ADVANCED INTERNATIONAL MULTITECH CO., LTD

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2016 AND 2015

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	MARCH 31, 2016 AMOUNT	%	DECEMBER 31, 2015 AMOUNT	%	MARCH 31, 2015 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 739,366	13	$ 485,291	8	$ 1,073,125	18
1150	Notes receivable, net	6(3)	7,601	-	5,581	-	11,084	-
1170	Accounts receivable, net	6(4)	1,593,282	29	2,098,417	36	1,475,448	25
1200	Other receivable		8,444	-	9,940	-	19,462	-
1220	Current income tax assets		659	-	570	-	5,661	-
130X	Inventories	5and6(5)	1,119,874	20	1,136,618	19	1,127,140	19
1410	Prepayments	6(6)	63,792	1	119,258	2	100,714	2
1470	Other current assets	8	19,244	1	17,806	-	7,468	-
11XX	Total current assets		3,552,262	64	3,873,481	65	3,820,102	64
	Non-current assets							
1543	Financial assets carried at cost - non-current	6(2)	183	-	183	-	183	-
1600	Property, plant and equipment	6(7)and8	1,825,575	33	1,872,421	32	1,907,944	32
1780	Intangible assets	6(8)	18,424	-	23,464	-	38,602	1
1840	Deferred income tax assets		60,693	1	55,866	1	69,905	1
1900	Other non-current assets	6(9) and8	94,430	2	100,612	2	133,025	2
15XX	Total non-current assets		1,999,305	36	2,052,546	35	2,149,659	36
1XXX	Total assets		$ 5,551,567	100	$ 5,926,027	100	$ 5,969,761	100

(Continued)

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	MARCH 31, 2016 AMOUNT	%	DECEMBER 31, 2015 AMOUNT	%	MARCH 31, 2015 AMOUNT	%
	Current liabilities							
2100	Short-term loans	6(10)and8	$ 119,860	2	$ 268,608	4	$ 466,935	8
2110	Short-term notes and bills payable	6(11)	-	-	-	-	49,999	1
2150	Notes payable		1,882	-	3,453	-	3,386	-
2170	Accounts payable		912,104	16	1,004,567	17	919,200	15
2200	Other payables	6(12)	656,819	12	815,553	14	646,050	11
2230	Current income tax liabilities		101,699	2	98,453	2	66,026	1
2320	Current portion of long-term liabilities	6(13) and8	2,618	-	15,076	-	39,106	1
2399	Other current liabilities		33,072	1	49,919	1	24,166	-
21XX	**Total current liabilities**		1,828,054	33	2,255,629	38	2,214,868	37
	Non-current liabilities							
2540	Long-term loans	6(13) and8	7,855	-	30,425	-	67,315	1
2570	Deferred income tax liabilities		43,907	1	41,350	1	40,498	1
2640	Net defined benefit liabilities—non-current		59,148	1	59,158	1	58,930	1
2670	Other non-current liabilities		175	-	176	-	177	-
25XX	**Total non-current liabilities**		111,085	2	131,109	2	166,920	3
2XXX	**Total liabilities**		1,939,139	35	2,386,738	40	2,381,788	40
	Equity							
	Equity attributable to owners of parent							
	Share capital	1and6(16)						
3110	Share capital - common stock		1,333,757	24	1,333,757	23	1,343,427	23
	Capital reserve	6(15)(17)						
3200	Capital surplus		732,129	13	731,095	12	725,878	12
	Retained earnings	6(18)(24)						
3310	Legal reserve		663,675	12	663,675	11	663,675	11
3350	Undistributed earnings		474,789	9	403,011	7	490,812	8
	Other equity interest							
3400	Other equity interest		54,098	1	65,614	1	63,543	1
31XX	**Equity attributable to owners of the parent**		3,258,448	59	3,197,152	54	3,287,335	55
36XX	**Non-controlling interest**		353,980	6	342,137	6	300,638	5
3XXX	**Total equity**		3,612,428	65	3,539,289	60	3,587,973	60
	Commitments and Contingent Liabilities	9						
3X2X	**Total liabilities and equity**		$ 5,551,567	100	$ 5,926,027	100	$ 5,969,761	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 31, 2016.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS,
EXCEPT FOR EARNING PER SHARE AMOUNTS)

	Items	Notes	January 1- March 30, 2016 AMOUNT	%	January 1- March 30, 2015 AMOUNT	%
4000	**Operating revenue**		$ 2,395,037	100	$ 2,516,559	100
5000	**Operating costs**	6(5)(8)(22)(23)	(2,041,274)	(85)	(2,223,602)	(88)
5900	**Net operating margin**		353,763	15	292,957	12
	Operating expenses	6(8)(22)(23)				
6100	Selling expenses		(54,391)	(2)	(52,304)	(2)
6200	General and administrative expenses		(98,664)	(4)	(101,854)	(4)
6300	Research and development expenses		(80,545)	(4)	(87,726)	(4)
6000	**Total operating expenses**		(233,600)	(10)	(241,884)	(10)
6500	**Net other revenue and expense**	6(19)	11,646	-	12,335	-
6900	**Operating profit**		131,809	5	63,408	2
	Non-operating income and expenses					
7010	Other income	6(20)	2,872	-	4,428	-
7020	Other gains and losses	6(21)	(26,171)	(1)	(13,338)	-
7050	Finance costs		(295)	-	(2,061)	-
7000	**Total non-operating income and expenses**		(23,594)	(1)	(10,971)	-
7900	**Profit before income tax**		108,215	4	52,437	2
7950	Income tax expense	6(24)	(24,594)	(1)	(19,638)	(1)
8200	**Profit for the year**		$ 83,621	3	$ 32,799	1
8361	Financial statements translation differences of foreign operations		($ 11,516)	-	($ 12,095)	-
8300	**Other comprehensive (loss) income for the year**		($ 11,516)	-	($ 12,095)	-
8500	**Total comprehensive income for the year**		$ 72,105	3	$ 20,704	1
	Profit attributable to:					
8610	Owners of the parent		$ 71,778	3	$ 22,462	1
8620	Non-controlling interest		11,843	-	10,337	-
	Total		$ 83,621	3	$ 32,799	1
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 60,262	3	$ 10,367	1
8720	Non-controlling interest		11,843	-	10,337	-
	Total		$ 72,105	3	$ 20,704	1
	Earnings per share (in dollars)	6(25)				
9750	**Basic earnings per share**		$	0.54	$	0.17
9850	**Diluted earnings per share**		$	0.54	$	0.17

