SIRTEC INTERNATIONAL CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' AUDIT REPORT

DECEMBER 31, 2015 AND 2014

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(English Translation of Financial Report Originally Issued in Chinese)
SIRTEC INTERNATIONAL CORPORATION AND SUBSIDIARIES
December 31, 2015 and 2014

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

The Board of Directors and Stockholders
Sirtec International Corporation

We have audited the accompanying consolidated balance sheet of Sirtec International Corporation and its subsidiaries (the Consolidated Company) as of December 31, 2015, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the year ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial report of the Consolidated Company as of December 31, 2014, was audited by other auditors.

As discussed in Note 12(c) to the consolidated financial statements, the former chairman and certain employees of Sirtec International Corporation had set up a remittance account abroad for commissions, marketing expenses, and employees' salaries. The account was in the name of a shell corporation and the employees. The fees were paid by overseas subsidiaries. The prosecutor's office queried the validity of the remittance and probed into the Company. On July 24, 2014, the Taiwan High Court affirmed the conviction of the accused. As of December 31, 2014, the Company and its subsidiaries had received compensation for their loss according to their claims in the case.

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

In our opinion, based on our audit, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sirtec International Corporation and its subsidiaries as of December 31, 2015, and the results of their consolidated operations and their consolidated cash flows for the year ended December 31, 2015, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, and interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

We and the other auditors have audited and expressed an unqualified opinion and a modified unqualified opinion, respectively, on the parent-company-only financial statements of Sirtec International Corporation for the years ended December 31, 2015 and 2014, respectively.

KPMG
Taipei, Taiwan

March 17, 2016

Notes to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The accountants' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language accountants' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)

SIRTEC INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2015 and 2014

(expressed in thousands of New Taiwan Dollars)

ASSETS	December 31, 2015 Amount	%	December 31, 2014 Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6(a))	$ 990,814	12	969,503	12
Held-to-maturity financial assets－current (Notes 4 and 6(b))	-	-	63,286	1
Debt investments without active market－current (Notes 4, 6(b) and 8)	1,286,537	16	1,980,094	25
Notes and accounts receivable, net (Notes 4 and 6(c))	1,895,555	23	2,229,855	28
Inventories (Notes 4 and 6(d))	1,266,307	16	1,370,072	17
Other financial assets (Notes 6(e) and 8)	1,221,240	15	77,593	1
Other current assets (Note 7)	288,836	4	261,918	3
Total current assets	6,949,289	86	6,952,321	87
Non-current assets				
Investments accounted for using equity method (Notes 4 and 6(f))	206,373	3	179,497	2
Property, plant and equipment (Notes 4, 6(g) and 8)	637,132	8	522,518	7
Investment property, net (Notes 4, 6(h) and 8)	276,804	3	276,854	3
Intangible assets (Note 4)	15,319	-	13,316	-
Deferred tax assets (Notes 4 and 6(m))	13,152	-	15,766	-
Other non-current assets (Note 7)	22,780	-	39,278	1
Total non-current assets	1,171,560	14	1,047,229	13
TOTAL ASSETS	**$ 8,120,849**	**100**	**7,999,550**	**100**

LIABILITIES AND EQUITY	December 31, 2015 Amount	%	December 31, 2014 Amount	%
Current liabilities				
Short-term loans (Note 6(i))	$ 480,000	6	-	-
Notes and accounts payable (Note 6(j))	1,216,371	15	1,373,133	17
Other payables	277,802	4	314,674	4
Current tax liabilities (Notes 4 and 6(m))	174,312	2	161,834	2
Other current liabilities	24,296	-	22,481	1
Total current liabilities	2,172,781	27	1,872,122	24
Non-current liabilities				
Deferred tax liabilities (Notes 4 and 6(m))	418,458	5	475,489	6
Net defined benefit liability (Notes 4 and 6(l))	23,953	-	20,697	-
Guarantee deposits	9,045	-	1,230	-
Total non-current liabilities	451,456	5	497,416	6
Total liabilities	2,624,237	32	2,369,538	30
Equity attributable to shareholders of the parent				
Share capital				
Common stock (Note 6(n))	1,288,000	16	1,294,410	16
Capital surplus (Note 6(n))	356,525	4	370,077	5
Retained earnings: (Note 6(n))				
Legal reserve	697,578	9	549,430	7
Special reserve	84,084	1	84,084	1
Unappropriated earnings	2,754,261	34	3,060,009	38
	3,535,923	44	3,693,523	46
Others				
Exchange differences arising on translation of foreign operations (Notes 4 and 6(n))	288,019	4	272,002	3
Changes in fair value of available-for-sale financial assets (Notes 4 and 6(n))	28,145	-	-	-
	316,164	4	272,002	3
Total equity	5,496,612	68	5,630,012	70
TOTAL LIABILITIES AND EQUITY	**$ 8,120,849**	**100**	**7,999,550**	**100**

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

SIRTEC INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2015 and 2014

(expressed in thousands of New Taiwan Dollars)

	For the Years Ended December 31,			
	2015		2014	
	Amount	%	Amount	%
Operating revenue (Notes 4 and 6(p))	$ 9,298,628	100	9,595,616	100
Operating costs (Notes 4 and 6(d))	8,155,669	88	8,254,704	86
Gross margin	1,142,959	12	1,340,912	14
Operating expenses				
Selling expenses	200,413	2	135,069	2
Administrative expenses	306,791	3	386,066	4
Research and development expenses	17,426	-	3,158	-
	524,630	5	524,293	6
Gain from operations	618,329	7	816,619	8
Non-operating income and expenses				
Other income (Note 6(q))	128,207	1	1,321,829	14
Other gains and losses (Note 6(q))	71,972	1	(17,789)	-
Finance costs (Note 6(q))	(380)	-	(291)	-
Share of loss of associates and joint ventures accounted for using equity method (Notes 4 and 6(f))	(1,269)	-	(503)	-
Total non-operating income and expenses	198,530	2	1,303,246	14
Income before income tax	816,859	9	2,119,865	22
Less: Income tax expense (Notes 4 and 6(m))	252,544	3	638,384	7
Net income	564,315	6	1,481,481	15
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Re-measurement of defined benefit obligation	(3,682)	-	(2,005)	-
Income tax benefit related to items that will not be reclassified subsequently	626	-	341	-
	(3,056)	-	(1,664)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	16,017	-	282,154	3
Changes in fair value of available-for-sale financial assets	28,145	1	-	-
Income tax benefit related to items that may be reclassified subsequently	-	-	-	-
	44,162	-	282,154	3
Other comprehensive income, net of income tax	41,106	1	280,490	3
Total comprehensive income for the year	**$ 605,421**	**7**	**1,761,971**	**18**
Net income attributable to:				
Shareholders of the parent	**$ 564,315**	**6**	**1,481,481**	**15**
Comprehensive income attributable to:				
Shareholders of the parent	**$ 605,421**	**7**	**1,761,971**	**18**
Earnings per share (NTD) (Notes 4 and 6(o))				
Basic earnings per share	**$**	**4.36**		**11.45**
Diluted earnings per share	**$**	**4.36**		**11.44**

The accompanying notes are an integral part of the consolidated financial statements.

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SIRTEC INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2015 and 2014

(expressed in thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent								
			Retained earnings			Others			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Changes in fair value of available-for-sale financial assets	Treasury stock	Total equity
Balance – January 1, 2014	$ 1,294,410	370,077	470,705	120,312	2,088,677	(10,152)	-	-	4,334,029
Net income for the year ended December 31, 2014	-	-	-	-	1,481,481	-	-	-	1,481,481
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(1,664)	282,154	-	-	280,490
Total comprehensive income	-	-	-	-	1,479,817	282,154	-	-	1,761,971
Appropriations and distribution of 2013 earnings:									
Legal reserve	-	-	78,725	-	(78,725)	-	-	-	-
Reversal of special reserve	-	-	-	(36,228)	36,228	-	-	-	-
Cash dividends	-	-	-	-	(465,988)	-	-	-	(465,988)
balance – December 31, 2014	**1,294,410**	**370,077**	**549,430**	**84,084**	**3,060,009**	**272,002**	**-**	**-**	**5,630,012**
Net income for the year ended December 31, 2015	-	-	-	-	564,315	-	-	-	564,315
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(3,056)	16,017	-	-	12,961
Total comprehensive income	-	-	-	-	561,259	16,017	-	-	577,276
Appropriations and distribution of 2014 earnings:									
Legal reserve	-	-	148,148	-	(148,148)	-	-	-	-
Cash dividends	-	-	-	-	(711,926)	-	-	-	(711,926)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	28,145	-	28,145
Treasury stock acquired	-	-	-	-	-	-	-	(26,895)	(26,895)
Treasury stock retired	(6,410)	(13,552)	-	-	(6,933)	-	-	26,895	-
	(6,410)	(13,552)	148,148	-	(867,007)	-	28,145	-	(710,676)
Balance – December 31, 2015	**$ 1,288,000**	**356,525**	**697,578**	**84,084**	**2,754,261**	**288,019**	**28,145**	**-**	**5,496,612**

The accompanying notes are an integral part of the consolidated financial statements.

