

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		December 31, 2016		December 31, 2015	
Assets		AMOUNT		AMOUNT	
Current assets					
1100	Cash and cash equivalents	\$	962,826	\$	482,821
1110	Financial assets at fair value				
	through profit or loss - current		12,658		261,329
1150	Notes receivable, net		57,669		54,673
1170	Accounts receivable, net		240,832		217,019
1200	Other receivables		10,164		868
130X	Inventory		27,092		55,418
1410	Prepayments		40,119		21,590
1470	Other current assets		29,922		44,688
11XX	Current Assets		<u>1,381,282</u>		<u>1,138,406</u>
Non-current assets					
1600	Property, plant and equipment		1,460,218		1,341,709
1780	Intangible assets		378,205		416,707
1840	Deferred income tax assets		11,037		9,664
1900	Other non-current assets		208,210		199,213
15XX	Non-current assets		<u>2,057,670</u>		<u>1,967,293</u>
1XXX	Total assets	\$	<u>3,438,952</u>	\$	<u>3,105,699</u>
Liabilities and Equity					
Current liabilities					
2100	Short-term borrowings	\$	68,000	\$	6,000
2110	Short-term notes and bills payable		20,992		42,961
2150	Notes payable		72,191		39,648
2170	Accounts payable		32,572		22,045
2200	Other payables		227,258		175,712
2230	Current income tax liabilities		81,107		69,112
2300	Other current liabilities		264,616		259,139
21XX	Current Liabilities		<u>766,736</u>		<u>614,617</u>
Non-current liabilities					
2540	Long-term borrowings		33,707		51,294
2550	Provisions – non current		11,049		7,442
2570	Deferred income tax liabilities		30,521		17,454
2600	Other non-current liabilities		152,078		157,436
25XX	Total non-current liabilities		<u>227,355</u>		<u>233,626</u>
2XXX	Total Liabilities		<u>994,091</u>		<u>848,243</u>
Equity attributable to owners of parent					
Share capital					
3110	Ordinary Share		1,115,000		1,115,000
Capital surplus					
3200	Capital surplus		452,500		452,500
Retained earnings					
3310	Legal reserve		134,971		83,616
3350	Unappropriated retained earnings		757,249		586,090
Other equity interest					
3400	Other equity interest	(14,859)		20,250
3XXX	Total equity		<u>2,444,861</u>		<u>2,257,456</u>
Significant contingent liabilities and unrecognised contract commitments					
3X2X	Total liabilities and equity	\$	<u>3,438,952</u>	\$	<u>3,105,699</u>

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Items	Notes	Year ended December 31	
			2016 AMOUNT	2015 AMOUNT
4000	Operating revenue		\$ 1,815,944	\$ 1,624,504
5000	Operating costs		(762,168)	(708,392)
5900	Gross profit		<u>1,053,776</u>	<u>916,112</u>
	Operating expenses			
6100	Selling expenses		(46,991)	(45,936)
6200	General & administrative expenses		(254,586)	(244,607)
6000	Total operating expenses		(301,577)	(290,543)
6900	Operating profit		<u>752,199</u>	<u>625,569</u>
	Non-operating income and expenses			
7010	Other income		31,685	10,727
7020	Other gains and losses		(23,628)	(3,207)
7050	Finance costs		(3,529)	(9,223)
7000	Total non-operating revenue and expenses		<u>4,528</u>	<u>(1,703)</u>
7900	Profit before income tax		<u>756,727</u>	<u>623,866</u>
7950	Income tax expense		(142,965)	(110,322)
8200	Profit for the period		<u>\$ 613,762</u>	<u>\$ 513,544</u>
	Other comprehensive income, net			
	Components of other comprehensive income that will be reclassified to profit or loss			
8311	Actuarial gain (loss) on defined benefit plan		(\$ 999)	\$ 13,730
	Components of other comprehensive income that will be reclassified to profit or loss			
8361	Exchange differences on translation		(35,109)	(6,870)
8500	Total comprehensive income		<u>\$ 577,654</u>	<u>\$ 520,404</u>
	Profit, attributable to:			
8610	Owners of the parent		<u>\$ 613,762</u>	<u>\$ 513,544</u>
	Comprehensive income attributable to:		<u>\$ 613,762</u>	<u>\$ 513,544</u>
8710	Owners of the parent		<u>\$ 577,654</u>	<u>\$ 520,404</u>
	Basic earnings per share			
9750	Profit for the period		<u>\$ 5.50</u>	<u>\$ 4.71</u>
	Diluted earnings per share			
9850	Total diluted earnings per share		<u>\$ 5.48</u>	<u>\$ 4.69</u>

