

Independent Auditors' Report

To the Board of Directors
Compal Electronics, Inc.:

We have reviewed the accompanying consolidated balance sheets of Compal Electronics, Inc. and subsidiaries as of March 31, 2015, and 2014 (retrospectively adjusted), the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the three months ended March 31, 2015 and 2014 (retrospectively adjusted). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

Except as described in the following paragraph, we conducted our review in accordance with the guidelines of ROC Statement on Auditing Standards No. 36, "Engagements to Review Financial Statements". Those guidelines require that we plan and perform the review, consisting principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and with the objective of expressing an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Also included in the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent auditors. These consolidated subsidiaries reflect total assets amounting to \$23,827,702,000 and \$31,321,016,000, constituting 7.0% and 9.7% of consolidated totals, as of March 31, 2015 and 2014, respectively. The total liabilities of these subsidiaries amounting to \$3,108,729,000 and \$10,133,098,000, constituting 1.4% and 4.5% of the consolidated totals, as of March 31, 2015 and 2014, respectively. The comprehensive income (loss) of these subsidiaries amounting to \$(520,564,000) and \$502,621,000, constituting (29.4)% and (57.6)% of the consolidated totals, for the three months ended March 31, 2015 and 2014, respectively.

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards, International Accounting Standards and interpretations endorsed by the Financial Supervisory Commissions in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language versions of the auditors' report and financial statements, the Chinese version shall prevail.

Based on our review, we are not aware of any modifications that should be made, in any material respects, except for the effects of the adjustments, if any, that might have emerged had the financial statements of the said consolidated subsidiaries been reviewed by independent auditors, to the accompanying consolidated financial statements described in the first paragraph for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34, "Interim Financial Reporting" which are endorsed by the Financial Supervisory Commission.

As stated in note 6(c) of the consolidated financial statements, Compal Electronics, Inc. and its subsidiaries recognized an impairment loss of \$4,730,000,000 on the equity investment in Chunghwa Picture Tube, Ltd. for the three months ended March 31, 2014.

As stated in note 3(a) of the consolidated financial statements, starting from January 1, 2015, the consolidated financial statement of Compal Electronics, Inc. and its subsidiaries are prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting standards (2013), International Accounting Standards (2013), IFRSC Interpretations (2013) and SIC Interpretations (not including International Accounting Standards No. 9) endorsed by the Financial Supervisory Commission R.O.C., and retrospectively adjusted of the consolidated financial statements for the three months ended March 31, 2014. The adjustment does not have significant impact to the consolidated financial statements.

May 11, 2015

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards, International Accounting Standards and interpretations endorsed by the Financial Supervisory Commissions in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language versions of the auditors' report and financial statements, the Chinese version shall prevail.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (the amounts as of March 31, 2015 and 2014 are unaudited)