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 31, 2016.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
			Capital Reserve				Retained Earnings					
	Notes	Share capital - common stock	Capital reserve	Movement of the subsidiaries	Unearned employee benefits	Others	Legal reserve	Undistributed earnings	Financial Statements translation differences of foreign operations	Total	Non-controlling interest	Total Equity
January 1- March 31, 2015												
Balance at January 1, 2015		$ 1,343,427	$675,325	$ 16,480	$ 25,157	$ 6,034	$663,675	$468,350	$75,638	$ 3,274,086	$ 290,301	$ 3,564,387
Profit for the year		-	-	-	-	-	-	22,462	-	22,462	10,337	32,799
Other comprehensive (loss) income for the year		-	-	-	-	-	-	–	(12,095)	(12,095)	-	(12,095)
Unearned employee Benefits retired		-	-	-	(1,110)	1,110	-	–	-	-	-	-
share-based payment transaction	6(15)	-	-	-	2,882	-	-	-	-	2,882	-	2,882
Balance at March 31, 2015		$ 1,343,427	$675,325	$16,480	$ 26,929	$ 7,114	$663,675	$490,812	$63,543	$ 3,287,335	$ 300,638	$ 3,587,973
January 1- March 31, 2016												
Balance at January 1, 2015		$ 1,333,757	$670,480	$ 16,480	$ 32,248	$ 11,903	$663,675	$403,011	$65,614	$ 3,197,152	342,137	$ 3,539,289
Profit of the year		-	-	-	-	-	-	71,778	-	71,778	11,843	83,621
Other comprehensive (loss) income for the year		-	-	-	-	-	-	-	11,516	(11,5160)	-	(11,516)
Unearned employee Benefits retired		-	-	-	(969)	969	-	–	-	-	-	-
share-based payment transaction	6(15)	-	-	-	1,034	-	-	-	-	1,034	-	1,034
Balance at March 31, 2016		$1,333,757	$670,464	$ 16,480	$ 32,313	$ 11,903	$663,675	$474,789	$54,908	$ 3,258,448	$ 353,980	$ 3,612,428

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 31, 2016.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THE FIRST QUARTER ENDED MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS)

	Notes	January 1- March31 , 2016	January 1- March31 , 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit(Loss) before tax		$ 108,215	$ 52,437
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(22)	97,415	100,535
Amortization	6(22)	6,916	7,027
Amortization of long-term prepaid rent	6(9)(22)	471	462
Provision for doubtful accounts and sales discount	6(4)	12,632	292
Loss (gain) on financial liabilities at fair value through profit or loss, net	6(21)	-	(204)
Interest income	6(20)	(826)	(3,953)
Interest expense		1,064	2,660
Cost of stock-based payment transaction	6(15)	1,034	2,882
Loss on disposal of property, plant and equipment, net	6(21)	6,623	11,250
Expense transferred from property, plant and equipment		326	739
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(2,020)	2,148
Accounts receivable		485,727	324,475
Other receivables		1,602	15,236
Inventories		13,241	181,027
Prepayments		55,892	19,427
Other liquid assets		(1,458)	(1,875)
Changes in operating liabilities			
Financial liabilities held for trading		-	(223)
Notes payable		(1,571)	(13,410)
Accounts payable		(87,063)	(199,550)
Other payables		(138,460)	(152,074)
Other liquid liabilities		(16,317)	(1,961)
Accrued pension liabilities		(10)	(11)
Other operating liabilities		(1)	(413)
Cash inflow generated from operations		543,432	346,923
Income taxes (paid)		(23,669)	(13,629)
Net cash flows from operating activities		519,763	333,294

(Continued)

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THE FIRST QUARTER ENDED MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS)

	Notes	January 1- March31 , 2016	January 1- March31 , 2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(27)	($ 64,080)	($ 30,114)
Increase in prepayment for equipment		(16,315)	(33,080)
Proceeds from disposal of property, plant and equipment		804	4,372
Increase in refundable deposits		(207)	(601)
Decrease in refundable deposits		278	353
Acquisition of intangible assets	6(8)	(143)	(609)
Increase in other non-current assets		(1,767)	(2,432)
Interest received		718	4,228
Net cash flows used in investing activities		(80,712)	(57,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		1,613,590	1,911,494
Decrease in short-term loans		(1,761,227)	(2,027,478)
Increase in short-term notes and bills payable		-	99,963
Decrease in short-term notes and bills payable		-	(100,000)
Repayment of long-term debt		(35,155)	(8,947)
Interest paid		(1,125)	(2,729)
Net cash flows used in financing activities		(183,917)	(127,697)
Effect of exchange rate changes on cash and cash equivalents		(1,059)	6,608
Net Increase in cash and cash equivalents		254,075	141,106
Cash and cash equivalents at beginning of year		485,291	932,019
Cash and cash equivalents at end of year		$ 739,366	$ 1,073,125

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 31, 2016.

