Independent Auditor's Report

To COMPAL ELECTRONICS, INC.:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation 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 section of the Auditor's Responsibilities for the Audit of the Financial Statements . We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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)(f) for the accounting policy of accounts receivable. Information of account receivable valuation are disclosed in Note (6)(e) of the parent company only financial reports.

Description of key audit matters:

The Company 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 Company'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)(g) 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)(f) of the parent company only financial reports.

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 Company, our key audit procedures included reviewing the consistency of accounting policy, inspecting the Company'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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 parent company only financial reports, 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial reports. We are responsible for the direction, supervision and performance of the 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 considered 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 parent company only financial reports 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 financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

COMPAL ELECTRONICS, INC.

Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

Our reat assets:All assets2100Short-term borrowings1100Cash and cash equivalentsS $2.8,343,534$ 8.6 $43,392,135$ 13.2 2170 Notes and accounts payable1125Current available-for-sale financial assets $46,479$ $ 48,631$ $ 2180$ Notes and accounts payable to related part1170Notes and accounts receivable, net $165,540,785$ 50.5 $162,701,780$ 49.5 2230 Current tax liabilities1180Notes and accounts receivable due from related parties, net $2.095,570$ 0.7 $2.17,705$ 0.7 2250 Current tax liabilities1200Other receivableOther receivable $71,1293$ 0.2 $314,439$ 0.1 2300 Other arrent liabilities1310Inventories $2045,564$ 0.2 $458,714$ 0.1 2300 Current tax liabilities1470Other current assets $604,564$ 0.2 $458,714$ 0.1 2300 Current babilities, current portion1523Non-current available-for-sale financial assets $5,735,334$ 1.8 $6,349,202$ 1.9 2570 Deferred tax liabilities1531Investment infuncial assets at cost $2,992,272$ 0.7 $2,132,114$ 0.8 2400 0.1 Total abilities1543Non-current financial assets $166,5112$ 0.3 $10,0000$ 0.2 2670 Other non-current liabilities1544Non-current financial asse			Γ	December 31, 20	December 31, 2	016	Liabilities and Equity		
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Non-current assets:Non-Current liabilities:1550Investments accounted for using equity method77,919,87023.780,626,71724.52540Long-term borrowings1523Non-current available-for-sale financial assets5,735,3341.86,349,2021.92570Deferred tax liabilities1543Non-current financial assets at cost2,333-2640Non-current net defined benefit liabilities1546Non-current bond investment without active market350,0000.1700,0000.22670Other non-current liabilities1600Property, plant and equipment2,092,2720.72,132,1140.8Total liabilities1780Intangible assets146,813-2668,3160.1Total liabilities1840Deferred tax assets1,065,1120.31,012,5900.3Equity attributable to owners of parent:1990Other non-current assets106,744-117,233-3100Ordinary share1990Other non-current assets106,744-117,233-3100Capital surplus3000Retained earnings3400Other equity intreest3400Other equity interest3100Treasury shares3400Other equity interest35007.834003100Treasury shares3400Other equity interest35007.834003100Treasury shares3400Other equity interest35007.83100Treasury shares	1470	Other current assets		604,564	0.2	458,714	0.1	2320	Long-term liabilities, current portion
1550Investments accounted for using equity method77,919,87023.780,626,71724.52540Long-term borrowings1523Non-current available-for-sale financial assets5,735,3341.86,349,2021.92570Deferred tax liabilities1543Non-current financial assets at cost2,333-2,333-2640Non-current net defined benefit liabilities1546Non-current bond investment without active market350,0000.1700,0000.22670Other non-current liabilities1600Property, plant and equipment2,092,2720.72,132,1140.8Total liabilities1780Intangible assets146,813-268,3160.1Total liabilities1840Deferred tax assets1,065,1120.31,012,5900.3Equity attributable to owners of parent:1990Other non-current assets106,744-117,233-3110Ordinary share1990Other non-current assets106,744-117,233-3200Capital surplus3000Retained earnings3400Other equity interest350034000ther equity interest3500Treasury shares3500Treasury shares3500Treasury shares1990Uhen non-current assets106,744-117,233-3100Capital surplus3500Treasury shares3500Treasury shares3500Treasury shares1990Total equityTreasury shar				240,677,588	73.4	237,412,415	72.2		
