

# 2317 2014 1st IFRS Consolidated Financial Statements Document Preview

Unit: NT\$ thousand

Accounting Title	2014/3/31	2013/12/31	2013/3/31
<b>Balance Sheet</b>			
<b>Assets</b>			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	755,095,946	694,027,045	678,906,605
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	8,946,209	1,198,112	171,054
Current available-for-sale financial assets			
Current available-for-sale financial assets, net	959,593	1,087,171	825,486
Accounts receivable, net			
Accounts receivable, net	413,537,097	727,761,542	363,713,426
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	9,608,183	19,948,258	18,742,186
Other receivables			
Other receivables, net	47,520,567	40,215,354	70,371,578
Inventories			
Total inventories	306,481,676	312,785,092	364,369,464
Prepayments			
Total prepayments	7,399,586	6,393,753	8,150,404
Other current assets			
Total other current assets	6,905,611	5,165,161	1,142,626
Total current assets	1,556,454,468	1,808,581,488	1,506,392,829
Non-current assets			

Non-current financial assets at fair value through profit or loss			
Total non-current financial assets at fair value through profit or loss	0	0	179,300
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	13,044,774	11,854,684	14,074,177
Non-current financial assets at cost			
Non-current financial assets at cost, net	11,707,662	10,843,376	9,280,939
Investments accounted for using equity method			
Investments accounted for using equity method, net	46,878,554	46,282,999	42,393,377
Property, plant and equipment			
Total property, plant and equipment	363,411,267	379,561,941	408,053,543
Investment property, net			
Investment property, net	2,270,514	2,304,839	2,408,824
Intangible assets			
Total intangible assets	12,792,396	12,815,278	3,955,963
Deferred tax assets	18,487,468	15,837,041	12,112,448
Other non-current assets			
Total other non-current assets	24,862,849	24,379,557	26,482,380
Total non-current assets	493,455,484	503,879,715	518,940,951
Total assets	2,049,909,952	2,312,461,203	2,025,333,780
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	319,740,473	366,233,601	436,908,076
Short-term notes and bills payable			
Total short-term notes and bills payable	11,986,280	19,982,517	11,986,891
Current financial liabilities at fair value through profit or loss			
Total current financial liabilities at fair value through profit or loss	995,878	39,946	30,135
Accounts payable			

Total accounts payable	473,259,543	682,942,409	405,066,683
Accounts payable to related parties			
Total accounts payable to related parties	20,697,293	29,761,739	29,632,876
Other payables			
Total other payables	166,295,855	191,175,178	180,328,802
Current tax liabilities	27,352,824	24,158,478	21,780,477
Current provisions			
Total current provisions	2,471,812	2,406,336	2,051,728
Other current liabilities			
Total other current liabilities	47,585,612	42,260,567	101,836,625
Total current liabilities	1,070,385,570	1,358,960,771	1,189,622,293
Non-current liabilities			
Bonds payable			
Total bonds payable	100,660,488	97,054,788	91,098,550
Long-term borrowings			
Total long-term borrowings	32,853,740	35,108,728	12,555,398
Deferred tax liabilities			
Total deferred tax liabilities	4,792,840	6,218,103	5,273,758
Other non-current liabilities			
Total other non-current liabilities	9,117,089	9,194,211	10,747,028
Total non-current liabilities	147,424,157	147,575,830	119,674,734
Total liabilities	1,217,809,727	1,506,536,601	1,309,297,027
Equity			
Equity attributable to owners of parent			
Share capital			
Ordinary share	131,287,068	131,287,068	118,358,665
Total capital stock	131,287,068	131,287,068	118,358,665
Capital surplus			