ADVANED INTERNATIONAL MULTITECH CO., LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPTAS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Advanced International Multitech Co., Ltd. (the “Company”),was founded in 1987.The company specializes in the manufacturing of golf club heads, golf balls, shafts, composite materials, carbon fiber components, and accessories for bicycles, such as forks, frames, and aviation products. The composite materials, as mentioned above, include Prepreg Carbon Fiber and they are applied in Aircraft Interior, Electronic Device Carbon Cover, Carbon Panels, Carbon Tubes, Robot Arms & Frames, Light-weighted Elevator Cage Components, and other Industrial Carbon Fiber Components.

2. THE DATE OF AUTHORIZATION FOR ISSURANCE OF THE CONSOLIDATED FINANCIAL STATEMENT AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on MAY 10, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial ReportingStandards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)None.

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC
New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, ‘Financial instruments’	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments January 1, 2016 to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016

IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated financial statements will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The remaining policies are the same as Note.4 of consolidated financial statement in 2015. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34, "Interim financial reporting" endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The principle for preparation of consolidated financial statements are based on the report in 2015.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	Ownership (%) December 31, 2015
Advanced International Multitech Co., Ltd	Advanced International Multitech (BVI) Co., Ltd.	Equity investment	100	100
"	Advanced Group International (BVI) Co., Ltd.	Equity investment	100	100
"	FOO-GUO International Limited	Equity investment	100	100
"	Advanced International Multitech (VN) Corporation Ltd.	Sale of golf club heads, golf balls, shafts	100	100
"	Launch Technologies Co., LTD	Manufacture of golf ball	55.93	55.93
"	FGI Deportes S DE RL DE CV	Manufacture and sale of sports goods	100	100
Advanced Group International (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (DONGGUAN) CO., LTD.	Manufacture and sale of Prepreg Carbon Fiber	100	100
Advanced International Multitech (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (SHATIAN, DONGGUAN) CO., LTD	Manufacture and sale of Prepreg Carbon Fiber	100	100
FOO-GUO International LIMITED	FOOGUO SPORTS (DONGGUAN) CO., LTD	Manufacture and sale of sports goods	100	100

Investor	Subsidiary	Main Business Activities	Ownership (%) March 31,2015
Advanced International Multitech Co., Ltd	Advanced International Multitech (BVI) Co., Ltd.	Equity investment	100
"	Advanced Group International (BVI) Co., Ltd.	Equity investment	100
"	FOO-GUO International Limited	Equity investment	100
"	Advanced International Multitech (VN) Corporation Ltd.	Sale of golf club heads, golf balls, shafts	100
"	Launch Technologies Co., LTD	Manufacture of golf ball	55.93
"	FGI Deportes S DE RL DE CV	Manufacture and sale of sports goods	100

Investor	Subsidiary	Main Business Activities	Ownership (%) March 31,2015
Advanced Group International (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (DONGGUAN) CO., LTD.	Manufacture and sale of Prepreg Carbon Fiber	100
Advanced International Multitech (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (SHATIAN, DONGGUAN) CO., LTD	Manufacture and sale of Prepreg Carbon Fiber	100
FOO-GUO International LIMITED	FOOGUO SPORTS (DONGGUAN) CO., LTD	Manufacture and sale of sports goods	100

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of March 31, 2016, December 31 2015 and March 31 2015, the non-controlling interest amounted to $353,980, 342,137 and 300,638, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2016		December 31, 2015	
		Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., LTD	Taiwan	$353,980	44.07	342,137	44.07

Name of subsidiary	Principal place of business	Non-controlling interest	
		March 31, 2015	
		Amount	Ownership (%)
Launch Technologies Co., LTD	Taiwan	$300,638	44.07

Summarized financial information of the subsidiary:

Balance sheets

	Launch Technologies Co., LTD		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 458,660	$ 404,294	$ 431,310
Non-current assets	532,643	539,844	563,115
Current liabilities	(188,091)	(167,502)	(281,200)
Non-current liabilities	-	(296)	(31,050)
Total net assets	$ 803,212	$ 776,340	$ 682,175

Statements of comprehensive income

	Launch Technologies Co., LTD	
	January 1- March 31, 2016	January 1- March 31, 2015
Revenue	$ 363,804	$ 317,977
Profit before income tax	29,674	25,554
Income tax expense	(2,979)	(2,869)
Profit for the year	26,695	22,685
Other comprehensive loss, net of tax	-	-
Total comprehensive income for the year	$ 26,695	$ 22,685

Statements of cash flows

	Launch Technologies Co., LTD	
	January 1- March 31, 2016	January 1- March 31, 2015
Net cash provided by operating activities	$ 86,781	$ 63,732
Net cash used in investing activities	(19,922)	(5,082)
Net cash (used in) provided by financing activities	(1)	15,468
Increase in cash and cash equivalents	66,858	74,118
Cash and cash equivalents, beginning of year	47,611	9,607
Cash and cash equivalents, end of year	$ 114,469	$ 83,725

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION ON UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date based on judgments and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be significant changes to the evaluation. As of March 31, 2016, the carrying amount of inventories was$1,119,874。

6.DETAILS OF SIGNIFICANTACCOUNTS

(1) Cash and cash equivalents

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand and revolving funds	$ 4,442	$ 4,062	$ 3,069
Checking accounts and demand deposits	558,447	336,726	605,645
Cash equivalents - Time deposits	176,477	144,503	464,411
Total	$ 739,366	$ 485,291	$ 1,073,125

A.The Group associates with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it expects that the probability of counterparty default is low.

