

## 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<br>2016.3.31 |
|---|---------------------|-----------------------------|-------------|------------|------------|------------|---------------------------|
|   |                     | 2011                        | 2012        | 2013       | 2014       | 2015       |                           |
| Current assets                          |                     |                             | 12,946,119  | 12,500,840 | 12,849,769 | 10,117,285 |                           |
| Fixed assets                            |                     |                             | 3,600,750   | 3,592,858  | 3,959,960  | 3,877,206  |                           |
| Intangible assets                       |                     |                             | 0           | 0          | 0          | 0          |                           |
| Other assets                            |                     |                             | 41,361,194  | 43,687,688 | 51,317,452 | 53,603,223 |                           |
| Total assets                            |                     |                             | 57,908,063  | 59,781,386 | 68,127,181 | 67,597,714 |                           |
| Current liabilities                     | Before distribution |                             | 8,120,862   | 8,515,760  | 9,362,494  | 12,426,835 |                           |
|   | After distribution  |                             | 9,987,512   | 10,718,722 | 11,565,456 | Note 1     |                           |
| Long-term liabilities                   |                     |                             | 12,612,512  | 8,402,192  | 9,493,858  | 7,706,837  |                           |
| Total liabilities                       | Before distribution |                             | 20,733,374  | 16,917,952 | 18,856,352 | 20,133,672 |                           |
|   | After distribution  |                             | 22,600,024  | 19,120,914 | 21,059,314 | Note 1     |                           |
| Equity attributable to owners of parent |                     | N/A                         | 37,174,689  | 42,863,434 | 49,270,073 | 47,464,042 | N/A                       |
| Capital stock                           |                     |                             | 18,490,969  | 20,026,929 | 20,026,929 | 20,026,929 |                           |
| Capital surplus                         |                     |                             | 5,881,995   | 7,493,180  | 7,600,552  | 7,638,417  |                           |
| Retained earnings                       | Before distribution |                             | 14,768,524  | 16,606,382 | 18,444,591 | 19,363,279 |                           |
|   | After distribution  |                             | 12,901,874  | 14,403,420 | 16,241,629 | Note 1     |                           |
| Other equity interest                   |                     |                             | (1,645,960) | (941,494)  | 3,519,564  | 756,980    |                           |
| Treasury Stocks                         |                     |                             | (320,839)   | (321,563)  | (321,563)  | (321,563)  |                           |
| Non-Controlling Interest                |                     |                             | 0           | 0          | 0          | 0          |                           |
| Total shareholders' equity              | Before distribution |                             | 37,174,689  | 42,863,434 | 49,270,073 | 47,464,042 |                           |
|   | After distribution  |                             | 35,308,039  | 40,660,472 | 47,067,111 | 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 2016.3.31 |
|---|---------------------|-------------|-----------------------------|------------|------------|--|------------|------------------------|
|   | 2011                | 2012        | 2013                        | 2014       | 2015       |  |            |                        |
| Current assets                          |                     | 37,027,731  | 40,843,355                  | 43,275,334 | 42,292,402 |  | 43,191,907 |                        |
| Fixed assets                            |                     | 14,544,940  | 15,132,587                  | 14,569,687 | 15,018,217 |  | 19,115,199 |                        |
| Intangible assets                       |                     | 74,087      | 320,236                     | 174,250    | 5,541,844  |  | 5,939,358  |                        |
| Other assets                            |                     | 20,559,306  | 20,593,875                  | 24,693,774 | 21,581,789 |  | 22,444,723 |                        |
| Total assets                            |                     | 72,206,064  | 76,890,053                  | 82,713,045 | 84,434,252 |  | 90,691,187 |                        |
| Current liabilities                     | Before distribution | 17,682,039  | 19,983,776                  | 18,075,827 | 22,715,038 |  | 22,693,357 |                        |
|   | After distribution  | 19,548,689  | 22,186,738                  | 20,278,789 | Note 1     |  | Note 1     |                        |
| Long-term liabilities                   |                     | 15,238,335  | 10,182,303                  | 11,348,496 | 10,286,710 |  | 12,602,847 |                        |
| Total liabilities                       | Before distribution | 32,920,374  | 30,166,079                  | 29,424,323 | 33,001,748 |  | 35,296,204 |                        |
|   | After distribution  | 34,787,024  | 32,369,041                  | 31,627,285 | Note 1     |  | Note 1     |                        |
| Equity attributable to owners of parent |                     | 37,174,689  | 42,863,434                  | 49,270,073 | 47,464,042 |  | 49,507,406 |                        |
| 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  |  | 7,638,417  |                        |
| Retained earnings                       | Before distribution | 14,768,524  | 16,606,382                  | 18,444,591 | 19,363,279 |  | 20,033,931 |                        |
|   | After distribution  | 12,901,874  | 14,403,420                  | 16,241,629 | Note 1     |  | Note 1     |                        |
| Other equity interest                   |                     | (1,645,960) | (941,494)                   | 3,519,564  | 756,980    |  | 2,129,692  |                        |
| Treasury Stocks                         |                     | (320,839)   | (321,563)                   | (321,563)  | (321,563)  |  | (321,563)  |                        |
| Non-Controlling Interest                | Before distribution | 2,111,001   | 3,860,540                   | 4,018,649  | 3,968,462  |  | 5,887,577  |                        |
|   | After distribution  | 2,111,001   | 3,860,540                   | 4,018,649  | Note 1     |  | Note 1     |                        |
| Total shareholders' equity              | Before distribution | 39,285,690  | 46,723,974                  | 53,288,722 | 51,432,504 |  | 55,394,983 |                        |
|   | After distribution  | 37,419,040  | 44,521,012                  | 51,085,760 | 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, 2016 had been audited by certified public accountants.