Capital surplus, additional paid-in capital			
Total capital surplus, additional paid-in capital	64,033,016	64,033,016	58,302,661
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed			
	341,920	52,165	21,229
Capital surplus, donated assets received			
Total capital surplus, donated assets received	0	0	0
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method			
	741,705	707,692	565,769
Capital surplus, share options			
	0	0	0
Total capital surplus	65,116,641	64,792,873	58,889,659
Retained earnings			
Legal reserve	69,456,739	69,456,739	59,980,502
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	486,966,189	467,423,426	416,143,872
Total retained earnings	556,422,928	536,880,165	476,124,374
Other equity interest			
Exchange differences on translation of foreign financial statements			
Total exchange differences on translation of foreign financial statements	30,080,612	26,432,947	17,975,823
Unrealized gains (losses) on available-for-sale financial assets			
Total unrealized gains (losses) on available-for-sale financial assets	6,078,684	5,295,914	7,188,053
Total other equity interest	36,159,296	31,728,861	25,163,876
Treasury shares	18,901	18,901	18,901
Total equity attributable to owners of parent	788,967,032	764,670,066	678,517,673
Non-controlling interests	43,133,193	41,254,536	37,519,080
Total equity	832,100,225	805,924,602	716,036,753
Number of share capital awaiting retirement	0	0	0
Equivalent issue shares of advance receipts for ordinary share	0	0	0
Number of shares in entity held by entity and by its subsidiaries	1,433,093	1,433,093	1,302,812

Accounting Title	2014/01/01To2014/03/31	2013/01/01To2013/03/31
<b>Statement of comprehensive income</b>		
Operating revenue		
Total operating revenue	883,479,325	809,011,951
Operating costs		
Total operating costs	830,103,420	763,098,864
Gross profit (loss) from operations	53,375,905	45,913,087
Gross profit (loss) from operations	53,375,905	45,913,087
Operating expenses		
Selling expenses		
Total selling expenses	5,032,823	4,984,599
Administrative expenses		
Total administrative expenses	17,662,656	17,474,138
Research and development expenses		
Total research and development expenses	9,774,707	9,547,359
Total operating expenses	32,470,186	32,006,096
Net operating income (loss)	20,905,719	13,906,991
Non-operating income and expenses		
Other income		
Total other income	6,477,961	2,940,594
Other gains and losses		
Other gains and losses, net	1,144,340	6,688,473
Finance costs		
Finance costs, net	3,191,464	1,895,057
Share of profit (loss) of associates and joint ventures accounted for using equity method		
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	204,313	956,172
Total non-operating income and expenses	4,635,150	8,690,182

Profit (loss) from continuing operations before tax	25,540,869	22,597,173
Tax expense (income)		
Total tax expense (income)	5,711,079	6,246,849
Profit (loss) from continuing operations	19,829,790	16,350,324
Profit (loss)	19,829,790	16,350,324
Other comprehensive income		
Exchange differences on translation	2,788,353	16,593,670
Unrealised gains (losses) on valuation of available-for-sale financial assets	736,778	486,712
Share of other comprehensive income of associates and joint ventures accounted for using equity method		
Total share of other comprehensive income of associates and joint ventures accounted for using equity method	615,113	386,289
Other comprehensive income, net	4,140,244	17,466,671
Total comprehensive income	23,970,034	33,816,995
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	19,542,763	16,352,513
Profit (loss), attributable to non-controlling interests	287,027	-2,189
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	23,973,198	33,710,832
Comprehensive income, attributable to non-controlling interests	-3,164	106,163
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	1.49	1.26
Total basic earnings per share	1.49	1.26

Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	1.47	1.23
Total diluted earnings per share	1.47	1.23
Accounting Title	2014/01/01To2014/03/31	2013/01/01To2013/03/31
<b>Statement of cash flows</b>		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	25,540,869	22,597,173
Profit (loss) before tax	25,540,869	22,597,173
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	18,045,556	19,796,124
Amortization expense	218,233	202,382
Provision (reversal of provision) for bad debt expense	0	0
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	91,940	-126,207
Interest expense	3,154,474	1,843,629
Interest income	-5,330,805	-1,578,308
Dividend income	-221	-70,930
Share of loss (profit) of associates and joint ventures accounted for using equity method	-204,313	-956,172
Loss (gain) on disposal of property, plan and equipment	-47,840	8,093
Loss (gain) on disposal of investments	-62,845	60,602
Total adjustments to reconcile profit (loss)	15,864,179	19,179,213
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	-6,884,105	43,453
Decrease (increase) in notes receivable	169,125	51,271