B.The Group has no cash and cash equivalents pledged to others.

(2) Financial assets carried at cost

Items	March 31, 2016	December 31, 2015	March 31, 2015
Non-current items:			
Unlisted stocks	$ 183	$ 183	$ 183

A.According to the Group's intension, its investments in above equity instruments should be classified as "available-for-sale financial assets". However, as the above equity instruments are not traded in active market, and no sufficient industry information of companies similar to the above companies or no financial information of the above companies can be obtained, the fair value of the investment in above equity instruments cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets carried at cost'.

B.As of March 31, 2016、December 31, 2015 and March 31,2014, no financial assets measured at cost held by the Group were pledged to others.

(3) Notes receivable

	March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable	$ 7,601	$ 5,581	$ 11,084
Less: allowance for bad debts	–	–	–
	$ 7,601	$ 5,581	$ 11,084

(4) Accounts receivable

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable	$ 1,612,290	$ 2,105,757	$ 1,480,271
Less: allowance for sales returns and discounts	(1,117)	(2,081)	(1,827)
Less: allowance for bad debts	(17,891)	(5,259)	(2,996)
	$ 1,593,282	$ 2,098,417	$ 1,475,448

A.The Group's accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

B.The aging analysis of accounts receivable that were past due but not impaired is as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Up to 30 days	$ 216,272	$ 192,028	$ 259,846
31 to 90 days	118,787	62,251	31,863
91 to 180 days	13,346	12,335	1,192
Over 181 days	15,237	3,733	2,401
	$ 363,642	$ 270,347	$ 295,302

The above aging analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

(a) As of March 31, 2016、December 31, 2015 and March 31,2014, the Group's accounts receivable that were impaired amounted to $0、$349 and $0, respectively.

(b) Movements on the Group provision for impairment of accounts receivable are as follows:

	2016		
	Individual provision	Group provision	Total
At January 1	$ 349	$ 4,910	$ 5,259
Reversal of impairment	–	12,632	12,632
At March 31	$ 349	$ 17,542	$ 17,891

	2015		
	Individual provision	Group provision	Total
At January 1	$ –	$ 2,704	$ 2,704
Reversal of impairment	–	292	292
At March 31	$ –	$ 2,996	$ 2,996

D. The Group does not hold any collateral as security.

(4)Inventories

	March 31, 2016		
	Cost	Allowancefor valuation loss	Book value
Raw materials	$ 524,630	($ 30,623)	$ 494,007
Work in process	216,075	(1,598)	214,477
Finished goods	447,184	(51,933)	395,251
Inventory in transit	16,139	–	16,139
	$ 1,204,028	($ 84,154)	$ 1,119,874

	December 31, 2015		
	Cost	Allowancefor valuation loss	Book value
Raw materials	$ 507,202	($ 31,917)	$ 475,285
Work in process	243,321	(2,294)	241,027
Finished goods	431,189	(47,976)	383,213
Inventory in transit	37,093	–	37,093
	$ 1,218,805	($ 82,187)	$ 1,136,618

	March 31, 2015		
	Cost	Allowancefor valuation loss	Book value
Raw materials	$ 594,066	($ 24,516)	$ 569,550
Work in process	194,330	(240)	194,090
Finished goods	377,891	(57,777)	320,114
Inventory in transit	43,386	-	43,386
	$ 1,209,673	($ 82,533)	$ 1,127,140

Expenses and losses incurred on inventories for the three-month periods ended March 31, 2015 and 2016 were as follows:

	January 1- March 31, 2016	January 1- March 31, 2015
Cost of inventories sold	$ 2,039,477	$ 2,223,496
Loss on decline in market value	2,277	2,548
Loss from sale of scraps	473	(20)
Others	(953)	(2,422)
	$ 2,041,274	$ 2,223,602

(5) Prepayments

	March 31, 2016	December 31, 2015	March 31, 2015
Prepaid sales tax	$ 22,673	$ 54,735	$ 40,206
Overpaid sales tax	4,593	28,636	18,177
Prepaid expenses	30,693	24,453	39,716
Prepayment for purchases	5,833	11,434	2,615
	$ 63,792	$ 119,258	$ 100,714

(6)Property, plant and equipment

Cost	January 1- March 31, 2016					
Name of Assets	At January 1, 2016	Additions	Disposals	Reclassifications	Net exchange differences	At March 31, 2016
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings	1,345,370	1,540	(9,333)	1,291	(7,020)	1,331,848
Machinery and equipment	1,770,831	18,847	(53,025)	16,005	(7,984)	1,744,674
Utility equipment	324,247	-	(19)	-	(1,154)	323,074
Transportation equipment	6,131	210	-	-	(11)	6,330
Office equipment	46,365	4,432	(383)	3,524	(278)	53,660
Others	453,144	13,900	(37,615)	1,403	(1,743)	429,089
Construction in progress	1,234	7,057	-	(2,122)	(163)	6,006
	$ 4,109,866	$ 45,986	($ 100,375)	$ 20,101	($ 18,353)	$ 4,057,225

