

## **MPI Corporation Minutes of 2016 General Meeting of Shareholders Regular Session on Record**

**Time:** June 16, 2016 (Thursday), 10:00 am

**Place:** 2F, No. 26, Taiyuan Street, Zhubei City, Hsinchu County (Conference Hall, Tai Yuen Hi-Tech Industrial Park)

**Attendance:** shareholders and proxy attending the meeting represented 50,261,184 shares, which accounted for 63.14% of the total of 79,605,392 outstanding shares of the company and qualified for a quorum.

**Attendees:** CEO Steven Chen, Director Scott Kuo, Director Shinji Nomura, Independent Director Kao, Chin-Cheng, Independent Director Hsu, Mei-Fang, Supervisor Li, Tu-Cheng, Supervisor Tsai, Chang-Chou, Supervisor Liu, Fang-Sheng, and Wu, Kuei-Chen, CPA of Nexia Sun Rise CPAs & Co.

**Chairperson:** CEO Steven Chen

Minute recorded by Manager Rose Jao

- I. Announcement of session
- II. Address of the Chairman: skipped.
- III. Points of discussion

Motion No.1: Submitted by the Board of Directors  
Cause of motion: the amendment to the "Articles of Incorporation" of MPI Corporation is presented for discussion.

Note: (I) According to the President's Decree under Hua-Tsung-1-Yi-Tze No. 10400058161 dated May 20, 2015 for the amendments to Company Law, and the official letter of Ministry of Economic Affairs under Ching-Shang-Tze No. 10402413890 dated June 11, 2015, the Company plans to amend Article 20 and Article 22 of the Company's "Articles of Incorporation".

(II) The mapping of the provisions of the "Articles of Incorporation" is attached for your information. Please refer to Appendix VI.

(III) This motion was passed by the Board of Directors in the 7th session of the Board in 2015.

Summary of speech by shareholder: With reference to the literal difference in the proportion of remuneration to directors/supervisors referred to in Article XX of the amended Articles of Incorporation and the written interpretation issued by Ministry of Economic Affairs, shareholder account No. 1475 suggested that it should be amended into "and no more than 3% as the remuneration to directors/supervisors" to be in line with the spirit of the written interpretation. The CPA was designated by the chairperson to respond to the question, and the following amendment was made accordingly.

Submitted by the Board of Directors	Motion for amendments submitted by shareholder
<p>Where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, and 1%~3% thereof as the remuneration to directors/supervisors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors/supervisors on a pro rata basis as referred to in the preceding paragraph. The allocation of remuneration to employees and directors/supervisors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting. Employees' remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria. If the Company has a profit at the year's final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.</p>	<p>Where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, <u>and no more than 3% thereof as the remuneration to directors/supervisors.</u> However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors/supervisors on a pro rata basis as referred to in the preceding paragraph. The allocation of remuneration to employees and directors/supervisors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting. Employees' remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria. If the Company has a profit at the year's final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.</p>

Resolution: The voting results for the motion: 50,261,184 votes of shareholders present at the time of voting, approval votes: 35,195,024; disapproval vote: 0; invalid vote: 0; abstention votes/no votes: 15,066,160; approval votes accounted for 70.02% of the total votes; the motion was approved upon the voting.

#### IV. Reports

1. 2015 Operation Review (Appendix I)
2. 2015 Supervisors' Report (Appendix II)
3. The report on allocation of remuneration to employees and directors/supervisors in 2015.

Note: (I) According to the amendments to the Articles of Incorporation approved by the Company's Board of Directors and Remuneration Commission upon resolution on November 11, 2015, where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, and 1%~3% thereof as the remuneration to directors/supervisors. The Company's income before tax was NT\$374,476,980 before allocating the remuneration to employees and directors/supervisors in 2015. Therefore, according to the amended Articles of Incorporation, the Company allocated the remuneration to employees totaling NT\$28,640,000, and the remuneration to directors/supervisors totaling NT\$7,160,000.

(II) The remuneration to employees totaling NT\$28,640,000 and remuneration to directors/supervisors totaling NT\$7,160,000 were allocated in cash.

Supplementary report: Note (I) to the report on allocation of remuneration to employees and directors/supervisors in 2015 concerning the remuneration to directors/supervisors already amended into no more than 3% as the remuneration to directors/supervisors.

4. The report on the Company's repurchase of shares.

Note: (I) 3rd repurchase of shares is stated as following:

Item No.	3rd
Date of resolution made by the Board of Directors	August 7, 2015
Purpose	Transfer of shares to employees
Scheduled duration	2015/08/10~2015/10/9
Scheduled repurchased quantity (shares)	1,000,000
Scheduled repurchase range price (NT\$)	60~108
Repurchased quantity (shares)	600,000
Total repurchase amount (NT\$)	34,454,460
Quantity of canceled and transferred shares (shares)	600,000 (Transferred to employees in whole on March 22, 2016)
Accumulated quantity of the Company's shares held (shares)	0
% of accumulated quantity of the Company's shares held	0.00%
Cause for failure to repurchase the shares in whole upon expiration of the duration	In order to maintain the shareholders' equity of the Company and to take care of the market mechanism, the Company repurchased the shares at specific price and quantity, subject to the change of stock price. Notwithstanding, as some orders could not be completed, the repurchase was not executed in whole.

V. Points of ratification

Motion No. 1

Proposed by the Board

Cause of motion: propose for action in favor of the 2015 operation review and financial statements.

Note: (I) The Board of Directors has prepared and passed the operation review and financial statements of individual entities (including the consolidated financial statements) for fiscal year 2015. The financial statements for fiscal year 2015 have been audited by Wu, Kuei-Chen and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co., with the issuance of unqualified opinions, subject to the final review of the supervisors. For details, please refer to Appendix III and Appendix IV.

(II) This motion was passed by the Board of Directors in the 3rd session of the Board in 2016.

Resolution: The voting results for the motion: 50,261,184 votes of shareholders present at the time of voting, approval votes: 43,295,407; disapproval vote: 0; invalid vote: 0; abstention votes/no votes: 6,965,777; approval votes accounted for 86.14% of the total votes; the original motion was approved upon the voting.

Motion No. 2

Proposed by the Board

Cause of motion: Propose for action in favor of the motion for allocation of earnings for fiscal year 2015.

Note: (I) MPI Corporation had the earnings after tax amounting to NT\$294,819,264 in fiscal year 2015. Enclosed therein is the motion for allocation of earnings. For further information, please refer to Appendix V.

