

**HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES CONSOLIDATED SHEETS**  
**2017 2nd IFRS Consolidated Financial Statements**

Unit: NT\$ thousand

Accounting Title	2017/06/30	2016/12/31	2016/06/30
<b>Balance Sheet</b>			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	595,905,894	633,155,301	629,265,253
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	8,829,844	13,652,363	812,511
Current available-for-sale financial assets			
Current available-for-sale financial assets, net	556,260	462,334	521,046
Accounts receivable, net			
Accounts receivable, net	502,291,087	699,077,030	420,140,906
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	52,063,448	31,980,845	15,811,044
Other receivables			
Other receivables, net	46,861,728	45,749,740	48,938,097
Inventories			
Total inventories	375,334,239	387,274,061	370,696,608
Prepayments			
Total prepayments	14,843,385	13,085,503	13,784,406
Other current assets			
Total other current assets	137,827,046	106,764,202	133,865,989
Total current assets	1,734,512,931	1,931,201,379	1,633,835,860
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	3,883,019	5,998,337	0
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	186,889,881	112,495,564	33,331,834
Non-current financial assets at cost			
Non-current financial assets at cost, net	33,954,586	32,467,460	23,264,051
Investments accounted for using equity method			
Investments accounted for using equity method, net	143,730,503	142,527,340	73,444,010
Property, plant and equipment			
Total property, plant and equipment	294,006,017	309,202,470	317,172,144
Investment property, net			

Investment property, net	2,430,118	2,525,291	2,742,137
Intangible assets			
Total intangible assets	10,067,842	10,532,956	2,990,911
Deferred tax assets	16,463,460	14,590,713	17,654,859
Other non-current assets			
Total other non-current assets	31,639,439	30,501,430	53,944,990
Total non-current assets	723,064,865	660,841,561	524,544,936
Total assets	2,457,577,796	2,592,042,940	2,158,380,796
Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	165,275,140	171,472,143	83,644,765
Short-term notes and bills payable			
Total short-term notes and bills payable	1,200,000	15,990,844	27,673,850
Current financial liabilities at fair value through profit or loss			
Total current financial liabilities at fair value through profit or loss	2,326,261	11,555,900	4,185,435
Accounts payable			
Total accounts payable	508,191,976	679,055,257	462,388,897
Accounts payable to related parties			
Total accounts payable to related parties	54,813,636	30,607,929	24,852,047
Other payables			
Total other payables	272,522,600	218,417,857	224,497,114
Current tax liabilities	23,096,419	30,653,702	25,942,837
Current provisions			
Total current provisions	3,279,398	2,983,036	2,307,808
Other current liabilities			
Total other current liabilities	103,008,645	91,908,563	102,252,435
Total current liabilities	1,133,714,075	1,252,645,231	957,745,188
Non-current liabilities			
Bonds payable			
Total bonds payable	129,809,899	153,302,845	147,278,891
Long-term borrowings			
Total long-term borrowings	22,150,379	24,929,793	8,678,504
Deferred tax liabilities			
Total deferred tax liabilities	29,983,650	18,607,586	9,641,518
Other non-current liabilities			
Total other non-current liabilities	9,059,945	8,768,887	9,968,970
Total non-current liabilities	191,003,873	205,609,111	175,567,883

Total liabilities	1,324,717,948	1,458,254,342	1,133,313,071
Equity			
Equity attributable to owners of parent			
Share capital			
Ordinary share	173,287,383	173,287,383	156,382,881
Stock dividend to be distributed	0	0	26,236,483
Total capital stock	173,287,383	173,287,383	182,619,364
Capital surplus			
Capital surplus, additional paid-in capital			
Total capital surplus, additional paid-in capital	88,501,031	88,501,031	79,169,050
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	1,044,425	1,168,232	1,520,505
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	2,466,640	3,377,348	2,864,245
Total capital surplus	92,012,096	93,046,611	83,553,800
Retained earnings			
Legal reserve	122,732,924	107,866,626	107,866,626
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	625,260,761	672,059,408	568,611,081
Total retained earnings	747,993,685	779,926,034	676,477,707
Other equity interest			
Exchange differences on translation of foreign financial statements			
Total exchange differences on translation of foreign financial statements	-51,370,381	-7,741,467	27,609,475
Unrealized gains (losses) on available-for-sale financial assets			
Total unrealized gains (losses) on available-for-sale financial assets	98,284,849	40,249,734	3,930,508
Total other equity interest	46,914,468	32,508,267	31,539,983
Treasury shares	18,901	18,901	18,901
Total equity attributable to owners of parent	1,060,188,731	1,078,749,394	974,171,953
Non-controlling interests	72,671,117	55,039,204	50,895,772
Total equity	1,132,859,848	1,133,788,598	1,025,067,725
Total liabilities and equity	2,457,577,796	2,592,042,940	2,158,380,796
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	1,853,848	1,685,317

