

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED SHEETS
2016 3rd IFRS Consolidated Financial Statements

Balance Sheet

Accounting Title	2016/09/30	2015/12/31	2015/09/30
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	653,097,371	657,137,721	647,246,764
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	639,014	6,114,913	21,382,171
Current available-for-sale financial assets			
Current available-for-sale financial assets, net	511,430	627,508	608,008
Accounts receivable, net			
Accounts receivable, net	509,864,184	564,705,314	543,070,339
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	21,786,102	26,203,276	24,567,360
Other receivables			
Other receivables, net	47,328,832	43,779,955	41,893,021
Inventories			
Total inventories	419,566,810	424,625,017	496,268,260
Prepayments			
Total prepayments	11,499,032	14,444,295	14,843,000
Non-current assets classified as held for sale, net			
Non-current assets classified as held for sale, net	0	0	2,739,648
Other current assets			
Total other current assets	108,691,422	50,580,974	52,172,274
Total current assets	1,772,984,197	1,788,218,973	1,844,790,845
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	79,464,206	38,997,120	40,220,195
Non-current financial assets at cost			
Non-current financial assets at cost, net	30,841,321	18,795,163	17,070,313

Investments accounted for using equity method			
Investments accounted for using equity method, net	135,101,968	77,634,937	70,580,069
Property, plant and equipment			
Total property, plant and equipment	306,954,132	336,738,466	328,890,569
Investment property, net			
Investment property, net	2,622,930	3,014,648	2,566,542
Intangible assets			
Total intangible assets	2,811,481	3,253,837	4,232,877
Deferred tax assets	18,387,726	18,303,571	17,930,954
Other non-current assets			
Total other non-current assets	29,880,859	23,343,162	43,522,520
Total non-current assets	606,064,623	520,080,904	525,014,039
Total assets	2,379,048,820	2,308,299,877	2,369,804,884
Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	77,184,400	70,233,209	84,181,823
Short-term notes and bills payable			
Total short-term notes and bills payable	29,576,132	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	8,809,930	484,773	2,422,626
Accounts payable			
Total accounts payable	601,817,501	613,195,241	664,080,917
Accounts payable to related parties			
Total accounts payable to related parties	30,562,964	30,862,535	44,209,665
Other payables			
Total other payables	248,143,241	197,024,433	240,062,929
Current tax liabilities	23,643,864	32,684,113	22,577,787
Current provisions			
Total current provisions	2,326,244	2,332,882	2,582,873
Liabilities related to non-current assets classified as held for sale	0	0	407,419
Other current liabilities			
Total other current liabilities	94,690,446	102,305,015	93,275,092
Total current liabilities	1,116,754,722	1,056,122,201	1,153,801,131
Non-current liabilities			

Non-current financial liabilities at fair value through profit or loss			
Total non-current financial liabilities at fair value through profit or loss	422,723	0	2,156
Bonds payable			
Total bonds payable	174,486,199	161,789,254	163,834,054
Long-term borrowings			
Total long-term borrowings	24,279,386	10,221,175	5,556,796
Deferred tax liabilities			
Total deferred tax liabilities	9,840,959	9,580,816	9,555,072
Other non-current liabilities			
Total other non-current liabilities	9,800,920	10,195,352	9,968,192
Total non-current liabilities	218,830,187	191,786,597	188,916,270
Total liabilities	1,335,584,909	1,247,908,798	1,342,717,401
Equity			
Equity attributable to owners of parent			
Share capital			
Ordinary share	173,287,383	156,382,881	159,932,881
Total capital stock	173,287,383	156,382,881	159,932,881
Capital surplus			
Capital surplus, additional paid-in capital			
Total capital surplus, additional paid-in capital	88,501,031	79,169,050	79,169,050
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	1,578,233	0	0
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	3,546,918	2,567,488	2,112,744
Capital Surplus, restricted stock	0	0	-3,550,000
Total capital surplus	93,626,182	81,736,538	77,731,794
Retained earnings			
Legal reserve	107,866,626	93,179,928	93,179,928
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	603,246,462	616,227,711	563,856,735
Total retained earnings	711,113,088	709,407,639	657,036,663
Other equity interest			
Exchange differences on translation of foreign financial statements			
Total exchange differences on translation of foreign financial statements	918,342	52,934,288	69,613,544
Unrealized gains (losses) on available-for-sale financial assets			