(II) In consideration of subsequent business development of the future, MPI Corporation plans to attribute NT\$238,816,176 from distributable earnings as cash dividend for FY 2015 and NT\$0 for stock dividend on the basis of the quantity of 79,605,392 shares outstanding on the day of the Board session. The earnings per share is tentatively set at NT\$3.

(III) In the event that MPI Corporation elects to convert convertible corporate bonds into common stock, or repurchase the Company's outstanding shares, assign, or transfer and cancel treasury stock, to the extent that the total quantity of outstanding shares and the dividends to shareholders are being affected, the Board shall be authorized to deal with it with full power in session to discuss such matter for solution.

(IV) This motion was passed by the Board of Directors in the 3rd session of the Board in 2016.

Resolution: The voting results for the motion: 50,261,184 votes of shareholders present at the time of voting, approval votes: 43,295,407; disapproval vote: 0; invalid vote: 0; abstention votes/no votes: 6,965,777; approval votes accounted

for 86.14% of the total votes; the original motion was approved upon the voting.

VI. Impromptu motions: N/A

VII. Adjournment of meeting: June 16, 2016, at 10:33 am.

## **MPI Corporation Operation Review**

### **I. 2015 operation in review**

#### **(I) Business Plan and Result**

In FY 2015, we had net sales amounting to NT\$4,013,170 thousand, which was a decrease by 3% from NT\$4,156,132 thousand in 2014. Corporate earnings in FY 2015 amounted to NT\$294,820 thousand, which was a decrease by 43% from NT\$517,636 thousand in 2014 with earnings per share at NT\$3.71.

In 2015, the world has gone through low GDP growth, especially in the U.S.A., Europe, Japan and Mainland China. The world joined the QE policy in the latter half of the year. Therefore, the plentiful global fund resulted in the foreign exchange hedging. The semi-conductor industry still appears to grow positively in 2016. Particularly, more than 60% of the OEM production of wafer foundries are centralized in Taiwan. Meanwhile, given the increasingly intensive competition for capital expenditure of the OEM production of wafer foundries in Taiwan and the world, the production process evolution speed has driven each manufacturer's growth. This adds to the momentum of further growth of the encapsulation and testing industry which has invested in R&D permanently. Therefore, the growth in the demand for high-rank wafer prober cards could be anticipated in 2016. The flip-chip encapsulation LED will become the first priority of various manufacturers in the world in 2016.. Besides, the declination of the entire bulb price more than 40% resulted in the increase in penetration rate by more than 15% of last year. The penetration rate is expected to be more than 60% in next five years. The Company will continue to invest R&D resources to keep innovating and maintaining the Company's competitive strength.

With respect to the R&D of new technologies, the new products have successfully been applied to the areas of signal testing and temperature testing in 2016. Various production testing equipments were developed to meet the customers' needs and continue enhancing the functions of products. Further to our upgrade in favor of the testing capacity of our customers, we also contribute to the competitiveness of the customers. This product line will be essential for our growth in the future.

## (II) Revenue and profitability analysis

Currency unit: in NTD 1,000

Item		Year	2014	2015	Change (%)	
Revenue	Net Sales		4,156,132	4,013,170	(3.44)%	
	Gross profit		1,934,993	1,793,072	(7.33)%	
	Post-tax profit or loss		517,636	294,820	(43.04)%	
Profitability	ROA (%)		9.37	4.68	(50.05)%	
	ROE (%)		15.19	7.96	(47.60)%	
	Operating Income to Paid-in capital ratio (%)		70.11	40.18	(42.69)%	
	EBT to Paid-in capital ratio (%)		75.36	45.16	(40.07)%	
	Profit margin (%)		12.45	7.33	(41.12)%	
	EPS (NT\$)	before retroactive adjustment		6.62	3.71	(43.96)%
		after retroactive adjustment		6.62	3.71	(43.96)%

## (III) Research and development

Research and development findings in 2015:

1. Precision automated equipment:
  - A. High-speed full automatic CSP flip-chip encapsulation testing, sorting and packaging mass production equipment
  - B. UV, NIR wafer grade and encapsulation testing equipment
  - C. 8-inch LED prober and sorting automatic mass production equipment
2. Probe Card:
  - A. Develop high-density full array probe card to meet the need for test of high-rank components
  - B. Develop the vertical type probe card to meet the need for micro-distance technology of miniaturization of IC process
3. Establish the temperature control technology and complete development of semi-conductor component temperature testing equipment
4. Develop semi-conductor engineering testing machine series

## II. Summary of 2016 Business Plan

### (I) Business Policy

Technology is essential to maintain competitiveness. In light of the development of

the microelectronic industry and technology requirements in the future, MPI Corporation undertakes the following strategic planning and commits its effort to sustain its competitive advantage:

- A. To satisfy the need for application of high-rank IC process miniaturization, continue developing wafer grade micro-distance testing technology for meeting the technological needs of the future.
- B. To meet the technology requirement for smart device high-speed transmission, develop the micro-electric and mechanical probe card for meeting the testing need for high-speed transmission.
- C. Continue the development and optimization of higher performance testing and inspection equipment to meet the testing needs of future products of the photoelectric and semi-conductor industries (LED, LD and PD), and continue to provide customers with viable solutions.
- D. Continue to develop the testing and inspection machine series in the semi-conductor engineering testing and inspection application area, to meet customers' various application needs.
- E. Continue to develop and optimize the temperature control system applied for testing of semi-conductor components.

(II) Vital production and sales policies

MPI Corporation will develop its technology thoroughly, strengthen R&D investment, and continue to strengthen its capacity in overseas service in order to further develop its business and fortify its competitiveness, as well as extend its business territories overseas. This will help to provide fast and complete technology services to the customers and hence to increase the market share the extent to which risk can be diversified. MPI Corporation will maintain its corporate philosophy of assisting its customers to upgrade their competitive power thereby positions the customers as its technology joint venture partners. MPI Corporation will provide customers with good quality products and timely technology service, which remains its vital production and sales policy, in hopes of providing customers with the best solutions.

### **III. The development strategy of the future**

- (I) Based on the five major technical areas including prober, sorting, photoelectric testing and imaging detection, provide complete testing application solutions to meet the need for mass production of the photoelectric and semi-conductor industries.
- (II) Development of the semiconductor market with its core technology in automation and



measurement. To meet the market application, continue to develop various new products.

- (III) In responding to the needs of the consumers for slim, light, short, and small size, and higher speed and power saving products, MPI Corporation develops micro-distance probe card and high-frequency probers to upgrade the frequency in testing and efficiency for customer needs and competitiveness.