Accounting Title	2017/2nd	2016/2nd	2017/01/01To 2017/06/30	2016/01/01To 2016/06/30
<b>Statement of comprehensive income</b>				
Operating revenue				
Total operating revenue	922,412,465	922,136,921	1,897,456,321	1,880,146,138
Operating costs				
Total operating costs	859,638,042	866,647,080	1,762,957,282	1,757,079,824
Gross profit (loss) from operations	62,774,423	55,489,841	134,499,039	123,066,314
Gross profit (loss) from operations	62,774,423	55,489,841	134,499,039	123,066,314
Operating expenses				
Selling expenses				
Total selling expenses	5,479,436	5,136,777	11,581,728	10,473,090
Administrative expenses				
Total administrative expenses	17,676,081	17,644,254	33,719,107	34,451,702
Research and development expenses				
Total research and development expenses	14,667,512	11,887,020	27,757,084	21,995,068
Total operating expenses	37,823,029	34,668,051	73,057,919	66,919,860
Net operating income (loss)	24,951,394	20,821,790	61,441,120	56,146,454
Non-operating income and expenses				
Other income				
Total other income	11,112,256	13,479,441	24,179,182	22,332,941
Other gains and losses				
Other gains and losses, net	-3,366,709	2,500,829	-8,914,352	-190,494
Finance costs				
Finance costs, net	8,248,951	5,332,718	16,750,394	10,623,559
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	1,203,607	-229,447	2,134,297	-119,499
Total non-operating income and expenses	700,203	10,418,105	648,733	11,399,389
Profit (loss) from continuing operations before tax	25,651,597	31,239,895	62,089,853	67,545,843
Tax expense (income)				
Total tax expense (income)	10,732,821	13,164,799	17,963,631	21,921,887
Profit (loss) from continuing operations	14,918,776	18,075,096	44,126,222	45,623,956
Profit (loss)	14,918,776	18,075,096	44,126,222	45,623,956
Other comprehensive income				
Components of other comprehensive income that will be reclassified to profit or loss				

Exchange differences on translation	12,195,863	-19,245,851	-44,788,344	-27,288,717
Unrealised gains (losses) on valuation of available-for-sale financial assets	-4,245,905	-1,593,733	61,038,751	-3,262,711
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	754,596	-973,709	6,877,129	-1,601,077
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-1,769,514	0	8,251,185	0
Components of other comprehensive income that will be reclassified to profit or loss	10,474,068	-21,813,293	14,876,351	-32,152,505
Other comprehensive income, net	10,474,068	-21,813,293	14,876,351	-32,152,505
Total comprehensive income	25,392,844	-3,738,197	59,002,573	13,471,451
Profit (loss), attributable to:				
Profit (loss), attributable to owners of parent	17,879,442	17,684,751	46,046,973	45,261,509
Profit (loss), attributable to non-controlling interests	-2,960,666	390,345	-1,920,751	362,447
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	26,658,353	-677,126	60,453,174	16,679,811
Comprehensive income, attributable to non-controlling interests	-1,265,509	-3,061,071	-1,450,601	-3,208,360
Basic earnings per share				
Basic earnings (loss) per share from continuing operations	1.03	1.02	2.66	2.62
Total basic earnings per share	1.03	1.02	2.66	2.62
Diluted earnings per share				
Diluted earnings (loss) per share from continuing operations	1.02	1.02	2.64	2.61
Total diluted earnings per share	1.02	1.02	2.64	2.61