## C.Consolidated Condensed Balance Sheet-GAAP

Unit: NT\$thousand

| Item   | Year                | Five-Year Financial Summary |            |      |      |      |
|--|---------------------|-----------------------------|------------|------|------|------|
|  |                     | 2011                        | 2012       | 2013 | 2014 | 2015 |
| Current assets                                   |                     | 15,077,804                  | 13,221,379 |      |      |      |
| Funds and Investment                             |                     | 38,932,580                  | 39,663,344 |      |      |      |
| Fixed assets                                     |                     | 3,539,116                   | 3,495,068  |      |      |      |
| Intangible assets                                |                     | 36,131                      | 0          |      |      |      |
| Other assets                                     |                     | 2,296,432                   | 2,286,752  |      |      |      |
| Total assets                                     |                     | 59,882,063                  | 58,666,543 |      |      |      |
| Current liabilities                              | Before distribution | 9,204,638                   | 8,510,598  |      |      |      |
|  | After distribution  | 10,865,710                  | 10,377,248 |      |      |      |
| Long-tem liabilities                             |                     | 11,948,671                  | 10,101,577 |      |      |      |
| Other liabilities                                |                     | 1,541,809                   | 1,834,253  |      |      |      |
| Total liabilities                                | Before distribution | 22,801,297                  | 20,446,428 |      |      |      |
|  | After distribution  | 24,462,369                  | 22,313,078 |      | N/A  |      |
| Capital stock                                    |                     | 18,388,019                  | 18,490,969 |      |      |      |
| Capital surplus                                  |                     | 5,764,454                   | 5,919,258  |      |      |      |
| Retained earnings                                | Before distribution | 10,412,568                  | 11,534,303 |      |      |      |
|  | After distribution  | 8,751,496                   | 9,667,653  |      |      |      |
| Unrealized gain or loss on financial instruments |                     | (789,841)                   | (438,596)  |      |      |      |
| Cumulative translation adjustment                |                     | 1,081,867                   | 715,660    |      |      |      |
| Unrecognized Pension Cost                        |                     | (85,308)                    | (310,486)  |      |      |      |
| Total shareholders' equity                       | Before distribution | 37,080,766                  | 38,220,115 |      |      |      |
|  | After distribution  | 35,419,694                  | 36,353,465 |      |      |      |