Decrease (increase) in accounts receivable	314,055,320	232,951,420
Decrease (increase) in accounts receivable due from related parties	10,340,075	17,590,338
Decrease (increase) in other receivable	-6,645,635	-32,979,518
Decrease (increase) in inventories	6,303,416	-14,486,821
Decrease (increase) in prepayments	-1,005,833	-503,363
Total changes in operating assets	316,332,363	202,666,780
Changes in operating liabilities		
Increase (decrease) in accounts payable	-209,682,866	-197,689,111
Increase (decrease) in accounts payable to related parties	-9,064,446	-5,981,971
Increase (decrease) in other payable	-24,898,188	-10,174,979
Increase (decrease) in provisions	65,476	-1,412,552
Increase (decrease) in receipts in advance	2,344,599	-1,502,240
Increase (decrease) in other current liabilities	-887,138	-366,178
Increase (decrease) in accrued pension liabilities	-21,563	-34,328
Total changes in operating liabilities	-242,144,126	-217,161,359
Total changes in operating assets and liabilities	74,188,237	-14,494,579
Total adjustments	90,052,416	4,684,634
Cash inflow (outflow) generated from operations	115,593,285	27,281,807
Income taxes refund (paid)	-6,592,423	-3,679,331
Net cash flows from (used in) operating activities	109,000,862	23,602,476
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial assets	-179,327	-132,000
Proceeds from disposal of available-for-sale financial assets	34,295	146
Acquisition of financial assets at cost	-629,841	-249,607
Proceeds from disposal of financial assets at cost	0	74,067
Acquisition of investments accounted for using equity method	-134,502	-760,665
Proceeds from disposal of investments accounted for using equity method	0	1,891,931
Acquisition of property, plant and equipment	-2,751,904	-16,038,066

Proceeds from disposal of property, plant and equipment	418,843	327,148
Increase in other receivables due from related parties	-530,000	0
Acquisition of intangible assets	0	0
Increase in other financial assets	-1,740,450	608,544
Increase in other non-current assets	-482,760	-709,374
Increase in other prepayments	-32,941	-7,913
Decrease in other prepayments	0	0
Interest received	5,201,227	2,422,223
Dividends received	221	70,930
Other investing activities	-937,131	0
Net cash flows from (used in) investing activities	-1,764,270	-12,502,636
Cash flows from (used in) financing activities		
Increase in short-term loans	-46,493,128	139,335,911
Decrease in short-term notes and bills payable	-7,996,237	3,995,294
Proceeds from issuing bonds	6,000,000	15,602,058
Repayments of bonds	0	0
Proceeds from long-term debt	140,000	1,233,942
Repayments of long-term debt	-2,699,233	-5,223,580
Increase in other non-current liabilities	881,572	3,662,272
Cash dividends paid	0	0
Interest paid	-3,400,411	-1,589,790
Change in non-controlling interests	1,881,821	381,671
Net cash flows from (used in) financing activities	-51,685,616	157,397,778
Effect of exchange rate changes on cash and cash equivalents	5,517,925	4,882,031
Net increase (decrease) in cash and cash equivalents	61,068,901	173,379,649
Cash and cash equivalents at beginning of period	694,027,045	505,526,956
Cash and cash equivalents at end of period	755,095,946	678,906,605
Cash and cash equivalents reported in the statement of financial position	755,095,946	678,906,605

# 2014/03/31 Statement of Stockholders' Equity

Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Equity at beginning of period	131,287,068	131,287,068	64,792,873	69,456,739	467,423,426	536,880,165	26,432,947	5,295,914	31,728,861	-18,901	764,670,066	41,254,536	805,924,602
Changes in equity of associates and joint ventures accounted for using equity method	0	0	34,013	0	0	0	0	0	0	0	34,013	0	34,013
Profit (loss)	0	0	0	0	19,542,763	19,542,763	0	0	0	0	19,542,763	287,027	19,829,790
Other comprehensive income	0	0	0	0	0	0	3,647,665	782,770	4,430,435	0	4,430,435	-290,191	4,140,244
Total comprehensive income	0	0	0	0	19,542,763	19,542,763	3,647,665	782,770	4,430,435	0	23,973,198	-3,164	23,970,034