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SIRTEC INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2015	2014
Cash flows from operating activities:		
Income before income tax	$ 816,859	2,119,865
Adjustments to reconcile income before income tax to net cash used in operating activities:		
Depreciation expense	143,368	136,236
Amortization expense	7,878	5,455
Reversal of allowance for doubtful accounts	(27,180)	(24,118)
Interest expense	380	291
Interest income	(34,350)	(32,205)
Share of loss of subsidiaries and associates accounted for using equity method	1,269	503
Gain on disposal of property, plant and equipment	(3,524)	(13,326)
Loss on (gain on reversal of) inventory valuation and obsolescence	36,875	(26,750)
Total adjustments to reconcile income before income tax	124,716	46,086
Change in operating assets and liabilities:		
Change in operating assets:		
(Increase) decrease in notes receivable	(1,902)	10,040
Decrease (increase) in accounts receivable	363,802	(393,266)
Decrease (increase) in inventories	66,890	(276,749)
Increase in other current assets	(26,918)	(69,995)
Decrease (increase) in other current assets	28,375	(13,216)
Total changes in operating assets	430,247	(743,186)
Change in operating liabilities:		
(Decrease) increase in notes payable	(16,432)	14,097
(Decrease) increase in accounts payable	(140,330)	318,543
(Decrease) increase in other payables	(37,071)	77,082
Increase in other current liabilities	1,815	548
Increase (decrease) in net defined benefit liability	200	(796)
Total changes in operating liabilities	(191,818)	409,474
Total changes in operating assets and liabilities	238,429	(333,712)
Total adjustments	363,145	(287,626)
Cash provided by operations	1,180,004	1,832,239
Interest received	35,957	34,347
Interest paid	(181)	(451)
Income taxes paid	(294,483)	(178,608)
Net cash provided by operating activities	921,297	1,687,527
Cash flows from investing activities:		
Acquisition of debt investments without active market	-	(1,374,996)
Proceeds from disposal of debt investments without active market	693,557	-
Proceeds from disposal of held-to-maturity financial assets	63,286	60,611
Acquisition of associates and joint ventures	-	(180,000)
Acquisition of property, plant and equipment	(244,466)	(229,635)
Proceeds from disposal of property, plant and equipment	6,806	29,994
Increase in refundable deposits	(165)	-
Decrease in refundable deposits	-	17,034
Acquisition of intangible assets	(9,881)	(4,509)
Increase in other financial assets	(1,173,629)	-
Increase in other non-current assets	(28,600)	-
Increase in prepayments for equipment	18,206	18,465
Net cash used in investing activities	(674,886)	(1,663,036)
Cash flows from financing activities:		
Increase in short-term loans	480,000	-
Decrease in short-term loans	-	(200,000)
Increase in guarantee deposits	7,815	-
Cash dividends	(711,926)	(465,988)
Increase in treasury stock	(26,895)	-
Net cash used in financing activities	(251,006)	(665,988)
Effect of exchange rate changes on cash and cash equivalents	25,906	271,320
Net increase (decrease) in cash and cash equivalents	21,311	(370,177)
Cash and cash equivalents, beginning of year	969,503	1,339,680
Cash and cash equivalents, end of year	**$ 990,814**	**969,503**

The accompanying notes are an integral part of the consolidated financial statements.

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SIRTEC INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014
(amounts expressed in thousands of New Taiwan Dollars,
except for per share information or unless otherwise specified)

1. HISTORICAL HIGHLIGHTS AND SCOPE OF BUSINESS

Sirtec International Corp. (the “Company”) was incorporated in the Republic of China (“ROC”) in July 1968 and commenced business in January 1969. The Company is located at 9F.-2, No. 4, Ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.). The Company and its subsidiaries (the “Consolidated Company”) engaged mainly in products and electronic design, mold design and manufacturing, electronic products assembly, plastic injection and molding, and product processing and manufacturing.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements for the years ended December 31, 2015 and 2014, were authorized for issue by the Board of Directors on March 17, 2016.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

a. Impact of the 2013 version of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”)

The Consolidated Company has adopted the 2013 version of the IFRSs endorsed by the FSC (excluding IFRS 9 Financial Instruments) in preparing consolidated financial statements commencing from 2015.

The new standards and amendments issued by the International Accounting Standards Board (“IASB”) were as follows:

New standards and amendments	Effective date per IASB
Amended IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*	2010.7.1
Amended IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	2011.7.1
Amended IFRS 1 *Government Loans*	2013.1.1
Amended IFRS 7 *Disclosure — Transfers of Financial Assets*	2011.7.1
Amended IFRS 7 *Disclosure — Offsetting Financial Assets and Financial Liabilities*	2013.1.1
IFRS 10 *Consolidated Financial Statements*	2013.1.1 (investment entities effective January 1, 2014)
IFRS 11 *Joint Arrangements*	2013.1.1
IFRS 12 *Disclosure of Interests in Other Entities*	2013.1.1
IFRS 13 *Fair Value Measurement*	2013.1.1

New standards and amendments	Effective date per IASB
Amended IAS 1 *Presentation of Items of Other Comprehensive Income*	2012.7.1
Amended IAS 12 *Deferred Tax: Recovery of Underlying Assets*	2012.1.1
Amended IAS 19 *Employee Benefits*	2013.1.1
Amended IAS 27 *Separate Financial Statements*	2013.1.1
Amended IAS 32 *Offsetting Financial Assets and Financial Liabilities*	2014.1.1
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	2013.1.1

The Consolidated Company had assessed that the adoption of the 2013 version of IFRS may not have significant impact on the accompanying consolidated financial statements except for the following items:

(1) IAS 19 Employee Benefits

The amendments to IAS 19 require the Consolidated Company to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on plan assets used in the current IAS 19. In addition, the amendments eliminate the accounting treatment of either the corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when they occur, and instead require companies to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it is incurred and no longer be amortized on a straight-line basis over the average period before meeting vesting conditions. The Consolidated Company has changed its valuation and presentation of accrued pension liabilities, pension cost, and actuarial gains or losses in accordance with this standard.

(2) IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurement. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The Group assessed that the adoption of IFRS 13 will have no significant impact on its financial position and results of operations. The Group will include the required disclosures.

(3) IAS 1 Presentation of Financial Statements

This amendment changes the presentation of other comprehensive income and requires items of other comprehensive income to be separated into "items that might be reclassified to profit or loss in subsequent periods" and "items that will not be reclassified to profit or loss in subsequent periods". All items under other comprehensive income shall be presented in pre-tax amounts. The related tax affects shall be disclosed separately based on the aforesaid grouping method. The Consolidated Company has changed the presentation of other comprehensive income to conform to the amendment, and the comprehensive information has been restated accordingly.

b. Impact of IFRSs issued by the IASB but not yet endorsed by the FSC

The 2013 version of the IFRSs issued by the IASB but not yet endorsed by the FSC is as follows:

New standards and amendments	Effective date per IASB
IFRS 9 *Financial Instruments*	2018.1.1
Amended IAS 28 and IFRS 10 *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*	Not yet effective
Amended IAS 28, IFRS 10 and IFRS 12 *Investment Entities: Applying the Consolidation Exception*	2016.1.1
Amended IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	2016.1.1
IFRS 14 *Regulatory Deferral Accounts*	2016.1.1
IFRS 15 *Revenue from Contracts with Customers*	2017.1.1
IFRS 16 *Leases*	2019.1.1
Amended IAS 1 *Disclosure Initiative*	2016.1.1
Amended IAS 7 *Disclosure Initiative*	2017.1.1
Amended IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses*	2017.1.1
Amended IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*	2016.1.1
Amended IAS 16 and IAS 41 *Agriculture: Bearer Plants*	2016.1.1
Amended IAS 19 *Defined Benefit Plans: Employee Contributions*	2014.7.1
Amended IAS 27 *Equity Method in Separate Financial Statements*	2016.1.1
Amended IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*	2014.1.1
Amended IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	2014.1.1
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	2014.7.1
Annual Improvements to IFRSs 2012-2014 Cycle	2016.1.1
Amended IFRIC 21 *Levies*	2014.1.1

As the standards and amendments above have not been endorsed by the FSC, the Consolidated Company is in the process of assessing the impact on the financial position and the results of operations. The related impact will be disclosed following the completion of its assessments.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

a. Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

b. Basis of consolidation

(1) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(2) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

			Shareholding ratio		
Name of investors	**Name of subsidiary**	**Nature of business**	**2015.12.31**	**2014.12.31**	**Notes**
The Company	Sirtec International (H.K.) Co., Ltd.	Investment activities	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to HK$150,000 thousand.
The Company	Sirtec International (B.V.I.) Co., Ltd.	Investment activities	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to US$750 thousand and US$10,750 thousand, respectively.
The Company	Sirfa (B.V.I.) Co., Ltd.	Investment activities	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to US$12,000 thousand.
The Company	Sirlong (B.V.I.) Co., Ltd.	Investment activities	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to US$22 thousand and US$2,722 thousand, respectively.
The Company	Sirlight Trading Co., Ltd.	International trading business	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to US$2,000 thousand.
The Company	Dongguan Sirtec Image Co., Ltd.	Manufacturing photoelectric products.	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to US$5,000 thousand.
Sirtec International (B.V.I.) Co., Ltd.	Sirlong (Dong Guan) Plastics & Electronics Co., Ltd.	Manufacturing computer products, printers, household appliances and plastic products	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to US$24,890 thousand.
Sirtec International (B.V.I.) Co., Ltd.	Dong Guan Shey Sun Plastics & Electronics Co., Ltd.	Manufacturing adaptors, household appliances and plastic products	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to US$1,289 thousand.
Sirfa (B.V.I.) Co., Ltd.	Sirtec International (Suzhou) Co., Ltd.	Manufacturing switching power supply devices and adaptors and electronic products assembly and selling	100.00%	100.00%	As of December 31, 2015 and 2014, the subsidiary had issued capital amounting to US$13,000 thousand.
Sirlong (B.V.I.) Co., Ltd.	Sirtec International	Manufacturing PCB and electronic	100.00%	100.00%	As of December 31, 2015 and 2014, the

			Shareholding ratio		
Name of investors	**Name of subsidiary**	**Nature of business**	**2015.12.31**	**2014.12.31**	**Notes**
	(Nanjing) Co., Ltd.	products assembly			subsidiary had issued capital amounting to US$5,000 thousand.