#### **IV. The effect of the external competitive, legal and macroeconomic environment**

The global economies were influenced by the low GDP growth, but a lot of new economies emerged accordingly. For the business development, at the same time when the global governments start to value the development of such industries as energy saving, internet of things and big data analysis, MPI Corporation spares no effort in research and development, and never ceases to provide customers with the best, fastest and most fine-quality solutions. Indeed, this is the unchanged policy line and principle of the Company. With continued improvement, MPI Corporation not only just seeks to withstand the competition in the external environment, but rather to satisfy to needs of its customers and create value of long-term investment in favor of the shareholders.

I wish

you all

joy and the best of luck.

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

## MPI Corporation Supervisors' Audit Report

The Company's individual financial statement and consolidated financial statements 2015 submitted by the Board of Directors have been audited by Wu Kuei-Chen and Chen Tsai-Huang, CPAs of Nexia Sun Rise CPAs & Co. and held presenting fairly, in all material respects, the financial status, operating result and cash flow of the Company for the same year. We also reviewed the business report and motion for earnings allocation submitted together with the financial statements. We hereby recognize said report and statements after conducting the audit on them pursuant to Article 219 of the Company Law and Article 36 of Securities and Exchange Act.

To:

General Shareholders' Meeting 2016 of MPI Corporation

MPI Corporation

Supervisor: Li, Tu-Cheng

Liu, Fang-Sheng

Tsai, Chang-Shou

March 23, 2016

## Appendix III

### Auditor's Audit Report

#### To **MPI Corporation**:

We have audited the individual balance sheets of **MPI Corporation** as of December 31, 2015 and 2014, and the individual comprehensive income statements, individual statements of changes in shareholders' equity and individual cash flow statements for the period from January 1 to December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on said individual financial statements based on our audits. As stated in Note VI(VI) to the financial statements, the information about the Company's investment under equity method 2015 and 2014, and the information about some investment disclosed in Note XIII were valued and disclosed based on the financial reports audited by other independent auditors appointed by the investees. We did not audit those financial reports. The incomes under equity method recognized based on the financial reports audited by other external auditors from January 1 to December 31, 2015 and 2014 were NT\$1,018 thousand and NT\$506 thousand. Until December 31, 2015 and 2014, the balances of investment under equity method were NT\$23,351 thousand and NT\$25,463 thousand respectively.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the individual financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **MPI Corporation** as of December 31, 2015 and 2014, and the individual financial performance and cash flows from January 1 to December 31, 2015 and 2014 in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers".

Nexia Sun Rise CPAs & Co.

CPA: \_\_\_\_\_  
Wu, Kuei-Chen

\_\_\_\_\_  
Chen, Tsan-Huang

Securities and Futures Bureau Approval No.: (85)

Tai-Tsai-Cheng-6-Tze No. 40484

Securities and Futures Bureau Approval No.:

Ching-Kuan-Chen-Shen-Tze No. 1020045056

March 23, 2016

**MPI Corporation**  
Parent Company Only Balance Sheet (assets)  
December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Assets	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalent	VI (I)	\$ 234,594	4	\$ 719,334	12
1150	Receivable notes, net	VI (II)	5,403	-	9,930	-
1160	Note receivables –related parties-net	VI (III) and VII	-	-	5,299	-
1170	Receivable accounts, net	VI(III)	554,238	8	459,377	7
1180	Account receivables -related parties-net	VI (III) and VII	329,232	5	370,671	6
1200	Other receivable accounts		17,644	-	20,440	-
1210	Other receivable accounts-related party	VII	21,499	-	4,008	-
130X	Inventory, net	VI (IV)	1,590,834	24	1,633,217	26
1410	Prepayment		44,705	1	60,623	1
1470	Other current assets	VIII	9,220	1	9,028	1
11XX	Total current assets		2,807,369	43	3,291,927	53
Non-current assets						
1510	Financial assets held for trading - noncurrent	VI (XI)	-	-	608	-
1543	Financial assets measured at cost - noncurrent	VI (V)	-	-	20,231	-
1550	Investment under equity method	VI (VI)	837,241	13	624,026	10
1600	Property, plant and equipment	VI (VII), VII, and VIII	2,595,075	40	1,930,339	31
1780	Intangible assets	VI (VIII)	35,739	-	23,490	-
1840	Deferred income tax assets		58,444	1	40,715	1
1900	Other non-current assets		201,612	3	306,207	5
15XX	Total non-current assets		3,728,111	57	2,945,616	47
1XXX	Total assets		\$ 6,535,480	100	\$ 6,237,543	100

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation**  
Parent Company Only Balance Sheet (Liabilities and Shareholders' Equity)  
December 31, 2015, January 1 to December 31, 2014

Currency unit: in NTD 1,000

Code	Liabilities and Shareholders' Equity	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Note payables	VI (IX)	\$ 550,000	8	\$ -	-
2121	Financial liabilities held for trading - current	VI (XII)	1,682	-	-	-
2170	Accounts payable		369,674	6	456,934	7
2180	Account payables-related parties	VII	4,419	-	7,805	-
2213	Payables for equipment		90,945	1	134,676	2
2219	Other payable accounts	VI (X)	444,317	7	516,524	9
2220	Other payables –related parties	VII	63,569	1	40,536	1
2230	Income tax liabilities in the current period		40,191	1	56,524	1
2250	Provision for liabilities – current	VI (XI)	1,240	-	4,856	-
2310	Cash on receipt	VII	453,325	7	608,144	10
2321	Exercise of call option for corporate bond , current portion	VI (XII)	579,433	9	-	-
2322	Long-term loan, current portion	VI (XIII)	9,328	-	9,329	-
2399	Other current liabilities		12,671	-	12,046	-
21XX	Total current liabilities		<u>2,620,794</u>	<u>40</u>	<u>1,847,374</u>	<u>30</u>
<b>Non-current liabilities</b>						
2530	Corporate bond payable	VI (XII)	-	-	574,962	9
2540	Long-term loan	VI (XIII)	250,068	4	58,295	1
2570	Deferred income tax liabilities		7,547	-	11,607	-
2640	Net defined benefit liability - noncurrent	VI (XIV)	23,225	-	18,344	-
2670	Other non-current assets - others		1,256	-	1,257	-
25XX	Total non-current liabilities		<u>282,096</u>	<u>4</u>	<u>664,465</u>	<u>10</u>
2XXX	Total liabilities		<u>2,902,890</u>	<u>44</u>	<u>2,511,839</u>	<u>40</u>
<b>Equity</b>						
		VI (XV)				
31XX	Equity attributable to the parent company					
3110	Common shares		796,054	12	795,354	13
3200	Capital surplus		871,572	13	885,012	14
	Retained earnings					
3310	Legal Reserve		462,706	7	410,942	6
3350	Undistributed Earnings		1,509,840	23	1,593,614	26
3300	Total retained earnings		<u>1,972,546</u>	<u>30</u>	<u>2,004,556</u>	<u>32</u>
<b>Other equities</b>						
3410	Exchange difference arising from translation of the financial statement of foreign operations		26,872	1	40,772	1
3400	Total other equities		<u>26,872</u>	<u>1</u>	<u>40,772</u>	<u>1</u>
3500	Treasury stock		(34,454)	-	-	-
31XX	Total equity attributable to the parent company		<u>3,632,590</u>	<u>56</u>	<u>3,725,704</u>	<u>60</u>
3XXX	Total equities		<u>3,632,590</u>	<u>56</u>	<u>3,725,704</u>	<u>60</u>
1XXX	Total liabilities and equities		<u>\$ 6,535,480</u>	<u>100</u>	<u>\$ 6,237,543</u>	<u>100</u>