1523Non-current available-for-sale financial assets5,735,3341.86,349,2021.92570Deferred tax liabilities1543Non-current financial assets at cost2,333-2,333-2640Non-current net defined benefit liabilities1546Non-current bond investment without active market350,0000.1700,0000.22670Other non-current liabilities1600Property, plant and equipment2,092,2720.72,132,1140.8Total liabilities1780Intangible assets1,065,1120.31,012,5900.3Equity attributable to owners of parent:1990Other non-current assets1,067,44-117,233-3110Ordinary share1990Other non-current assets106,744-117,233-3300Retained earnings3000Retained earnings3400Other equity interest3400Other equity shares1990Internet assets1,012,193-110701,0001001990Other non-current assets1,067,44-117,233-3110Ordinary share1990Other non-current assets1,012,193-3300Retained earnings340001990Other non-current assets1,012,193-110701,0001001001001990Other non-current assets1,012,1120.31,012,59327.83000Retained earnings19900,1120,1120,112 <td></td> <td>Non-current assets:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Non-Current liabilities:</td>		Non-current assets:							Non-Current liabilities:
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1546Non-current bond investment without active market350,0000.1700,0000.22670Other non-current liabilities1600Property, plant and equipment2,092,2720.72,132,1140.82670Other non-current liabilities1780Intangible assets146,813-268,3160.1Total liabilities1840Deferred tax assets1,065,1120.31,012,5900.3Equity attributable to owners of parent:1990Other non-current assets106,744-117,233-3110Ordinary share1990Other non-current assets26.691,208,50527.83200Capital surplus3300Retained earnings3400Other equity interest35007reasury shares1990Interest3500Treasury shares3500Treasury shares1990Interest3500Treasury shares3500 </td <td>1523</td> <td>Non-current available-for-sale financial assets</td> <td></td> <td>5,735,334</td> <td>1.8</td> <td>6,349,202</td> <td>1.9</td> <td>2570</td> <td>Deferred tax liabilities</td>	1523	Non-current available-for-sale financial assets		5,735,334	1.8	6,349,202	1.9	2570	Deferred tax liabilities
1600Property, plant and equipment2,092,2720.72,132,1140.81780Intangible assets146,813-268,3160.1Total liabilities1840Deferred tax assets1,065,1120.31,012,5900.3Equity attributable to owners of parent:1990Other non-current assets106,744-117,233-3110Ordinary share1990Other non-current assets26.691,208,50527.83200Capital surplus300Retained earnings3400Other equity interest3500Treasury shares3400Treasury sharesTotal equity110110110110	1543	Non-current financial assets at cost		2,333	-	2,333	-	2640	Non-current net defined benefit liabilities
1780Intangible assets146,813-268,3160.1Total liabilities1840Deferred tax assets1,065,1120.31,012,5900.3Equity attributable to owners of parent:1990Other non-current assets106,744-117,233-3110Ordinary share87,418,47826.691,208,50527.83200Capital surplus3300Retained earnings3400Other equity interest3500Treasury shares3500Treasury sharesTotal equity	1546	Non-current bond investment without active market		350,000	0.1	700,000	0.2	2670	Other non-current liabilities
1840 Deferred tax assets 1,065,112 0.3 1,012,590 0.3 Equity attributable to owners of parent: 1990 Other non-current assets 106,744 117,233 3110 Ordinary share 87,418,478 26.6 91,208,505 27.8 3200 Capital surplus 3300 Retained earnings 3400 Other equity interest 3500 Treasury shares Total equity	1600	Property, plant and equipment		2,092,272	0.7	2,132,114	0.8		
1990 Other non-current assets 106,744 - 117,233 - 3110 Ordinary share 87,418,478 26.6 91,208,505 27.8 3200 Capital surplus 3300 Retained earnings 3400 Other equity interest 3500 Treasury shares Total equity	1780	Intangible assets		146,813	-	268,316	0.1		Total liabilities
87,418,478 26.6 91,208,505 27.8 3200 Capital surplus 3300 Retained earnings 3400 Other equity interest 3500 Treasury shares Total equity	1840	Deferred tax assets		1,065,112	0.3	1,012,590	0.3		Equity attributable to owners of parent:
3300 Retained earnings 3400 Other equity interest 3500 Treasury shares Total equity	1990	Other non-current assets		106,744	-	117,233	-	3110	Ordinary share
3400 Other equity interest 3500 Treasury shares Total equity				87,418,478	26.6	91,208,505	27.8	3200	Capital surplus
3500 Treasury shares Total equity								3300	Retained earnings
Total equity								3400	Other equity interest
								3500	Treasury shares
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$\frac{5 328,096,066 100.0 328,620,920 100.1}{528,620,920 100.1}$ Total liabilities and equity		Total assets	<u>\$</u>	328,096,066	100.0	328,620,920	100.0		Total liabilities and equity