(3) All the subsidiaries are included in the consolidated financial statements

c. Basis of preparation

(1) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(a) Financial instruments at fair value through profit or loss are measured at fair value (including derivative financial instruments);

(b) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial loss, less the present value of the defined benefit obligation and unrecognized actuarial profit.

(2) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

d. Foreign currency

(1) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Consolidated Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-measured to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are re-measured using the exchange rate at the date of translation.
Foreign currency differences arising on re-measurement are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income:

- available-for-sale equity investment;

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

- qualified cash flow hedges to the extent the hedge is effective.

(2) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and are presented as exchange differences on translation of foreign financial statements in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

e. Classification of current and non-current assets and liabilities

An asset is classified as current when:

(1) It is expected to be realized, or intended to be sold or consumed, during the normal operating cycle;

(2) It is held primarily for the purpose of trading;

(3) It is expected to be realized within twelve months after the reporting period; or

(4) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from

being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(1) It is expected to be settled during the normal operating cycle;

(2) It is held primarily for the purpose of trading;

(3) It is due to be settled within twelve months after the reporting period; or

(4) It does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

All other liabilities are classified as non-current.

f. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Time deposits that fit the definition above and are used by the Consolidated Company in the management of its short-term commitments are also classified as cash equivalents.

Time deposits that are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, that are readily convertible to known amounts of cash, and that are subject to insignificant risk of changes in value are also classified as cash equivalents.

g. Financial instruments

Financial assets and financial liabilities are initially recognized when the Consolidated Company becomes a party to the contractual provisions of the instruments.

(1) Financial assets

The Consolidated Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables.

(a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is held for trading or is designated as such on initial recognition. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. The Consolidated Company designates financial assets, other than these classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A. Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
B. Performance of the financial asset is evaluated on a fair value basis.
C. A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value subsequently, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

Financial assets in this category that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any impairment losses, and are classified as financial assets carried at cost.

(b) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on monetary assets, are recognized in other comprehensive income and presented under fair value reserve in equity. The corresponding accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is accounted for using trade-date accounting.

Financial assets in this category that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any impairment losses, and are classified as financial assets carried at cost.

Interest income of debt instrument investment is recognized in non-operating income and expense, under other income.

(c) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Consolidated Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and debt instrument investments without an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short-term receivables are measured at amortized cost using the effective interest method less any impairment losses. A regular way purchase or sale of financial assets is accounted for using trade-date accounting.

Interest income is recognized in non-operating income and expense, and is included in other income

(e) Impairment of financial assets

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Consolidated Company on terms that the Consolidated Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Consolidated Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of a receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of the impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

Impairment losses and recoveries of accounts receivable are recognized in profit or loss; impairment losses and recoveries of other financial assets are recognized in non-operating income and expense.

(f) Derecognition of financial assets

The Consolidated Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated or when the Consolidated Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on available-for-sale financial assets" in profit or loss is included in non-operating income and expenses.

The Consolidated Company separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss.

(2) Financial liabilities and equity instruments

(a) Classification of debt or equity instruments

Debt or equity instruments issued by the Consolidated Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Interest related to the financial liability is recognized in profit or loss, and is included in non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

(b) Other financial liabilities

Financial liabilities not classified or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expense.

(c) Derecognition of financial liabilities

The Consolidated Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

(d) Offsetting of financial assets and liabilities

The Consolidated Company presents financial assets and liabilities on a net basis when the Consolidated Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

h. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

i. Investments in associates

Associates are those entities in which the Consolidated Company has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Consolidated Company's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align their accounting policies with those of the Consolidated Company from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from transactions between the Consolidated Company and an associate are eliminated to the extent of the Consolidated Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Consolidated Company's share of losses exceeds its interest in an associate, the carrying amount of the investment, including any long-term interest that forms part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Consolidated Company has an obligation or has made payments on behalf of the associate.

j. Property, plant and equipment

(1) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless the useful life and depreciation method of that significant part are the same as of those another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(2) Reclassification to investment property

An item of property, plant and equipment is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(3) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(4) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and the depreciable amount shall be allocated on a systematic basis over the asset's useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Building	28~35	years
Affiliated facility of building	3~15	years
Machinery	2~15	years
Transportation equipment	3~ 5	years
Office equipment	2~15	years
Leasehold improvement	2~ 5	years
Miscellaneous equipment	2~10	years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

k. Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently via cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs. Investment property is subsequently measured at fair value, with any change therein recognized in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

The estimated useful lives for investment property are as follows:

Building	35	years
Affiliated facility of building	3	years

l. Impairment－non-derivative financial assets

The Consolidated Company assesses non-derivative financial assets, except inventories, assets arising from construction contracts, deferred tax assets, and assets arising from employee benefits, at each reporting date to see if there is an indication of impairment. Impairment loss is determined based on an asset's recoverable amount. If it is not possible to determine the recoverable amount (the higher of its fair value, less costs to sell, and its value in use) for an individual asset, then the Consolidated Company will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is accounted for as an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Consolidated Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Consolidated Company shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

The Consolidated Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

m. Employee benefits

(1) Defined contribution plans

Obligations for contributions made to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(2) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Consolidated Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Consolidated Company. An economic benefit is available to the Consolidated Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at January 1, 2012, the date for the first-time adoption of the IFRSs endorsed by the FSC, were recognized in retained earnings. The Consolidated Company recognizes all actuarial gains and losses arising subsequently from defined benefit plans in other comprehensive income.

The Consolidated Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

n. Revenue

(1) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that a discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For an export transaction, usually it is via free on board shipping point, and the risk transfer occurs upon loading the goods onto the relevant carrier at the port; however, for a domestic transaction, risk transfer occurs upon receipt by the customer.

(2) Rental income

Rental income from investment property is recognized in non-operating income and expense on a straight-line basis over the lease term.

o. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(1) The Consolidated Company as lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(2) The Consolidated Company as lessee

Leases in which the Consolidated Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognized in the Consolidated Company's statement of financial position.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

p. Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combination or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislated tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

(1) Assets and liabilities that are initially recognized but not related to the business combination, and have no effect on net income or taxable gains (losses) at the time of the transaction.

(2) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(3) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if, and only if, the following criteria are met:

(1) the Consolidated Company has the legal right to settle tax assets and liabilities on a net basis; and

(2) the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

q. Earnings per share

The Consolidated Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Company divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee bonus.

r. Operating segments

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of stand-alone financial information.

s. Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognized under capital reserve; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

During the cancellation of treasury shares, capital reserve should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continuously reviews the estimates and basic assumptions. Changes in accounting estimates are recognized in the period of change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes relating to the realizability of deferred tax assets, the measurement of the defined benefit obligation, and the estimate of liability reserve.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

a. Cash and cash equivalents

		December 31, 2015	December 31, 2014
Cash on hand	$	4,060	4,487
Checking accounts and demand deposits		678,654	511,900
Cash equivalents			
－time deposits with original maturities less than 3 months		308,100	453,116
Cash and cash equivalents	**$**	**990,814**	**969,503**

Please refer to Note 6(s) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Consolidated Company.

b. Financial assets

The components of financial assets were as follows:

		December 31, 2015	December 31, 2014
Held-to-maturity financial assets－current			
-Corporate bonds - Morgan Stanley	$	-	63,286
Debt investments without active market－current			
-Time deposits with original maturities over 3 months		1,286,537	1,980,094
	$	**1,286,537**	**2,043,380**

In 2012, the Company invested in overseas unsecured corporate bonds at par value of US$4,000 thousand issued by Morgan Stanley with coupon rates of 4.1% and 4.2%. The maturity dates of the corporate bonds are November 24, 2014, and January 26, 2015, respectively, and are recognized as held-to-maturity financial assets – current.

Please refer to Note 8 for the details of financial assets pledged as collateral.

c. Notes and accounts receivable, net

	December 31, 2015	December 31, 2014
Notes receivable	$ 1,938	36
Less: Allowance for doubtful accounts	(6)	-
Notes receivable, net	1,932	36
Accounts receivable	1,919,846	2,284,365
Less: Allowance for doubtful accounts	(26,223)	(54,546)
Accounts receivable, net	1,893,623	2,229,819
Notes and accounts receivable, net	**$ 1,895,555**	**2,229,855**

The average credit period on sales of goods was 2 to 4 months. In addition, the Consolidated Company individually accessed the collection period. In determining the recoverability of a trade receivable, the Consolidated Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.

The notes and accounts receivable aging at December 31, 2015, is as follows:

	December 31, 2015
Not overdue	$ 1,918,059
Overdue within 30 days	-
Overdue 31~60 days	2,907
Overdue 61~90 days	195
Overdue over 91 days	623
	$ 1,921,784

The accounts receivable aging at December 31, 2014, is as follows:

	December 31, 2014
0~60 days	$ 1,783,720
61~90 days	335,100
91~120 days	79,393
Over 121 days	86,152
	$ 1,921,784

The aging of accounts receivable before deducting the allowance for impairment loss at December 31, 2014, was presented based on the invoice date.