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

## MPI Corporation

### Parent Company Only Consolidated Income Statement

January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	Note	2015		2014	
			Amount	%	Amount	%
	Net Sales	VII				
4110	Sale revenue		\$ 3,787,894	99	\$ 3,949,133	100
4170	Less: sales return		(2,862)	-	(15,858)	(1)
4190	Less: sales discount		(2,101)	-	(3,891)	-
4614	Revenue from commission		55,162	1	39,268	1
4000	Subtotal of operating revenue		3,838,093	100	3,968,652	100
5000	Operating cost	VI(IV) and VII	(2,076,616)	(54)	(2,167,101)	(55)
5900	Gross profit		1,761,477	46	1,801,551	45
5910	Unrealized income (loss) from sales		(106,434)	(3)	(29,076)	-
5920	Realized income (loss) from sales		22,521	1	4,116	-
5950	Net gross profit		1,677,564	44	1,776,591	45
	Operating expense	VII				
6100	Selling expenses		(379,727)	(10)	(317,698)	(9)
6200	Management expenses		(194,240)	(5)	(213,817)	(5)
6300	R&D expenses	VI (VIII)	(819,490)	(21)	(729,242)	(18)
6000	Subtotal operating expenses		(1,393,457)	(36)	(1,260,757)	(32)
6900	Operating profit		284,107	8	515,834	13
	Non-operating revenue and expense					
7020	Other gains and losses, net	VI(XVII)	17,385	-	29,255	1
7050	Financial cost	VI(XVII)	(13,177)	-	(3,007)	-
7070	Net portions of incomes/loss of subsidiaries, affiliated and joint ventures accounted for under the equity method	VI (VI)	3,402	-	26,738	1
7100	Interest revenue	VII	887	-	1,027	-
7110	Rent revenue	VII	12,758	-	13,160	-
7190	Other revenue-others	VII	33,315	1	8,953	-
7000	Subtotal non-operating incomes and expenses		54,570	1	76,126	2
7900	Net profit (loss) before tax		338,677	9	591,960	15
7950	Income tax expenses	VI(XVIII)	(43,857)	(1)	(74,324)	(2)
8200	Net profit		294,820	8	517,636	13
	Other consolidated income/loss					
8310	Titles not reclassified into income		(8,049)	-	(3,168)	-
8311	Re-measurement of defined benefit plan		(359)	-	(747)	-
8321	Re-measurement of defined benefit plan of affiliates and joint ventures under equity method					
8360	Titles potentially reclassified into income subsequently		(13,900)	(1)	3,270	-
8310	Exchange difference arising from translation of the financial statement of foreign operations					
8371	Exchange difference arising from translation of the financial statement of foreign operations of affiliates and joint ventures under equity method		-	-	12,111	-
8300	Other net consolidated incomes		(22,308)	(1)	11,466	-
8500	Total comprehensive income in current period (total)		\$ 272,512	7	\$ 529,102	13
	Earnings per common share: (Unit: NTD)	VI(XIX)	After taxation		After taxation	
9750	Basic EPS		3.71		6.62	
9850	Diluted EPS		3.42		6.11	

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation**  
Parent Company Only Statement of Changes in Shareholders' Equity  
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Item	Code	Capital stock		Retained earnings			Other Equities		Treasury stock	Total equities
		Common shares	Capital surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange difference arising from translation of the financial statement of foreign operations			
		3110	3,200	3310	3320	3350	3420	3500	31XX	
Balance on January 1, 2014	A1	\$ 786,124	\$ 740,781	\$ 383,839	\$ 17,571	\$ 1,254,511	\$ 25,391	\$ (152,606)	\$ 3,055,611	
Allocation and distribution of earnings:										
Legal reserve	B1			27,103		(27,103)			-	
Cash dividend for common shares	B5					(165,086)			(165,086)	
Reversal of special Reserve	B17				(17,571)	17,571				
Changes in other capital surplus:										
Elements of equity recognized upon issuance of convertible corporate bonds (preferred shares) - generated from recognition of equity	C5		28,585						28,585	
Net profit in Jan 1~Dec 31, 2014	D1					517,636			517,636	
Other comprehensive incomes in Jan 1~Dec 31, 2014	D3					(3,915)	15,381		11,466	
Total comprehensive income	D5	-	-	-	-	513,721	15,381	-	529,102	
Corporate bond conversion	I1	9,240	82,350						91,590	
Share-based payment	N1		33,296					152,606	185,902	
Balance on December 31, 2014	Z1	\$ 795,364	\$ 885,012	\$ 410,942	\$ -	\$ 1,593,614	\$ 40,772	\$ -	\$ 3,725,704	
Balance on January 1, 2015	A1	\$ 795,364	\$ 885,012	\$ 410,942	\$ -	\$ 1,593,614	\$ 40,772	\$ -	\$ 3,725,704	
Allocation and distribution of earnings:										
Legal reserve	B1			51,764		(51,764)			-	
Cash dividend for common shares	B5					(318,422)			(318,422)	
Changes in other capital surplus:										
Elements of equity recognized upon issuance of convertible corporate bonds (preferred shares) - generated from recognition of equity	C5		(325)						(325)	
Changes of affiliates and joint ventures under equity method	C7		(19,306)						(19,306)	
Net profit in Jan 1~Dec 31, 2015	D1					294,820			294,820	
Other comprehensive incomes in Jan 1~Dec 31, 2015	D3					(8,408)	(13,900)		(22,308)	
Total comprehensive income	D5	-	-	-	-	286,412	(13,900)		272,512	
Corporate bond conversion	I1	690	6,191						6,881	
Repurchase of treasury stock	L1							(34,454)	(34,454)	
Balance on December 31, 2015	Z1	\$ 796,054	\$ 871,572	\$ 462,706	\$ -	\$ 1,509,840	\$ 26,872	\$ (34,454)	\$ 3,632,590	

