

SUNNY FRIEND ENVIRONMENTAL CO., LTD.AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		December 31, 2013		December 31, 2012	
Assets		AMOUNT		AMOUNT	
Current assets					
1100	Cash and cash equivalents	\$	143,359	\$	125,717
1110	Financial assets at fair value				
	through profit or loss - current		182,840		90,578
1150	Notes receivable, net		27,458		15,208
1170	Accounts receivable, net		223,810		132,412
1200	Other receivables		8,635		37,955
130X	Inventory		2,188		21,545
1410	Prepayments		11,520		8,805
1470	Other current assets		1,038		25,505
11XX	Current Assets		<u>600,848</u>		<u>457,725</u>
Non-current assets					
1600	Property, plant and equipment		1,391,819		1,363,593
1780	Intangible assets		593,299		602,699
1840	Deferred income tax assets		249		233
1900	Other non-current assets		77,955		146,688
15XX	Non-current assets		<u>2,063,322</u>		<u>2,113,213</u>
1XXX	Total assets	\$	<u>2,664,170</u>	\$	<u>2,570,938</u>
Liabilities and Equity					
Current liabilities					
2110	Short-term notes and bills payable	\$	16,992	\$	35,986
2150	Notes payable		19,381		21,951
2170	Accounts payable		24,988		14,969
2200	Other payables		115,346		85,397
2230	Current income tax liabilities		27,613		11,024
2300	Other current liabilities		208,069		75,000
21XX	Current Liabilities		<u>412,389</u>		<u>244,327</u>
Non-current liabilities					
2540	Long-term borrowings		726,765		974,681
2600	Other non-current liabilities		129,457		164,044
25XX	Total non-current liabilities		<u>856,222</u>		<u>1,138,725</u>
2XXX	Total Liabilities		<u>1,268,611</u>		<u>1,383,052</u>
Equity attributable to owners of parent					
Share capital					
3110	Ordinary Share		1,000,000		1,000,000
Capital surplus					
3200	Capital surplus		50,000		50,000
Retained earnings					
3310	Legal reserve		26,793		17,868
3350	Unappropriated retained earnings		286,418		111,321
Other equity interest					
3400	Other equity interest		32,348		8,328
361X	Equity attributable to shareholders of the parent		<u>1,395,559</u>		<u>1,187,517</u>
3610	Minority interest		-		369
3XXX	Total equity		<u>1,395,559</u>		<u>1,187,886</u>
Significant contingent liabilities and unrecognised contract commitments					
3X2X	Total liabilities and equity	\$	<u>2,664,170</u>	\$	<u>2,570,938</u>

SUNNY FRIEND ENVIRONMENTAL CO., LTD.AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31,2013 AND 2012

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

	Items	Notes	Year ended December 31	
			2013 AMOUNT	2012 AMOUNT
4000	Operating revenue		\$ 1,082,325	\$ 595,145
5000	Operating costs		(611,754)	(351,171)
5900	Gross profit		<u>470,571</u>	<u>243,974</u>
	Operating expenses			
6100	Selling expenses		(38,160)	(38,248)
6200	General & administrative expenses		(165,352)	(87,958)
6000	Total operating expenses		(203,512)	(126,206)
6900	Operating profit		<u>267,059</u>	<u>117,768</u>
	Non-operating income and expenses			
7010	Other income		49,963	(3,644)
7020	Other gains and losses		6,942	387
7050	Finance costs		(22,801)	(5,758)
7000	Total non-operating revenue and expenses		<u>34,104</u>	<u>(9,015)</u>
7900	Profit before income tax		<u>301,163</u>	<u>108,753</u>
7950	Income tax expense		(36,931)	(19,407)
8200	Profit for the period		<u>\$ 264,232</u>	<u>\$ 89,346</u>
	Profit , attributable to:			
8610	Owners of the parent		\$ 264,022	\$ 89,252
8620	Non-controlling interest		210	94
			<u>\$ 264,232</u>	<u>\$ 89,346</u>
	Comprehensive income attributable to:			
8710	Owners of the parent		\$ 264,022	\$ 89,346
8720	Non-controlling interest		210	
			<u>\$ 264,232</u>	<u>\$ 89,346</u>
	Basic earnings per share			
9750	Profit for the period before tax		<u>\$ 3.01</u>	<u>\$ 1.43</u>
	Basic earnings per share			
9850	Profit for the period		<u>\$ 2.64</u>	<u>\$ 1.17</u>

SUNNY FRIEND ENVIRONMENTAL CO., LTD.AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
Equity attributable to owners of the parent

