

## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Balance Sheet

##### A. Condensed Balance Sheet-IFRS

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary					Year-to-date 2017.3.31
		2012	2013	2014	2015	2016	
Current assets		12,946,119	12,500,840	12,849,769	10,117,285	10,599,153	N/A
Fixed assets		3,600,750	3,592,858	3,959,960	3,877,206	3,643,822	
Intangible assets		0	0	0	0	0	
Other assets		41,361,194	43,687,688	51,317,452	53,603,223	55,941,655	
Total assets		57,908,063	59,781,386	68,127,181	67,597,714	70,184,630	
Current liabilities	Before distribution	8,120,862	8,515,760	9,362,494	12,426,835	9,029,583	
	After distribution	9,987,512	10,718,722	11,565,456	14,028,989	Note 1	
Long-term liabilities		12,612,512	8,402,192	9,493,858	7,706,837	11,423,480	
Total liabilities	Before distribution	20,733,374	16,917,952	18,856,352	20,133,672	20,453,063	
	After distribution	22,600,024	19,120,914	21,059,314	21,735,826	Note 1	
Equity attributable to owners of parent		37,174,689	42,863,434	49,270,073	47,464,042	49,731,567	
Capital stock		18,490,969	20,026,929	20,026,929	20,026,929	20,026,929	
Capital surplus		5,881,995	7,493,180	7,600,552	7,638,417	7,671,889	
Retained earnings	Before distribution	14,768,524	16,606,382	18,444,591	19,363,279	21,187,539	
	After distribution	12,901,874	14,403,420	16,241,629	17,761,125	Note 1	
Other equity interest		(1,645,960)	(941,494)	3,519,564	756,980	1,166,773	
Treasury Stocks		(320,839)	(321,563)	(321,563)	(321,563)	(321,563)	
Non-Controlling Interest		0	0	0	0	0	
Total shareholders' equity	Before distribution	37,174,689	42,863,434	49,270,073	47,464,042	49,731,567	
	After distribution	35,308,039	40,660,472	47,067,111	45,861,888	Note 1	

Note 1: Earnings allocation has not yet to be passed by shareholders' meeting.

## B. Condensed Balance Sheet-IFRS

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary					Year-to-date 2017.3.31
		2012	2013	2014	2015	2016	
Current assets		37,027,731	40,843,355	43,275,334	42,292,402	45,296,310	43,896,669
Fixed assets		14,544,940	15,132,587	14,569,687	15,018,217	18,463,450	18,172,139
Intangible assets		74,087	320,236	174,250	5,541,844	5,636,766	5,134,583
Other assets		20,559,306	20,593,875	24,693,774	21,581,789	22,977,430	24,010,560
Total assets		72,206,064	76,890,053	82,713,045	84,434,252	92,373,956	91,213,951
Current liabilities	Before distribution	17,682,039	19,983,776	18,075,827	22,715,038	17,507,668	22,693,357
	After distribution	19,548,689	22,186,738	20,278,789	24,317,192	Note 1	Note 1
Long-term liabilities		15,238,335	10,182,303	11,348,496	10,286,710	17,690,568	17,484,928
Total liabilities	Before distribution	32,920,374	30,166,079	29,424,323	33,001,748	34,992,596	35,296,204
	After distribution	34,787,024	32,369,041	31,627,285	34,603,902	Note 1	Note 1
Equity attributable to owners of parent		37,174,689	42,863,434	49,270,073	47,464,042	49,731,567	50,190,811
Capital stock		18,490,969	20,026,929	20,026,929	20,026,929	20,026,929	20,026,929
Capital surplus		5,881,995	7,493,180	7,600,552	7,638,417	7,671,889	7,673,407
Retained earnings	Before distribution	14,768,524	16,606,382	18,444,591	19,363,279	21,187,539	21,726,061
	After distribution	12,901,874	14,403,420	16,241,629	17,761,125	Note 1	Note 1
Other equity interest		(1,645,960)	(941,494)	3,519,564	756,980	1,166,773	1,085,977
Treasury Stocks		(320,839)	(321,563)	(321,563)	(321,563)	(321,563)	(321,563)
Non-Controll Interesting	Before distribution	2,111,001	3,860,540	4,018,649	3,968,462	5,992,976	6,030,544
	After distribution	2,111,001	3,860,540	4,018,649	3,968,462	Note 1	Note 1
Total shareholders' equity	Before distribution	39,285,690	46,723,974	53,288,722	51,432,504	55,724,543	56,221,355
	After distribution	37,419,040	44,521,012	51,085,760	49,830,350	Note 1	Note 1

