

eGalax_eMPIA Technology Inc.
BALANCE SHEET
As of December 31, 2016, and December 31, 2015
(In Thousands of New Taiwan Dollars)

	December 31,2016		December 31,2015			December 31,2016		December 31,2015	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and equity				
Current assets :					Current liabilities :				
Cash and cash equivalents	\$ 639,333	45	694,413	48	Current financial liabilities at fair value through profit or loss	\$ -	-	373	-
Current financial assets at fair value through profit or loss	128,030	9	203,970	14	Notes payable	-	-	418	-
Current held-to-maturity financial assets, net	-	-	100,000	7	Accounts payable	148,744	11	62,442	5
Notes receivable, net	875	-	1,648	-	Other payables	108,451	8	118,038	8
Accounts receivable, net	111,246	8	101,954	7	Current tax liabilities	14,405	1	16,041	1
Accounts receivable due from related parties, net	25,686	2	19,451	2	Current provisions for employee benefits	3,996	-	3,630	-
Other receivables	356	-	938	-	Bonds payable, current portion	-	-	89,717	7
Inventories	307,946	22	129,898	9	Other current liabilities	5,971	-	2,910	-
Prepayments	5,926	-	2,894	-	Total current liabilities	281,567	20	293,569	21
Other current financial assets	1,122	-	1,109	-	Non-current liabilities :				
Total current assets	1,220,520	86	1,256,275	87	Deferred tax liabilities	233	-	583	-
Non-current assets :					Net defined benefit liabilities	3,409	-	1,735	-
Non-current financial assets at fair value through profit or loss	-	-	40,032	3	Total non-current liabilities	3,642	-	2,318	-
Non-current held-to-maturity financial assets, net	50,000	4	-	-	Total liabilities	285,209	20	295,887	21
Investments accounted for using equity method	120,338	8	119,952	8	Equity :				
Property, plant and equipment	4,160	-	4,002	-	Ordinary share	571,814	40	549,821	38
Deferred tax assets	14,227	1	5,614	1	Capital surplus :				
Guarantee deposits paid	3,417	-	3,813	-	Capital surplus, additional paid-in capital arising from ordinary share	126,605	9	148,598	10
Other non-current assets, others	6,441	1	8,313	1	Capital surplus, net assets from merger	39,842	3	39,842	3
Total non-current assets	198,583	14	181,726	13	Capital surplus, share options	-	-	514	-
					Capital surplus, others	514	-	-	-
						166,961	12	188,954	13
					Retained earnings :				
					Legal reserve	189,429	13	166,869	12
					Unappropriated retained earnings (accumulated deficit)	204,689	15	235,136	16
						394,118	28	402,005	28
					Other equity interest :				
					Exchange differences on translation of foreign operations	1,001	-	1,334	-
					Total equity	1,133,894	80	1,142,114	79
Total Assets	\$ 1,419,103	100	\$ 1,438,001	100	Total liabilities and equity	\$ 1,419,103	100	\$ 1,438,001	100

eGalax_eMPIA Technology Inc.
STATEMENTS OF COMPREHENSIVE INCOME
For the Years ended December 31, 2016 and 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sales revenue	\$ 1,142,970	101	904,411	101
Less : Sales returns	3,792	-	7,859	1
Sales discounts and allowances	5,100	1	798	-
Operating revenue	<u>1,134,078</u>	<u>100</u>	<u>895,754</u>	<u>100</u>
Cost of sales	634,774	56	387,337	43
Gross profit (loss) from operations	<u>499,304</u>	<u>44</u>	<u>508,417</u>	<u>57</u>
Operating expenses				
Selling expenses	45,735	4	38,127	4
Administrative expenses	36,821	3	38,574	5
Research and development expenses	203,977	18	181,559	20
Total operating expenses	<u>286,533</u>	<u>25</u>	<u>258,260</u>	<u>29</u>
Net operating income (loss)	<u>212,771</u>	<u>19</u>	<u>250,157</u>	<u>28</u>
Non-operating income and expenses :				
Other income	7,491	1	9,884	1
Other gains and losses, net	(4,315)	(1)	7,285	1
Finance costs, net	(154)	-	(1,119)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method	719	-	(8,131)	(1)
Total non-operating income and expenses	<u>3,741</u>	<u>-</u>	<u>7,919</u>	<u>1</u>
Profit (loss) before tax	<u>216,512</u>	<u>19</u>	<u>258,076</u>	<u>29</u>
Less : Tax expense (income)	18,869	2	32,475	4
Profit (loss)	<u>197,643</u>	<u>17</u>	<u>225,601</u>	<u>25</u>
Other comprehensive income (loss) :				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	(2,096)	-	(1,998)	-
Income tax related to items that will not be reclassified subsequently	-	-	-	-
	<u>(2,096)</u>	<u>-</u>	<u>(1,998)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(333)	-	533	-
Income tax related to items that may be reclassified subsequently	-	-	-	-
	<u>(333)</u>	<u>-</u>	<u>533</u>	<u>-</u>
Other comprehensive income, net	<u>(2,429)</u>	<u>-</u>	<u>(1,465)</u>	<u>-</u>
Comprehensive income	<u>\$ 195,214</u>	<u>17</u>	<u>224,136</u>	<u>25</u>
Earnings per share(NT Dollars) :				
Basic earnings per share	<u>\$ 3.46</u>		<u>3.95</u>	
Diluted earnings per share	<u>\$ 3.40</u>		<u>3.72</u>	

eGalax eMPIA Technology Inc.
STATEMENT OF CHANGES IN STOCKHOLDER EQUITY
For the Years ended December 31, 2016 and 2015
(In Thousands of New Taiwan Dollars)