## D. Consolidated Condensed Balance Sheet-GAAP

Unit: NT\$thousand

| Item   | Year                | Five-Year Financial Summary |            |      |      |      |
|--|---------------------|-----------------------------|------------|------|------|------|
|  |                     | 2011                        | 2012       | 2013 | 2014 | 2015 |
| Current assets                                   |                     | 35,299,190                  | 37,510,159 |      |      |      |
| Funds and Investment                             |                     | 16,561,132                  | 16,782,465 |      |      |      |
| Fixed assets                                     |                     | 15,233,837                  | 14,859,315 |      |      |      |
| Intangible assets                                |                     | 131,382                     | 77,008     |      |      |      |
| Other assets                                     |                     | 3,106,944                   | 3,178,470  |      |      |      |
| Total assets                                     |                     | 70,332,485                  | 72,407,417 |      |      |      |
| Current liabilities                              | Before distribution | 16,193,039                  | 17,631,665 |      |      |      |
|  | After distribution  | 17,854,111                  | 19,498,315 |      |      |      |
| Long-term liabilities                            |                     | 12,500,656                  | 11,254,142 |      |      |      |
| Other liabilities                                |                     | 2,898,038                   | 3,059,839  |      |      |      |
| Total liabilities                                | Before distribution | 31,591,733                  | 31,945,646 |      |      |      |
|  | After distribution  | 33,252,805                  | 33,812,296 |      | N/A  |      |
| Capital stock                                    |                     | 18,388,019                  | 18,490,969 |      |      |      |
| Capital surplus                                  |                     | 5,764,454                   | 5,919,258  |      |      |      |
| Retained earnings                                | Before distribution | 10,412,568                  | 11,534,303 |      |      |      |
|  | After distribution  | 8,751,496                   | 9,667,653  |      |      |      |
| Unrealized gain or loss on financial instruments |                     | (789,841)                   | (438,596)  |      |      |      |
| Cumulative translation adjustment                |                     | 1,081,867                   | 715,660    |      |      |      |
| Unrecognized Pension Cost                        |                     | (85,308)                    | (310,486)  |      |      |      |
| Total shareholders' equity                       | Before distribution | 38,740,752                  | 40,461,771 |      |      |      |
|  | After distribution  | 37,079,680                  | 38,595,121 |      |      |      |

## 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<br>2016.3.31 |
|--|-----------------------------|------------|------------|------------|-------------|---------------------------|
|  | 2011                        | 2012       | 2013       | 2014       | 2015        |                           |
| Operating revenue  |                             | 25,461,139 | 25,604,449 | 24,256,762 | 21,809,717  |                           |
| Gross profit   |                             | 5,219,877  | 5,182,344  | 5,374,654  | 4,846,552   |                           |
| Income from operations   |                             | 1,822,367  | 1,712,416  | 1,949,849  | 1,617,491   |                           |
| Non-operating income & expenses  |                             | 1,605,995  | 2,432,127  | 2,497,774  | 1,888,953   |                           |
| Income from operations of continued segments - before tax                                      |                             | 3,428,362  | 4,144,543  | 4,447,623  | 3,506,444   |                           |
| Income from operations of continued segments - after tax                                       |                             | 3,079,802  | 3,759,872  | 4,062,960  | 3,177,291   |                           |
| Income from discontinued departments   |                             | 0          | 0          | 0          | 0           |                           |
| Net income   |                             | 3,079,802  | 3,759,872  | 4,062,960  | 3,177,291   |                           |
| Other Comprehensive Income for the year  | N/A                         | (366,201)  | 704,547    | 4,385,963  | (2,818,225) | N/A                       |
| Other Comprehensive Income for the year  |                             |            |            |            |             |                           |
| Total Comprehensive Income for the year  |                             | 2,713,601  | 4,464,419  | 8,448,923  | 359,066     |                           |
| 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   |                           |
| Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest |                             | 0          | 0          | 0          | 0           |                           |
| Extraordinary gain or loss   |                             | 2,713,601  | 4,464,419  | 8,448,923  | 359,066     |                           |
| Cumulative effect of accounting principle changes  |                             | 0          | 0          | 0          | 0           |                           |
| Earnings per share   |                             | 1.69       | 2.01       | 2.05       | 1.60        |                           |