Note 1: Earnings allocation has not yet to be passed by shareholders' meeting.

Note 2: Financial data (consolidated) as of March 31, 2017 had been audited by certified public accountants.

## C.Consolidated Condensed Balance Sheet-GAAP

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2012	2013	2014	2015	2016
Current assets		13,221,379				
Funds and Investment		38,932,580				
Fixed assets		3,495,068				
Intangible assets		0				
Other assets		2,286,752				
Total assets		58,666,543				
Current liabilities	Before distribution	8,510,598				
	After distribution	10,377,248				
Long-term liabilities		10,101,577				
Other liabilities		1,834,253				
Total liabilities	Before distribution	20,446,428				
	After distribution	22,313,078				
Capital stock		18,490,969				
Capital surplus		5,919,258				
Retained earnings	Before distribution	11,534,303				
	After distribution	9,667,653				
Unrealized gain or loss on financial instruments		(438,596)				
Cumulative translation adjustment		715,660				
Unrecognized Pension Cost		(310,486)				
Total shareholders' equity	Before distribution	38,220,115				
	After distribution	36,353,465				

N/A

## D. Consolidated Condensed Balance Sheet-GAAP

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2012	2013	2014	2015	2016
Current assets		37,510,159				
Funds and Investment		16,561,132				
Fixed assets		14,859,315				
Intangible assets		77,008				
Other assets		3,178,470				
Total assets		72,407,417				
Current liabilities	Before distribution	17,631,665				
	After distribution	19,498,315				
Long-term liabilities		11,254,142				
Other liabilities		3,059,839				
Total liabilities	Before distribution	31,945,646				
	After distribution	33,812,296				
Capital stock		18,490,969				
Capital surplus		5,919,258				
Retained earnings	Before distribution	11,534,303				
	After distribution	9,667,653				
Unrealized gain or loss on financial instruments		(438,596)				
Cumulative translation adjustment		715,660				
Unrecognized Pension Cost		(310,486)				
Total shareholders' equity	Before distribution	40,461,771				
	After distribution	38,595,121				

N/A

## 6.1.2 Condensed Statement of Income

### A. Condensed Statement of Income-IFRS

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary					Year-to-date 2016.3.31
		2012	2013	2014	2015	2016	
Operating revenue		25,461,139	25,604,449	24,256,762	21,809,717	20,274,047	N/A
Gross profit		5,219,877	5,182,344	5,374,654	4,846,552	4,739,556	
Income from operations		1,822,367	1,712,416	1,949,849	1,617,491	1,615,152	
Non-operating income & expenses		1,605,995	2,432,127	2,497,774	1,888,953	2,007,272	
Income from operations of continued segments - before tax		3,428,362	4,144,543	4,447,623	3,506,444	3,622,424	
Income from operations of continued segments - after tax		3,079,802	3,759,872	4,062,960	3,177,291	3,481,480	
Income from discontinued departments		0	0	0	0	0	
Net income		3,079,802	3,759,872	4,062,960	3,177,291	3,481,480	
Other Comprehensive Income for the year		(366,201)	704,547	4,385,963	(2,818,225)	354,727	
Total Comprehensive Income for the year		2,713,601	4,464,419	8,448,923	359,066	3,836,207	
Total Comprehensive Income for the year profit (loss) attributable to owners of parent		3,079,802	3,759,872	4,062,960	3,177,291	3,481,480	
Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest		0	0	0	0	0	
Extraordinary gain or loss		2,713,601	4,464,419	8,448,923	359,066	3,836,207	
Cumulative effect of accounting principle changes		0	0	0	0	0	
Earnings per share		1.69	2.01	2.05	1.60	1.76	

