

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED SHEETS
2016 1st IFRS Consolidated Financial Statements

Balance Sheet

Accounting Title	2016/03/31	2015/12/31	2015/03/31
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	640,784,019	657,137,721	719,156,613
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	2,400,618	6,114,913	1,814,537
Current available-for-sale financial assets			
Current available-for-sale financial assets, net	527,473	627,508	954,580
Accounts receivable, net			
Accounts receivable, net	407,163,165	564,705,314	449,391,471
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	18,250,792	26,203,276	19,443,166
Other receivables			
Other receivables, net	37,781,078	43,779,955	41,246,456
Inventories			
Total inventories	393,413,461	424,625,017	379,221,700
Prepayments			
Total prepayments	14,294,799	14,444,295	11,272,695
Non-current assets classified as held for sale, net			
Non-current assets classified as held for sale, net	0	0	5,700,377
Other current assets			
Total other current assets	74,375,589	50,580,974	38,704,542
Total current assets	1,588,990,994	1,788,218,973	1,666,906,137
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	36,465,224	38,997,120	50,884,627
Non-current financial assets at cost			
Non-current financial assets at cost, net	21,187,524	18,795,163	6,645,983
Investments accounted for using equity method			
Investments accounted for using equity method,	77,078,019	77,634,937	66,037,679

net				
Property, plant and equipment				
Total property, plant and equipment	326,574,458	336,738,466	341,208,380	
Investment property, net				
Investment property, net	2,930,565	3,014,648	2,842,448	
Intangible assets				
Total intangible assets	3,090,445	3,253,837	4,291,195	
Deferred tax assets	18,801,574	18,303,571	16,411,112	
Other non-current assets				
Total other non-current assets	53,631,841	23,343,162	25,761,618	
Total non-current assets	539,759,650	520,080,904	514,083,042	
Total assets	2,128,750,644	2,308,299,877	2,180,989,179	
Liabilities and equity				
Liabilities				
Current liabilities				
Short-term borrowings				
Total short-term borrowings	78,832,251	70,233,209	174,998,976	
Short-term notes and bills payable				
Total short-term notes and bills payable	13,979,375	7,000,000	0	
Current financial liabilities at fair value through profit or loss				
Total current financial liabilities at fair value through profit or loss	3,829,920	484,773	896,530	
Accounts payable				
Total accounts payable	459,416,850	613,195,241	503,738,642	
Accounts payable to related parties				
Total accounts payable to related parties	21,922,201	30,862,535	37,480,863	
Other payables				
Total other payables	163,627,368	197,024,433	170,974,327	
Current tax liabilities	32,355,055	32,684,113	29,348,981	
Current provisions				
Total current provisions	1,988,122	2,332,882	2,538,107	
Liabilities related to non-current assets classified as held for sale	0	0	59,539	
Other current liabilities				
Total other current liabilities	94,746,513	102,305,015	78,843,642	

Total current liabilities	870,697,655	1,056,122,201	998,879,607
Non-current liabilities			
Bonds payable			
Total bonds payable	150,942,223	161,789,254	142,996,736
Long-term borrowings			
Total long-term borrowings	8,420,411	10,221,175	21,612,402
Deferred tax liabilities			
Total deferred tax liabilities	9,242,132	9,580,816	6,660,971
Other non-current liabilities			
Total other non-current liabilities	10,217,734	10,195,352	9,367,745
Total non-current liabilities	178,822,500	191,786,597	180,637,854
Total liabilities	1,049,520,155	1,247,908,798	1,179,517,461
Equity			
Equity attributable to owners of parent			
Share capital			
Ordinary share	156,382,881	156,382,881	147,934,068
Total capital stock	156,382,881	156,382,881	147,934,068
Capital surplus			
Capital surplus, additional paid-in capital			
Total capital surplus, additional paid-in capital	79,169,050	79,169,050	70,822,659
Capital Surplus, changes in ownership interests in subsidiaries	1,183,889	0	112,566
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	2,652,683	2,567,488	1,933,977
Total capital surplus	83,005,622	81,736,538	72,869,202
Retained earnings			
Legal reserve	93,179,928	93,179,928	80,126,455
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	643,804,469	616,227,711	577,317,790
Total retained earnings	736,984,397	709,407,639	657,444,245
Other equity interest			
Exchange differences on translation of foreign financial statements			
Total exchange differences on translation of foreign financial statements	44,311,081	52,934,288	47,788,115