Total unrealized gains (losses) on available-for-sale financial assets	13,581,165	7,187,393	6,589,569
Total other equity interest	14,499,507	60,121,681	76,203,113
Treasury shares	18,901	18,901	18,901
Total equity attributable to owners of parent	992,507,259	1,007,629,838	970,885,550
Non-controlling interests	50,956,652	52,761,241	56,201,933
Total equity	1,043,463,911	1,060,391,079	1,027,087,483
Total liabilities and equity	2,379,048,820	2,308,299,877	2,369,804,884
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	1,853,848	1,685,317	1,685,317

Income Statement

Accounting Title	2016/3rd	2015/3rd	2016/01/01 To 2016/09/30	2015/01/01 To 2015/09/30
Statement of comprehensive income				
Operating revenue				
Total operating revenue	1,075,348,211	1,065,601,878	2,955,494,349	3,052,432,520
Operating costs				
Total operating costs	995,325,276	989,079,754	2,752,405,100	2,833,445,148
Gross profit (loss) from operations	80,022,935	76,522,124	203,089,249	218,987,372
Gross profit (loss) from operations	80,022,935	76,522,124	203,089,249	218,987,372
Operating expenses				
Selling expenses				
Total selling expenses	5,898,135	5,937,320	16,371,225	17,623,041
Administrative expenses				
Total administrative expenses	18,790,191	19,080,969	53,241,893	55,494,156
Research and development expenses				
Total research and development expenses	13,227,216	13,338,192	35,222,284	35,991,012
Total operating expenses	37,915,542	38,356,481	104,835,402	109,108,209
Net operating income (loss)	42,107,393	38,165,643	98,253,847	109,879,163
Non-operating income and expenses				
Other income				
Total other income	14,029,753	8,724,009	36,362,694	22,845,510
Other gains and losses				
Other gains and losses, net	-5,474,616	5,429,230	-5,665,110	6,774,752
Finance costs				
Finance costs, net	7,835,518	4,811,440	18,459,077	12,895,488
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	16,383	326,372	-103,116	2,015,137
Total non-operating income and expenses	736,002	9,668,171	12,135,391	18,739,911
Profit (loss) from continuing operations before tax	42,843,395	47,833,814	110,389,238	128,619,074
Tax expense (income)				
Total tax expense (income)	7,582,574	8,975,747	29,504,461	32,107,772
Profit (loss) from continuing operations	35,260,821	38,858,067	80,884,777	96,511,302
Profit (loss)	35,260,821	38,858,067	80,884,777	96,511,302
Other comprehensive income				
Components of other comprehensive income that will be reclassified to profit or loss				

Exchange differences on translation	-27,344,410	35,287,757	-54,633,127	7,471,300
Unrealised gains (losses) on valuation of available-for-sale financial assets	7,761,355	-16,761,210	4,498,644	-16,607,422
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	1,651,106	-840,969	50,029	-634,827
Components of other comprehensive income that will be reclassified to profit or loss	-17,931,949	17,685,578	-50,084,454	-9,770,949
Other comprehensive income, net	-17,931,949	17,685,578	-50,084,454	-9,770,949
Total comprehensive income	17,328,872	56,543,645	30,800,323	86,740,353
Profit (loss), attributable to:				
Profit (loss), attributable to owners of parent	34,635,381	37,858,448	79,896,890	93,933,279
Profit (loss), attributable to non-controlling interests	625,440	999,619	987,887	2,578,023
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	17,594,905	54,276,748	34,274,716	86,539,212
Comprehensive income, attributable to non-controlling interests	-266,033	2,266,897	-3,474,393	201,141
Basic earnings per share				
Basic earnings (loss) per share from continuing operations	2.00	2.20	4.62	5.46
Total basic earnings per share	2.00	2.20	4.62	5.46
Diluted earnings per share				
Diluted earnings (loss) per share from continuing operations	1.99	2.19	4.59	5.41
Total diluted earnings per share	1.99	2.19	4.59	5.41