## B. Consolidated Condensed Statement of Income-IFRS

Unit: NT\$thousand

| Item   | Year | Five-Year Financial Summary |            |            |            |             | Year-to-date<br>2016.3.31<br>(Note 1) |
|--|------|-----------------------------|------------|------------|------------|-------------|---------------------------------------|
|  |      | 2011                        | 2012       | 2013       | 2014       | 2015        |                                       |
| Operating revenue  |      |                             | 48,730,193 | 56,618,537 | 53,820,604 | 48,598,573  | 11,678,422                            |
| Gross profit   |      |                             | 11,449,961 | 13,484,726 | 13,377,967 | 12,400,311  | 3,170,551                             |
| Income from operations   |      |                             | 3,829,058  | 4,625,594  | 4,396,971  | 3,787,627   | 1,033,366                             |
| Non-operating income & expenses  |      |                             | 579,684    | 777,890    | 1,306,964  | 775,644     | 28,390                                |
| Income from operations of continued segments - before tax                                      |      |                             | 4,408,742  | 5,403,484  | 5,703,935  | 4,563,271   | 1,061,756                             |
| Income from operations of continued segments - after tax                                       |      |                             | 3,326,446  | 4,177,256  | 4,406,231  | 3,514,116   | 790,775                               |
| Income from discontinued departments   |      |                             | 0          | 0          | 0          | 0           | 0                                     |
| Net income   |      |                             | 3,326,446  | 4,177,256  | 4,406,231  | 3,514,116   | 790,775                               |
| Other Comprehensive Income for the year  |      | N/A                         | (482,503)  | 774,035    | 4,593,197  | (2,953,958) | 1,387,494                             |
| Total Comprehensive Income for the year  |      |                             | 2,843,943  | 4,951,291  | 8,999,428  | 560,158     | 2,178,269                             |
| 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   | 683,036                               |
| Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest |      |                             | 246,644    | 417,384    | 339,307    | 336,825     | 107,739                               |
| Extraordinary gain or loss   |      |                             | 2,713,601  | 4,464,419  | 8,456,178  | 359,066     | 2,043,364                             |
| Cumulative effect of accounting principle changes  |      |                             | 130,342    | 486,872    | 543,250    | 201,092     | 134,905                               |
| Earnings per share   |      |                             | 1.69       | 2.01       | 2.06       | 1.60        | 0.34                                  |

Note 1: Financial data (consolidated) as of March 31, 2016 had been audited by certified public accountants.

## C. Condensed Statement of Income-GAAP

Unit: NT\$thousand

| Item  | Year | Five-Year Financial Summary |            |      |      |      |
|---|------|-----------------------------|------------|------|------|------|
|   |      | 2011                        | 2012       | 2013 | 2014 | 2015 |
| Operating revenue   |      | 25,798,135                  | 25,461,139 |      |      |      |
| Gross profit  |      | 4,700,215                   | 5,190,315  |      |      |      |
| Income from operations                                    |      | 1,182,535                   | 1,754,248  |      |      |      |
| Non-operating income                                      |      | 2,204,399                   | 2,023,454  |      |      |      |
| Non-operating expenses                                    |      | 527,838                     | 463,902    |      |      |      |
| Income from operations of continued segments - before tax |      | 2,859,096                   | 3,313,800  |      |      |      |
| Income from operations of continued segments - after tax  |      | 2,783,210                   | 2,964,701  |      | N/A  |      |
| Income from discontinued departments                      |      | -                           | -          |      |      |      |
| Extraordinary items                                       |      | -                           | -          |      |      |      |
| Cumulative effect of change in accounting principle       |      | -                           | -          |      |      |      |
| Net income  |      | 2,783,210                   | 2,964,701  |      |      |      |
| Earnings per share  |      | 1.54                        | 1.63       |      |      |      |