Unrealized gains (losses) on available-for-sale financial assets			
Total unrealized gains (losses) on available-for-sale financial assets	5,590,779	7,187,393	20,095,239
Total other equity interest	49,901,860	60,121,681	67,883,354
Treasury shares	18,901	18,901	18,901
Total equity attributable to owners of parent	1,026,255,859	1,007,629,838	946,111,968
Non-controlling interests	52,974,630	52,761,241	55,359,750
Total equity	1,079,230,489	1,060,391,079	1,001,471,718
Total liabilities and equity	2,128,750,644	2,308,299,877	2,180,989,179
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	1,685,317	1,685,317	1,605,064

Income Statement

Accounting Title	2016/01/01 To2016/03/31	2015/01/01 To2015/03/31
Statement of comprehensive income		
Operating revenue		
Total operating revenue	958,009,217	1,014,122,421
Operating costs		
Total operating costs	890,432,744	941,699,063
Gross profit (loss) from operations	67,576,473	72,423,358
Gross profit (loss) from operations	67,576,473	72,423,358
Operating expenses		
Selling expenses		
Total selling expenses	5,336,313	5,846,636
Administrative expenses		
Total administrative expenses	16,807,448	17,606,361
Research and development expenses		
Total research and development expenses	10,108,048	10,367,758
Total operating expenses	32,251,809	33,820,755
Net operating income (loss)	35,324,664	38,602,603
Non-operating income and expenses		
Other income		

Total other income	8,853,500	6,387,852
Other gains and losses		
Other gains and losses, net	-2,691,323	-1,343,926
Finance costs		
Finance costs, net	5,290,841	4,249,079
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	109,948	850,084
Total non-operating income and expenses	981,284	1,644,931
Profit (loss) from continuing operations before tax	36,305,948	40,247,534
Tax expense (income)		
Total tax expense (income)	8,757,088	8,987,977
Profit (loss) from continuing operations	27,548,860	31,259,557
Profit (loss)	27,548,860	31,259,557
Other comprehensive income		
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-8,042,866	-13,461,361
Unrealised gains (losses) on valuation of available-for-sale financial assets	-1,668,978	-3,820,085
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		
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	-627,368	637,163
Components of other comprehensive income that will be reclassified to profit or loss	-10,339,212	-16,644,283
Other comprehensive income, net	-10,339,212	-16,644,283
Total comprehensive income	17,209,648	14,615,274
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	27,576,758	30,385,267
Profit (loss), attributable to non-controlling interests	-27,898	874,290
Comprehensive income attributable to:		

Comprehensive income, attributable to owners of parent	17,356,937	14,671,441
Comprehensive income, attributable to non-controlling interests	-147,289	-56,167
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	1.76	1.96
Total basic earnings per share	1.76	1.96
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	1.75	1.94
Total diluted earnings per share	1.75	1.94

Statement of cash flows

Accounting Title	2016/01/01 To2016/03/31	2015/01/01 To2015/03/31
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	36,305,948	40,247,534
Profit (loss) before tax	36,305,948	40,247,534
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	16,524,330	17,395,776
Amortization expense	211,440	226,272
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	4,924,757	3,448,834
Interest expense	5,290,841	4,249,079
Interest income	-6,991,869	-5,071,763
Dividend income	-155,102	-332,687
Share of loss (profit) of associates and joint ventures accounted for using equity method	-109,948	-850,084
Loss (gain) on disposal of property, plan and equipment	-105,981	-44,932
Loss (gain) on disposal of non-current assets classified as held for sale	0	-28,375
Loss (gain) on disposal of investments	97,441	-220,657
Impairment loss on non-financial assets	0	2,373,321