Accumulated depreciation	January 1- March 31, 2016					
Name of Assets	At January 1, 2016	Depreciation Expenses	Disposals	Reclassifications	Net exchange differences	At March 31, 2016
Buildings	$ 523,286	$ 22,949	($ 7,815)	$ -	($ 2,607)	$ 535,813
Machinery and equipment	1,196,943	50,221	(47,592)	-	(5,649)	1,193,923
Utility equipment	169,373	6,709	(19)	-	(551)	175,512
Transportation equipment	3,652	224	-	-	(9)	3,867
Office equipment	33,885	1,666	(382)	-	(200)	34,969
Others	310,306	15,646	(37,140)	-	(1,246)	287,566
	$ 2,237,445	$ 97,415	($ 92,948)	$ -	($ 10,262)	$ 2,231,650
Total	$ 1,872,421					$ 1,825,575

Cost	January 1- March 31, 2015					
Name of Assets	At January 1, 2016	Additions	Disposals	Reclassifications	Net exchange differences	At March 31, 2016
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings	1,371,465	3,580	(13,801)	3,774	(7,994)	1,357,024
Machinery and equipment	1,854,616	15,762	(62,224)	11,253	(10,259)	1,809,148
Utility equipment	338,396	873	(3,504)	1,548	(1,837)	335,476
Transportation equipment	7,462	-	(120)	-	(32)	7,310
Office equipment	80,372	1,682	(1,097)	776	(607)	81,126
Others	517,204	3,783	(11,951)	1,074	(2,965)	507,145
Construction in progress	4,884	1,903	-	(4,005)	(22)	2,760
	$ 4,336,943	$ 27,583	($ 92,697)	$ 14,420	($ 23,716)	$ 4,262,533

Accumulated depreciation	January 1- March 31, 2015					
Name of Assets	At January 1, 2016	Depreciation Expenses	Disposals	Reclassifications	Net exchange differences	At March 31, 2016
Buildings	$ 541,366	$ 24,787	($ 13,786)	$ -	($ 3,631)	$ 548,736
Machinery and equipment	1,241,376	48,567	(48,107)	-	(7,318)	1,234,518
Utility equipment	163,892	6,714	(3,504)	-	(821)	166,281
Transportation equipment	3,845	269	(90)	-	(19)	4,005
Office equipment	63,662	2,150	(961)	-	(493)	64,358
Others	331,186	18,048	(10,627)	-	(1,916)	336,691
	$ 2,345,327	$ 100,535	($ 77,075)	$ -	($ 14,198)	$ 2,354,589
Total	$ 1,991,616					$ 1,907,944

(7)Capitalization of Borrowing costs and interest rate from Property, plant and equipment

A. Capitalization of Borrowing costs and interest rate

	January 1- March 31, 2016	January 1- March 31, 2015
Amount capitalised	$ –	$ 34
Range of the interest rates for capitalisation	–	1.44%

(8)Intangible assets

	Technical skill	Computer Software	Others	Total
At January 1, 2016				
Cost	$ 14,500	$ 37,321	$ 65,500	$ 117,321
Accumulated amortisation and impairment	(9,393)	(24,968)	(59,496)	(93,857)
	$ 5,107	$ 12,353	$ 6,004	$ 23,464
For the three-month periods ended March 31				
At January 1	$ 5,107	$ 12,353	$ 6,004	$ 23,464
Additions－acquired separately	–	143	–	143
Cost reduce	–	(4,094)	–	(4,094)
Amortisation	(782)	(2,764)	(1,637)	(5,183)
Reduce in accumulated amortization	–	4,094	–	4,094
At March 31	$ 4,325	$ 9,732	$ 4,367	$ 18,424
At March 31, 2016				
Cost	$ 14,500	$ 33,370	$ 65,500	$ 113,370
Accumulated amortisation and impairment	(10,175)	(23,638)	(61,133)	(94,946)
	$ 4,325	$ 9,732	$ 4,367	$ 18,424

	Technical skill	Computer Software	Others	Total
At January 1, 2015				
Cost	$ 14,500	$ 52,166	$ 65,500	$ 132,166
Accumulated amortisation and impairment	(6,266)	(29,188)	(52,946)	(88,400)
	$ 8,234	$ 22,978	$ 12,554	$ 43,766
For the three-month periods ended March 31				
At January 1	$ 8,234	$ 22,978	$ 12,554	$ 43,766
Additions－acquired separately	-	609	-	609
Cost reduce	-	(2,184)	-	(2,184)
Amortisation	(782)	(3,358)	(1,638)	(5,778)
Reduce in accumulated amortization	-	2,184	-	2,184
Net exchange differences	-	5	-	5
At March 31	$ 7,452	$ 20,234	$ 10,916	$ 38,602
At March 31, 2015				
Cost	$ 14,500	$ 50,590	$ 65,500	$ 130,590
Accumulated amortisation and impairment	(7,048)	(30,356)	(54,584)	(91,988)
	$ 7,452	$ 20,234	$ 10,916	$ 38,602

The details of amortization are as follows:

	January 1- March 31, 2016	January 1- March 31, 2015
Operating costs	$ 141	$ 329
Selling expenses	2,523	2,555
Administrative expenses	847	1,222
Research and development expenses	1,672	1,672
	$ 5,183	$ 5,778

(9)Long-term prepaid rent (list on other non-current assets)

	March 31, 2016	December 31, 2015	March 31, 2015
Land use right	$ 40,651	$ 41,438	$ 41,926

Long-term prepaid rent refers to the land use rights obtained in China. Upon signing of the lease, the amount has been paid in full. The Group recognized rental expense of $471 and $462 for the years ended March 31, 2016and 2015, respectively.