## B. Consolidated Condensed Statement of Income-IFRS

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary					Year-to-date 2017.3.31 (Note 1)
		2012	2013	2013	2014	2016	
Operating revenue		48,730,193	56,618,537	53,820,604	48,598,573	49,923,836	11,916,183
Gross profit		11,449,961	13,484,726	13,377,967	12,400,311	13,134,395	2,991,296
Income from operations		3,829,058	4,625,594	4,396,971	3,787,627	4,189,481	898,656
Non-operating income & expenses		579,684	777,890	1,306,964	775,644	743,810	(54,747)
Income from operations of continued segments - before tax		4,408,742	5,403,484	5,703,935	4,563,271	4,933,291	843,909
Income from operations of continued segments - after tax		3,326,446	4,177,256	4,406,231	3,514,116	4,036,998	635,037
Income from discontinued departments		0	0	0	0	0	0
Net income		3,326,446	4,177,256	4,406,231	3,514,116	4,036,998	635,037
Other Comprehensive Income for the year		(482,503)	774,035	4,593,197	(2,953,958)	323,292	(108,311)
Total Comprehensive Income for the year		2,843,943	4,951,291	8,999,428	560,158	4,360,290	526,726
Total Comprehensive Income for the year profit (loss) attributable to owners of parent		3,079,802	3,759,872	4,066,924	3,177,291	3,481,480	535,809
Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest		246,644	417,384	339,307	336,825	555,518	99,228
Extraordinary gain or loss		2,713,601	4,464,419	8,456,178	359,066	3,836,207	457,726
Cumulative effect of accounting principle changes		130,342	486,872	543,250	201,092	524,083	69,000
Earnings per share		1.69	2.01	2.06	1.60	1.76	0.27

Note 1: Financial data (consolidated) as of March 31, 2017 had been audited by certified public accountants.

## C. Condensed Statement of Income-GAAP

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2012	2013	2014	2015	2016
Operating revenue		25,461,139				
Gross profit		5,190,315				
Income from operations		1,754,248				
Non-operating income		2,023,454				
Non-operating expenses		463,902				
Income from operations of continued segments - before tax		3,313,800				
Income from operations of continued segments - after tax		2,964,701			N/A	
Income from discontinued departments		-				
Extraordinary items		-				
Cumulative effect of change in accounting principle		-				
Net income		2,964,701				
Earnings per share		1.63				

## D. Consolidated Statement of Income-GAAP

Item	Year	Five-Year Financial Summary				
		2012	2013	2014	2015	2016
Operating revenue		48,730,193				
Gross profit		11,421,622				
Income from operations		3,754,345				
Non-operating income		1,322,586				
Non-operating expenses		783,872				
Income from operations of continued segments - before tax		4,293,059				
Income from operations of continued segments - after tax		3,211,345			N/A	
Income from discontinued departments		0				
Extraordinary items		0				
Cumulative effect of change in accounting principle		0				
Net income		3,211,345				
Earnings per share		1.63				

## 6.1.3 Auditors' Opinions from 2011 to 2015

Year	CPA Firm	CPA's Name	Auditing Opinion
2016	PricewaterhouseCoopers, Taiwan	Audrey Tseng Dexter Chang	Unqualified Opinion
2015	PricewaterhouseCoopers, Taiwan	Audrey Tseng Dexter Chang	Modified Unqualified Opinion
2014	PricewaterhouseCoopers, Taiwan	Audrey Tseng Dexter Chang	Modified Unqualified Opinion
2013	PricewaterhouseCoopers, Taiwan	Audrey Tseng, Albert Hsueh	Modified Unqualified Opinion
2012	PricewaterhouseCoopers, Taiwan	Ping-Chiun Chih, Audrey Tseng	Modified Unqualified Opinion