## D. Consolidated Statement of Income-GAAP

| Item \ Year   | Five-Year Financial Summary |            |      |      |      |
|---|-----------------------------|------------|------|------|------|
|   | 2011                        | 2012       | 2013 | 2014 | 2015 |
| Operating revenue   | 46,809,163                  | 48,730,193 |      |      |      |
| Gross profit  | 10,738,276                  | 11,421,622 |      |      |      |
| Income from operations                                    | 3,301,970                   | 3,754,345  |      |      |      |
| Non-operating income                                      | 1,000,808                   | 1,322,586  |      |      |      |
| Non-operating expenses                                    | 662,459                     | 783,872    |      |      |      |
| Income from operations of continued segments - before tax | 3,640,319                   | 4,293,059  |      |      |      |
| Income from operations of continued segments - after tax  | 2,893,659                   | 3,211,345  |      | N/A  |      |
| Income from discontinued departments                      | 0                           | 0          |      |      |      |
| Extraordinary items                                       | 0                           | 0          |      |      |      |
| Cumulative effect of change in accounting principle       | 0                           | 0          |      |      |      |
| Net income  | 2,893,659                   | 3,211,345  |      |      |      |
| Earnings per share  | 1.54                        | 1.63       |      |      |      |

## 6.1.3 Auditors' Opinions from 2011 to 2015

| Year | CPA Firm                       | CPA's Name                    | Auditing Opinion             |
|------|--------------------------------|-------------------------------|------------------------------|
| 2015 | PricewaterhouseCoopers, Taiwan | Audrey Tseng<br>Dexter Chang  | Modified Unqualified Opinion |
| 2014 | PricewaterhouseCoopers, Taiwan | Audrey Tseng<br>Dexter Chang  | Modified Unqualified Opinion |
| 2013 | PricewaterhouseCoopers, Taiwan | Audrey Tseng,<br>Albert Hsueh | Modified Unqualified Opinion |
| 2012 | PricewaterhouseCoopers, Taiwan | Ping-Chiun Chih, Audrey Tseng | Modified Unqualified Opinion |
| 2011 | 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<br>2015.3.31 |
|-------------------------|---|---|----------|----------|----------|----------|---------------------------|
|                         |   | 2011                                      | 2012     | 2013     | 2014     | 2015     |                           |
| Financial structure (%) | Ratio of liabilities to assets                    |   | 35.80    | 28.30    | 27.75    | 29.78    | N/A                       |
|                         | Ratio of long-term capital to fixed assets        |   | 1,312.96 | 1,356.54 | 1,417.72 | 1,354.68 |                           |
| Solvency (%)            | Current ratio                                     |   | 159.42   | 146.80   | 137.25   | 81.41    |                           |
|                         | Quick ratio                                       |   | 103.50   | 98.40    | 93.80    | 51.71    |                           |
|                         | Times interest earned ratio                       |   | 32.93    | 43.16    | 47.76    | 31.27    |                           |
| Operating ability       | Accounts receivable turnover (turns)              |   | 5.05     | 5.56     | 6.64     | 5.24     |                           |
|                         | Average collection period                         |   | 72.28    | 65.65    | 54.97    | 69.66    |                           |
|                         | Inventory turnover (turns)                        |   | 5.28     | 5.67     | 5.41     | 5.20     |                           |
|                         | Accounts payable turnover (turns)                 |   | 3.83     | 4.02     | 3.68     | 3.71     |                           |
|                         | Average days in sales                             |   | 69.13    | 64.37    | 67.47    | 70.19    |                           |
|                         | Fixed assets turnover (turns)                     |   | 7.04     | 7.12     | 6.42     | 5.57     |                           |
|                         | Total assets turnover (turns)                     |   | 0.43     | 0.44     | 0.38     | 0.32     |                           |
| Profitability           | Return on total assets (%)                        | N/A                                       | 5.39     | 6.53     | 6.48     | 4.82     |                           |
|                         | Return on stockholders' equity (%)                |   | 8.41     | 9.40     | 8.83     | 6.57     |                           |
|                         | Ratio of pre-tax income to issued capital (Note7) |   | 18.56    | 21.10    | 22.23    | 17.51    |                           |
|                         | Profit ratio (%)                                  |   | 12.10    | 14.68    | 16.77    | 14.57    |                           |
|                         | Earnings per share (\$)                           |   | 1.69     | 2.01     | 2.06     | 1.60     |                           |
| Cash flow               | Cash flow ratio (%)                               |   | 45.48    | 36.44    | 32.69    | 21.81    |                           |
|                         | Cash flow adequacy ratio (%)                      |   | 105.88   | 126.35   | 98.75    | 86.16    |                           |
|                         | Cash reinvestment ratio (%)                       |   | 3.47     | 1.96     | 1.27     | 0.80     |                           |
| Leverage                | Operating leverage                                |   | 3.48     | 3.80     | 3.40     | 3.68     |                           |
|                         | Financial leverage                                |   | 1.06     | 1.06     | 1.05     | 1.08     |                           |
| KPI                     | Revenue Growth Rate                               |   | -1.31    | 0.56     | -5.26    | -10.09   |                           |
|                         | Net Profit after Tax Growth Rate                  |   | 10.66    | 22.08    | 8.17     | -21.80   |                           |

