

**SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Assets		Notes	December 31, 2015	December 31, 2014
			AMOUNT	AMOUNT
<b>Current assets</b>				
1100	Cash and cash equivalents		\$ 482,821	\$ 393,977
1110	Financial assets at fair value			
	through profit or loss - current		261,329	100,427
1150	Notes receivable, net		54,673	69,805
1170	Accounts receivable, net		217,019	182,949
1200	Other receivables		868	473
130X	Inventory		55,418	39,437
1410	Prepayments		21,590	40,763
1470	Other current assets		44,688	63,104
11XX	<b>Current Assets</b>		<u>1,138,406</u>	<u>890,935</u>
<b>Non-current assets</b>				
1600	Property, plant and equipment		1,341,709	1,352,856
1780	Intangible assets		416,707	457,294
1840	Deferred income tax assets		9,664	8,197
1900	Other non-current assets		199,213	216,670
15XX	<b>Non-current assets</b>		<u>1,967,293</u>	<u>2,035,017</u>
1XXX	<b>Total assets</b>		<u>\$ 3,105,699</u>	<u>\$ 2,925,952</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
2100	Short-term borrowings		\$ 6,000	\$ 43,155
2110	Short-term notes and bills payable		42,961	27,986
2150	Notes payable		39,648	28,595
2170	Accounts payable		28,083	19,725
2200	Other payables		169,674	165,681
2230	Current income tax liabilities		69,112	45,343
2300	Other current liabilities		259,139	366,132
21XX	<b>Current Liabilities</b>		<u>614,617</u>	<u>696,617</u>
<b>Non-current liabilities</b>				
2540	Long-term borrowings		51,294	582,704
2570	Deferred income tax liabilities		17,454	6,313
2600	Other non-current liabilities		164,878	175,466
25XX	<b>Total non-current liabilities</b>		<u>233,626</u>	<u>764,483</u>
2XXX	<b>Total Liabilities</b>		<u>848,243</u>	<u>1,461,100</u>
<b>Equity attributable to owners of parent</b>				
<b>Share capital</b>				
3110	Ordinary Share		1,115,000	1,000,000
<b>Capital surplus</b>				
3200	Capital surplus		452,500	50,000
<b>Retained earnings</b>				
3310	Legal reserve		83,616	53,196
3350	Unappropriated retained earnings		586,090	334,536
<b>Other equity interest</b>				
3400	Other equity interest		20,250	27,120
3XXX	<b>Total equity</b>		<u>2,257,456</u>	<u>1,464,852</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,105,699</u>	<u>\$ 2,925,952</u>

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	Items	Notes	Year ended December 31	
			2015 AMOUNT	2014 (adjusted) AMOUNT
4000	<b>Operating revenue</b>		\$ 1,624,504	\$ 1,246,237
5000	<b>Operating costs</b>	(	708,392)	( 620,959)
5900	<b>Gross profit</b>		916,112	625,278
	<b>Operating expenses</b>			
6100	Selling expenses	(	45,936)	( 39,939)
6200	General & administrative expenses	(	244,607)	( 209,655)
6000	<b>Total operating expenses</b>	(	290,543)	( 249,594)
6900	<b>Operating profit</b>		625,569	375,684
	<b>Non-operating income and expenses</b>			
7010	Other income		10,727	10,159
7020	Other gains and losses	(	3,207)	( 10,967)
7050	Finance costs	(	9,223)	( 22,627)
7000	<b>Total non-operating revenue and expenses</b>	(	1,703)	( 1,501)
7900	<b>Profit before income tax</b>		623,866	374,183
7950	Income tax expense	(	110,322)	( 69,979)
8200	<b>Profit for the period</b>	\$	513,544	\$ 304,204
	<b>Other comprehensive income, net</b>			
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8311	Actuarial gain (loss) on defined benefit plan	\$	13,730	(\$ 7,875)
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Exchange differences on translation	(	6,870)	( 11,158)
8500	<b>Total comprehensive income</b>	\$	520,404	\$ 307,487
	<b>Profit, attributable to:</b>			
8610	Owners of the parent	\$	513,544	\$ 304,204
		\$	513,544	\$ 304,204
	<b>Comprehensive income attributable to:</b>			
8710	Owners of the parent	\$	520,404	\$ 307,487
		\$	520,404	\$ 307,487
	<b>Basic earnings per share</b>			
9750	<b>Profit for the period</b>	\$	4.71	\$ 3.04
	<b>Diluted earnings per share</b>			
9850	<b>Total diluted earnings per share</b>	\$	4.69	\$ 2.97