Accounting Title	2017/01/01 To 2016/01/01 To	
	2017/06/30	2016/06/30
<b>Statement of cash flows</b>		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	62,089,853	67,545,843
Profit (loss) before tax	62,089,853	67,545,843
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	26,258,486	33,962,822
Amortization expense	626,037	448,854
Provision (reversal of provision) for bad debt expense	-15,337	0
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	12,306,229	10,837,476
Interest expense	16,701,120	10,620,052
Interest income	-20,662,037	-14,553,517
Dividend income	-419,943	-261,910
Share of loss (profit) of associates and joint ventures accounted for using equity method	-2,134,297	119,499
Loss (gain) on disposal of property, plan and equipment	152,556	-277,318
Loss (gain) on disposal of investments	362,833	184,498
Impairment loss on financial assets	5,048,957	0
Total adjustments to reconcile profit (loss)	38,224,604	41,080,456
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	-14,848,431	-1,834,412
Decrease (increase) in notes receivable	143,587	360,417
Decrease (increase) in accounts receivable	196,657,693	144,206,191
Decrease (increase) in accounts receivable due from related parties	-20,082,603	10,392,232
Decrease (increase) in other receivable	-1,280,579	-670,919
Decrease (increase) in inventories	10,500,956	53,928,409
Decrease (increase) in prepaid expenses	-1,757,882	659,889
Total changes in operating assets	169,332,741	207,041,807
Changes in operating liabilities		
Increase (decrease) in accounts payable	-170,863,281	-150,807,113
Increase (decrease) in accounts payable to related parties	24,205,707	-6,010,488
Increase (decrease) in other payable	-24,149,848	-25,111,485
Increase (decrease) in provisions	296,362	-25,074
Increase (decrease) in other current liabilities	5,790,709	-10,100,323
Increase (decrease) in net defined benefit liability	-83,627	-5,686
Total changes in operating liabilities	-164,803,978	-192,060,169

Total changes in operating assets and liabilities	4,528,763	14,981,638
Total adjustments	42,753,367	56,062,094
Cash inflow (outflow) generated from operations	104,843,220	123,607,937
Income taxes refund (paid)	-24,268,782	-27,953,749
Net cash flows from (used in) operating activities	80,574,438	95,654,188
Cash flows from (used in) investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss, designated as upon initial recognition	250,400	0
Acquisition of available-for-sale financial assets	-158,184	-77,453
Proceeds from disposal of available-for-sale financial assets	621,697	1,893,484
Acquisition of financial assets at cost	-8,606,999	-4,853,463
Proceeds from disposal of financial assets at cost	335,100	7,656
Acquisition of investments accounted for using equity method	-125,688	-258,123
Proceeds from capital reduction of investments accounted for using equity method	786,903	280,855
Acquisition of property, plant and equipment	-20,939,041	-24,699,762
Proceeds from disposal of property, plant and equipment	1,594,841	1,073,965
Increase in other receivables due from related parties	228,225	-966,975
Increase in other financial assets	-31,108,288	-83,285,015
Decrease in other financial assets	0	7,577
Increase in other non-current assets	-2,046,693	530,971
Increase in other prepayments	-484,086	-1,205,452
Interest received	20,602,403	11,053,661
Dividends received	419,943	261,910
Other investing activities	-250,050	-29,805,465
Net cash flows from (used in) investing activities	-38,879,517	-130,041,629
Cash flows from (used in) financing activities		
Increase in short-term loans	0	13,411,556
Decrease in short-term loans	-6,197,003	0
Increase in short-term notes and bills payable	0	20,700,000
Decrease in short-term notes and bills payable	-14,790,844	0
Proceeds from issuing bonds	9,000,000	9,000,000
Repayments of bonds	-24,131,036	-9,131,160
Proceeds from long-term debt	3,207,353	469,500
Repayments of long-term debt	-5,187,494	-6,785,169
Increase in other non-current liabilities	710,410	174,769
Interest paid	-16,276,441	-8,003,044
Change in non-controlling interests	794,175	558,731
Net cash flows from (used in) financing activities	-52,870,880	20,395,183
Effect of exchange rate changes on cash and cash equivalents	-26,073,448	-13,880,210