	Ordinary share	Capital surplus	Retained earnings			Other equity interest	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations	
Beginning balance, January 1, 2015	\$ 533,807	204,968	142,898	471	264,570	801	1,147,515
Appropriation and distribution of retained earnings :							
Legal reserve appropriated	-	-	23,971	-	(23,971)	-	-
Cash dividends of ordinary share	-	-	-	-	(229,537)	-	(229,537)
Reversal of special reserve	-	-	-	(471)	471	-	-
Stock dividends from capital surplus	16,014	(16,014)	-	-	-	-	-
Profit for current period	-	-	-	-	225,601	-	225,601
Other comprehensive income for current period	-	-	-	-	(1,998)	533	(1,465)
Total comprehensive income	-	-	-	-	223,603	533	224,136
Ending Balance, December 31, 2015	549,821	188,954	166,869	-	235,136	1,334	1,142,114
Appropriation and distribution of retained earnings :							
Legal reserve appropriated	-	-	22,560	-	(22,560)	-	-
Cash dividends of ordinary share	-	-	-	-	(203,434)	-	(203,434)
Stock dividends from capital surplus	21,993	(21,993)	-	-	-	-	-
Profit for current period	-	-	-	-	197,643	-	197,643
Other comprehensive income for current period	-	-	-	-	(2,096)	(333)	(2,429)
Total comprehensive income	-	-	-	-	195,547	(333)	195,214
Ending Balance, December 31, 2016	\$ 571,814	166,961	189,429	-	204,689	1,001	1,133,894

Note1 : The appropriations for 2016 and 2015, directors emoluments of NT\$4,642 thousand and NT\$5,528 thousand , employees compensation were NT\$25,780 thousand and NT\$29,705 thousand , respectively, were recognized and accrued in the 2016 and 2015 Statements of comprehensive income.

eGalax_eMPIA Technology Inc.
STATEMENT OF CASH FLOW
For the Years ended December 31, 2016 and 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities, indirect method :		
Profit (loss) before tax	\$ 216,512	258,076
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	2,324	2,043
Amortization expense	15,832	16,298
Provision (reversal of provision) for bad debt expense	(26)	(90)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(489)	(874)
Interest expense	154	1,119
Interest income	(5,275)	(7,351)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(719)	8,131
Loss (gain) on disposal of investments	-	(50)
Loss (gain) on bond redemption	(113)	-
Total adjustments to reconcile profit (loss)	<u>11,688</u>	<u>19,226</u>
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease (increase) in financial assets held for trading	116,461	(8,648)
Decrease (increase) in notes receivable	773	(513)
Decrease (increase) in accounts receivable	(9,275)	(18,544)
Decrease (increase) in accounts receivable due from related parties	(6,235)	7,360
Decrease (increase) in other receivable	141	66
Decrease (increase) in inventories	(178,048)	30,992
Decrease (increase) in prepayments	(3,032)	(569)
Decrease (increase) in other financial assets	(13)	(13)
Total changes in operating assets	<u>(79,228)</u>	<u>10,131</u>
Changes in operating liabilities :		
Increase (decrease) in notes payable	(418)	377
Increase (decrease) in accounts payable	86,302	(2,856)
Increase (decrease) in other payable	(10,629)	770
Increase (decrease) in provisions	366	534
Increase (decrease) in other current liabilities	3,061	(1,695)
Increase (decrease) in net defined benefit liabilities	(422)	(438)
Total changes in operating liabilities	<u>78,260</u>	<u>(3,308)</u>
Total changes in operating assets and liabilities	<u>(968)</u>	<u>6,823</u>
Total adjustments	<u>10,720</u>	<u>26,049</u>
Cash inflow (outflow) generated from operations	227,232	284,125
Interest received	5,727	7,374
Interest paid	-	(900)
Income taxes refund (paid)	(29,468)	(21,447)
Net cash flows from operating activities	<u>203,491</u>	<u>269,152</u>
Cash flows from investing activities :		
Proceeds from repayments of held-to-maturity financial assets	50,000	-
Acquisition of property, plant and equipment	(2,784)	(2,742)
Decrease (Increase) in refundable deposits	396	(682)
Increase in other non-current assets	(12,618)	(12,361)
Net cash flows from investing activities	<u>34,994</u>	<u>(15,785)</u>
Cash flows from financing activities :		
Repayments of bonds	(90,131)	-
Cash dividends paid	(203,434)	(229,537)
Net cash flows from financing activities	<u>(293,565)</u>	<u>(229,537)</u>
Net increase (decrease) in cash and cash equivalents	<u>(55,080)</u>	<u>23,830</u>
Cash and cash equivalents at beginning of period	694,413	670,583
Cash and cash equivalents at end of period	<u>639,333</u>	<u>694,413</u>