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

- A. Current ratio and quick ratio dropped, due to short term loan this year is higher than last year.
- B. Interest protection multiples dropped, due to increase in interest expense resulted from bank loan.
- C. Cash flow ratio dropped, due to increase in current liabilities
- D. Reinvestment/cash ratio dropped, due to decrease in cash flow of operating.

## 6.2.2 Consolidated Five-Year Financial Analysis-IFRS

| Item                    | Year                                       | Financial analysis in the past five years |        |        |        |        | Year-to-date<br>2016.3.31<br>(Note1) |       |
|-------------------------|--|---|--------|--------|--------|--------|--------------------------------------|-------|
|                         |  | 2011                                      | 2012   | 2013   | 2014   | 2015   |                                      |       |
| Financial structure (%) | Ratio of liabilities to assets             |   | 45.59  | 39.23  | 35.68  | 39.09  | 38.92                                |       |
|                         | Ratio of long-term capital to fixed assets |   | 344.41 | 348.24 | 408.75 | 377.76 | 329.35                               |       |
| Solvency (%)            | Current ratio                              |   | 209.41 | 204.38 | 238.59 | 186.19 | 190.33                               |       |
|                         | Quick ratio                                |   | 140.67 | 142.12 | 168.66 | 129.42 | 132.12                               |       |
|                         | Times interest earned ratio                |   | 23.89  | 33.85  | 27.07  | 22.99  | 12.03                                |       |
| Operating ability       | Accounts receivable turnover (turns)       |   | 5.21   | 5.55   | 5.15   | 4.62   | 4.34                                 |       |
|                         | Average collection period                  |   | 70.06  | 65.77  | 70.87  | 79.00  | 84.10                                |       |
|                         | Inventory turnover (turns)                 |   | 3.21   | 3.61   | 3.28   | 2.90   | 2.74                                 |       |
|                         | Accounts payable turnover (turns)          |   | 4.78   | 5.47   | 5.15   | 4.99   | 5.13                                 |       |
|                         | Average days in sales                      |   | 113.71 | 101.11 | 111.28 | 125.86 | 133.21                               |       |
|                         | Fixed assets turnover (turns)              |   | 3.31   | 3.82   | 3.60   | 3.29   | 2.74                                 |       |
|                         | Total assets turnover (turns)              |   | 0.68   | 0.76   | 0.67   | 0.58   | 0.53                                 |       |
| Profitability           | Return on total assets (%)                 |   | 4.88   | 5.79   | 5.75   | 4.41   | 3.98                                 |       |
|                         | Return on stockholders' equity (%)         |   | 8.64   | 9.71   | 8.82   | 6.71   | 5.92                                 |       |
|                         | Ratio to issued capital (%) (Note7)        | Pre-tax income                            |        | 23.87  | 27.50  | 28.48  | 22.79                                | 21.21 |
|                         | Profit ratio (%)                           |   | 6.83   | 7.38   | 8.19   | 7.23   | 6.77                                 |       |
|                         | Earnings per share (\$)                    |   | 1.69   | 2.01   | 2.05   | 1.60   | 0.34                                 |       |
| Cash flow               | Cash flow ratio (%)                        |   | 31.81  | 31.23  | 26.38  | 24.40  | 12.49                                |       |
|                         | Cash flow adequacy ratio (%)               |   | 96.85  | 142.40 | 111.64 | 118.38 | 104.19                               |       |
|                         | Cash reinvestment ratio (%)                |   | 5.40   | 5.55   | 3.03   | 3.86   | 3.00                                 |       |
| Leverage                | Operating leverage                         |   | 4.28   | 3.42   | 3.56   | 3.79   | 4.05                                 |       |
|                         | Financial leverage                         |   | 1.05   | 1.04   | 1.05   | 1.06   | 1.10                                 |       |
| KPI                     | Revenue Growth Rate                        |   | 4.10   | 16.19  | -4.94  | -9.58  | -0.32                                |       |
|                         | Net Profit after Tax Growth Rate           |   | 14.96  | 25.58  | 5.48   | -20.17 | -3.75                                |       |