**March 31, 2015, and December 31 and March 31, 2014
(expressed in thousands of New Taiwan dollars)**

Assets	March 31, 2015		December 31, 2014 (retrospectively adjusted)		March 31, 2014 (retrospectively adjusted)		Liabilities and equity	March 31, 2015		December 31, 2014 (retrospectively adjusted)		March 31, 2014 (retrospectively adjusted)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
Cash and cash equivalents	\$ 68,027,655	20.1	74,708,130	19.7	49,841,243	15.5	Short-term borrowings	\$ 40,898,897	12.1	46,692,373	12.3	45,938,736	14.3
Current financial assets at fair value through profit or loss	250,903	0.1	184,093	-	151,934	0.1	Current financial liabilities at fair value through profit or loss	85,459	-	39,310	-	69,742	-
Current available-for-sale financial assets	52,177	-	44,538	-	91,674	-	Notes and accounts payable	134,687,330	39.8	170,739,133	45.1	133,722,448	41.5
Current bond investment without active market	350,000	0.1	350,000	0.1	1,745,000	0.5	Notes and accounts payable to related parties	995,700	0.3	1,167,152	0.3	1,742,476	0.5
Notes and accounts receivable, net	146,386,438	43.3	178,552,207	47.2	161,697,049	50.1	Other payables	16,313,515	4.8	18,216,304	4.8	15,776,296	4.9
Notes and accounts receivable due from related parties, net	242,352	0.1	343,030	0.1	221,443	0.1	Current tax liabilities	2,670,347	0.8	2,180,985	0.6	1,623,844	0.5
Other receivables	1,121,175	0.3	788,334	0.2	1,290,023	0.4	Current provisions	1,998,465	0.6	2,066,581	0.5	1,702,768	0.5
Inventories	67,000,826	19.8	67,270,875	17.8	58,699,909	18.2	Other current liabilities	4,880,779	1.4	3,233,431	0.9	3,288,556	1.0
Non-current assets classified as held for sale	-	-	-	-	1,000,000	0.3	Unearned revenue	2,412,878	0.7	2,294,765	0.6	2,015,962	0.6
Other current assets	2,147,676	0.6	2,604,042	0.7	2,358,272	0.7	Long-term borrowings, current portion	3,433,042	1.0	3,634,233	1.0	541,795	0.2
	<u>285,579,202</u>	<u>84.4</u>	<u>324,845,249</u>	<u>85.8</u>	<u>277,096,547</u>	<u>85.9</u>		<u>208,376,412</u>	<u>61.5</u>	<u>250,264,267</u>	<u>66.1</u>	<u>206,422,623</u>	<u>64.0</u>
Non-current assets:							Non-current liabilities:						
Investments accounted for using equity method	11,323,358	3.3	11,694,855	3.1	9,539,919	3.0	Long-term borrowings	19,628,302	5.9	20,504,301	5.4	17,783,406	5.5
Non-current available-for-sale financial assets	11,927,420	3.5	12,402,009	3.3	10,224,561	3.2	Deferred tax liabilities	1,179,283	0.3	1,136,411	0.3	689,229	0.2
Non-current financial assets at cost	113,320	-	83,202	-	6,588	-	Non-current net defined benefit liabilities	459,577	0.1	462,009	0.1	426,814	0.1
Non-current bond investment without active market	1,400,000	0.4	1,400,000	0.4	-	-	Other non-current liabilities	120,183	-	163,793	-	131,222	0.1
Property, plant and equipment	24,286,366	7.2	24,472,732	6.4	22,109,195	6.8		<u>21,387,345</u>	<u>6.3</u>	<u>22,266,514</u>	<u>5.8</u>	<u>19,030,671</u>	<u>5.9</u>
Intangible assets	1,184,613	0.3	1,035,162	0.3	1,214,052	0.4	Total liabilities	<u>229,763,757</u>	<u>67.8</u>	<u>272,530,781</u>	<u>71.9</u>	<u>225,453,294</u>	<u>69.9</u>
Deferred tax assets	1,562,205	0.5	1,653,141	0.4	1,208,164	0.4	Equity attributable to owners of parent:						
Long-term prepaid rents	723,259	0.2	735,246	0.2	719,059	0.2	Ordinary shares	44,725,966	13.2	44,232,366	11.7	44,136,301	13.7
Other non-current assets	519,155	0.2	429,122	0.1	369,831	0.1	Capital surplus	14,984,493	4.4	14,296,445	3.8	16,193,084	5.0
	<u>53,039,696</u>	<u>15.6</u>	<u>53,905,469</u>	<u>14.2</u>	<u>45,391,369</u>	<u>14.1</u>	Retained earnings	49,724,086	14.7	47,721,872	12.6	40,647,899	12.6
							Other equity interest	(4,448,074)	(1.3)	(3,139,021)	(0.8)	(6,453,831)	(2.0)
							Treasury shares	(1,724,739)	(0.5)	(1,724,739)	(0.5)	(2,007,725)	(0.6)
								<u>103,261,732</u>	<u>30.5</u>	<u>101,386,923</u>	<u>26.8</u>	<u>92,515,728</u>	<u>28.7</u>
							Non-controlling interests	<u>5,593,409</u>	<u>1.7</u>	<u>4,833,014</u>	<u>1.3</u>	<u>4,518,894</u>	<u>1.4</u>
							Total equity	<u>108,855,141</u>	<u>32.2</u>	<u>106,219,937</u>	<u>28.1</u>	<u>97,034,622</u>	<u>30.1</u>
Total assets	\$ <u>338,618,898</u>	<u>100.0</u>	<u>378,750,718</u>	<u>100.0</u>	<u>322,487,916</u>	<u>100.0</u>	Total liabilities and equity	\$ <u>338,618,898</u>	<u>100.0</u>	<u>378,750,718</u>	<u>100.0</u>	<u>322,487,916</u>	<u>100.0</u>