2013/03/31  
Statement of  
Stockholders'  
Equity

Difference between consideration and carrying amount of subsidiaries acquired or disposed	0	0	289,755	0	0	0	0	0	0	0	289,755	0	289,755
Changes in non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	1,881,821	1,881,821
Total increase (decrease) in equity	0	0	323,768	0	19,542,763	19,542,763	3,647,665	782,770	4,430,435	0	24,296,966	1,878,657	26,175,623
Equity at end of period	131,287,068	131,287,068	65,116,641	69,456,739	486,966,189	556,422,928	30,080,612	6,078,684	36,159,296	-18,901	788,967,032	43,133,193	832,100,225

# 2013/03/31 Statement of Stockholders' Equity

Unit: NT\$ thousand

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Equity at beginning of period	118,358,665	118,358,665	58,932,078	59,980,502	399,791,359	459,771,861	1,370,511	6,435,046	7,805,557	-18,901	644,849,260	36,064,490	680,913,750
Changes in equity of associates and joint ventures accounted for using equity method	0	0	-29,808	0	0	0	0	0	0	0	-29,808	0	-29,808
Profit (loss)	0	0	0	0	16,352,513	16,352,513	0	0	0	0	16,352,513	-2,189	16,350,324
Other comprehensive income	0	0	0	0	0	0	16,605,312	753,007	17,358,319	0	17,358,319	108,352	17,466,671
Total comprehensive income	0	0	0	0	16,352,513	16,352,513	16,605,312	753,007	17,358,319	0	33,710,832	106,163	33,816,995

Difference between consideration and carrying amount of subsidiaries acquired or disposed	0	0	-12,611	0	0	0	0	0	0	0	0	-12,611	0	-12,611
Changes in non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	1,348,427	1,348,427
Total increase (decrease) in equity	0	0	-42,419	0	16,352,513	16,352,513	16,605,312	753,007	17,358,319	0	33,668,413	1,454,590	35,123,003	
Equity at end of period	118,358,665	118,358,665	58,889,659	59,980,502	416,143,872	476,124,374	17,975,823	7,188,053	25,163,876	-18,901	678,517,673	37,519,080	716,036,753	

### Report of Independent Auditors

Name of CPA Firm	PricewaterhouseCoopers
Name of CPA 1	WU, HAN-CHI
Name of CPA 2	Chang, Ming-Hui
Date of Audit (Review)	2014-05-14
Type of Report	
Review Report	Y
Type of Opinion	
Qualified Opinion	Y
Situations for not Issuing a Standard Unqualified Opinion	
Financial statements of non-major subsidiary or investment	Y

accounted for using equity method have not been audited or reviewed

Description of Matter Emphasized

Description of Other Matter

To The Board of Directors and Stockholders  
Hon Hai Precision Industry Co., Ltd.

We have reviewed, in accordance with the R.O.C. Statement of Auditing Standards No. 36, "Review of Financial Statements", the consolidated balance sheets of Hon Hai Precision Industry Co., Ltd. and subsidiaries as of March 31, 2014 and 2013 and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended appearing on the Market Observation Post System as provided by the Taiwan Stock Exchange Corporation. Our review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion

Content of Independent Auditors Report

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In our review report dated May 14, 2014, we indicated that the financial statements of certain consolidated subsidiaries and long-term equity investments accounted for under the equity method were not reviewed by independent accountants. Except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain investee companies and consolidated subsidiaries been audited or reviewed by independent accountants, based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements of Securities Issuers", International Accounting Standards No.34 "Interim Financial Reporting" recognized by the Financial Supervisory Commission R.O.C.

The condensed consolidated financial statements presented in the Market O

Observation Post System of the Taiwan Stock Exchange Corporation  
are fairly stated, in all material respects, in relation to the financial  
statements from which it has been derived.

Pricewaterhouse Coopers, Taiwan  
May 14, 2014

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing

standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.