Ι	December 31, 20	17	December 31, 2016						
	Amount	%	Amount	%					
\$	41,386,000	12.6	30,443,750	9.3					
	72,212,035	22.0	72,535,568	22.0					
	71,456,277	21.9	73,903,066	22.5					
	7,052,029	2.1	7,725,946	2.4					
	1,644,175	0.5	1,024,690	0.3					
	1,440,292	0.5	1,532,250	0.5					
	664,918	0.2	926,734	0.3					
	1,617,626	0.5	1,774,158	0.5					
	6,018,750	1.8	7,700,000	2.3					
	203,492,102	62.1	197,566,162	60.1					
	21,114,450	6.4	23,635,000	7.2					
	543,621	0.2	699,875	0.2					
	612,131	0.2	541,693	0.2					
	438,178	0.1	373,801	0.1					
	22,708,380	6.9	25,250,369	7.7					
	226,200,482	69.0	222,816,531	67.8					
	44,191,916	13.5	44,241,606	13.5					
	10,938,773	3.3	11,779,274	3.6					
	56,557,146	17.2	55,289,409	16.8					
	(8,911,004)	(2.7)	(4,624,653)	(1.4)					
	(881,247)	(0.3)	(881,247)	(0.3)					
	101,895,584	31.0	105,804,389	32.2					
\$	328,096,066	100.0	328,620,920	100.0					

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COMPAL ELECTRONICS, INC.

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 sale revenue	\$ 841,309,602	100.0	725,653,095	100.0
5000	Cost of sales:	819,765,642	97.4	704,371,443	97.1
	Gross profit	21,543,960	2.6	21,281,652	2.9
5910	Less: Unrealized profit from sales	(480)	-	481	-
	Gross profit	21,544,440	2.6	21,281,171	2.9
	Operating expenses:				
6100	Selling expenses	5,979,101	0.7	4,060,832	0.6
6200	Administrative expenses	2,100,602	0.2	2,395,657	0.3
6300	Research and development expenses	8,294,188	1.0	8,851,828	1.2
		16,373,891	1.9	15,308,317	2.1
	Net operating income	5,170,549	0.7	5,972,854	0.8
	Non-operating income and expenses:				
7020	Other gains and losses, net	(1,615,111)	(0.1)	(581,031)	-
7050	Finance costs	(975,175)	(0.1)	(719,294)	(0.1)
7190	Other income	937,671	0.1	933,004	0.1
7370	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	3,160,786	0.4	3,766,213	0.5
	Total non-operating income and expenses	1,508,171	0.3	3,398,892	0.5
7900	Profit before tax	6,678,720	1.0	9,371,746	1.3
7950	Less: tax expense	929,195	0.1	1,240,856	0.2
	Profit	5,749,525	0.9	8,130,890	1.1
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	(79,683)	-	(82,021)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method that will not be reclassified subsequently to profit or loss	(1,970)	-	(6,375)	-
8349	Income tax relating to items that will not be reclassified to profit or loss	13,546	-	13,944	-
	Items that will not be reclassified subsequently to profit or loss	(68,107)	-	(74,452)	
8360	Items that may be reclassified subsequently to profit or loss				
8361	Other comprehensive income, before tax, exchange differences on translation of foreign financial statements	(4,606,117)	(0.5)	(1,004,076)	(0.1)
8362	Other comprehensive income, before tax, available-for-sale financial assets	147,849	-	362,179	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method that may be reclassified subsequently to profit or loss	(21,111)	-	(521,847)	-
8399	Income tax relating to items that may reclassified to profit or loss	(12,221)	-	23,868	-
	Items that may reclassified subsequently to profit or loss	(4,491,600)	(0.5)	(1,139,876)	(0.1)
8300	Other comprehensive income, net of tax	(4,559,707)	(0.5)	(1,214,328)	(0.1)
8500	Total comprehensive income	<u>\$ 1,189,818</u>	0.4	6,916,562	1.0
	Earnings per share:			, , –	
9750	Basic earnings per share	\$	1.32		1.88
9850	Diluted earnings per share	\$	1.31		1.84