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao



**MPI Corporation**  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	2015	2014
AAAA	Cash flows from operation – indirect approach		
A10000	Net profit before tax in current period	\$ 338,677	\$ 591,960
A20000	Adjustments		
A20010	Income/expenses		
A20100	Depreciation expenses	176,163	120,897
A20200	Amortization expenses	40,241	30,801
A20300	Provisions (reversal) of doubtful accounts	3,649	3,557
A20400	Net loss (gain) from financial assets and liabilities at fair value through profit or loss	2,285	(1,782)
A20900	Interest expenses	13,177	3,007
A21200	Interest revenue	(887)	(1,027)
A21900	Share-based payment for remuneration and cost	-	30,862
A22400	Portions of gain/loss from subsidiaries, affiliates, and joint ventures accounted for under the equity method	(3,402)	(26,738)
A22500	Capital gains/loss from dispositions and scrap of property, plants and equipment	285	70
A23100	Loss (gain) from disposition of investment	(5,706)	-
A23900	Unrealized gain/loss from sales	106,434	29,076
A24000	Realized gain/loss from sales	(22,521)	(4,116)
A29900	Others – exchange gain/loss from prepayment for purchase of equipment	1,677	(454)
A30000	Changes in assets/liabilities related to operating activities		
A31000	Net changes in assets related to operating activities		
A31130	Decrease (increase) of note receivables	4,527	(5,498)
A31140	Decrease (increase) of note receivables - related parties	5,299	65
A31150	Decrease (increase) of account receivables	(98,879)	(32,603)
A31160	Decrease (increase) of account receivables -related parties	41,808	(310,081)
A31180	Decrease (increase) of other receivables	2,656	(14,730)
A31190	Decrease (increase) of other receivables - related parties	(17,490)	(1)
A31200	Decrease (increase) of inventory	42,384	(209,101)
A31230	Decrease (increase) of prepayments	15,917	3,026
A31240	Decrease (increase) of other current assets	(166)	8,589
A32000	Net changes in liabilities related to operations		
A32150	Decrease (increase) of account payables	(87,260)	85,047
A32160	Decrease (increase) of account payables -related parties	(3,386)	5,157
A32180	Decrease (increase) of other payables	(72,313)	170,691
A32190	Decrease (increase) of other payables - related parties	23,033	3,573
A32200	Increase (decrease) of provisions for debts	(3,616)	(4,788)
A32210	Increase (decrease) of cash on receipt	(154,819)	1,175
A32230	Increase (decrease) of other current liabilities	625	(910)
A32240	Increase (decrease) of net defined benefit liability - noncurrent	(3,168)	(2,853)
A33000	Cash inflows (outflows) from operations	345,224	472,871
A33100	Collected interest	1,027	887
A33300	Paid interest	(2,039)	(1,503)
A33400	Paid stock dividends	(318,422)	(165,086)
A33500	Paid income tax	(81,979)	(65,304)
AAAA	Net cash inflows (outflows) from operations	<u>(56,189)</u>	<u>241,865</u>
BBBB	Cash flows from investments		
B01300	Disposition of financial assets measured at cost	25,938	-
B01800	Acquisition of investment accounted for under the equity method	(349,990)	(170,500)
B02700	Acquisition of property, plant, and equipment	(886,717)	(387,973)
B02800	Disposition of property, plant, and equipment	126	195
B04500	Acquisition of intangible assets	(28,057)	(16,519)
B06500	Increase of other financial assets	(29)	(28)
B06700	Increase of other non-current assets	-	(219,344)
B06800	Decrease of other non-current assets	80,161	-
B07600	Collected stock dividends	22,700	15,000
BBBB	Net cash inflows (outflows) from investing activities	<u>(1,135,868)</u>	<u>(779,169)</u>

(To be continued)

**MPI Corporation**  
Parent Company Only Statement of Cash Flows (continued from previous page)  
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	2015	2014
CCCC	Cash flow from financing		
C00100	Increase of short-term loans	550,000	-
C01200	Issuance of corporate bonds	-	694,797
C01600	Borrowing of long-term loan	191,771	-
C01700	Retirement of long-term loans	-	(9,329)
C04300	Increase of other non-current liabilities	-	1,159
C04900	Repurchase cost of treasury stock	(34,454)	-
C05800	Employees' subscription for treasury stock	-	152,062
CCCC	Net cash inflows (outflows) from financing activities	<u>707,317</u>	<u>838,689</u>
EEEE	Increase (decrease) of cash and cash equivalents in current period	(484,740)	301,385
E00100	Balance of cash and cash equivalents at beginning of period	719,334	417,949
E00200	Balance of cash and cash equivalents at ending of period	<u>\$ 234,594</u>	<u>\$ 719,334</u>

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

## Appendix IV

### Auditor's Audit Report

#### To **MPI Corporation**:

We have audited the consolidated balance sheets of **MPI Corporation and its subsidiaries** as of December 31, 2015 and 2014, and the consolidated comprehensive income statements, consolidated statements of changes in shareholders' equity and consolidated cash flow statements for the period from January 1 to December 31, 2015 and 2014. The financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. Information on the subsidiaries of MPI Corporation included in the aforementioned statements covering the period of 2015 and 2014, and the information on direct investment as disclosed in note XIII are valued as audited by other public accountants. Said subsidiaries' total assets of are NT\$52,276 thousand and NT\$54,580 thousand or accounted for 0.79% and 0.85% of the consolidated total assets as of December 31, 2015 and 2014, respectively. As of January 1 to December 31, 2015 and 2014, MPI Corporation had net operating revenue amounted to NT\$56,362 thousand and NT\$53,336 thousand, or accounted for 1.40% and 1.28% of the consolidated net operating revenue, respectively.

We conducted the audit in accordance with the "Standards on the Audit of Financial Statements" and the accounting principle generally accepted in the Republic of China. These principle and standards required the undersigned to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements of individual entities and in consolidation. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements as referred to, on the basis of our audits and the audit reports of other public accountants, as stated in the first paragraph, are present fairly, in all material aspects of the financial of **MPI Corporation and its subsidiaries** as of December 31, 2015 and 2014, and the results of January 1 to December 31,

2015 and 2014 operation and cash flows of all entities in consolidation for the periods then ended in conformity with the "Criteria for the Compilation of Financial Statements by Issuers of Securities", the IFRS, international accounting standards, interpretation and the statements of interpretation recognized by Financial Supervisory Commission.

We hereby express an unqualified opinion in favor of **MPI Corporation** on the financial statements of the parent company only so prepared for 2015 and 2014.

Nexia Sun Rise CPAs & Co.

