262)	(107,877)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	1,283,447	720,290
Acquisition of investments accounted for using equity method	(43,200)	-
Proceeds from disposal of investments accounted for using equity method	-	7,384,102
Net cash flow from disposal of subsidiaries	143,495	-
Proceeds from capital reduction of investments	7,377	12,025
Acquisition of property, plant and equipment	(3,145,603)	(3,354,526)
Proceeds from disposal of property, plant and equipment	97,377	28,576
Acquisition of intangible assets	(461,970)	(434,604)
Acquisition of right-of-use assets	(151,459)	-
Increase in long-term prepaid rents	-	(315,371)
Others	(25,891)	(66,164)
Net cash flows from (used in) investing activities	(2,210,689)	4,216,451
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(4,559,916)	28,444,126
Proceeds from issuing bonds	1,007,240	-
Proceeds from long-term borrowings	44,753,624	21,567,199
Repayments of long-term borrowings	(47,427,456)	(19,507,431)
Payment of lease liabilities	(584,470)	-
Cash dividends paid	(5,228,555)	(5,228,555)
Acquisition of non-controlling interests	-	(1,570)
Change in non-controlling interests	(492,742)	(300,163)
Others	(47,723)	20,008
Net cash flows from (used in) financing activities	(12,579,998)	24,993,614
Effect of exchange rate changes on cash and cash equivalents	723,391	833,962
Net increase (decrease) in cash and cash equivalents	(14,852,062)	2,002,120
Cash and cash equivalents at beginning of period	70,296,545	70,062,713
Cash and cash equivalents at end of period	\$ 55,444,483	72,064,833

See accompanying notes to consolidated financial statements.