(10)Short-term loans

Type of loans	March 31, 2016	Interest rate range
Unsecured loans	$ 104,096	1.40%~1.83%
Loans from letter of credits	15,764	-
	$ 119,860	

Type of loans	December 31, 2015	Interest rate range
Unsecured loans	$ 227,187	1.09%~1.51%
Loans from letter of credits	41,421	-
	$ 268,608	

Type of loans	March 31, 2015	Interest rate range
Unsecured loans	$ 397,968	1.34%~1.63%
Loans from letter of credits	68,967	1.64%
	$ 466,935	

Note: Details of short-term borrowings pledged as collateral are provided in Note 8.

(11)Short-term notes and bills payable

March 31, 2016 and December 31,2015: No such circumstances.

	March 31, 2015
Commercial paper	$ 50,000
Unamortised discount	(1)
Total	$ 49,999
Interest rate range	0.9%

(12)Other payables

	March 31, 2016	December 31, 2015	March 31, 2015
Awards and salaries payable	$ 190,044	$ 233,186	$ 179,477
Payable for processing charge	123,362	154,706	119,746
Payables for equipment	39,027	57,121	21,143
Payables for employee's remuneration and directors' and supervisors' remuneration	22,115	11,245	9,945
Others	282,271	359,295	315,739
	$ 656,819	$ 815,553	$ 646,050

(13)Long-term loans

Type of loans	Loan period	Interest rate range	Collateral	March 31, 2016
CTBC Bank	2013/9-2018/9	1.85%	Note	$ 10,473
Less: current portion				(2,618)
				$ 7,855

Type of loans	Loan period	Interest rate range	Collateral		December 31, 2015
CTBC Bank	2013/9-2018/9	2.20%	Note	$	45,501
Less: current portion				(	15,076)
				$	30,425

Type of loans	Loan period	Interest rate range	Collateral		March 31, 2016
THE SHANGHAI COMMERCIAL & SAVINGS BANK LTD.	2012/9-2017/10	1.64%	Note	$	34,650
THE SHANGHAI COMMERCIAL & SAVINGS BANK LTD.	2013/12-2016/12	1.50%	Note		21,000
CTBC Bank	2013/9-2018/9	2.20%	Note		50,771
					106,421
Less: current portion				(	39,106)
				$	67,315

Note: Details of long-term borrowings pledged as collateral are provided in Note 8.

(14)Pensions

A. Defined benefit plans

(a)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b)The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2015 and 2016 were $579 and $668, respectively

(c)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017are $2,357.

B. Defined contribution plans

(a)Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 13% of employees' monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.

(c) The subsidiaries in mainland Vietnam have defined contribution plans in accordance with the local regulations.

(d)The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2015 and 2016 were $27,486 and $29,591, respectively

(15)Share-based payment

A.As of March 31, 2016 and 2015, the share-based payment transactions of the Company are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	October 11, 2012	4,720,000	5 years	Note

B.Details of the share-based payment arrangements are as follows:

	January 1- March 31, 2016		January 1- March 31, 2015	
	No. of stock options	Weighted-average exercise price (in dollars)	No. of stock options	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	3,127,000	$ 37.3	3,883,000	$ 38.2
Options forfeited	(96,000)	-	(95,000)	-
Options outstanding at March 31	3,031,000	37.3	3,788,000	38.2
Options exercisable at March 31	2,368,250	-	2,010,500	-

C.As of March 31, 2016、December 31, 2015and March 31, 2015, the range of exercise prices of stock options outstanding was $37.3、$37.3and $38.2 (in dollars), respectively; the weighted-average remaining contractual period was1.528years、1.778 years and 2.528 years, respectively

D.For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The parameters used in the estimation of the fair value are as follows:

	Grant date	Stock price	Exercise price	Exercise price volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per share
Employee stock options	2012/10/11	$42	$42	33.28%	3.875 years	-	0.90%	$11.33

E.Expenses incurred on share-based payment transactions are shown below:

	January 1- March 31, 2016	January 1- March 31, 2015
Equity-settled	$ 1,034	$ 2,882

F. As of July14, 2015and July15, 2014,the exercise price of employee stock options issued on October 11,2012 was adjusted from $38.2 (indollars) to $37.3 (in dollars)and$39 (indollars) to $38.2 (in dollars), following the terms of employee stock options.

(16)Capital

A. In accordance with the Company's Articles of Incorporation, the total authorized common stock is 14.63 billion shares (including 5 million shares for stock warrants conversion and 10 million shares for convertible bond.).As of March 31, 2016, the total issued and outstanding common stock was $1,333,757 with par value of $10 (in dollars) per share.

(17)Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18)Retained earnings

A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:
   (a)Paying the income tax
   (b)Covering accumulated deficit;
   (c)Setting aside as legal reserve equal to 10% of current year's net income after tax and distribution pursuant to clause
   (d)Setting aside a special reserve in accordance with applicable legal and regulatory requirement
   (e)The remainder is distributable earnings of which 1% is appropriated as employees' bonus; qualified employees include employees of affiliates per criteria set by Board of Directors.