Total adjustments to reconcile profit (loss)	19,685,909	21,144,784
Changes in operating assets and liabilities		
Changes in operating assets		
trading		
Decrease (increase) in financial assets held for	2,134,685	-2,199,598
Decrease (increase) in notes receivable	267,078	3,916
Decrease (increase) in accounts receivable	157,275,071	298,891,428
from related parties		
Decrease (increase) in accounts receivable due	7,952,484	4,650,800
Decrease (increase) in other receivable	8,056,720	6,269,395
Decrease (increase) in inventories	31,211,556	-10,024,887
Decrease (increase) in prepaid expenses	149,496	-859,554
Total changes in operating assets	207,047,090	296,731,500
Changes in operating liabilities		
parties		
Increase (decrease) in accounts payable	-153,778,391	-190,576,617
Increase (decrease) in accounts payable to related	-8,940,334	-3,533,738
Increase (decrease) in other payable	-34,360,596	-40,322,441
Increase (decrease) in provisions	-344,760	-136,772
Increase (decrease) in other current liabilities	-7,084,257	-3,539,905
Increase (decrease) in net defined benefit liability	-17,783	9,822
Total changes in operating liabilities	-204,526,121	-238,099,651
Total changes in operating assets and liabilities	2,520,969	58,631,849
Total adjustments	22,206,878	79,776,633
Cash inflow (outflow) generated from operations	58,512,826	120,024,167
Income taxes refund (paid)	-9,922,833	-10,792,717
Net cash flows from (used in) operating activities	48,589,993	109,231,450
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial assets	-22,680	-2,473,965
assets		
Proceeds from disposal of available-for-sale financial	358,071	541,817
Acquisition of financial assets at cost	-2,748,250	-925,151
Proceeds from disposal of financial assets at cost	0	2,619
Acquisition of investments accounted for using equity	-197,180	-37,500
method		
Proceeds from disposal of investments accounted for	283,939	0
using equity method		

Proceeds from disposal of non-current assets classified as held for sale	0	3,433,375
Acquisition of property, plant and equipment	-9,743,953	-18,939,052
Proceeds from disposal of property, plant and equipment	558,412	1,989,904
Increase in other receivables due from related parties	-1,003,349	-1,151,258
Acquisition of intangible assets	0	-12,331
Increase in other financial assets	-23,794,615	0
Decrease in other financial assets	12,577	2,504,232
Increase in other non-current assets	-932,815	-1,590,068
Increase in other prepayments	-2,715	-37,152
Decrease in other prepayments	513,406	0
Interest received	5,937,375	4,630,990
Dividends received	155,102	332,687
Other investing activities	-29,541,950	-1,277,509
Net cash flows from (used in) investing activities	-60,168,625	-13,008,362
Cash flows from (used in) financing activities		
Increase in short-term loans	8,599,042	0
Decrease in short-term loans	0	-51,501,531
Increase in short-term notes and bills payable	7,000,000	0
Proceeds from issuing bonds	0	15,562,658
Repayments of bonds	-7,010,874	-3,000,000
Proceeds from long-term debt	178,500	508,833
Repayments of long-term debt	-6,772,962	-2,882,727
Increase in other non-current liabilities	172,115	0
Decrease in other non-current liabilities	0	-50,078
Interest paid	-4,567,148	-3,279,983
Change in non-controlling interests	360,678	970,348
Net cash flows from (used in) financing activities	-2,040,649	-43,672,480
Effect of exchange rate changes on cash and cash equivalents	-2,734,421	-12,431,296
Net increase (decrease) in cash and cash equivalents	-16,353,702	40,119,312
Cash and cash equivalents at beginning of period	657,137,721	679,037,301
Cash and cash equivalents at end of period	640,784,019	719,156,613
Cash and cash equivalents reported in the statement of financial position	640,784,019	719,156,613