See accompanying notes to the consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated statements of comprehensive income (Unaudited)

For the three months ended March 31, 2015 and 2014

(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	Three months ended March 31, 2015		Three months ended March 31, 2014 (retrospectively adjusted)	
	Amount	%	Amount	%
Net sales revenue	\$ 198,112,443	100.0	170,634,865	100.0
Cost of sales	<u>189,552,995</u>	<u>95.7</u>	<u>163,290,486</u>	<u>95.7</u>
Gross profit	<u>8,559,448</u>	<u>4.3</u>	<u>7,344,379</u>	<u>4.3</u>
Operating expenses				
Selling expenses	1,216,189	0.6	900,905	0.5
Administrative expenses	1,190,002	0.6	1,177,437	0.7
Research and development expenses	<u>2,931,594</u>	<u>1.5</u>	<u>2,964,320</u>	<u>1.8</u>
	<u>5,337,785</u>	<u>2.7</u>	<u>5,042,662</u>	<u>3.0</u>
Net operating income	<u>3,221,663</u>	<u>1.6</u>	<u>2,301,717</u>	<u>1.3</u>
Non-operating income and expenses:				
Other gains and losses	(621,590)	(0.3)	674,845	0.4
Finance costs	(248,930)	(0.1)	(238,668)	(0.1)
Other income	367,216	0.2	255,781	0.1
Miscellaneous disbursements	(25,732)	-	(2,131)	-
Impairment loss	-	-	(4,732,121)	(2.8)
Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>(117,990)</u>	<u>(0.1)</u>	<u>270,225</u>	<u>0.2</u>
Total non-operating income and expenses	<u>(647,026)</u>	<u>(0.3)</u>	<u>(3,772,069)</u>	<u>(2.2)</u>
Profit (loss) before tax	2,574,637	1.3	(1,470,352)	(0.9)
Less: tax expense	<u>552,876</u>	<u>0.3</u>	<u>656,938</u>	<u>0.4</u>
Profit (loss)	<u>2,021,761</u>	<u>1.0</u>	<u>(2,127,290)</u>	<u>(1.3)</u>
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, exchange differences on translation	(791,600)	(0.4)	1,020,108	0.6
Other comprehensive income, before tax, available-for-sale financial assets	651,905	0.3	279,400	0.2
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(23,161)	-	(43,877)	-
Income tax relating to items that may be reclassified	<u>(87,061)</u>	<u>-</u>	<u>(1,516)</u>	<u>-</u>
	<u>(249,917)</u>	<u>(0.1)</u>	<u>1,254,115</u>	<u>0.8</u>
Comprehensive income	<u>\$ 1,771,844</u>	<u>0.9</u>	<u>(873,175)</u>	<u>(0.5)</u>
Profit, attributable to:				
Profit, attributable to owners of parent	\$ 2,016,150	1.0	(2,265,951)	(1.4)
Profit, attributable to non-controlling interests	5,611	-	138,661	0.1
	<u>\$ 2,021,761</u>	<u>1.0</u>	<u>(2,127,290)</u>	<u>(1.3)</u>
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	\$ 1,782,866	0.9	(1,019,114)	(0.6)
Comprehensive income, attributable to non-controlling interests	<u>(11,022)</u>	<u>-</u>	<u>145,939</u>	<u>0.1</u>
	<u>\$ 1,771,844</u>	<u>(0.9)</u>	<u>(873,175)</u>	<u>(0.5)</u>
Earnings per share:				
Basic net income per share	<u>\$ 0.47</u>		<u>(0.53)</u>	
Diluted net income per share	<u>\$ 0.46</u>		<u>(0.53)</u>	

See accompanying notes to the consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

**Consolidated statements of changes in equity (Unaudited)
For the three-month ended March 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)**