Statement of cash flows Statement of cash flows

Accounting Title	2016/01/01To2016/09/30	2015/01/01To2015/09/30
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	110,389,238	128,619,074
Profit (loss) before tax	110,389,238	128,619,074
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	48,773,364	54,405,179
Amortization expense	664,560	694,604
Provision (reversal of provision) for bad debt expense	901,135	461,746
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	18,610,832	652,356
Interest expense	18,448,569	12,889,381
Interest income	-24,802,922	-17,835,789
Dividend income	-1,344,193	-894,647
Share of loss (profit) of associates and joint ventures accounted for using equity method	103,116	-2,015,137
Loss (gain) on disposal of property, plan and equipment	-360,222	-304,048
Loss (gain) on disposal of non-current assets classified as held for sale	0	-28,375
Loss (gain) on disposal of investments	947,797	-4,094,537
Impairment loss on non-financial assets	0	4,961,680
Total adjustments to reconcile profit (loss)	61,942,036	48,892,413

Changes in operating assets and liabilities			
Changes in operating assets			
	Decrease (increase) in financial assets held for trading	-4,387,053	-10,942,502
	Decrease (increase) in notes receivable	482,931	686,526
	Decrease (increase) in accounts receivable	54,360,399	204,068,204
parties	Decrease (increase) in accounts receivable due from related	4,417,174	-473,394
	Decrease (increase) in other receivable	1,558,129	6,018,204
	Decrease (increase) in inventories	5,058,207	-127,071,447
	Decrease (increase) in prepaid expenses	2,945,263	-4,447,315
	Total changes in operating assets	64,435,050	67,838,276
Changes in operating liabilities			
	Increase (decrease) in accounts payable	-11,378,509	-30,234,342
	Increase (decrease) in accounts payable to related parties	-299,571	3,195,064
	Increase (decrease) in other payable	-3,117,540	-18,530,744
	Increase (decrease) in provisions	-6,638	-92,006
	Increase (decrease) in other current liabilities	-8,723,239	-784,554
	Increase (decrease) in net defined benefit liability	-7,205	17,543
	Total changes in operating liabilities	-23,532,702	-46,429,039
	Total changes in operating assets and liabilities	40,902,348	21,409,237
	Total adjustments	102,844,384	70,301,650
	Cash inflow (outflow) generated from operations	213,233,622	198,920,724
	Income taxes refund (paid)	-38,368,722	-39,309,447
	Net cash flows from (used in) operating activities	174,864,900	159,611,277
Cash flows from (used in) investing activities			
	Acquisition of financial assets at fair value through profit or loss, designated as upon initial recognition	0	-6,500,000
	Acquisition of available-for-sale financial assets	-39,374,312	-2,473,186
	Proceeds from disposal of available-for-sale financial assets	1,884,927	4,500,534
	Acquisition of financial assets at cost	-13,314,175	-11,140,057
	Proceeds from disposal of financial assets at cost	7,656	9,089
	Acquisition of investments accounted for using equity method	-61,054,168	-5,903,722
equity method	Proceeds from capital reduction of investments accounted for using	0	297,760
sale	Proceeds from disposal of non-current assets classified as held for	0	3,433,375
	Acquisition of property, plant and equipment	-36,501,904	-39,192,856
	Proceeds from disposal of property, plant and equipment	1,108,028	3,744,981
	Increase in other receivables due from related parties	-895,668	-949,984
	Acquisition of intangible assets	0	-56,610
	Increase in other financial assets	-58,110,937	-11,085,823
	Increase in other non-current assets	436,947	-19,054,829
	Increase in other prepayments	-6,981,448	-126,666
	Interest received	19,710,841	16,798,368
	Dividends received	3,445,831	894,647
	Other investing activities	-486,043	-421,528
	Net cash flows from (used in) investing activities	-190,124,425	-67,226,507
Cash flows from (used in) financing activities			
	Increase in short-term loans	6,951,191	0
	Decrease in short-term loans	0	-142,318,684
	Increase in short-term notes and bills payable	22,576,132	0
	Proceeds from issuing bonds	49,360,000	42,012,658
	Repayments of bonds	-14,857,456	-13,500,000
	Proceeds from long-term debt	570,500	1,266,833
	Repayments of long-term debt	-6,866,013	-7,982,873
	Increase in other non-current liabilities	98,816	376,549
	Interest paid	-13,792,305	-11,317,351