SUNNY FRIEND ENVIRONMENTAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(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, 2014</u>						
Balance at January 1, 2014	\$ 1,000,000	\$ 50,000	\$ 26,793	\$ 264,610	\$ 15,962	\$ 1,357,365
Appropriation and distribution of 2013 retained earnings:						
Legal reserve	-	-	26,403	( 26,403 )	-	-
Cash dividends	-	-	-	( 200,000 )	-	( 200,000 )
Profit for the period	-	-	-	304,204	-	304,204
Other comprehensive income for the period	-	-	-	( 7,875 )	11,158	3,283
Balance at December 31, 2014	<u>\$ 1,000,000</u>	<u>\$ 50,000</u>	<u>\$ 53,196</u>	<u>\$ 334,536</u>	<u>\$ 27,120</u>	<u>\$ 1,464,852</u>
<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>

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>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated profit before tax for the period		\$ 623,866	\$ 374,183
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		( 966 )	( 772 )
Provision (reversal of provision) for bad debt expense		745	( 263 )
Loss(gain) on disposal of property, plant and equipment		257	( 2,319 )
Property, plant and equipment transferred to donation expense		545	-
Depreciation expense		134,779	137,973
Amortisation expense		54,765	41,602
Interest expense		9,223	22,627
Long-term prepaid rents transferred to expenses		2,160	-
Interest revenue		( 3,602 )	( 1,548 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets held for trading		( 159,936 )	83,185
Notes and accounts receivable		( 19,683 )	( 38,102 )
Other receivables		( 395 )	( 473 )
Inventories		( 15,981 )	( 10,709 )
Prepayments		19,173	( 39,696 )
Other current assets		1,553	-
Other financial assets-current		17,061	( 1,594 )
Net changes in liabilities relating to operating activities			
Notes and accounts payable		19,411	3,951
Other payable		4,176	34,243
Receipts in advance		8,339	-
Other currents liabilities		16,652	89,847
Accrued pension liabilities		( 435 )	( 3,600 )
Provision for decommissioning		3,514	2,548
Deferred income		( 4,355 )	-
Cash generated from operations		710,866	691,083
Interest received		3,340	1,564
Interest paid		( 10,112 )	( 22,536 )
Income tax paid		( 76,815 )	( 45,980 )
Net cash provided by operating activities		<u>627,279</u>	<u>624,131</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>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment		(\$ 127,708 )	(\$ 50,468 )
Proceeds from disposal of property, plant and equipment		1,424	4,314
Decrease (increase) in restricted assets		38,230	( 77,610 )
Increase in other non-current assets		( 23,278 )	( 11,146 )
Decrease(increase) in refundable deposits		1,756	( 657 )
Increase in deferred expense		( 17,878 )	( 12,378 )
Net cash used in investing activities		( 127,454 )	( 148,125 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Net (decrease) increase in short-term borrowings		( 37,155 )	43,325
Increase in short-term notes and bills payable		14,975	10,994
Proceeds from long-term debt		-	210,367
Repayments of long-term debt		( 667,237 )	( 285,942 )
Increase in guarantee deposits received		490	4,065
Cash dividends		( 245,300 )	( 200,000 )
Proceeds from issuing shares		517,500	-
Net cash used in financing activities		( 416,727 )	( 217,191 )
Effect of exchange rate changes on cash and cash equivalents		5,746	( 8,197 )
Net Increase in cash and cash equivalents		88,844	250,618
Cash and cash equivalents at beginning of period		393,977	143,359
Cash and cash equivalents at end of year		\$ 482,821	\$ 393,977