Movements of the allowance for doubtful receivables for the years ended December 31, 2015 and 2014, were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance – January 1, 2015	$ 54,546	-	54,546
Reversal of impairment loss of notes and accounts receivable	(27,180)	-	(27,180)
Write-off of accounts receivable	(717)	-	(717)
Foreign currency exchange loss	(420)	-	(664)
Balance – December 31, 2015	**$ 26,229**	**-**	**26,229**
Balance – January 1, 2014	$ 77,487	-	333,085
Reversal of impairment loss of accounts receivable	(24,118)	- -	(24,118)
Foreign currency exchange gain	1,177	-	1,177
Balance – December 31, 2014	**$ 54,546**	**-**	**54,546**

d. Inventories

	December 31, 2015	December 31, 2014
Raw materials	$ 427,636	411,030
Work-in-process	65,469	62,216
Finished goods	773,202	896,826
Total	**$ 1,266,307**	**1,370,072**

For the years ended December 31, 2015 and 2014, the related cost of goods sold amounted to $8,155,669 and $8,254,704, respectively. The loss on inventory valuation and obsolescence amounting to $36,875 and the gain on reversal of inventory valuation and obsolescence amounting to $26,750 were included in the cost of goods sold of 2015 and 2015, respectively.

As of December 31, 2015 and 2014, the aforesaid inventories were not pledged as collateral.

e. Other financial assets－current

	December 31, 2015	December 31, 2014
Interest receivable	$ 5,727	4,482
Other receivable	41,884	73,111
Customs release guarantees	1,173,629	-
Total	**$ 1,221,240**	**77,593**

According to the credit level certificate (certificate no. 5200125 in 2015) announced by the General Administration of Customs of the People's Republic of China effective on December 10, 2015, Sirlong (Dong Guan) Plastics & Electronics Co., Ltd. is required to deposit certain customs release guarantees to the specific account in the Bank of China. The credit level was issued in accordance with the laws and regulations of Customs. Please refer to Note 8 for details of the related assets pledged as collateral.

f. Investments accounted for using equity method

(1) The Consolidated Company's financial information for equity-accounted investees at reporting date was as follows:

	December 31, 2015	December 31, 2014
Associates		
- Top Taiwan X Venture Capital Co., Ltd.	$ 206,373	179,497

In November 2014, the Consolidated Company subscribed 18,000 thousand shares of Top Taiwan X Venture Capital Co., Ltd. through a private placement for cash of $180,000 (ownership: 36%), and the Consolidated Company has significant influence over Top Taiwan X Venture Capital Co., Ltd. Transfer of the common shares within three years from the acquisition date is prohibited by regulations.

The Consolidated Company's ownership of Top Taiwan X Venture Capital Co., Ltd. was 36% at December 31, 2015 and 2014.

(2) The share of loss of subsidiaries and associates for the years ended December 31, 2015 and 2014, was as follows:

	For the Years Ended December 31	
	2015	2014
Share of loss of subsidiaries and associates	$ (1,269)	(503)

(3) The financial information of subsidiaries and associates in which the Consolidated Company has equity investments was as follows (before adjustment for the Consolidated Company's proportionate share):

	December 31, 2015	December 31, 2014
Total assets	$ 573,708	498,753
Total liabilities	$ 450	150

	For the Years Ended December 31	
	2015	2014
Revenue	$ 376,370	72
Net income	$ (3,524)	(1,397)
Total comprehensive income	$ 74,656	(1,397)

The Consolidated Company does not guarantee any contingent liabilities of an associate jointly with other investors. Likewise, the Consolidated Company does not guarantee alone any other contingent liabilities of an associate.

There are no significant restrictions on the ability of associates to transfer capital to the Company.

g. Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the years ended December 31, 2015 and 2014, were as follows:

	Land	Building	Machinery	Transportation equipment	Office equipment	Leasehold improvement	Other equipment	Construction in process	Total
Cost or deemed cost:									
Balance as of January 1, 2015	$ 126,402	251,678	860,999	29,586	49,538	57,549	114,931	-	1,490,683
Additions	-	5,701	95,149	6,188	7,310	14,539	27,398	88,181	244,466
Disposal	-	(890)	(12,327)	(3,442)	(101)	(4,415)	(4,172)	-	(25,347)
Reclassification	-	785	26,512	-	(3,811)	2,854	(27)	-	26,313
Effect of movements in exchange rate	-	(2,175)	(40,328)	(1,033)	(2,538)	(1,361)	5,210	-	(42,225)
Balance as of December 31,2015	**$ 126,402**	**255,099**	**930,005**	**31,299**	**50,398**	**69,166**	**143,340**	**88,181**	**1,693,890**
Balance as of January 1, 2014	$ 168,743	248,575	674,749	26,148	46,833	29,729	86,904	-	1,281,681
Additions	-	1,515	158,155	4,686	10,012	26,022	29,245	-	229,635
Disposals	(42,341)	(3,264)	(4,821)	(1,846)	(7,714)	(974)	(8,418)	-	(69,378)
Reclassification	-	(399)	-	-	-	-	264	-	(135)
Effect of movements in exchange rate	-	5,251	32,916	598	407	2,772	6,936	-	48,880
Balance as of December 31, 2014	**$ 126,402**	**251,678**	**860,999**	**29,586**	**49,538**	**57,549**	**114,931**	**-**	**1,490,683**
Accumulated depreciation:									
Balance as of January 1, 2015	$ -	220,143	571,822	17,708	27,487	26,007	58,438	-	921,605
Depreciation for the period	-	8,377	85,744	5,115	9,116	12,689	22,277	-	143,318
Disposals	-	(662)	(11,816)	(3,088)	(53)	(2,167)	(1,502)	-	(19,288)
Reclassification	-	-	-	-	(717)	-	(27)	-	(744)
Effect of movements in exchange rate	-	(2,090)	(38,015)	(162)	(2,382)	(680)	11,539	-	(31,790)
Balance as of December 31, 2015	**$ -**	**225,768**	**607,735**	**19,573**	**33,451**	**35,849**	**90,725**	**-**	**1,013,101**
Balance as of January 1, 2014	$ -	204,504	463,643	13,735	22,812	15,067	46,220	-	765,981
Depreciation for the period	-	12,397	83,124	4,901	8,440	10,592	16,704	-	136,158
Disposals	-	(1,631)	(1,842)	(1,313)	(4,501)	(974)	(7,410)	-	(17,671)
Reclassification	-	(13)	-	-	-	-	56	-	43
Effect of movements in exchange rate	-	4,886	26,897	385	736	1,322	2,868	-	37,094
Balance as of December 31,2014	**$ -**	**220,143**	**571,822**	**17,708**	**27,487**	**26,007**	**58,438**	**-**	**921,605**
Accumulated impairment:									
Balance as of January 1, 2015	$ -	-	43,217	470	165	2,102	606	-	46,560
Disposals	-	-	-	-	(115)	(2,075)	(587)	-	(2,777)
Effect of movements in exchange rate	-	-	(66)	(10)	(4)	(27)	(19)	-	(126)
Balance as of December 31, 2015	**$ -**	**-**	**43,151**	**460**	**46**	**-**	**-**	**-**	**43,657**
Balance as of January 1, 2014	$ 33,129	1,378	40,954	972	155	1,986	577	-	79,151
Disposals	(33,129)	(1,378)	-	(532)	-	-	-	-	(35,039)
Effect of movements in exchange rate	-	-	2,263	30	10	116	29	-	2,448
Balance as of December 31,2014	**$ -**	**-**	**43,217**	**470**	**165**	**2,102**	**606**	**-**	**46,560**
Carrying amounts:									
Balance as of December 31,,2015	**$ 126,402**	**29,331**	**279,119**	**11,266**	**16,901**	**33,317**	**52,615**	**88,181**	**637,132**
Balance as of January 1, 2014	**$ 135,614**	**42,693**	**170,152**	**11,441**	**23,866**	**12,676**	**40,107**	**-**	**436,549**
Balance as of December 31,2014	**$ 126,402**	**31,535**	**245,960**	**11,408**	**21,886**	**29,440**	**55,887**	**-**	**522,518**

As of December 31, 2015 and 2014, the Consolidated Company had provided as collateral a portion of its property, plant and equipment; please refer to Note 8 for details of the related assets pledged as collateral.

h. Investment property

	December 31, 2015	December 31, 2014
Cost	$ 308,624	308,624

Accumulated depreciation	(21,193)	(21,143)
Accumulated impairment	(10,627)	(10,627)
	$ 276,804	**276,854**

As of December 31, 2015 and 2014, there were no significant additions to, disposals of, or impairment losses for the investment property. For the years ended December 31, 2015 and 2014, the depreciation expenses of the investment property were $50 and $78, respectively.

At December 31, 2015 and 2014, the fair values of the investment property were $976,521 and $851,574, respectively.

The valuation of investment property is based on the market valuation approach and income approach. The market valuation approach is through comparison, analysis, adjustment, and other means of valuing comparable properties to estimate the value of the investment property; the income approach is based on the discounted cash flows from the Consolidated Company's estimated future rentals. The discount rates for the valuation were 1.28% and 1.36% in 2015 and 2014, respectively.