Change in non-controlling interests	343,217	1,555,223
Net cash flows from (used in) financing activities	44,384,082	-129,907,645
Effect of exchange rate changes on cash and cash equivalents	-33,164,907	5,732,338
Net increase (decrease) in cash and cash equivalents	-4,040,350	-31,790,537
Cash and cash equivalents at beginning of period	657,137,721	679,037,301
Cash and cash equivalents at end of period	653,097,371	647,246,764
Cash and cash equivalents reported in the statement of financial position	653,097,371	647,246,764

Statements of Changes in Stockholders' Equity
Independent Auditors' Report

2016/09/30 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	Other	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Equity at beginning of period	156,382,881	156,382,881	81,736,538	93,179,928	616,227,711	709,407,639	52,934,288	7,187,393	0	60,121,681	-18,901	1,007,629,838	52,761,241	1,060,391,079
Legal reserve appropriated	0	0	0	14,686,698	-14,686,698	0	0	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	-62,553,153	-62,553,153	0	0	0	0	0	-62,553,153	0	-62,553,153
Stock dividends of ordinary share	15,638,288	15,638,288	0	0	-15,638,288	-15,638,288	0	0	0	0	0	0	0	0
Changes in equity of associates and joint ventures accounted for using equity method	0	0	979,430	0	0	0	0	0	0	0	0	979,430	0	979,430
Profit (loss)	0	0	0	0	79,896,890	79,896,890	0	0	0	0	0	79,896,890	987,887	80,884,777
Other comprehensive income	0	0	0	0	0	0	-52,015,946	6,393,772	0	-45,622,174	0	-45,622,174	-4,462,280	-50,084,454
Total comprehensive	0	0	0	0	79,896,890	79,896,890	-52,015,946	6,393,772	0	-45,622,174	0	34,274,716	-3,474,393	30,800,323

share															
Changes in equity of associates and joint ventures accounted for using equity method	0	0	1,277,084	0	0	0	0	0	0	0	0	1,277,084	0	1,277,084	
Profit (loss)	0	0	0	0	93,933,279	93,933,279	0	0	0	0	0	93,933,279	2,578,023	96,511,302	
Other comprehensive income	0	0	0	0	0	0	10,003,309	-17,397,376	0	-7,394,067	0	-7,394,067	-2,376,882	-9,770,949	
Total comprehensive income	0	0	0	0	93,933,279	93,933,279	10,003,309	-17,397,376	0	-7,394,067	0	86,539,212	201,141	86,740,353	
Issue of ordinary share, others	3,550,000	3,550,000	17,831,955	0	0	0	0	0	-21,381,955	-21,381,955	0	0	0	0	
Changes in ownership interests in subsidiaries	0	0	-1,589	0	-343,945	-343,945	0	0	0	0	0	-345,534	0	-345,534	
Changes in non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	1,555,223	1,555,223	
Share-based payments	1,052,110	1,052,110	8,346,391	0	0	0	0	0	0	0	0	9,398,501	0	9,398,501	
Others	0	0	-21,381,955	0	0	0	0	0	21,381,955	21,381,955	0	0	0	0	
Total increase (decrease) in equity	11,998,813	11,998,813	6,071,886	13,053,473	16,924,212	29,977,685	10,003,309	-17,397,376	0	-7,394,067	0	40,654,317	1,756,364	42,410,681	
Equity at end of period	159,932,881	159,932,881	77,731,794	93,179,928	563,856,735	657,036,663	69,613,544	6,589,569	0	76,203,113	-18,901	970,885,550	56,201,933	1,027,087,483	