B. The remaining earnings along with the inappropriate earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with dividend policy, the shareholders. proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

C.Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2015 and 2014 earnings had been approved by the shareholders which is $67,171($0.5 per share) and $80,605 ($0.6 per share) respectively. The Board meeting on March 10, 2016 had approved to distribute $0.7 per common stock holders, the amount of dividend is $93,363.

F. For the information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(23).

(19) Other income and expenses– net

	January 1- March 31, 2016	January 1- March 31, 2015
Mold income	$ 6,818	$ 4,150
Sample income	1,819	2,390
Other income	3,009	5,795
	$ 11,646	$ 12,335

(20)Other revenue

	January 1- March 31, 2016	January 1- March 31, 2015
Interest income	$ 826	$ 3,953
Others	2,046	475
	$ 2,872	$ 4,428

(21)Other gains and losses

	January 1- March 31, 2016	January 1- March 31, 2015
Net currency exchange losses	($ 21,209)	($ 1,359)
Net gains on financial liabilities at fair value through profit or loss	–	204
Losses on disposal of property, plant and equipment	(6,623)	(11,250)
Others	1,661	(933)
	($ 26,171)	($ 13,338)

(22)Expenses by nature

	January 1- March 31, 2016	January 1- March 31, 2015
Employee benefit expense	$ 635,121	$ 635,669
Depreciation expense	97,415	100,535
Amortisation expense	7,387	7,489
	$ 739,923	$ 743,693

(23)Employee benefit expense

	January 1- March 31, 2016	January 1- March 31, 2015
Wages and salaries	$ 543,932	$ 549,474
Employee stock options	1,034	2,882
Labour and health insurance fees	33,799	31,571
Pension costs	28,065	30,259
Other personnel expenses	28,291	21,483
	$ 635,121	$ 635,669

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for 1% and 5%, respectively, of the total distributed amount. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The board of directors of the Company has approved the amended Articles of Incorporation of the Company on March 30, 2016. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B.For the years ended March 31, 2016 and 2015, employees' compensation (bonus) was accrued at $4,911 and $3,998, respectively; and the directors' and supervisors' remuneration was accrued at $1,250 and $914. The aforementioned amounts were recognized in salary expenses.

C. For the three months ended March 31,2016 , he employees' compensation and directors' and supervisors' remuneration were estimated and accrued based based on a certain percentage of profit of current year distributable as of the end of reporting period.
Employees' compensation and directors' and supervisors' remuneration of 2015 as resolved by the meeting of board of directors were in agreement with those amounts recognised in the 2015 financial statements. Actual number of cash distributed as employees' compensation for 2015.Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of board of directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24)Income tax

A. Income tax expense

Components of income tax expense:

	January 1- March 31, 2016	January 1- March 31, 2015
Current tax:		
Current tax on profits for the period	$ 22, 179	$ 9, 105
Adjustments in respect of prior years	−	8, 716
Total current tax	22, 179	17, 821
Deferred tax:		
Origination and reversal of temporary differences	2, 415	1, 817
Income tax expense	$ 24, 594	$ 19, 638

B. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

C.Unappropriated retained earnings:

	March 31, 2016	December 31, 2015	March 31, 2015
Earnings generated in and after 1998	$ 474,789	$ 403,011	$ 490,812

D. As of March 31, 2016、December 31, 2015and March 31, 2015, the balance of the imputation tax credit account was $131,662、$131,662 and $$152,067,respectively. The creditable tax rate was 32.66% for 2014 the estimated creditable tax rate is 32.67% for2015.

(25)Earnings per share

	January 1- March 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 71,778	133,376	$ 0.54
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	71,778	133,376	
Assumed conversion of all dilutive potential ordinary shares Employees'bouns	–	273	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 71,778	133,649	$0.54

	January 1- March 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 22,462	134,343	$ 0.17
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	22,462	134,343	
Assumed conversion of all dilutive potential ordinary shares Employees'bouns	–	142	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 22,462	134,485	$0.17

(26)Operating lease

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Not later than one year	$ 9,343	$ 9,356	$ 7,077
Later than one year but not later than five years	23,822	24,709	22,450
Later than five years	–	1,438	106
	$ 33,165	$ 35,503	$ 29,633

(27)Supplemental cash flow information

A. Investing activities with partial cash payments

	January 1- March 31, 2016	January 1- March 31, 2015
Purchase of property, plant and equipment	$ 45,986	$ 27,583
Add: opening balance of payable on equipment	57,121	23,674
Less: ending balance of payable on equipment	(39,027)	(21,143)
Cash paid during the period	$ 64,080	$ 30,114

B. Financing activities with no cash flow effects

	January 1- March 31, 2016	January 1- March 31, 2015
Prepaid equipment to transfer the property, plant and equipment	$ 20,427	$ 15,159
Prepaid equipment to transfer other non-current assets	$ 1,750	$ -
Current portion of long-term liabilities	$ 2,618	$ 39,106

7. RELATED PARTY TRANSACTIONS

Key management compensation

	January 1- March 31, 2016	January 1- March 31, 2015
Salaries and other short-term employee benefits	$ 6,008	$ 5,496
Share based payments	252	930
	$ 6,260	$ 6,426

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

	Book value			
Pledged asset	March 31, 2016	December 31, 2015	March 31, 2016	Purpose
Land	$ 125,648	$ 125,648	$ 125,648	Short and long-term loans
Building-net value	332,276	330,601	342,788	Short and long-term loans
Machinery-net value	28,167	28,727	39,724	Short and long-term loans
Transportation equipment-net value	-	-	147	Long-term loans
Other assets-net value	-	-	8,387	Long-term loans
Time deposits and cash (shown as“other non-current assets”)	168	166	166	Customs deposits
	$ 486,259	$ 485,142	$ 516,860	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1)Contingencies

None.