	Equity attributable to owners of parent													Total equity
	Retained earnings						Other equity interest						Non controlling interests	
	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	Unearned employee benefit	Total other equity interest	Treasury shares	Total equity attributable to owners of parent		
Balance on January 1, 2014	\$ 44,134,467	16,193,087	15,621,182	8,818,725	19,820,927	44,260,834	(1,846,674)	(5,860,844)	-	(7,707,518)	(2,007,725)	94,873,145	5,089,127	99,962,272
The effect of retroactively adjusted and retrospectively application	-	-	-	-	229,144	229,144	-	-	-	-	-	229,144	-	229,144
Balance on January 1, 2014 (retrospectively adjusted)	<u>44,134,467</u>	<u>16,193,087</u>	<u>15,621,182</u>	<u>8,818,725</u>	<u>20,050,071</u>	<u>44,489,978</u>	<u>(1,846,674)</u>	<u>(5,860,844)</u>	<u>-</u>	<u>(7,707,518)</u>	<u>(2,007,725)</u>	<u>95,102,289</u>	<u>5,089,127</u>	<u>100,191,416</u>
Profit for the three-month ended March 31, 2014 (retrospectively adjusted)	-	-	-	-	(2,265,951)	(2,265,951)	-	-	-	-	-	(2,265,951)	138,661	(2,127,290)
Other comprehensive income	-	-	-	-	-	-	975,632	271,205	-	1,246,837	-	1,246,837	7,278	1,254,115
Comprehensive income (retrospectively adjusted)	-	-	-	-	(2,265,951)	(2,265,951)	975,632	271,205	-	1,246,837	-	(1,019,114)	145,939	(873,175)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(1,575,776)	(1,575,776)	6,763	87	-	6,850	-	(1,568,926)	(725,878)	(2,294,804)
Change in ownership interests in subsidiaries	-	(1,928)	-	-	(352)	(352)	-	-	-	-	-	(2,280)	-	(2,280)
Issuance of shares for employee share options exercised	1,834	1,925	-	-	-	-	-	-	-	-	-	3,759	-	3,759
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	9,706	9,706
Balance on March 31, 2014 (retrospectively adjusted)	<u>\$ 44,136,301</u>	<u>16,193,084</u>	<u>15,621,182</u>	<u>8,818,725</u>	<u>16,207,992</u>	<u>40,647,899</u>	<u>(864,279)</u>	<u>(5,589,552)</u>	<u>-</u>	<u>(6,453,831)</u>	<u>(2,007,725)</u>	<u>92,515,728</u>	<u>4,518,894</u>	<u>97,034,622</u>
Balance on January 1, 2015 (retrospectively adjusted)	\$ 44,232,366	14,296,445	15,867,903	7,707,518	24,146,451	47,721,872	1,178,307	(4,317,328)	-	(3,139,021)	(1,724,739)	101,386,923	4,833,014	106,219,937
Profit for the three-month ended March 31, 2015	-	-	-	-	2,016,150	2,016,150	-	-	-	-	-	2,016,150	5,611	2,021,761
Other comprehensive income	-	-	-	-	-	-	(820,897)	587,613	-	(233,284)	-	(233,284)	(16,633)	(249,917)
Comprehensive income	-	-	-	-	2,016,150	2,016,150	(820,897)	587,613	-	(233,284)	-	1,782,866	(11,022)	1,771,844
Change in ownership interests in subsidiaries	-	21,584	-	-	(13,936)	(13,936)	-	-	-	-	-	7,648	-	7,648
Changes in equity of associates and joint ventures accounted for using equity method	-	104	-	-	-	-	-	-	-	-	-	104	-	104
Share-based payment transaction	493,600	666,360	-	-	-	-	-	-	(1,075,769)	(1,075,769)	-	84,191	-	84,191
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	771,417	771,417
Balance on March 31, 2015	<u>\$ 44,725,966</u>	<u>14,984,493</u>	<u>15,867,903</u>	<u>7,707,518</u>	<u>26,148,665</u>	<u>49,724,086</u>	<u>357,410</u>	<u>(3,729,715)</u>	<u>(1,075,769)</u>	<u>(4,448,074)</u>	<u>(1,724,739)</u>	<u>103,261,732</u>	<u>5,593,409</u>	<u>108,855,141</u>