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of the parent					
			Retained Earnings			
	Ordinary share	Capital surplus, additional paid-in capital	Legal reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total
<u>Year ended December 31,2015</u>						
Balance at January 1, 2015	\$ 1,000,000	\$ 50,000	\$ 53,196	\$ 334,536	\$ 27,120	\$ 1,464,852
Appropriation and distribution of 2014 retained earnings:						
Legal reserve	-	-	30,420	(30,420)	-	-
Cash dividends	-	-	-	(245,300)	-	(245,300)
Issue of shares	115,000	402,500	-	-	-	517,500
Profit for the period	-	-	-	513,544	-	513,544
Other comprehensive income for the period	-	-	-	13,730	(6,870)	6,860
Balance at December 31, 2015	<u>\$ 1,115,000</u>	<u>\$ 452,500</u>	<u>\$ 83,616</u>	<u>\$ 586,090</u>	<u>\$ 20,250</u>	<u>\$ 2,257,456</u>
<u>Year ended December 31,2016</u>						
Balance at January 1, 2016	\$ 1,115,000	\$ 452,500	\$ 83,616	\$ 586,090	\$ 20,250	\$ 2,257,456
Appropriation and distribution of 2015 retained earnings:						
Legal reserve	-	-	51,355	(51,355)	-	-
Cash dividends	-	-	-	(390,249)	-	(390,249)
Profit for the period	-	-	-	613,762	-	613,762
Other comprehensive income for the period	-	-	-	(999)	(35,109)	(36,108)
Balance at December 31, 2016	<u>\$ 1,115,000</u>	<u>\$ 452,500</u>	<u>\$ 134,971</u>	<u>\$ 757,249</u>	<u>(\$ 14,859)</u>	<u>\$ 2,444,861</u>

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		\$ 756,727	\$ 623,866
Adjustments to reconcile profit (loss) before tax to net cash provided by (used in) operating activities			
Income and expenses having no effect on cash flows			
Net gain on financial assets and liabilities at fair value through profit or loss	(658)	(966)
Provision (reversal of provision) for bad debt expense	(620)	745
Loss(gain) on disposal of property, plant and equipment		5,414	257
Property, plant and equipment transferred to donation expense		-	545
Depreciation expense		143,831	134,779
Amortisation expense		55,147	54,765
Interest revenue	(4,991)	(3,602)
Interest expense		3,529	9,223
Long-term prepaid rents transferred to expenses		2,289	2,160
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets held for trading		249,329	(159,936)
Notes and accounts receivable	(26,190)	(19,683)
Other receivables	(9,491)	(395)
Inventories		28,326	(15,981)
Prepayments	(18,529)	19,173
Other current assets	(9,864)	1,553
Other financial assets-current	(2,694)	17,061
Net changes in liabilities relating to operating activities			
Notes and accounts payable		22,953	19,411
Other payable		33,507	4,176
Receipts in advance	(13,570)	8,339
Other currents liabilities		3,385	16,652
Provision for decommissioning		3,607	3,514
Deferred income	(6,721)	(4,355)
Accrued pension liabilities	(786)	(435)
Cash generated from operations		1,213,930	710,866
Interest received		5,155	3,340
Interest paid	(3,568)	(10,112)
Income tax paid	(118,877)	(76,815)
Net cash provided by operating activities		<u>1,096,640</u>	<u>627,279</u>

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SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment		(\$ 251,196)	(\$ 127,708)
Proceeds from disposal of property, plant and equipment		648	1,424
Decrease (increase) in restricted assets		29,813	38,230
Increase in other non-current assets		(41,223)	(23,278)
Decrease(increase) in refundable deposits		1,430	1,756
Increase in deferred expense		<u>-</u>	<u>(17,878)</u>
Net cash used in investing activities		<u>(260,528)</u>	<u>(127,454)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Net (decrease) increase in short-term borrowings		62,000	(37,155)
Increase in short-term notes and bills payable		(21,969)	14,975
Proceeds from long-term debt		50,000	-
Repayments of long-term debt		(49,580)	(667,237)
Increase in guarantee deposits received		1,150	490
Cash dividends		(390,249)	(245,300)
Proceeds from issuing shares		<u>-</u>	<u>517,500</u>
Net cash used in financing activities		<u>(348,648)</u>	<u>(416,727)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(7,459)</u>	<u>5,746</u>
Net Increase in cash and cash equivalents		480,005	88,844
Cash and cash equivalents at beginning of period		<u>482,821</u>	<u>393,977</u>
Cash and cash equivalents at end of year		<u>\$ 962,826</u>	<u>\$ 482,821</u>