As of December 31, 2015 and 2014, the Consolidated Company had provided as collateral a portion of its investment property; please refer to Note 8 for details of the related assets pledged as collateral.

i. Short-term loans

	December 31, 2015			
	Currency	**Interest rate range**	**Year of expiration**	**Amount**
Chang Hwa Commercial Bank	NTD	1.10~1.15%	2016	$ 245,000
First Bank	NTD	1.26%	2016	120,000
KGI Bank	NTD	1.21811%	2016	100,000
Land Bank	NTD	1.31%	2016	15,000
Total				**$ 480,000**

The credit facilities listed above were used by Sirtec International Corporation.

The Company signs contracts for secured bank credit facilities totaling $6,019,750 for business requirement. As of December 31, 2015, used and unused credit facilities were $480,000 and $5,539,750, respectively.

j. Notes and accounts payable

The details of the Consolidated Company's notes and accounts payable were as follows:

	December 31, 2015	**December 31, 2014**
Notes payable	$ 48	16,480
Accounts payable	1,216,323	1,356,653
	$ 1,216,371	**1,373,133**

Notes and accounts payable all arose from operating activities. The average payment term was three months. The Consolidated Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit period.

k. Operating leases

The Consolidated Company leases factories, dormitories and cars under operating leases with lease terms between 1 and 5 years. The details of future minimum lease payables in non-cancellable lease period were as follows:

	December 31, 2015	December 31, 2014
Less than one year	$ 50,128	38,730
Between one and five years	107,787	113,692
	$ 157,915	**152,422**

The Consolidated Company leases out some of its investment property under operating leases; please refer to Notes6(g) and 6(h). The details of future minimum lease receivables with the non-cancellable lease period were as follows:

	December 31, 2015	December 31, 2014
Less than one year	$ 6,234	7,365
Between one and five years	5,373	3,051
	$ 11,607	**10,416**

l. Employee benefits

(1) Defined benefit plans

The present value of the Consolidated Company's defined benefit obligations and the fair value of plan assets were as follows:

	December 31, 2015	December 31, 2014
Present value of funded defined benefit obligation	$ 78,383	72,891
Fair value of plan assets	(54,430)	(52,194)
Net defined benefit liability	**$ 23,953**	**20,697**

The Consolidated Company makes defined benefit plans contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company and its subsidiaries in Taiwan set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2015, the balance of the Consolidated Company's contributions to the pension funds in Bank of Taiwan was $54,430. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2015 and 2014, were as follows:

		2015	2014
Defined benefit obligation, January 1	$	72,891	70,134
Current service cost and interest		3,263	3,033
Re-measurement losses/gains:			
- Actuarial loss (gain) arising from changes in demographic assumptions		275	259
-Actuarial loss (gain) arising from changes in financial assumptions		6,492	(2,388)
-Actuarial loss (gain) arising from experience adjustments		(2,876)	4,424
Benefits paid from plan assets		(1,662)	(2,571)
Defined benefit obligation, December 31	**$**	**78,383**	**72,891**

(c) Movements of defined benefit plan assets

The movements in the present value of the defined benefit assets for the years ended December 31, 2015 and 2014, were as follows:

		2015	2014
Fair value of plan assets, January 1	$	52,194	50,645
Re-measurement gains:			
-Return on plan assets (excluding amounts included in interest expense		209	163
Interest income		1,175	1,013
Employer contributions		2,514	2,944
Benefits paid by the plan		(1,662)	(2,571)
Fair value of plan assets, December 31	**$**	**54,430**	**52,194**

(d) Expenses recognized in profit or loss

The Consolidated Company's pension expenses recognized in profit or loss for the years ended December 31, 2015 and 2014, were as follows:

	For the Years Ended December 31		
		2015	2014
Current service cost	$	1,623	1,630
Net interest expense on net defined benefit liability		466	517

	$	**2,089**	**2,147**
Operating costs	$	1,466	1,415
Selling expenses		226	209
Administrative expenses		397	523
	$	**2,089**	**2,147**

(e) Re-measurement of the net defined benefit liability recognized in other comprehensive income

The Consolidated Company's re-measurement gains and losses recognized in other comprehensive income for the years ended December 31, 2015, and 2014, were as follows:

		2015	2014
Accumulative amount at January 1	$	902	2,566
Recognized during the period		(3,056)	(1,664)
Accumulative amount at December 31	**$**	**(2,154)**	**902**

(f) Actuarial assumptions

The following are the key actuarial assumptions at the reporting date:

	2015	2014
Discount rate	1.50%	2.25%
Future salary increases	3.00%	3.00%

The Consolidated Company expects $2,514 of contributions to be paid to its benefit plans within one year starting from the reporting date of December 31, 2015.

The weighted-average duration of the defined benefit obligation is 12 years.

(g) Sensitivity analysis

In determining the present value of the defined benefit obligation, the Consolidated Company's management makes judgments and estimates in determining certain actuarial assumptions on the balance sheet date, which include employee turnover rate and future salary changes. Changes in actuarial assumptions may have significant impact on the amount of the defined benefit obligation.

As of December 31, 2015, the reporting date, the impacts on the present value of the defined benefit obligation of the Consolidated Company were as follows:

		Impacts on present value of defined benefit obligation	
		Increase	Decrease
December 31, 2015			
Discount rate (+0.50% or -0.50%)	$	(162)	188
Increase in future wages (+1.00% or -1.00%)		206	(187)

The sensitivity analysis assumes all other variables remain constant during the measurement. This may not be representative of the actual change in the defined benefit obligation as some of the variables may be correlated. The model used in the sensitivity analysis is the same as that used for the defined benefit obligation liability.

The sensitivity analysis is performed on the same basis as in the prior period.

(2) Defined contribution plans

The Consolidated Company contributes an amount equal to 6% of each employee's monthly wages to the Labor Pension personal account with the Bureau of Labor Insurance and the Council of Labor Affairs in the R.O.C. in accordance with the provisions of the Labor Pension Act. The Company contributes the employees' pension benefits to the Bureau of Labor Insurance and has no additional legal or constructive obligation.

	For the Years Ended December 31	
	2015	**2014**
Operating costs	$ 6,003	5,495
Selling expenses	1,036	804
Administrative expenses	1,941	2,091
Research and development expenses	369	64
	$ 9,349	**8,454**

(3) Short-term compensated absence liabilities

As of December 31, 2015 and 2014, the Consolidated Company's short-term compensated absence liabilities amounted to $4,707 and $5,461, respectively.

m. Income tax

The components of income tax expense for the years ended December 31, 2015 and 2014, were as follows:

	For the Years Ended December 31,	
	2015	**2014**
Current income tax expense		
Currently incurred	$ 306,254	269,718
Adjustment to prior year's income tax charged to current income tax	81	975
	306,335	270,693
Deferred tax expense		
Origination and reversal of temporary differences	(53,791)	367,691
Income tax expense	**$ 252,544**	**638,384**

For the years ended December 31, 2015 and 2014, income tax expenses recognized under other comprehensive income were $626 and $341, respectively.

Income tax calculated on pre-tax financial income was reconciled with income tax expense for the years ended December 31, 2015 and 2014, as follows:

	For the Years Ended December 31	
	2015	**2014**
Profit before income tax	$ 816,859	2,119,865
Income tax on pre-tax financial income calculated at the	138,866	360,377

domestic rate		
Effects of tax rate differences in foreign jurisdiction	49,422	12,307
Nondeductible expenses	25	25
Changes in unrecognized temporary differences	2,176	(178,244)
Unappropriated earnings of subsidiaries	-	415,067
Prior years' income tax adjustment	81	975
10% surtax on undistributed earnings	61,974	27,877
Total	**$ 252,544**	**638,384**

Unrecognized deferred tax liabilities

As of December 31, 2015 and 2014, the deferred tax liabilities for long-term investment in foreign subsidiaries were not recognized because the Consolidated Company can control the timing of the recognition and believes that the liabilities will not reverse in the future. The unrecognized deferred tax liabilities were as follows:

	2015.12.31	2014.12.31
Unappropriated earnings of subsidiaries	$ 200,722	213,519
Relevant deferred tax liabilities	$ 34,122	36,298

Recognized deferred tax assets and liabilities

The recognized deferred tax assets and liabilities were as follows:

Deferred tax liabilities:

	Unappropriated earnings of subsidiaries	Reserve for value-added tax on land	Others	Total
Balance, January 1, 2015	$ 434,599	33,346	7,544	475,489
Debit (credit) to income statement	(57,031)	-	-	(57,031)
Balance, December 31, 2015	**$ 377,568**	**33,346**	**7,544**	**418,458**

	Unappropriated earnings of subsidiaries	Reserve for value-added tax on land	Others	Total
Balance, January 1, 2014	$ 70,003	33,346	7,712	111,061
Debit (credit) to income statement	364,596	-	(168)	364,428
Balance, December 31, 2014	**$ 434,599**	**33,346**	**7,544**	**475,489**

Deferred tax assets:

	Defined benefit plan	Reserve for doubtful accounts	Reserve for inventory impairment	Others	Total
Balance, January 1, 2015	$ 3,518	2,746	2,476	7,026	15,766
(Debit) credit to income statement	(72)	(1,339)	3,244	(5,073)	(3,240)
(Debit) credit to other comprehensive income	626	-	-	-	626
Balance, December 31, 2015	**$ 4,072**	**1,407**	**5,720**	**1,953**	**13,152**

	Defined benefit plan	Reserve for doubtful accounts	Reserve for inventory impairment	Others	Total
Balance, January 1, 2014	$ 3,313	8,530	5,575	1,253	18,671
(Debit) credit to income statement	(136)	(5,784)	(3,099)	5,756	(3,263)

(Debit) credit to other comprehensive income	341	-	-	-	341
Others	-	-	-	17	17
Balance, December 31, 2014	**$ 3,518**	**2,746**	**2,476**	**7,026**	**15,766**

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

Information related to the unappropriated earnings and tax deduction ratio is summarized below:

	December 31, 2015	December 31, 2014
Accumulated in 1998 and thereafter	**$ 2,754,261**	**3,060,009**
Stockholders' imputation tax credit account	**$ 430,469**	**325,735**

	For the Years Ended December 31	
	2015 (expected)	2014 (actual)
Tax deduction ratio for earnings distributable to R.O.C. residents	**21.24%**	**15.38%**

The aforesaid imputation tax-related information was prepared in accordance with Decree No. 10204562810 issued by the Taxation Administration, Ministry of Finance, R.O.C., on October 17, 2013.