CPA:

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Wu, Kuei-Chen

\_\_\_\_\_

Chen, Tsan-Huang

Securities and Futures Bureau Approval No.: (85)

Tai-Tsai-Cheng-6-Tze No. 40484

Securities and Futures Bureau Approval No.:

Ching-Kuan-Chen-Shen-Tze No. 1020045056

March 23, 2016

**MPI Corporation and subsidiaries**  
Consolidated Balance Sheet (Assets)  
December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Assets	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalent	VI (I)	\$ 473,793	7	\$ 975,612	15
1150	Receivable notes, net	VI (II)	26,568	-	44,848	1
1170	Receivable accounts, net	VI(III)	769,566	12	588,924	9
1180	Account receivables -related parties-net	VI (III) and VII	81,938	1	102,922	2
1200	Other receivable accounts		19,725	-	22,383	-
1220	Income tax assets in the current period		1,603	-	134	-
130X	Inventory, net	VI (IV)	1,636,177	25	1,711,592	27
1410	Prepayment		125,854	2	139,902	2
1470	Other current assets	VIII	10,587	-	11,732	-
11XX	Total current assets		<u>3,145,811</u>	<u>47</u>	<u>3,598,049</u>	<u>56</u>
Non-current assets						
1515	Financial assets at fair value through profit or loss - noncurrent	VI (XII)	-	-	608	-
1543	Financial assets measured at cost - noncurrent	VI (V)	-	-	20,231	-
1550	Investment under equity method	VI (VI)	112,301	2	123,852	2
1600	Property, plant and equipment	VI (VII), VII, and VIII	2,962,969	45	2,167,777	34
1780	Intangible assets	VI (VIII)	81,467	1	69,274	1
1840	Deferred income tax assets		59,193	1	41,753	1
1900	Other non-current assets		289,730	4	365,873	6
15XX	Total non-current assets		<u>3,505,660</u>	<u>53</u>	<u>2,789,368</u>	<u>44</u>
1XXX	Total assets		<u>\$ 6,651,471</u>	<u>100</u>	<u>\$ 6,387,417</u>	<u>100</u>

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation and subsidiaries**  
Consolidated Balance Sheet (Liabilities and Shareholders' Equity)  
December 31, 2015 and 2014

		Currency unit: in NTD 1,000				
Code	Liabilities and Shareholders' Equity	Note	December 31, 2015		December 31, 2014	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term loan	VI (IX)	\$ 554,217	9	\$ 4,384	-
2121	Financial liabilities held for trading - current	VI (XII)	1,682	-	-	-
2150	Note payables		56	-	2,260	-
2170	Accounts payable		394,182	6	500,805	8
2180	Account payables-related parties	VII	2,992	-	8,024	-
2213	Payables for equipment		127,068	2	141,920	2
2219	Other payable accounts	VI (X)	479,110	7	539,627	9
2220	Other payables –related parties	VII	6,667	-	13,856	-
2230	Income tax liabilities in the current period		42,783	1	66,279	1
2250	Provision for liabilities – current	VI (XI)	1,240	-	4,856	-
2310	Cash on receipt	VII	492,069	8	663,286	10
2321	Exercise of call option for corporate bond , current portion	VI (XII)	579,433	9	-	-
2322	Long-term loan, current portion	VI (XIII)	9,328	-	9,329	-
2399	Other current liabilities		23,199	-	19,047	1
21XX	Total current liabilities		<u>2,714,026</u>	<u>42</u>	<u>1,973,673</u>	<u>31</u>
<b>Non-current liabilities</b>						
2530	Corporate bond payable	VI (XII)	-	-	574,962	9
2540	Long-term loan	VI (XIII)	250,068	4	58,295	1
2570	Deferred income tax liabilities		11,679	-	15,307	-
2640	Accrued pension liabilities	VI (XIV)	26,014	-	20,934	-
2670	Other non-current assets - others		1,256	-	1,383	-
25XX	Total non-current liabilities		<u>289,017</u>	<u>4</u>	<u>670,881</u>	<u>10</u>
2XXX	Total liabilities		<u>3,003,043</u>	<u>46</u>	<u>2,644,554</u>	<u>41</u>
<b>Equity</b>						
		VI (XV)				
31XX	Equity attributable to the parent company		796,054	12	795,364	12
3110	Common shares		871,572	13	885,012	14
3200	Capital surplus					
	Retained earnings					
3310	Legal Reserve		462,706	7	410,942	6
3350	Undistributed Earnings		1,509,840	23	1,593,614	25
3300	Total retained earnings		<u>1,972,546</u>	<u>30</u>	<u>2,004,556</u>	<u>31</u>
<b>Other equities</b>						
3410	Exchange difference arising from translation of the financial statement of foreign operations		26,872	-	40,772	2
3400	Total other equities		<u>26,872</u>	<u>-</u>	<u>40,772</u>	<u>2</u>
3500	Treasury stock		(34,454)	(1)	-	-
31XX	Total equity attributable to the parent company		<u>3,632,590</u>	<u>54</u>	<u>3,725,704</u>	<u>59</u>
36XX	Non-controlling equity		<u>15,838</u>	<u>-</u>	<u>17,159</u>	<u>-</u>
3XXX	Total equities		<u>3,648,428</u>	<u>54</u>	<u>3,742,863</u>	<u>59</u>
1XXX	Total liabilities and equities		<u>\$ 6,651,471</u>	<u>100</u>	<u>\$ 6,387,417</u>	<u>100</u>

(The notes to this statement and the Auditors' Report by Wu Keui-Chen, and Chen Tsai-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation and subsidiaries**  
Consolidated Income Statement  
January 1 to December 31, 2015 and 2014