COMPAL ELECTRONICS, INC.

Statements of Changes in Equity For the years ended December 31, 2017 and 2016 (Expressed in Thousands of New Taiwan Dollars)

				Retain	ed earnings			Other e	quity interest			
							Exchange	Unrealized				
							differences on	gains				
							translation of	(losses) on				
							8	available-for-		Total other		
	Ordinary	Capital		Special	Unappropriated 7	Fotal retained	financial	sale financial		equity	Treasury	
	shares	surplus	Legal reserve	reserve	retained earnings	earnings	statements	assets	Others	interest		Total equity
Balance at January 1, 2016	<u>\$ 44,711,266</u>	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
Profit for the year ended December 31, 2016	-	-	-	-	8,130,890	8,130,890	-	-	-	-	-	8,130,890
Other comprehensive income	-	-	-	-	(74,452)	(74,452)	(1,478,779)	346,602	(7,699)	(1,139,876)	-	(1,214,328)
Total comprehensive income	-	-	-	-	8,056,438	8,056,438	(1,478,779)	346,602	(7,699)	(1,139,876)	-	6,916,562
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	868,461	-	(868,461)	-	-	-	-	-	-	-
Special reversal appropriated	-	-	-	60,653		-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,426,671)	(4,426,671)	-	-	-	-	-	(4,426,671)
Cash dividends from capital surplus	-	(885,334)	-	-	-	-	-	-	-	-	-	(885,334)
Changes in ownership interests in subsidiaries	-	22	-	-	(658)	(658)	-	-	-	-	-	(636)
Changes in equity of associates and joint ventures accounted for using equity method	1 -	1,723	-	-	(10,527)	(10,527)	-	-	-	-	-	(8,804)
Share-based payments transaction	(31,500)	(40,846)	-	-	3,671	3,671	-	-	442,104	442,104	-	373,429
Adjustments of capital surplus for company's cash dividends received by subsidiaries	s -	60,048		-	-	-	-	-	-	-	-	60,048
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
Profit for the year ended December 31, 2017	-	-	-	-	5,749,525	5,749,525	-	-	-	-	-	5,749,525
Other comprehensive income		-	-	-	(68,107)	(68,107)	(4,801,658)	310,058	-	(4,491,600)	-	(4,559,707)
Total comprehensive income		-	-	-	5,681,418	5,681,418	(4,801,658)	310,058	-	(4,491,600)	-	1,189,818
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	813,089	-	(813,089)	-	-	-	-	-	-	-
Special reversal appropriated	-	-	-	1,139,875	(1,139,875)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,422,153)	(4,422,153)	-	-	-	-	-	(4,422,153)
Cash dividends from capital surplus	-	(884,431)	-	-	-	-	-	-	-	-	-	(884,431)
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	-	33,016	-	-	(2,179)	(2,179)	-	-	-	-	-	30,837
Changes in ownership interests in subsidiaries	-	142	-	-	(424)	(424)	-	-	-	-	-	(282)
Changes in equity of associates and joint ventures accounted for using equity method	1 -	14,217	-	-	(194)	(194)	-	-	-	-	-	14,023
Share-based payments transaction	(49,690)	(63,472)	-	-	11,269	11,269	-	-	205,249	205,249	-	103,356
Adjustments of capital surplus for company's cash dividends received by subsidiarie		60,027	-	-		-			-	-		60,027
Balance at December 31, 2017	<u>\$ 44,191,916</u>	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

