

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017, AND DECEMBER 31 AND JUNE 30, 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2017 AND 2016 ARE UNAUDITED)

Assets	June 30, 2017 AMOUNT	December 31, 2016 AMOUNT	June 30, 2016 AMOUNT
Current assets			
Cash and cash equivalents	\$ 1,011,111	\$ 962,826	\$ 715,562
Financial assets at fair value through profit or loss - current	82,686	12,658	240,234
Notes receivable, net	43,478	57,669	55,772
Accounts receivable, net	269,166	240,832	246,340
Other receivables	734	10,164	35
Inventory	33,478	27,092	60,431
Prepayments	47,387	40,119	21,582
Other current assets	28,305	29,922	34,309
Current Assets	1,516,345	1,381,282	1,374,265
Non-current assets			
Property, plant and equipment	1,478,111	1,460,218	1,365,867
Intangible assets	359,906	378,205	399,190
Deferred income tax assets	11,412	11,037	10,242
Other non-current assets	214,881	208,210	212,720
Non-current assets	2,064,310	2,057,670	1,988,019
Total assets	\$ 3,580,655	\$ 3,438,952	\$ 3,362,284
Liabilities and Equity			
Current liabilities			
Short-term borrowings	\$ 18,000	\$ 68,000	\$ 18,000
Short-term notes and bills payable	1,999	20,992	38,985
Notes payable	42,297	72,191	47,487
Accounts payable	37,541	32,572	35,928
Other payables	680,178	227,258	579,214
Current income tax liabilities	71,028	81,107	63,520
Receipts in advance	100,874	102,568	97,310
Other current liabilities	80,326	162,048	114,509
Current Liabilities	1,032,243	766,736	994,953
Non-current liabilities			
Long-term borrowings	27,348	33,707	42,306
Provisions – non current	12,724	11,049	9,017
Deferred income tax liabilities	29,239	30,521	25,749
Other non-current liabilities	153,895	152,078	150,263
Total non-current liabilities	223,206	227,355	227,335
Total Liabilities	1,255,449	994,091	1,222,288
Equity attributable to owners of parent			
Share capital			
Share capital- common stock	1,115,000	1,115,000	1,115,000
Capital surplus			
Capital surplus	452,500	452,500	452,500
Retained earnings			
Legal reserve	196,347	134,971	134,971
Special reserve	14,859	-	-
Unappropriated earnings	585,657	757,249	430,251
Other equity interest			
Other equity interest	(39,157)	(14,859)	7,274
Total equity	2,325,206	2,444,861	2,139,996
Commitments and Contingent Liabilities			
Total liabilities and equity	\$ 3,580,655	\$ 3,438,952	\$ 3,362,284

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)
(UNAUDITED)

Items	Three Months ended June 30		Six Months ended June 30	
	2017	2016	2017	2016
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Operating revenue	\$ 481,903	\$ 416,588	\$ 912,482	\$ 872,007
Operating costs	(174,397)	(173,796)	(345,678)	(369,971)
Net operating margin	307,506	242,792	566,804	502,036
Operating expenses				
Selling expenses	(11,037)	(10,952)	(23,261)	(22,989)
General & administrative expenses	(72,764)	(59,803)	(137,056)	(120,237)
Total operating expenses	(83,801)	(70,755)	(160,317)	(143,226)
Operating profit	223,705	172,037	406,487	358,810
Non-operating income and expenses				
Other income	2,293	2,966	7,049	5,653
Other gains and losses	70,000	(2,578)	64,531	(6,534)
Finance costs	(350)	(777)	(1,084)	(1,700)
Total non-operating income and expenses	71,943	(389)	70,496	(2,581)
Profit before income tax	295,648	171,648	476,983	356,229
Income tax expense	(39,288)	(28,313)	(70,590)	(70,464)
Profit for the period	\$ 256,360	\$ 143,335	\$ 406,393	\$ 285,765
Other comprehensive income(net)				
Components of other comprehensive income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	\$ 17,079	(\$ 10,706)	(\$ 24,298)	(\$ 12,976)
Total comprehensive income	\$ 273,439	\$ 132,629	\$ 382,095	\$ 272,789
Profit , attributable to:				
Owners of the parent	\$ 256,360	\$ 143,335	\$ 406,393	\$ 285,765
Comprehensive income attributable to:				
Owners of the parent	\$ 273,439	\$ 132,629	\$ 382,095	\$ 272,789
Basic earnings per share				
Profit for the period	\$ 2.30	\$ 1.29	\$ 3.64	\$ 2.56
Diluted earnings per share				
Total diluted earnings per share	\$ 2.30	\$ 1.28	\$ 3.63	\$ 2.56