		Currency unit: in NTD 1,000				
Code	Item	Note	2015		2014	
			Amount	%	Amount	%
	Net Sales	VII				
4110	Sale revenue		\$ 3,712,683	92	\$ 4,063,300	98
4170	Less: sales return		(3,270)	-	(15,321)	-
4190	Less: sales discount		(2,289)	-	(3,907)	-
4614	Revenue from commission		65,254	2	53,149	1
4660	Revenue from processing		240,792	6	58,911	1
4000	Subtotal of operating revenue		4,013,170	100	4,156,132	100
5000	Operating cost	VI(IV) and VII	(2,220,098)	(55)	(2,221,139)	(53)
5900	Gross profit		1,793,072	45	1,934,993	47
5910	Unrealized income (loss) from sales		(320)	-	(1,248)	-
5920	Realized income (loss) from sales		3,359	-	2,774	-
5950	Net gross profit		1,796,111	45	1,936,519	47
	Operating expense	VII				
6100	Selling expenses		(396,216)	(10)	(367,544)	(9)
6200	Management expenses		(260,632)	(7)	(282,312)	(7)
6300	R&D expenses	VI (VIII)	(819,423)	(20)	(728,996)	(18)
6000	Subtotal operating expenses		(1,476,271)	(37)	(1,378,852)	(34)
6900	Operating profit		319,840	8	557,667	13
	Non-operating revenue and expense					
7020	Other gains and losses, net	VI (XVII)	19,578	1	31,232	1
7050	Financial cost	VI (XVII)	(13,397)	-	(3,238)	-
7060	Net portions of incomes/loss of affiliated and joint ventures accounted for under the equity method	VI (VI)	6,728	-	(7,433)	-
7100	Interest revenue	VII	2,126	-	2,532	-
7110	Rent revenue	VII	8,888	-	9,598	-
7190	Other revenue-others	VII	15,751	-	9,025	-
7000	Subtotal non-operating incomes and expenses		39,674	1	41,716	1
7900	Net profit (loss) before tax		359,514	9	599,383	14
7950	Income tax expenses	VI(XVIII)	(65,373)	(2)	(82,085)	(2)
8200	Net profit		294,141	7	517,298	12
	Other consolidated income/loss					
8310	Titles not reclassified into income					
8311	Re-measurement of defined benefit plan		(8,408)	-	(3,915)	-
8360	Titles potentially reclassified into income subsequently					
8361	Exchange difference arising from translation of the financial statement of foreign operations		(14,542)	-	15,850	1
8300	Other net consolidated incomes		(22,950)	-	11,935	1
8500	Total comprehensive income in current period (total)		\$ 271,191	7	\$ 529,233	13
	Net gain/loss attributable to					
8610	Parent company shareholders		\$ 294,820	7	\$ 517,636	12
8620	Uncontrolled equity		(679)	-	(338)	-
	Corporate earnings in current period		\$ 294,141	7	\$ 517,298	12
	Consolidated income attributable to					
8710	Parent company shareholders		\$ 272,152	7	\$ 529,102	13
8720	Uncontrolled equity		(1,321)	-	131	-
	Total consolidated income in current period		\$ 271,191	7	\$ 529,233	13
	Earnings per common share: (Unit: NTD)	VI (XIX)				
9750	Basic EPS		\$ 3.71		\$ 6.62	
9850	Diluted EPS		\$ 3.42		\$ 6.11	

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation and subsidiaries**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**January 1 to December 31, 2015 and 2014**

Currency unit: in NTD 1,000

Item	Code	Capital stock		Retained earnings			Other Equities		Treasury stock	Total equity attributed to parent company shareholders	Non-controlling equity	Total equities
		Common shares	Capital surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange difference arising from translation of the financial statement of foreign operations					
		3110	3,200	3310	3320	3350	3410	3500	31xx	36XX	3XXX	
Balance on January 1, 2014	A1	\$ 786,124	\$ 740,781	\$ 383,839	\$ 17,571	\$ 1,254,511	\$ 25,391	\$ (152,606)	\$ 3,055,611	\$ 17,028	\$ 3,072,639	
Allocation and distribution of earnings:												
Legal reserve	B1			27,103		(27,103)						
Cash dividend for common shares	B5					(165,086)			(165,086)		(165,086)	
Reversal of special Reserve	B17				(17,571)	17,571						
Changes in other capital surplus:												
Elements of equity recognized upon issuance of convertible corporate bonds (preferred shares) - generated from recognition of equity	C5		28,585						28,585		28,585	
Net profit in Jan 1-Dec 31, 2014	D1					517,636			517,636	(338)	517,298	
Other comprehensive incomes in Jan 1-Dec 31, 2014	D3					(3,915)	15,381		11,466	469	11,935	
Total comprehensive income	D5					513,721	15,381		529,102	131	529,233	
Corporate bond conversion	I1	9,240	82,350						91,590		91,590	
Payment transactions on the basis of shares	N1		33,296					152,606	185,902		185,902	
Increase/decrease in non-controlling equity	O1											
Balance on December 31, 2014	Z1	\$ 795,364	\$ 885,012	\$ 410,942	\$ -	\$ 1,593,614	\$ 40,772	\$ -	\$ 3,725,704	\$ 17,159	\$ 3,742,863	
Balance on January 1, 2015	A1	\$ 795,364	\$ 885,012	\$ 410,942	\$ -	\$ 1,593,614	\$ 40,772	\$ -	\$ 3,725,704	\$ 17,159	\$ 3,742,863	
Allocation and distribution of earnings:												
Legal reserve	B1			51,764		(51,764)						
Cash dividend for common shares	B5											
Changes in other capital surplus:												
Elements of equity recognized upon issuance of convertible corporate bonds (preferred shares) - generated from recognition of equity	C5		(325)						(318,422)		(318,422)	
Changes of affiliates and joint ventures under equity method	C7		(19,306)						(19,306)		(19,306)	
Net profit in Jan 1-Dec 31, 2015	D1					294,820			294,820	(679)	294,141	
Other comprehensive incomes in Jan 1-Dec 31, 2015	D3					(8,408)	(13,900)		(22,308)	(642)	(22,950)	
Total comprehensive income	D5					286,412	(13,900)		272,512	(1,321)	271,191	
Corporate bond conversion	I1	690	6,191						6,881		6,881	
Repurchase of treasury stock	L1							(34,454)	(34,454)		(34,454)	
Balance on December 31, 2015	Z1	\$ 796,054	\$ 871,572	\$ 462,706	\$ -	\$ 1,509,840	\$ 26,872	\$ (34,454)	\$ 3,632,590	\$ 15,838	\$ 3,648,428	