See accompanying notes to the consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated statements of cash flows (Unaudited)

For the three months ended March 31, 2015 and 2014

(expressed in thousands of New Taiwan dollars)

	2015	2014 (retrospectively adjusted)
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ <u>2,574,637</u>	<u>(1,470,352)</u>
Adjustments:		
Depreciation and amortization	1,491,384	1,457,621
Decrease in allowances for uncollectible accounts and allowance for sales returns and discounts	(36,065)	(11,210)
Interest expense	248,930	238,668
Interest income	(212,542)	(209,946)
Compensation cost of employee share options	91,279	13,904
Share of loss (profit) of associates and joint ventures accounted for using equity method	117,990	(270,225)
Gain on disposal of property, plant and equipment	(9,348)	(30,817)
Loss on disposal of investments	86,629	-
Impairment loss on financial assets	-	4,732,121
Long-term prepaid rents	4,321	4,172
Adjustments to reconcile profit	<u>1,782,578</u>	<u>5,924,288</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Changes in financial assets at fair value through profit or loss	(66,810)	(68,162)
Decrease (increase) in notes and accounts receivable	32,420,244	26,315,238
Decrease (increase) in other receivable	(241,917)	(399,782)
Decrease (increase) in inventories	504,084	(7,455,045)
Decrease (increase) in other current assets	477,553	(553,051)
Decrease (increase) in other non-current assets	(61,487)	(49,944)
Total changes in operating assets	<u>33,031,667</u>	<u>17,789,254</u>
Changes in operating liabilities:		
Changes in financial liabilities at fair value through profit or loss	46,149	58,360
Increase (decrease) in notes and accounts payable	(36,310,445)	(16,284,832)
Increase (decrease) in other payable	(1,888,211)	(838,369)
Increase (decrease) in provisions	(76,784)	27,003
Increase (decrease) in unearned revenue	(64,142)	126,943
Increase (decrease) in other current liabilities	1,638,973	509,513
Other	111,444	137,184
Total changes in operating liabilities	<u>(36,543,016)</u>	<u>(16,264,198)</u>
Total changes in operating assets and liabilities	<u>(3,511,349)</u>	<u>1,525,056</u>
Total adjustments	<u>(1,728,771)</u>	<u>7,449,344</u>
Cash flows from (used in) operations	845,866	5,978,992
Interest received	183,253	168,120
Interest paid	(247,435)	(197,892)
Income taxes paid	(123,886)	(145,492)
Net Cash flows from (used in) operating activities	<u>657,798</u>	<u>5,803,728</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method and financial assets at cost	(27,300)	(1,000)
Proceeds from disposal of investments accounted for using equity method and available-for-sale financial assets	1,032,940	-
Net cash flow from acquisition of subsidiaries	273,066	2,257,789
Proceeds from capital reduction and liquidation of investments	-	8,416
Acquisition of property, plant and equipment	(1,285,384)	(1,335,959)
Proceeds from disposal of property, plant and equipment	46,994	75,175
Acquisition of intangible assets	(302,020)	(21,599)
Other	(21,316)	7,735
Net cash flows from (used in) investing activities	<u>(283,020)</u>	<u>990,557</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(5,912,976)	(6,068,797)
Proceeds from long-term debt	-	3,805,930
Repayments of long-term debt	(1,137,190)	(11,250)
Exercise of employee share options	-	3,759
Acquisition of non-controlling interests	-	(2,304,824)
Changes in non-controlling interests	575,581	(4,081)
Other	(43,683)	32,305
Net cash flows from (used in) financing activities	<u>(6,518,268)</u>	<u>(4,546,958)</u>
Effect of exchange rate changes on cash and cash equivalents	(536,985)	628,064
Net increase (decrease) in cash and cash equivalents	(6,680,475)	2,875,391
Cash and cash equivalents at beginning of period	74,708,130	46,965,852
Cash and cash equivalents at end of period	\$ <u>68,027,655</u>	<u>49,841,243</u>

See accompanying notes to the consolidated financial statements.