	Ordinary share	Capital surplus, additional paid-in capital	Legal reserve	Retained Earnings Total unappropriated retained earnings (accumulated deficit)	Cumulative translation adjustment	Net loss not recognized as pension cost	Non- controlling interest	Total
<u>Year ended December 31,2012</u>								
Balance at January 1, 2012	\$ 750,000	\$ -	\$ 9,480	\$ 90,457	\$ 37,613	(\$ 9,773)	\$ 1,371	\$ 879,148
Issuance of common stock	250,000	50,000	-	-	-	-	-	300,000
Appropriation and distribution of 2011 retained earnings:								
Legal reserve	-	-	8,388	(8,388)	-	-	-	-
Cash dividends	-	-	-	(60,000)	-	-	-	(60,000)
Net loss not recognized as pension cost	-	-	-	-	-	(7,579)	-	(7,579)
Cumulative translation adjustment	-	-	-	-	(11,933)	-	-	(11,933)
Profit for the period	-	-	-	89,252	-	-	94	89,346
Non-controlling interest decrease	-	-	-	-	-	-	(1,096)	(1,096)
Balance at December 31, 2012	<u>\$ 1,000,000</u>	<u>\$ 50,000</u>	<u>\$ 17,868</u>	<u>\$ 111,321</u>	<u>\$ 25,680</u>	<u>(\$ 17,352)</u>	<u>\$ 369</u>	<u>\$ 1,187,886</u>
<u>Year ended December 31,2013</u>								
Balance at January 1, 2013	\$ 1,000,000	\$ 50,000	\$ 17,868	\$ 111,321	\$ 25,680	(\$ 17,352)	\$ 369	\$ 1,187,886
Appropriation and distribution of 2012 retained earnings:								
Legal reserve	-	-	8,925	(8,925)	-	-	-	-
Cash dividends	-	-	-	(80,000)	-	-	-	(80,000)
Net loss not recognized as pension cost	-	-	-	-	-	8,058	-	8,058
Cumulative translation adjustment	-	-	-	-	15,962	-	-	15,962

SUNNY FRIEND ENVIRONMENTAL CO., LTD.AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
Equity attributable to owners of the parent

	Ordinary share	Capital surplus, additional paid-in capital	Legal reserve	Retained Earnings Total unappropriated retained earnings (accumulated deficit)	Cumulative translation adjustment	Net loss not recognized as pension cost	Non- controlling interest	Total
Profit for the period	\$ -	\$ -	\$ -	\$ 264,022	\$ -	(\$ -)	\$ 210	\$ 264,232
Non-controlling interest decrease	-	-	-	-	-	-	(579)	(579)
Balance at December 31, 2013	<u>\$ 1,000,000</u>	<u>\$ 50,000</u>	<u>\$ 26,793</u>	<u>\$ 286,418</u>	<u>\$ 41,642</u>	<u>(\$ 9,294)</u>	<u>\$ -</u>	<u>\$ 1,395,559</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)

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		\$ 264,232	\$ 89,346
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		(740)	574
Provision (reversal of provision) for bad debt expense		(34)	(14)
Loss(gain) on disposal of property, plant and equipment		(83,592)	(222)
Impairment loss		38,937	-
Depreciation expense		123,128	36,337
Amortisation expense		24,580	9,718
Goodwill impairment loss		-	4,220
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets held for trading		(91,522)	11,400
Notes and accounts receivable		(103,614)	(63,688)
Other financial assets-current		33,904	(19,595)
Inventories		19,357	(1,604)
Prepayments		(2,715)	(4,919)
Other current assets		24,467	(19,131)
Deferred income tax assets		(16)	(44)
Notes and accounts payable		7,449	13,288
Tax payable		16,525	(3,392)
Accrued expenses		32,358	16,447
Other payable		(2,345)	19,024
Receipts in advance		(119)	10,134
Other currents liabilities		(1,488)	(3,335)
Accrued pension liabilities		1,051	437
Net cash provided by operating activities		<u>299,803</u>	<u>94,981</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>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in restricted assets		\$ 36,580	(\$ 21,351)
Acquisition of property, plant and equipment		(92,780)	(715,499)
Proceeds from disposal of property, plant and equipment		1,647	1,415
Increase in refundable deposits		(4,225)	(928)
Increase in deferred expense		(16,544)	(5,866)
Proceeds from disposal of idle assets		-	120
Increase in franchise		<u>-</u>	<u>(498,416)</u>
Net cash used in investing activities		<u>(75,322)</u>	<u>(1,240,525)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term notes and bills payable		(18,994)	21,992
Proceeds from long-term debt		8,000	1,216,764
Repayments of long-term debt		(123,434)	(272,364)
Increase in guarantee deposits received		8,237	30,181
Decrease in other liabilities		(37,411)	(96,757)
Proceeds from issuing shares		-	300,000
Cash dividends		<u>(80,000)</u>	<u>(60,000)</u>
Net cash used in financing activities		<u>(243,602)</u>	<u>1,139,816</u>
Effect of exchange rate changes on cash and cash equivalents		<u>36,763</u>	<u>(7,585)</u>
Net Increase (decrease) in cash and cash equivalents		17,642	(13,313)
Cash and cash equivalents at beginning of period		<u>125,717</u>	<u>139,030</u>
Cash and cash equivalents at end of year		<u>\$ 143,359</u>	<u>\$ 125,717</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>2013</u>	<u>2012</u>
Supplemental cash flows information:			
Interest paid		\$ 14,549	(\$ 6,563)
Less: capitalized interest		(738)	-
Interest paid not concluded capitalized interest		<u>\$ 13,811</u>	<u>\$ 6,563</u>
Income tax paid		<u>\$ 20,367</u>	<u>\$ 22,861</u>
Investing activities with no cash flow effects			
Other asset transferred property, plant and equipment		<u>\$ -</u>	<u>\$ 137,484</u>