(2)Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Raw materials	$ 28,736	$ 44,314	$ 77,233

B. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Property, plant and equipment	$ 30,087	$ 50,434	$ 52,272

C. Operating lease commitments

Note 6(26).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1)Capital management

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2015.

(2)Financial instruments

A. Fair value information of financial instruments

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2015.

B.Financial risk management policies

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2015.

C. Significant financial risks and degrees of financial risks

(a)Market risk

i. Foreign exchange risk

(i)The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 71,548	32.14	$ 2,299,553
USD：RMB	29,199	6.4676	938,456
Non-monetary items			
RMB ：NTD	221,289	4.972	1,100,249
Financial liabilities			
Monetary items			
USD：NTD	39,968	32.24	1,288,568
USD：RMB	13,486	6.4676	434,789
Non-monetary items			
RMB ：NTD	31,772	4.972	157,970

	December 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 75,972	32.78	$ 2,490,362
USD：RMB	30,834	6.3571	1,010,739
Non-monetary items			
RMB ：NTD	211,039	4.995	1,054,140
Financial liabilities			
Monetary items			
USD：NTD	42,386	32.88	1,393,652
USD：RMB	13,630	6.3571	448,154
Non-monetary items			
RMB ：NTD	31,891	4.995	159,296

	March 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 69,814	31.25	$ 2,181,688
USD：RMB	23,147	6.1996	723,344
Non-monetary items			
RMB ：NTD	205,678	5.044	1,037,440
Financial liabilities			
Monetary items			
USD：NTD	34,040	31.35	1,067,154
USD：RMB	13,076	6.1996	409,933
Non-monetary items			
RMB ：NTD	17,745	5.044	89,506

(ii).The unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for January 1- March 31, 2016 and 2015, amounted ($21,209) and ($1,359),respectively.

(iii). Analysis of foreign currency market risk arising from significant foreign exchange variation:

	January 1- March 31, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 22,996	$ -
USD：RMB	1%	9,385	-
Financial liabilities			
Monetary items			
USD：NTD	1%	12,886	$ -
USD：RMB	1%	4,348	-

	January 1- March 31, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 21,817	$ －
USD：RMB	1%	7,233	－
Financial liabilities			
Monetary items			
USD：NTD	1%	10,672	$ －
USD：RMB	1%	4,099	－

ii. Price risk

None.

iii. Interest rate risk

(i)The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During January 1- March 31, 2016 and 2015, the Group's borrowings at variable rate were denominated in the NTD.

(ii) March 31, 2016 and 2015, if interest rates on NTD-denominated borrowings at that date had been0.25% higher/lower with all other variables held constant, post-tax profit for the January 1- March 31, 2016 and 2015,would have been $287 and $1,142 lower/higher,respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

i.Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments. The counterparties are banks with good credit quality and financial institutions with investment grade or above and government agencies, so there is no significant compliance concerns and credit risk.

ii.For the January 1- March 31, 2016 and 2015, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii.The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6(4).

iv.The ageing analysis of financial assets that were past due but not impaired is provided in Note 6(4).

v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets in Note 6.

(c)Liquidity risk

i. Cash flow forecasting is performed by each operating entity of the Group and aggregated by Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.As at March 31,2016、December 31,2015 and March 31,2015 the Group held money market position of $734,924、$481,229 and $1,070,056, respectively.

iii.The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: March 31,2016	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 120,163	$ –	$ –
Notes payable	1,882	–	–
Accounts payable	912,104	–	–
Other payables	656,819	–	–
Long-term borrowings (including current portion)	2,821	5,439	2,710

Non-derivative financial liabilities: December 31,2015	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 268,951	$ –	$ –
Notes payable	3,453	–	–
Notes payable	1,004,567	–	–
Other payables	815,553	–	–
Long-term borrowings (including current portion)	16,018	17,091	14,933

Non-derivative financial liabilities: March 31,2015	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 470,486	$ –	$ –
Short-term notes payable	50,036	–	–
Notes payable	3,386	–	–
Notes payable	919,200	–	–
Other payables	646,050	–	–
Long-term borrowings (including current portion)	40,921	37,535	32,870

Derivative financial liabilities:

March 31,2016 ： None。

Derivative financial liabilities:

December 31,2015： None。

Derivative financial liabilities:

March 31,2015 ： None。

iv.The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3)Fair value information

A. Details of the fair value of the Group’s financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. There were no related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31,2016、December 31,2015 and March 31,2015.

D.The methods and assumptions the Group used to measure fair value are as follows:

The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended March 31, 2016 and 2015, there was no transfer into or out from Level 3.

13.SUPPLEMENTARY DISCLOSURES

(1)Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Hold of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost reaching NT $300 million or 20% of paid-in capital or more: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G.Purchases or sales of goods from or to related parties reaching NT$100 million or

20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2)Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3)Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14.SEGMENT INFORMATION

(1)General information

In accordance with IFRS No. 8, “Operating Segments”, the Group has determined the operating segments and reportable operating segments. Operating segments which have met certain quantitative threshold are disclosed individually or aggregately as reportable operating segments; other segments which have not met the quantitative threshold are included in the ‘all other segments’.

(2)Measurement of segment information

The Group’s segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(3)Reconciliation information for segment profit (loss)

The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.