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao



**MPI Corporation and subsidiaries**  
**Consolidated Statement of Cash Flows**  
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	2015	2014
AAAA	Cash flows from operation – indirect approach		
A10000	Net profit before tax in current period	\$ 359,514	\$ 599,383
A20000	Adjustments		
A20010	Income/expenses		
A20100	Depreciation expenses	268,359	140,413
A20200	Amortization expenses	47,684	33,880
A20300	Provisions (reversal) of doubtful accounts	4,984	8,695
A20400	Net loss (gain) from financial assets and liabilities at fair value through profit or loss	2,285	(1,782)
A20900	Interest expenses	13,397	3,238
A21200	Interest revenue	(2,126)	(2,532)
A21900	Share-based payment for remuneration and cost	-	33,840
A22300	Portions of gain/loss from affiliates and joint ventures accounted for under the equity method	(6,728)	7,433
A22500	Capital gains/loss from dispositions and scrap of property, plants and equipment	307	1,920
A23100	Loss (gain) from disposition of investment	(5,706)	-
A23900	Unrealized gain/loss from sales	320	1,248
A24000	Realized gain/loss from sales	(3,359)	(2,774)
A29900	Others – exchange gain/loss from prepayment for purchase of equipment	1,677	(454)
A30000	Changes in assets/liabilities related to operating activities		
A31000	Net changes in assets related to operating activities		
A31130	Decrease (increase) of note receivables	18,280	(27,293)
A31150	Decrease (increase) of account receivables	(185,891)	(86,029)
A31160	Decrease (increase) of account receivables -related parties	21,366	(62,510)
A31180	Decrease (increase) of other receivables	2,518	(14,764)
A31200	Decrease (increase) of inventory	75,415	(211,400)
A31230	Decrease (increase) of prepayments	14,049	(42,707)
A31240	Decrease (increase) of other current assets	1,179	644
A32000	Net changes in liabilities related to operations		
A32130	Decrease (increase) of note payables	(2,204)	208
A32150	Decrease (increase) of account payables	(106,623)	107,659
A32160	Decrease (increase) of account payables -related parties	(5,032)	5,917
A32180	Decrease (increase) of other payables	(60,622)	179,605
A32190	Decrease (increase) of other payables - related parties	(7,189)	6,306
A32200	Increase (decrease) of provisions for debts	(3,616)	(4,788)
A32210	Increase (decrease) of cash on receipt	(171,217)	(10,620)
A32230	Increase (decrease) of other current liabilities	4,152	(972)
A32240	Increase (decrease) of net defined benefit liability - noncurrent	(3,327)	(2,941)
A33000	Cash inflows (outflows) from operations	271,846	658,823
A33100	Collected interest	2,267	2,393
A33300	Paid interest	(2,259)	(1,735)
A33400	Paid stock dividends	(318,422)	(165,086)
A33500	Paid income tax	(111,407)	(68,544)
AAAA	Net cash inflows (outflows) from operations	(157,975)	425,851

(To be continued)

**MPI Corporation and subsidiaries**  
Consolidated Statement of Cash Flows (continued from previous page)  
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	2015	2014
BBBB	Cash flows from investments		
B01300	Disposition of financial assets measured at cost	25,938	-
B02200	Acquisition of subsidiaries (less earned cash)	-	(45,632)
B02700	Acquisition of property, plant, and equipment	(1,087,949)	(620,119)
B02800	Disposition of property, plant, and equipment	149	1,405
B04500	Acquisition of intangible assets	(28,057)	(16,773)
B06500	Increase of other financial assets	(34)	-
B06600	Decrease of other financial assets	-	239
B06700	Increase of other non-current assets	-	(270,568)
B06800	Decrease of other non-current assets	43,636	-
BBBB	Net cash inflows (outflows) from investing activities	<u>(1,046,317)</u>	<u>(951,448)</u>
CCCC	Cash flow from financing		
C00100	Increase of short-term loans	549,833	119
C01200	Issuance of corporate bonds	-	694,797
C01600	Borrowing of long-term loan	191,771	-
C01700	Retirement of long-term loans	-	(9,329)
C04300	Increase of other non-current liabilities	-	1,163
C04400	Decrease of other non-current liabilities	(127)	-
C04900	Repurchase cost of treasury stock	(34,454)	-
C05100	Employees' subscription for treasury stock	-	152,062
C05800	Uncontrolled equity	(642)	469
CCCC	Net cash inflows (outflows) from financing activities	<u>706,381</u>	<u>839,281</u>
DDDD	Effect of exchange rate fluctuation on cash and cash equivalents	<u>(3,908)</u>	<u>38,132</u>
EEEE	Increase (decrease) of cash and cash equivalents in current period	(501,819)	351,816
E00100	Balance of cash and cash equivalents at beginning of period	<u>975,612</u>	<u>623,796</u>
E00200	Balance of cash and cash equivalents at ending of period	<u>\$ 473,793</u>	<u>\$ 975,612</u>

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

Appendix V

**MPI Corporation**  
**Disposition of Net Earnings**  
 2015

Unit: NTD

Item	Amount	
	Subtotal	Total
Unallocated earnings at the ending		\$ 1,223,428,476
Less: Other consolidated income (actuarial income under defined benefit plan 2015)		( 8,408,169)
Add: Net profit after tax this year		294,819,264
Subtotal:		1,509,839,571
Provision:		
Less: Provision of 10% legal reserve	( 29,481,926)	
Subtotal of allocable earnings:		1,480,357,645
Item of distribution:		
Shareholder bonus - cash	( 238,816,176)	
Shareholder bonus - stock	( 0)	
Unallocated earnings at the ending		\$ 1,241,541,469

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

Appendix VI

MPI Corporation

Mapping of the clauses of the Articles of Incorporation before and after amendment

Clause	Before amendment	After amendment	Cause of amendment
Article XX	<p>Where the Company may have a surplus after the account settlement and such surplus shall be distributed in the priority specified below:</p> <p>(I) Payment of tax;</p> <p>(II) Covering of loss;</p> <p>(III) 10% set aside as legal reserve;</p> <p>(IV) Provision of special reserve pursuant to laws; and</p> <p>(V) The remainder, if any, plus allocable earnings at the end of the year may be subject to the motion for distribution of allocable earnings prepared by the board of directors and submitted to a shareholders' meeting for resolution. Where the earnings are resolved to be allocated, they shall be allocated in the following manners:</p> <p>1. Employee bonus: at least 12% of the allocable earnings;</p> <p>2. Remuneration to directors/supervisors: no more than 3% of the allocable earnings;</p> <p>3. Shareholders bonus: the remainder less the allocated amount referred to in the preceding two sub-paragraphs. The counterparts whom the stock dividends may be allocated to shall include the employees of affiliated companies.</p>	<p><u>Where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, and no more than 3% thereof as the remuneration to directors/supervisors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors/supervisors on a pro rata basis as referred to in the preceding paragraph.</u></p> <p><u>The allocation of remuneration to employees and directors/supervisors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.</u></p> <p><u>Employees' remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria. If the Company has a profit at the year's final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall</u></p>	<p>Keep abreast with the changes in applicable legal rules</p>

Clause	Before amendment	After amendment	Cause of amendment
		<u>be retained.</u>	
Article XXII	The Articles of Incorporation were instituted on July 20, 1995. Amendment was made for the 1st instance on September 20, 1996. (skipped)	The Articles of Incorporation were instituted on July 20, 1995. Amendment was made for the 1st instance on September 20, 1996. (skipped) <u>Amendment for the 19th instance was made on June 16, 2016.</u>	Addition of the date of the last amendment