Note: Employee bonuses amounting to \$624,296 and \$876,028, director's compensation amounting to \$33,012 and \$46,323 were recognized in the statements of comprehensive income for the years ended December 31, 2017 and 2016, respectively.

COMPAL ELECTRONICS, INC.

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	\$	6,678,720	9,371,746
Adjustments:	Ψ	0,010,120	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Depreciation and amortization		480,523	609,655
Increase in allowances for uncollectible accounts		2,928,547	714,682
Finance costs		975,175	719,294
Interest income		(239,394)	(119,754
Dividend income		(117,742)	(133,485
Compensation cost arising from share-based payment transaction		103,356	373,429
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(3,160,786)	(3,766,213
Loss on disposal of investments		1,804	-
Impairment loss on financial assets		-	13,403
Adjustments to reconcile profit		971,483	(1,588,989
Changes in operating assets and liabilities:		971,405	(1,500,909
Changes in operating assets:		(5, 605, 417)	(15 775 604
Decrease (increase) in notes and accounts receivable		(5,685,417)	(15,775,684
Decrease (increase) in other receivables		(223,698)	175,48
Decrease (increase) in inventories		(15,016,352)	(2,624,036
Decrease (increase) in other current assets		(145,850)	144,40
Total changes in operating assets		(21,071,317)	(18,079,833
Changes in operating liabilities:			
Increase (decrease) in notes and accounts payable		(2,770,322)	20,079,78
Increase (decrease) in other payables		(686,997)	(1,220,679
Increase (decrease) in provisions		(91,958)	(502,427
Increase (decrease) in unearned revenue		(156,532)	26,58
Increase (decrease) in other current liabilities		(261,816)	498,13
Others		(9,639)	(9,738
Total changes in operating liabilities		(3,977,264)	18,871,66
Total changes in operating assets and liabilities		(25,048,581)	791,82
Total adjustments		(24,077,098)	(797,162
Cash flows from (used in) operations		(17,398,378)	8,574,584
Interest received		221,027	110,20
Dividends received		660,913	359,324
Interest paid		(962,095)	(730,294
Income taxes paid		(517,161)	(2,097,820
Net cash flows from (used in) operating activities		(17,995,694)	6,216,00
ash flows from (used in) investing activities:			
Redemption from bond investment without active market		350,000	350,00
Acquisition of investments accounted for using equity method and available-for-sale financial assets		(503,112)	(303,702
Proceeds from disposal of available-for sale financing assets		809,196	-
Proceeds from capital reduction and liquidation of investments		1,459,043	25,63
Acquisition of property, plant and equipment		(126,108)	(159,703
Decrease (Increase) in other receivables due from related parties		(293,029)	(20,939
Acquisition of intangible assets		(193,154)	(290,200
Others		10,495	(11,811
Net cash flows from (used in) investing activities		1,513,331	(410,725
ash flows from (used in) financing activities:		10.042.250	0.256.55
Increase (decrease) in short-term borrowings		10,942,250	8,356,55
Proceeds from long-term borrowings		12,691,630	23,515,00
Repayments of long-term borrowings		(16,893,430)	(19,770,000
Cash dividends paid		(5,306,584)	(5,312,005
Others		(104)	-
Net cash flows from (used in) financing activities		1,433,762	6,789,54
et increase (decrease) in cash and cash equivalents		(15,048,601)	12,594,823
ash and cash equivalents at beginning of period		43,392,135	30,797,312
ash and cash equivalents at end of period	\$	28,343,534	43,392,135

(Continued)