According to the Income Tax Act, the imputation credit allocated to shareholders is based on its balance as of the date of dividend distribution. The estimated creditable ratio may change when the actual distribution of the imputation credit is made.

n. Capital and reserves

As of December 31, 2015 and 2014, the authorized capital of the Company consisted of $2,400,000, with par value of $10 (NT dollars) per share. The outstanding capital consisted of 128,800 thousand shares and 129,441 thousand shares, respectively, and the issued common stock amounted to $1,288,000 and 1,294,410, respectively. The authorized capital was common stock, and a shareholder is entitled to vote and receive dividends.

(In thousands of shares)

	Common Stock	
	2015	2014
Balance at January 1	129,441	129,441
Cancellation of treasury stock	(641)	-
Balance at December 31	**128,800**	**129,441**

(1) Capital surplus

	December 31, 2015	December 31, 2014
Share premiums	$ 356,525	358,299
Treasury stock transaction	-	11,778
	$ 356,525	**370,077**

In accordance with the ROC Company Act as amended in January 2012, capital surplus cannot be used to distribute cash dividends or be used to increase capital unless it offsets the deficit first. The realized capital surplus includes that arising from donations and the excess of the issuance price over the par value of capital stock issued. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus capitalized in any one year cannot exceed 10% of paid-in capital.

The Company decreases its capital surplus – share premiums and capital surplus – treasury stock transaction accounts amounting to $1,774 and $11,778, respectively, due to the cancellation of treasury stock in 2015.

(2) Retained earnings

The Company's articles of incorporation before 2014

The Company's articles of incorporation require that after-tax earnings shall first offset any deficit and that 10% of the rest be set aside as legal reserve. Special reserve may be appropriated or reversed for operations or to meet regulations. Of the remainder, 0.5% will be distributed as employee bonus, and a maximum of 3% will be allotted for directors' remuneration. The remaining earnings, if any, may be appropriated according to the proposal presented to the annual stockholders' meeting by the board of directors.

The dividend policy is required to meet the business growth, capital budget, and operating cash requirements of the Consolidated Company. Therefore, at least 5% of the undistributed earnings of the current year may be distributed as either cash or stock dividends, and at least 20% of the dividends should be distributed in cash.

The Company's articles of incorporation starting from 2015

The Company's articles of incorporation require that after-tax earnings shall first offset any deficit and that 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. A special reserve may be appropriated or reserved for operations or to meet regulations. Of the remainder, 0.5% will be distributed as employee bonus, and a maximum of 3% will be allotted for directors' remuneration. The remaining earnings, if any, may be appropriated according to the proposal presented to the annual stockholders' meeting by the board of directors.

The dividend policy is required to meet the business growth, capital budget, and operating cash requirements of the Consolidated Company. Therefore, at least 5% of the undistributed earnings of the current year may be distributed as either cash or stock dividends, and at least 20% of the dividends should be distributed in cash.

(a) Legal reserve

In accordance with the Company Act amended 2012, 10 percent of net income is set aside as legal reserve until it is equal to share capital. If the Company experiences profit for the year, the meeting of shareholders will decide on the distribution of the statutory earnings reserve either by issuing new shares or by distributing cash, for the portion in excess of 25 percent of the actual share capital.

(b) Special reserve

By adopting the exemptions allowed under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the International Financial Reporting Standards approved by the Financial Supervisory Commission (IFRSs), unrealized asset revaluation gains of $58,515 and exchange differences arising on translation of foreign operations of $36,830 were reclassified to retained earnings.
The net increase in retained earnings occurring before the adoption date due to the first-time adoption of IFRSs amounted to $84,084. In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution. When the relevant assets are used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to $84,084 on December 31, 2015 and 2014.

Per Ruling No. 1010012865 stated above, a special reserve equal to the contra account of other shareholders' equity is appropriated from the current and prior-period earnings. When the debit balance of any of the contra accounts in shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversal of the contra accounts in shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

For the year ended December 31, 2014, employee bonuses of $6,667 and directors' remuneration of $17,820 were estimated and recognized as current expense. These amounts were calculated using the Company's net profit for the year ended December 31, 2014, and were determined as stated under the articles of incorporation. The distributed ratios of employee bonuses and directors' remuneration were 0.5% and 1.34%, respectively. These benefits were charged to profit or loss under operating costs or operating expenses for the year ended December 31, 2014.

For the years ended December 31, 2014 and 2013, employee bonuses of $6,667 and $3,543, respectively, and directors' remuneration of $17,820 and $10,800, respectively, were calculated using the Company's net profit for the years ended December 31, 2014 and 2013, and were determined as stated under the articles of incorporation. These benefits were charged to profit or loss under operating costs or operating expenses for the years ended December 31, 2014 and 2013.

The amounts of employee bonuses and directors' remuneration for 2014 and 2013 stated above were the same as in the resolution in the shareholders' meetings on June 25, 2015, and June 17, 2014, respectively.

During the meeting of the board of directors on March 17, 2016, and the shareholders' meeting on June 25, 2015, the earnings distribution proposals for 2015 and 2014 were approved as follows:

	For the Years Ended December 31

	2015		2014	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Legal reserve	$ 56,431	-	148,148	-
Cash dividends	515,200	4.00	711,926	5.50

(d) Employee and directors' remuneration

According to the Article 235-1 of the Company Act as amended in 2015 and the articles of incorporation of the Company which were not yet resolved by the shareholders' meeting, the Company shall appropriate 0.5% as employee remuneration and a maximum 3% as directors' remuneration calculated based on the pretax income before deducting the remuneration. The remuneration could be paid by either cash or stock. The remuneration may be appropriated according to the proposal presented to the annual stockholders' meeting by the board of directors. The employees qualifying for such distribution may include the employees of subsidiaries of the Company who meet certain specific requirements. Such qualified employees and the distribution ratio shall be decided by the board of directors. The directors' remuneration can be distributed only by cash. However, the accumulated losses of the Company shall have been covered in advance.

For the year ended December 31, 2015, employee and directors' remuneration of $3,924 and $23,543, respectively, were estimated in accordance with the articles of Incorporation and recognized as current operating costs and operating expenses. Any difference between the estimated amounts and resolved amounts is charged to profit or loss under operating costs or operating expenses in the next year.

(3) Other equity accounts

	Exchange differences on translation of foreign financial statements	Available-for-sale investments
Balance, January 1, 2015	$ 272,002	-
Exchange differences arising from foreign operations:		
Consolidated entities	16,017	-
Unrealized gain for available-for-sale financial assets:		
Affiliated company	-	28,145
Balance, December 31, 2015	$ 288,019	28,145
Balance, January 1, 2014	$ (10,152)	-
Exchange differences arising from foreign operations:		
Consolidated entities	282,154	-
Balance, December 31, 2014	$ 272,002	-

The exchange differences on translating the net assets of foreign operations from their functional currencies into New Taiwan Dollars were recognized under other comprehensive income.

(4) Treasury stock

In order to enhance the credit of the Company and the equity of shareholders, the Company repurchased the stock amounting to 641 thousand shares in accordance with the Securities and Exchange Act in 2015. Certain treasury shares were cancelled, and the registration processes were completed.

According to the Securities and Exchange Act, the numbers of repurchased shares shall not exceed 10% of issued shares. The dollar amount of repurchasing costs shall not exceed the sum of retained earnings, capital surplus – share premiums, and other realized capital surplus. Based on the financial information at September 30, 2015, the upper limits of repurchased shares and repurchasing costs were 12,944 thousand shares and $3,662,839, respectively. The Company did not repurchase any stock as of September 30, 2015.