## 6.2 Five-Year Financial Analysis

### 6.2.1 Five-Year Financial Analysis-IFRS

Item	Year	Financial analysis in the past five years					Year-to-date 2017.3.31
		2012	2013	2014	2015	2016	
Financial structure (%)	Ratio of liabilities to assets	35.80	28.30	27.75	29.78	29.14	N/A
	Ratio of long-term capital to fixed assets	1,312.96	1,356.54	1,417.72	1,354.68	1,603.47	
Solvency (%)	Current ratio	159.42	146.80	137.25	81.41	117.38	
	Quick ratio	103.50	98.40	93.80	51.71	71.64	
	Times interest earned ratio	32.93	43.16	47.76	31.27	30.34	
Operating ability	Accounts receivable turnover (turns)	5.05	5.56	6.64	5.24	5.01	
	Average collection period	72.28	65.65	54.97	69.66	72.85	
	Inventory turnover (turns)	5.28	5.67	5.41	5.20	4.89	
	Accounts payable turnover (turns)	3.83	4.02	3.68	3.71	3.50	
	Average days in sales	69.13	64.37	67.47	70.19	74.64	
	Fixed assets turnover (turns)	7.04	7.12	6.42	5.57	5.39	
	Total assets turnover (turns)	0.43	0.44	0.38	0.32	0.29	
Profitability	Return on total assets (%)	5.39	6.53	6.48	4.82	5.20	
	Return on stockholders' equity (%)	8.41	9.40	8.83	6.57	7.16	
	Ratio of pre-tax income to issued capital (Note7)	18.56	21.10	22.23	17.51	18.09	
	Profit ratio (%)	12.10	14.68	16.77	14.57	17.17	
	Earnings per share (\$)	1.69	2.01	2.06	1.60	1.76	
Cash flow	Cash flow ratio (%)	45.48	36.44	32.69	21.81	25.78	
	Cash flow adequacy ratio (%)	105.88	126.35	98.75	86.16	81.11	
	Cash reinvestment ratio (%)	3.47	1.96	1.27	0.80	1.03	
Leverage	Operating leverage	3.48	3.80	3.40	3.68	3.49	
	Financial leverage	1.06	1.06	1.05	1.08	1.08	

Explain changes in various financial rates, as well as reasons, in recent two years.

- Current ratio and quick ratio rose, due to short term loan this year is lower than last year.
- Reinvestment/cash ratio rose, due to cash dividend was less than last year.

## 6.2.2 Consolidated Five-Year Financial Analysis-IFRS

Item		Year	Financial analysis in the past five years					Year-to-date 2017.3.31 (Note1)
			2012	2013	2014	2015	2016	
Financial structure (%)	Ratio of liabilities to assets		45.59	39.23	35.68	39.09	39.68	38.36
	Ratio of long-term capital to fixed assets		344.41	348.24	408.75	377.76	369.12	377.70
Solvency (%)	Current ratio		209.41	204.38	238.59	186.19	238.92	250.73
	Quick ratio		140.67	142.12	168.66	129.42	170.96	176.74
	Times interest earned ratio		23.89	33.85	27.07	22.99	19.47	14.63
Operating ability	Accounts receivable turnover (turns)		5.21	5.55	5.15	4.62	4.37	4.21
	Average collection period		70.06	65.77	70.87	79.00	83.52	86.70
	Inventory turnover (turns)		3.21	3.61	3.28	2.90	2.98	2.97
	Accounts payable turnover (turns)		4.78	5.47	5.15	4.99	5.03	4.78
	Average days in sales		113.71	101.11	111.28	125.86	122.48	122.90
	Fixed assets turnover (turns)		3.31	3.82	3.60	3.29	2.98	2.60
	Total assets turnover (turns)		0.68	0.76	0.67	0.58	0.56	0.52
Profitability	Return on total assets (%)		4.88	5.79	5.75	4.41	4.82	2.99
	Return on stockholders' equity (%)		8.64	9.71	8.82	6.71	7.53	4.54
	Ratio to issued capital (%) (Note7)	Pre-tax income	23.87	27.50	28.48	22.79	24.63	16.86
	Profit ratio (%)		6.83	7.38	8.19	7.23	8.09	5.33
	Earnings per share (\$)		1.69	2.01	2.05	1.60	1.76	0.27
Cash flow	Cash flow ratio (%)		31.81	31.23	26.38	24.40	25.58	36.84
	Cash flow adequacy ratio (%)		96.85	142.40	111.64	118.38	117.84	148.81
	Cash reinvestment ratio (%)		5.40	5.55	3.03	3.86	3.26	6.46
Leverage	Operating leverage		4.28	3.42	3.56	3.79	3.57	4.52
	Financial leverage		1.05	1.04	1.05	1.06	1.07	1.07