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

A. Current ratio and quick ratio dropped, due to short term loan this year is higher than last year.

B. Reinvestment/cash ratio rose, due to increase in cash flow of operating.

Note 1: Financial data (consolidated) as of March 31, 2016 had been audited by certified public accountants.

## 6.2.3 Five-Year Financial Analysis-GAAP

| Item                    |  | Year             | Financial analysis in the past five years |          |      |      |      |       |
|-------------------------|--|------------------|---|----------|------|------|------|-------|
|                         |  |                  | 2011                                      | 2012     | 2013 | 2014 | 2015 |       |
| Financial structure (%) | Ratio of liabilities to assets             |                  | 38.08                                     | 34.85    | N/A  |      |      |       |
|                         | Ratio of long-term capital to fixed assets |                  | 1,385.36                                  | 1,382.57 |      |      |      |       |
| Solvency (%)            | Current ratio                              |                  | 163.81                                    | 155.35   |      |      |      |       |
|                         | Quick ratio                                |                  | 102.46                                    | 102.00   |      |      |      |       |
|                         | Times interest earned ratio                |                  | 28.24                                     | 31.86    |      |      |      |       |
| Operating ability       | Accounts receivable turnover (turns)       |                  | 4.49                                      | 4.83     |      |      |      |       |
|                         | Average collection period                  |                  | 81.33                                     | 75.56    |      |      |      |       |
|                         | Inventory turnover (turns)                 |                  | 4.98                                      | 4.73     |      |      |      |       |
|                         | Accounts payable turnover (turns)          |                  | 4.01                                      | 3.84     |      |      |      |       |
|                         | Average days in sales                      |                  | 73.27                                     | 77.16    |      |      |      |       |
|                         | Fixed assets turnover (turns)              |                  | 6.75                                      | 7.24     |      |      |      |       |
|                         | Total assets turnover (turns)              |                  | 0.41                                      | 0.43     |      |      |      |       |
| Profitability           | Return on total assets (%)                 |                  | 4.97                                      | 5.15     |      |      |      |       |
|                         | Return on stockholders' equity (%)         |                  | 7.65                                      | 7.87     |      |      |      |       |
|                         | Ratio to issued capital (%)                | Operating Profit |   | 6.44     |      |      |      | 9.50  |
|                         |  | Pre-tax income   |   | 15.56    |      |      |      | 17.94 |
|                         | Profit ratio (%)                           |                  | 11.74                                     | 11.64    |      |      |      |       |
|                         | Earnings per share (\$)                    |                  | 1.54                                      | 1.63     |      |      |      |       |
| Cash flow               | Cash flow ratio (%)                        |                  | 14.63                                     | 43.39    |      |      |      |       |
|                         | Cash flow adequacy ratio (%)               |                  | 83.80                                     | 105.88   |      |      |      |       |
|                         | Cash reinvestment ratio (%)                |                  | -0.21                                     | 3.51     |      |      |      |       |
| Leverage                | Operating leverage                         |                  | 4.81                                      | 5.62     |      |      |      |       |
|                         | Financial leverage                         |                  | 1.10                                      | 1.07     |      |      |      |       |
| KPI                     | Revenue Growth Rate (%)                    |                  | 10.98                                     | -1.31    |      |      |      |       |
|                         | Net Profit after Tax Growth Rate (%)       |                  | 11.70                                     | 6.52     |      |      |      |       |