In accordance with Securities and Exchange Act requirements, treasury shares held by the Company should not be pledged and do not hold shareholder rights before their transfer.

o. Earnings per share

The basic earnings per share and diluted earnings per share for the years ended December 31, 2015 and 2014, were calculated as follows:

	For the Years Ended December 31	
	2015	**2014**
Basic earnings per share (NT dollars)		
Profit attributable to ordinary shareholders	**$ 564,315**	**1,481,481**
Weighted-average number of ordinary shares	**129,290**	**129,441**
	$ 4.36	**11.45**
Diluted earnings per share (NT dollars)		
Profit attributable to ordinary shareholders (diluted)	**$ 564,315**	**1,481,481**
Weighted-average number of ordinary shares	129,290	129,441
Effect of potentially dilutive ordinary shares of employee bonus	210	102
Weighted-average number of ordinary shares (diluted)	**129,500**	**129,543**
	$ 4.36	**11.44**

p. Revenue

	For the Years Ended December 31	
	2015	**2014**
Sales of goods	**$ 9,298,628**	**9,595,616**

q. Non-operating income and expense

(1) Other income

	For the Years Ended December 31	
	2015	**2014**
Interest income	$ 34,350	32,205
Rental income	7,611	7,606
Compensation income (Note 12(c))	-	1,177,177
Others	86,246	104,841
	$ 128,207	**1,321,829**

(2) Other gains and losses

	For the Years Ended December 31	
	2015	**2014**
Gains on disposal of property, plant and equipment	$ 3,524	13,326
Foreign currency exchange gains (losses)	69,321	(29,815)
Other gains	5	-
Other losses	(878)	(1,300)
	$ 71,972	**(17,789)**

(3) Finance costs

	For the Years Ended December 31	
	2015	**2014**
Interest expenses	**$ 380**	**291**

(4) Foreign currency exchange gains and losses

	For the Years Ended December 31	
	2015	**2014**
Foreign currency exchange gains	$ 661,153	132,254
Foreign currency exchange losses	(591,832)	(162,069)
Foreign currency exchange gains and losses, net	**$ 69,321**	**(29,815)**

r. Financial instruments

(1) Credit risk

Exposure to credit risk:

The Consolidated Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Consolidated Company uses other publicly available financial information and its own trading records to rate its major customers and set the credit limits.

For the years ended December 31, 2015 and 2014, no more than 50% and 70%, respectively, of the total amount of accounts receivable was from customer A.

Please refer to Note 6(c) for the accounts receivable aging. At December 31, 2015 and 2014, the other receivables (recognized as other financial assets－current) amounting to $41,884 and $77,593, respectively, were not past due.

(2) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2015							
Non-derivative financial liabilities							
Non-interest-bearing liabilities	$ 1,494,173	1,494,173	1,494,173	-	-	-	-
Floating interest rate loans	480,000	480,000	480,000	-	-	-	-
	$ 1,974,173	**1,974,173**	**1,974,173**	-	-	-	-
December 31, 2014							
Non-derivative financial liabilities							
Non-interest-bearing liabilities	**$ 1,687,807**	**1,687,807**	**1,687,807**	-	-	-	-

The Consolidated Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(3) Currency risk

(a) Currency risk exposure

The Consolidated Company's exposures to significant currency risk were those from its foreign currency-denominated financial assets and liabilities as follows:

	December 31, 2015			December 31, 2014		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	111,970	32.82500	3,675,417	176,320	31.65000	5,580,528
HKD	17,401	4.23500	73,692	8,181	4.08000	33,379
RMB	51,793	4.99500	258,705	32,974	5.09000	167,904
JPY	109,744	0.27270	29,927	89,686	0.26460	23,731
Financial liabilities						
Monetary items						
USD	100,596	32.82500	3,302,048	145,332	31.65000	4,599,758
HKD	9,739	4.23500	41,247	10,223	4.08000	41,710
JPY	160,013	0.27270	43,636	124,031	0.26460	32,818

The Consolidated Company discloses the information on foreign currency exchange gains and losses in summary because the consolidated entities have various functional currencies. As of December 31, 2015 and 2014, the foreign currency exchange gains and losses (including realized and unrealized gains and losses) of the Consolidated Company were $69,321 and $(29,815), respectively.

(b) Sensitivity analysis

The Consolidated Company's exposure to foreign currency risk arises from the translation of the USD and RMB exchange gains and losses on financial assets and financial liabilities that are denominated in foreign currency. A 1% of appreciation of the NTD against the USD, HKD, RMB and JPY, assuming all other variable factors remained constants, as of December 31, 2015 and 2014, would have decreased net income after tax by $5,401 and $9,389, respectively. The analytical basis is the same as in the prior period.

(4) Interest rate analysis

For the exposure to interest rate risk of the Consolidated Company, please refer to Note 6(s).

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. For financial instruments bearing floating rates, the sensitivity analysis assumes the floating-rate liabilities are outstanding for the whole year on the reporting date. The Consolidated Company evaluates the risk of exposure to changes in interest rate based on an increase/decrease in interest rate of 1%. The management considers the movement of 1% in interest rate to be reasonable.

With a weakening of 1% of the interest rate, the Consolidated Company's net income would have decreased by $14,884 and $24,444 for the years ended December 31, 2015 and 2014, respectively, assuming all other variable factors remained constant. The Consolidated Company holds interest-bearing financial assets, mainly cash, cash equivalents, and debt investments without active market. The amounts of interest-bearing financial assets were more than the interest-bearing financial liabilities. Therefore, if the interest rate had decreased by 1%, net interest income would have decreased.

(5) Other market price risk

The sensitivity analysis for changes in equity prices at the reporting date of 2015 and 2014, is as follows:

	December 31, 2015		December 31, 2014	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increase by 1%	$ -	-	525	525
Decrease by 1%	-	-	(525)	(525)

(6) Fair value

(a) The Consolidated Company considers the carrying amounts of its financial assets and financial liabilities measured at amortized cost to be a reasonable approximation of fair value.

(b) Valuation techniques and assumptions used in fair value determination

The Consolidated Company uses the following methods in determining the fair value of its financial assets and liabilities:

A. The fair value of financial assets and liabilities traded in active markets such as stocks of listed entities is based on quoted market prices.

B. If not traded in an active market, the fair value of other financial assets and financial liabilities is estimated using a generally accepted pricing model which is based on the discounted cash flow.

	December 31, 2015		December 31, 2014	
Financial Assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Held-to-maturity financial assets－current	$ -	-	**63,286**	**63,286**
Debt investments without active market－current	**1,286,537**	**1,286,537**	**1,980,094**	**1,980,094**

(c) Fair value hierarchy

The table below analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

A. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2015					
Financial assets					
Cash and cash equivalent	$ 990,814	-	-	-	-
Debt investments without active market - current	1,286,537	1,286,537	-	-	1,286,537
Notes and accounts receivable, net	1,895,555	-	-	-	-
Other financial assets - current	1,221,240	-	-	-	-
	$ 5,394,146	**1,286,537**	**-**	**-**	**1,286,537**
Financial liabilities					
Short-term loans	$ 480,000	-	-	-	-
Notes and accounts payable	1,216,371	-	-	-	-
Other payables	277,802	-	-	-	-
	$ 1,974,173	**-**	**-**	**-**	**-**
December 31, 2014					
Financial assets					
Cash and cash equivalent	$ 969,503	-	-	-	-

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
December 31, 2015					
Held-to-maturity financial assets	63,286	63,286	-	-	63,286
Debt investments without active market - current	1,980,094	1,980,094	-	-	1,980,094
Notes and accounts receivable, net	2,229,855	-	-	-	-
Other financial assets - current	77,593	-	-	-	-
	$ 5,320,331	**2,043,380**	**-**	**-**	**2,043,380**
Financial liabilities					
Notes and accounts payable	$ 1,373,133	-	-	-	-
Other payables	314,674	-	-	-	-
	$ 1,687,807	**-**	**-**	**-**	**-**

(d) Valuation techniques for financial instruments which are not measured at fair value

Held-to-maturity financial assets

If the held-to-maturity financial asset has a quoted market price in an active market, the fair value is the market price. If not, the fair value is estimated by a valuation technique or the quotation from a third party.

Debt investments without an active market and financial liabilities measured at cost

The debt investments without an active market of the Consolidated Company are time deposits with original maturities over 3 months. If there are transaction prices or prices announced by a market maker, the fair value is based on the recent transaction price and quotation information. The fair value is estimated by valuation technique if there is no market value for reference. The estimations and assumptions of valuation techniques are evaluated based on the present value of the discounted cash flow model.

(e) Valuation techniques for the financial instruments which are not measured at fair value

Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the consolidated balance sheet date.

Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

s. Financial risk management

(1) Overview

The Consolidated Company has exposure to credit risk, liquidity risk, and market risk from its financial instruments.

The following discusses the Consolidated Company's objectives, policies and processes for measuring and managing the risks mentioned above. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(2) Risk management framework

The board of directors has overall responsibility for the oversight of the risk management framework. Including developing and monitoring the Consolidated Company's risk management policies and reporting regularly on its activities.

The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company's activities. The Consolidated Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Consolidated Company oversees how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Company. The Audit Committee of the Consolidated Company is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(3) Credit risk

Credit risk means the potential loss of the Consolidated Company from the default of clients or counterparties. The primary potential credit risk is from cash in bank and accounts receivable.

(a) Accounts receivable and other receivables

The Consolidated Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk
.

The Consolidated Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Consolidated Company's standard payment and delivery terms and conditions are offered. The Consolidated Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Consolidated Company's benchmark creditworthiness may transact with the Consolidated Company only on a prepayment basis.

The Consolidated Company establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance are a specific loss component that relates to individually significant exposure and a collective loss component for which a loss was incurred but not identified. The collective component is based on historical payment experience for similar financial assets.

(b) Bank deposits

The credit risk exposure in the bank deposits is measured and monitored by the Consolidated Company's finance department. As the Consolidated Company deals with banks and other external parties with good credit standing and financial institutions, corporate organizations, and government agencies which are graded above investment level, management believes that the Consolidated Company does not have compliance issues or significant credit risk.

(4) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation. The management believes that the Consolidated Company does not have significant liquidity risk.

(5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Consolidated Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Consolidated Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

(a) Foreign currency exchange risk

The Consolidated Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Consolidated Company's entities, primarily the New Taiwan Dollar. The currencies used in these transactions are the NTD, USD, HKD, JPY and RMB.