Net increase (decrease) in cash and cash equivalents	-37,249,407	-27,872,468
Cash and cash equivalents at beginning of period	633,155,301	657,137,721
Cash and cash equivalents at end of period	595,905,894	629,265,253
Cash and cash equivalents reported in the statement of financial position	595,905,894	629,265,253

2017/06/30 Statement of Stockholders' Equity

Unit: NT\$ thousand

	Ordinary share	Stock dividend to be distributed	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 interest	Total equity
Equity	173,287,383	0	173,287,383	93,046,611	107,866,626	672,059,408	779,926,034	-7,741,467	40,249,734	32,508,267	-18,901	1,078,749,394	55,039,204	1,133,788,598
Legal reserve appropriated	0	0	0	0	14,866,298	-14,866,298	0	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-77,979,322	-77,979,322	0	0	0	0	-77,979,322	0	-77,979,322
Changes in equity of associates and joint ventures accounted for using equity method	0	0	0	-910,708	0	0	0	0	0	0	0	-910,708	0	-910,708
Profit (loss)	0	0	0	0	0	46,046,973	46,046,973	0	0	0	0	46,046,973	-1,920,751	44,126,222
Other comprehensive income	0	0	0	0	0	0	0	-43,628,914	58,035,115	14,406,201	0	14,406,201	470,150	14,876,351
Total comprehensive	0	0	0	0	0	46,046,973	46,046,973	-43,628,914	58,035,115	14,406,201	0	60,453,174	-1,450,601	59,002,573

income															
Changes in															
ownership interests	0	0	0	-123,807	0	0	0	0	0	0	0	0	-123,807	794,175	670,368
in subsidiaries															
Changes in															
non-controlling	0	0	0	0	0	0	0	0	0	0	0	0	0	18,288,339	18,288,339
interests															
Total increase															
(decrease) in equity	0	0	0	-1,034,515	14,866,298	-46,798,647	-31,932,349	-43,628,914	58,035,115	14,406,201	0	-18,560,663	17,631,913		-928,750
Equity	173,287,383	0	173,287,383	92,012,096	122,732,924	625,260,761	747,993,685	-51,370,381	98,284,849	46,914,468	-18,901	1,060,188,731	72,671,117	1,132,859,848	

2016/06/30 Statement of Stockholders' Equity

Unit: NT\$ thousand

	Ordinary share	Stock dividend to be distributed	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	156,382,881	0	156,382,881	81,736,538	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
Legal reserve appropriated	0	0	0	0	14,686,698	-14,686,698	0	0	0	0	0	0	0	0
Cash dividends of ordinary share	0	0	0	0	0	-62,553,153	-62,553,153	0	0	0	0	-62,553,153	0	-62,553,153
Stock dividends of ordinary share	0	15,638,288	15,638,288	0	0	-15,638,288	-15,638,288	0	0	0	0	0	0	0
Changes in equity of associates and joint ventures accounted for using equity method	0	0	0	296,757	0	0	0	0	0	0	0	296,757	0	296,757
Profit (loss)	0	0	0	0	0	45,261,509	45,261,509	0	0	0	0	45,261,509	362,447	45,623,956
Other comprehensive income	0	0	0	0	0	0	0	-25,324,813	-3,256,885	-28,581,698	0	-28,581,698	-3,570,807	-32,152,505
Total comprehensive	0	0	0	0	0	45,261,509	45,261,509	-25,324,813	-3,256,885	-28,581,698	0	16,679,811	-3,208,360	13,471,451

income															
Changes in ownership															
interests in subsidiaries	0	0	0	1,520,505	0	0	0	0	0	0	0	1,520,505	558,731	2,079,236	
Changes in non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	784,160	784,160	
Share-based payments	0	10,598,195	10,598,195	0	0	0	0	0	0	0	0	10,598,195	0	10,598,195	
Total increase (decrease) in equity	0	26,236,483	26,236,483	1,817,262	14,686,698	-47,616,630	-32,929,932	-25,324,813	-3,256,885	-28,581,698	0	-33,457,885	-1,865,469	-35,323,354	
Equity	156,382,881	26,236,483	182,619,364	83,553,800	107,866,626	568,611,081	676,477,707	27,609,475	3,930,508	31,539,983	-18,901	974,171,953	50,895,772	1,025,067,725	