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	Equity attributable to owners of the parent						
	Share capital - common stock	Capital reserve	Retained Earnings		Unappropriated earnings	Financial statements translation differences of foreign operations	Total
			Legal reserve	Special reserve			
<u>For the six months ended June 30,2016</u>							
Balance at January 1, 2016	\$ 1,115,000	\$ 452,500	\$ 83,616	\$ -	\$ 586,090	\$ 20,250	\$2,257,456
Appropriations of 2015 earnings:							
Legal reserve	-	-	51,355	-	(51,355)	-	-
Cash dividends	-	-	-	-	(390,249)	-	(390,249)
Profit for the period	-	-	-	-	285,765	-	285,765
Other comprehensive income for the period	-	-	-	-	-	(12,976)	(12,976)
Balance at June 30, 2016	<u>\$ 1,115,000</u>	<u>\$ 452,500</u>	<u>\$134,971</u>	<u>\$ -</u>	<u>\$ 430,251</u>	<u>\$ 7,274</u>	<u>\$2,139,996</u>
<u>For the six months ended June 30,2017</u>							
Balance at January 1, 2017	\$ 1,115,000	\$ 452,500	\$134,971	\$ -	\$ 757,249	(\$ 14,859)	\$2,444,861
Appropriations of 2016 earnings:							
Legal reserve	-	-	61,376	-	(61,376)	-	-
Special reserve	-	-	-	14,859	(14,859)	-	-
Cash dividends	-	-	-	-	(501,750)	-	(501,750)
Profit for the period	-	-	-	-	406,393	-	406,393
Other comprehensive income for the period	-	-	-	-	-	(24,298)	(24,298)
Balance at June 30, 2017	<u>\$ 1,115,000</u>	<u>\$ 452,500</u>	<u>\$196,347</u>	<u>\$ 14,859</u>	<u>\$ 585,657</u>	<u>(\$ 39,157)</u>	<u>\$2,325,206</u>

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 476,983	\$ 356,229
Adjustments		
Adjustments to reconcile profit (loss)		
Gain on financial assets or liabilities at fair value through profit or loss, net	(58)	(477)
Provision(reversal of provision) for bad debt	54	(162)
Loss(gain) on disposal of property, plant and equipment	2,146	(71)
Gain on disposal of subsidiary	(93,449)	-
Depreciation	68,301	71,230
Amortization	27,885	25,278
Interest income	(2,319)	(2,620)
Interest expense	1,084	1,700
Long-term prepaid rents transferred to expenses	1,055	1,181
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Financial assets held for trading	(69,970)	21,572
Notes and accounts receivable	(14,197)	(30,258)
Other receivables	9,371	579
Inventories	(6,386)	(5,013)
Prepayments	(7,272)	8
Other current assets	4,208	(8,263)
Other financial assets-current	(16,277)	(11,696)
Net changes in liabilities relating to operating activities		
Notes and accounts payable	(18,012)	19,076
Other payable	(27,669)	9,859
Receipts in advance	(1,694)	(18,828)
Other currents liabilities	11,094	3,254
Provision for decommissioning	1,675	1,575
Deferred income	(1,357)	(3,024)
Accrued pension liabilities	(1,091)	(536)
Cash generated from operations	344,105	430,593
Interest received	2,383	2,867
Interest paid	(1,181)	(1,769)
Income tax paid	(81,325)	(67,365)
Net cash provided by operating activities	<u>263,982</u>	<u>364,326</u>

(Continued)

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of property, plant and equipment	(\$ 155,708)	(\$ 97,385)
Proceeds from disposal of property, plant and equipment	1,166	305
Decrease in restricted assets	11,532	30,791
Increase in other non-current assets	(14,462)	(30,146)
(Increase) decrease in refundable deposits	(9,159)	2,016
Proceeds from disposal of subsidiary	128,441	-
Cash transfer from disposal of subsidiary	(449)	-
Net cash used in investing activities	(38,639)	(94,419)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in short-term borrowings	(108,500)	-
Increase in short-term borrowings	58,500	12,000
Decrease in short-term notes and bills payable	(18,993)	(3,976)
Repayments of long-term debt	(98,077)	(39,871)
Increase(decrease) in guarantee deposits received	5,550	(3,613)
Net cash used in financing activities	(161,520)	(35,460)
Net effect of changes in foreign currency exchange rates	(15,538)	(1,706)
Increase in cash and cash equivalents	48,285	232,741
Cash and cash equivalents at beginning of period	962,826	482,821
Cash and cash equivalents at end of period	<u>\$ 1,011,111</u>	<u>\$ 715,562</u>