The Consolidated Company's currency risk is not hedged as some of the currencies of the Consolidated Company's foreign currency receivables and payables are the same, producing a natural hedge effect.

(b) Interest rate risk

The Consolidated Company's interest rate risk comes from long-term and short-term bank loans. The long-term and short-term bank loans calculated at floating rates caused the Consolidated Company to suffer interest rate risk. If the interest rate had increased by 1%, the Consolidated Company's cash outflow would have increased by $4,800 for the year ended December 31, 2015, assuming all other variable factors remained constant.

t. Capital management

The Consolidated Company sets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders, to safeguard the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Consolidated Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity, and non-controlling interest plus net debt.

7. RELATED-PARTY TRANSACTIONS

a. Ultimate parent company

The Company is the ultimate parent company.

b. Significant transactions with related parties

(1) Prepaid insurance

Account	Types of related parties	December 31, 2015	December 31, 2014
Prepaid insurance	Other related parties	**$ 607**	**467**

(2) Refundable deposits

The Consolidated Company's refundable deposits for office leases were as follows:

Account	Types of related parties	December 31, 2015	December 31, 2014
Refundable deposits	Other related parties	**$ 1,005**	**1,005**

(3) Insurance expenses

	For the Year Ended December 31	
	2015	2014
Other related parties	**$ 1,083**	**1,081**

(4) Rental expenses

	For the Year Ended December 31	
	2015	2014
Other related parties	**$ 3,505**	**682**

The Consolidated Company leased office space from other related parties. The rent is similar to the rate in the rental market and is paid monthly.

c. Key management personnel compensation

	For the Year Ended December 31	
	2015	2014
Short-term employee benefits	$ 64,523	65,083
Post-employment benefits	234	273
	$ 64,757	**65,356**

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

8. PLEDGED ASSETS

The following assets were provided as collateral for bank borrowings, the duty paid under the post-clearance duty payment system, and the duty paid after customs release guarantees in the handbook of processing trade:

Asset	Purpose of pledge	December 31, 2015	December 31, 2014
Debt investments without active market－current	Customs release guarantees	$ 1,169	1,155
Customs release guarantees deposited in bank (recognized as other financial assets – current)	Customs release guarantees	1,173,629	-
Land	Bank loans	95,848	95,848
Buildings	Bank loans	16,154	13,935
Investment property	Bank loans	96,932	97,067
		$ 1,383,732	**208,005**

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES：None.

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SUBSEQUENT EVENTS: None.

12. OTHER

a. The nature of operating costs and expenses was as follows:

By function / By nature	For the year ended December 31,2015			For the year ended December 31,2014		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit						
Salary	775,937	241,002	1,016,939	715,191	248,846	964,037
Health and labor insurance	61,359	11,266	72,625	50,415	10,516	60,931
Pension	7,469	3,969	11,438	6,910	3,691	10,601
Others	55,361	11,223	66,584	48,658	9,804	58,462
Depreciation	97,230	46,138	143,368	45,887	90,349	136,236
Amortization	1,976	5,902	7,878	1,505	3,950	5,455

The number of employees at December 31, 2015 and 2014, was 3,011 and 3,110, respectively.

b. The operation of the Consolidated Company did not have seasonal or cyclical factors.

c. The Company complied with the probe of the Banciao District Prosecutor's Office. The related information is as follows:

(1) The Company's ex-chairman, Jun-Liang Wu (hereinafter referred to as the ex-chairman) remitted commission, marketing expense, and employees' salaries to an account abroad

which was in the name of the Company's employees and a shell corporation. The fees were paid by the Company's overseas subsidiaries Sirtec International (B.V.I.) Co., Ltd. and Sirlong (B.V.I.) Co., Ltd. The prosecutor's office queried the validity of the remittance and probed into Sirtec on February 10, 2010.

(2) In order to assist the inspection by the prosecutor's office, the Company's lawyer provided a criminal presentation to the Banciao District Prosecutor's Office on February 25, 2010.

(3) Based on the result of the probe, the Banciao District Prosecutor's Office indicted the Company's ex-chairman and some employees on August 26, 2010. It indicted the Company's ex-chairman for violation of paragraph 2 of Article 171 of the Securities and Exchange Act, and paragraph 1 of Article 11 of Money Laundering Control Act. The amount of funds in question is about $13 billion. The Banciao District Prosecutors have seized properties equivalent to $13 billion.

(4) The Banciao District Court ruled against the Company's ex-chairman on August 31, 2011. The Banciao District Prosecutor's Office indicted the Company's ex-chairman for violation of paragraph 2 of Article 171 of the Securities and Exchange Act. The amounts of the illegally gotten funds in question are about NT$542,500 thousand and US$23,084 thousand. US$1,950 thousand of the illegally gotten income was returned to Sirtec International (B.V.I.) by the Court in advance in July 2011. The rest of the illegally gotten income will be returned at the exchange rate when the order of the court on this case is executed.

(5) On March 11, 2013, the Company received an official letter from the Securities and Futures Investors Protection Center to confirm whether the Company agreed to make a civil reconciliation with the Company's ex-chairman. If a settlement is reached, the Company's ex-chairman will compensate for the above illegally gotten income even if in the future the amount judged to be returned by the Taiwan High Court is a lesser amount. On April 16, 2013, the Company and the Securities and Futures Investors Protection Center signed the settlement agreement with the Company's ex-chairman. The amount received in advance, US$1,950 thousand, was recorded as other income in 2013.

(6) On June 26, 2014, the Taiwan High Court declared the Company's ex-chairman guilty of violation of the Securities and Exchange Act. The illegally gotten funds in question are about NT$536,110 thousand and US$23,084 thousand. In accordance with the Code of Criminal Procedure, illegally gotten funds should be returned to the aggrieved party. In this case, illegal income of US$1,950 thousand had been returned.

(7) On July 24, 2014, the Taiwan High Court affirmed the conviction of the accused.

(8) In accordance with the Code of Criminal Procedure, the Company demanded the return of the remaining illegal income, and within the period for appeal, the defendants and prosecutors have not lodged an appeal; therefore, the Company's overseas subsidiaries

Sirtec International (B.V.I.) Co., Ltd., Sirlong (B.V.I.) Co., Ltd., and Sirfa (B.V.I.) Co., Ltd. recognized compensation income of NT$542,500 thousand and US$21,130 thousand that was recorded in the court's verdict (including compensation income of NT$6,390 thousand that the defendant should also pay as an additional amount). As of December 31, 2014, the Company and subsidiaries had received the compensation claimed by the Company.

d. The ex-chairman, Chi-Fa Chen, and the ex-vice president, Yung-Chi Lin, of the Company were suspected of illegally remiting the market expenses of its overseas subsidiaries to a paper company. This case was investigated by the New Taipei District Court of Taiwan (R.O.C.) and completed on July 17, 2015. Certain involved persons were prosecuted for breach of trust and forgery. This case is still before the New Taipei District Court of Taiwan (R.O.C.).

13. SEGMENT INFORMATION

a. The financial information of the Consolidated Company

	Plastic Division	Electronics Division	Adjustments and eliminations	Total
For the Year Ended December 31, 2015				
Revenue				
Revenues from external customers	$ 7,913,245	1,385,383	-	9,298,628
Revenues from transactions with other operating segments of the same entity	12,459,193	62,518	(12,521,711)	-
Total segment revenue	**$ 20,372,438**	**1,447,901**	**(12,521,711)**	**9,298,628**
Division profit	**$ 628,232**	**97,747**	**-**	**725,979**
For the Year Ended December 31, 2014				
Revenue				
Revenues from external customers	$ 8,182,374	1,413,242	-	9,595,616
Revenues from transactions with other operating segments of the same entity	12,147,415	354,621	(12,502,036)	-
Total segment revenue	**$ 20,329,789**	**1,767,863**	**(12,502,036)**	**9,595,616**
Division profit	**$ 657,966**	**264,606**	**-**	**922,572**

The Consolidated Company has identified the Plastic Division and Electronics Division as reportable segments based on factors such as product types, manufacturing procedure, use of resources, customer types, selling types, and operating activities.

The reportable segments of the Consolidated Company are independent business units which offer different products and services. Each business unit needs different technologies, resources and marketing strategies, and thus should be administered separately. Each operating segment has a segment manager who is directly accountable to, and maintains regular contact with, the chief operating decision maker to discuss operating activities, financial results, forecasts, or plans for the segment.

This financial information of the Consolidated Company is for its internal decision making. Items which are unable to be allocated directly to divisions shall not be included in the financial information.

b. Geographical areas

The revenues of the Consolidated Company from external customers were as follows:

Region	For the Years Ended December 31 2015	2014
Taiwan	$ 1,131,562	1,044,648
China	2,688,084	2,297,004
United States of America	188,032	493,460
Switzerland	4,918,823	5,270,179
Other (individual area under 10%)	372,127	490,325
Total operating revenue	**$ 9,298,628**	**9,595,616**

The locations of non-current assets of the Consolidated Company were as follows:

Region	For the Years Ended December 31 2015	2014
Taiwan	$ 650,590	547,508
China	301,445	304,458
Total operating revenue	**$ 952,035**	**851,966**

c. Major customers

Customers generating over 10% of total revenue for 2015 and 2014 were as follows:

Customers	For the Years Ended December 31 2015	2014
Customer A	$ 4,810,119	5,275,469