Explain changes in various financial rates, as well as reasons, in recent two years.

a. Current ratio and quick ratio rose, due to short term loan this year is less than last year.

Note 1: Financial data (consolidated) as of March 31, 2017 had been audited by certified public accountants.

### 6.2.3 Five-Year Financial Analysis-GAAP

Item		Year	Financial analysis in the past five years				
			2012	2013	2014	2015	2016
Financial structure (%)	Ratio of liabilities to assets		34.85				
	Ratio of long-term capital to fixed assets		1,382.57				
Solvency (%)	Current ratio		155.35				
	Quick ratio		102.00				
	Times interest earned ratio		31.86				
Operating ability	Accounts receivable turnover (turns)		4.83				
	Average collection period		75.56				
	Inventory turnover (turns)		4.73				
	Accounts payable turnover (turns)		3.84				
	Average days in sales		77.16				
	Fixed assets turnover (turns)		7.24				
	Total assets turnover (turns)		0.43				N/A
Profitability	Return on total assets (%)		5.15				
	Return on stockholders' equity (%)		7.87				
	Ratio to issued capital (%)	Operating Profit		9.50			
		Pre-tax income		17.94			
	Profit ratio (%)		11.64				
Cash flow	Earnings per share (\$)		1.63				
	Cash flow ratio (%)		43.39				
	Cash flow adequacy ratio (%)		105.88				
Leverage	Cash reinvestment ratio (%)		3.51				
	Operating leverage		5.62				
	Financial leverage		1.07				

Explain reasons for changes in various financial ratios in the recent two years: N/A

## 6.2.4 Consolidated Five-Year Financial Analysis-GAAP

Item		Year	Financial analysis in the past five years				
			2012	2013	2014	2015	2016
Financial structure (%)	Ratio of liabilities to assets		44.12				
	Ratio of long-term capital to fixed assets		348.04				
Solvency (%)	Current ratio		212.74				
	Quick ratio		141.08				
	Times interest earned ratio		23.29				
Operating ability	Accounts receivable turnover (turns)		5.21				
	Average collection period		70.06				
	Inventory turnover (turns)		3.21				
	Accounts payable turnover (turns)		4.79				
	Average days in sales		113.71				
	Fixed assets turnover (turns)		3.24				
	Total assets turnover (turns)		0.68				N/A
Profitability	Return on total assets (%)		4.72				
	Return on stockholders' equity (%)		8.11				
	Ratio to issued capital (%)	Operating Profit		20.33			
		Pre-tax income		23.24			
	Profit ratio (%)		6.59				
Earnings per share (\$)		1.63					
Cash flow	Cash flow ratio (%)		32.02				
	Cash flow adequacy ratio (%)		98.00				
	Cash reinvestment ratio (%)		5.47				
Leverage	Operating leverage		3.57				
	Financial leverage		1.05				

Explain reasons for changes in various financial ratios in the recent two years: N/A

### 6.3 Inspection Report of Audit Committee

(This English version is only a translation of the Chinese version.)

The Audit Committee has duly inspected and approved the financial statements for 2016 (include consolidated financial statements), the business report and proposed profit distribution plan prepared and proposed by the Board of Directors, with the financial statements having been audited and certified by Pricewaterhouse Coopers, hereby submit this report pursuant to Article 14 of Securities and Exchange Act and Article 219 of the Company Act.

To

General Shareholders Meeting 2017

TECO Electric & Machinery Co., Ltd

Audit Committee Convener : Ting-Wong, Cheng

Date: March 24, 2017