Statements of Changes in Stockholders' Equity

	Ordinary share	Total share capital	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of 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	156,382,881	156,382,881	181,736,538	93,179,928	616,227,711	709,407,639	52,934,288	7,187,393	60,121,681	-18,901	1,007,629,838	52,761,241	1,060,391,079
Changes in equity of associates and joint ventures accounted for using equity method	0	0	85,195	0	0	0	0	0	0	0	85,195	0	85,195
Profit (loss)	0	0	0	0	27,576,758	27,576,758	0	0	0	0	27,576,758	-27,898	27,548,860
Other comprehensive	0	0	0	0	0	0	-8,623,207	-1,596,614	-10,219,821	0	-10,219,821	-119,391	-10,339,212

income														
Total comprehensive income	0	0	0	0	27,576,758	27,576,758	-8,623,207	-1,596,614	-10,219,821	0	17,356,937	-147,289	17,209,648	
Changes in ownership interests in subsidiaries	0	0	1,183,889	0	0	0	0	0	0	0	1,183,889	0	1,183,889	
Changes in non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	360,678	360,678	
Total increase (decrease) in equity	0	0	1,269,084	0	27,576,758	27,576,758	-8,623,207	-1,596,614	-10,219,821	0	18,626,021	213,389	18,839,410	
Equity	156,382,881	156,382,881	183,005,622	93,179,928	643,804,469	736,984,397	44,311,081	5,590,779	49,901,860	-18,901	1,026,255,859	52,974,630	1,079,230,489	

Independent Auditors' Report

Report of Independent Auditors

Name of CPA Firm	PricewaterhouseCoopers
Name of CPA 1	HSU, YUNG-CHIEN
Name of CPA 2	Chang, Ming-Hui
Date of Audit (Review)	2016-05-12
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 accounted for using equity method have not been audited or reviewed	Y
Description of Matter Emphasized	
Description of Other Matter	
Content of Independent Auditors Report	<p>To The Board of Directors and Stockholders Hon Hai Precision Industry Co., Ltd.</p> <p>We have reviewed the accompanying consolidated balance sheets of Hon Hai Precision Industry Co., Ltd. and subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion</p>

on these financial statements based on our reviews.

Except as explained in the following paragraph, our reviews were made in accordance with the Generally Accepted Auditing Standard No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, 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.

As explained in Notes 4(3) and 6(10), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including investments accounted for under equity method) of \$584,555,064 thousand and \$675,347,192 thousand, constituting 27.46% and 30.97% of the consolidated total assets, and total liabilities of \$192,596,694 thousand and \$274,144,254 thousand, constituting 18.35% and 23.24% of the consolidated total liabilities as of March 31, 2016 and 2015, respectively, and total comprehensive income (including share of profit and other comprehensive income of associates and joint ventures accounted for under equity method) of \$504,020 thousand and \$6,429,782 thousand, constituting 2.93% and 43.83% of the consolidated total comprehensive income for the three-month periods then ended, respectively.

. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of March 31, 2016 and 2015.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries, investments accounted for under equity method and the information disclosed in Note 13 been reviewed by independent accountants, 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 by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan
May 12, 2016

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.

Ending balance of assets of subsidiaries whose financial statements were audited or reviewed by other independent accountants

Total year-to-date revenues of subsidiaries whose financial statements were audited or reviewed by other independent accountants

Total revenues for the quarter of subsidiaries whose financial statements were audited or reviewed by other independent accountants

Ending balance of investments accounted for using equity method whose financial statements were audited or reviewed by other independent accountants

Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method which audited by other independent accountants

Share of profit (loss) for the quarter of associates and joint ventures accounted for using equity method whose financial statements were audited or reviewed by other independent accountants

Ending balance of assets of subsidiaries whose financial statements were on unaudited

or unreviewed

Year-to-date comprehensive income of subsidiaries whose financial statements were unaudited or unreviewed

Comprehensive income for the quarter of subsidiaries whose financial statements were unaudited or unreviewed

Ending balance of investments accounted for using equity method whose financial statements were unaudited or unreviewed

Share of year-to-date profit (loss) of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed

Share of profit (loss) for the quarter of associates and joint ventures accounted for using equity method whose financial statements were unaudited or unreviewed