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 |        |      |       |      |  |
|-------------------------|--|------------------|---|--------|------|-------|------|--|
|                         |  |                  | 2011                                      | 2011   | 2013 | 2014  | 2015 |  |
| Financial structure (%) | Ratio of liabilities to assets             |                  | 44.92                                     | 44.12  | N/A  |       |      |  |
|                         | Ratio of long-term capital to fixed assets |                  | 336.37                                    | 348.04 |      |       |      |  |
| Solvency (%)            | Current ratio                              |                  | 217.99                                    | 212.74 |      |       |      |  |
|                         | Quick ratio                                |                  | 133.59                                    | 141.08 |      |       |      |  |
|                         | Times interest earned ratio                |                  | 22.79                                     | 23.29  |      |       |      |  |
| Operating ability       | Accounts receivable turnover (turns)       |                  | 5.52                                      | 5.21   |      |       |      |  |
|                         | Average collection period                  |                  | 66.12                                     | 70.06  |      |       |      |  |
|                         | Inventory turnover (turns)                 |                  | 3.23                                      | 3.21   |      |       |      |  |
|                         | Accounts payable turnover (turns)          |                  | 4.72                                      | 4.79   |      |       |      |  |
|                         | Average days in sales                      |                  | 113.00                                    | 113.71 |      |       |      |  |
|                         | Fixed assets turnover (turns)              |                  | 3.11                                      | 3.24   |      |       |      |  |
|                         | Total assets turnover (turns)              |                  | 0.69                                      | 0.68   |      |       |      |  |
| Profitability           | Return on total assets (%)                 |                  | 4.44                                      | 4.72   |      |       |      |  |
|                         | Return on stockholders' equity (%)         |                  | 7.61                                      | 8.11   |      |       |      |  |
|                         | Ratio to issued capital (%)                | Operating Profit |   | 17.97  |      | 20.33 |      |  |
|                         |  | Pre-tax income   |   | 19.81  |      | 23.24 |      |  |
|                         | Profit ratio (%)                           |                  | 6.18                                      | 6.59   |      |       |      |  |
| Earnings per share (\$) |  | 1.54             | 1.63                                      |        |      |       |      |  |
| Cash flow               | Cash flow ratio (%)                        |                  | 20.72                                     | 32.02  |      |       |      |  |
|                         | Cash flow adequacy ratio (%)               |                  | 75.62                                     | 98.00  |      |       |      |  |
|                         | Cash reinvestment ratio (%)                |                  | 2.66                                      | 5.47   |      |       |      |  |
| Leverage                | Operating leverage                         |                  | 3.74                                      | 3.57   |      |       |      |  |
|                         | Financial leverage                         |                  | 1.05                                      | 1.05   |      |       |      |  |
| KPI                     | Revenue Growth Rate(%)                     |                  | 3.92                                      | 4.10   |      |       |      |  |
|                         | Net Profit after Tax Growth Rate(%)        |                  | 6.33                                      | 10.98  |      |       |      |  |

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 2015 (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 2016

TECO Electric & Machinery Co., Ltd

Audit Committee Convener : Tain-Jy, Chen

Date: March 21, 2016