GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR15000503

To the Board of Directors and Stockholders of GRANDTECH C.G. SYSTEMS INC.

We have audited the accompanying consolidated balance sheets of GrandTech C.G. Systems Inc. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of $1,246,637 thousand and $934,489 thousand, constituting 43.66% and 33.73% of the total consolidated assets as of December 31, 2015 and 2014, respectively, and net operating revenue of $2,077,707 thousand and $1,717,628 thousand, constituting 55.35% and 42.11% of the total consolidated net operating revenue for the years then ended, respectively. Further, as described in Note 6(8), we did not audit the financial statements of certain investees accounted for using equity method. The balance of these long-term equity investments was $1,597 thousand and $2,799 thousand as of December 31, 2015 and 2014, respectively, and comprehensive loss (including share of profit or loss of associates accounted for using equity method) was $2,228 thousand and $4,035 thousand for the years then ended, respectively. The financial statements of these subsidiaries and investees accounted for under the equity method and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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

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In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GrandTech C.G. Systems Inc. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the non-consolidated financial statements of GrandTech C.G. Systems Inc. (not presented herein) as of and for the years ended December 31, 2015 and 2014, on which we have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers
Taipei, Taiwan
Republic of China

March 25, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 625,766	22	$ 611,565	22
1125	Available-for-sale financial assets - current	6(2)	44,139	2	6,835	-
1147	Investment in bonds without active market - current	6(3)	15,064	-	34,398	1
1150	Notes receivable, net	6(4) and 7	95,909	3	116,288	4
1170	Accounts receivable, net	6(5) and 7	747,481	26	747,773	27
1200	Other receivables	7	19,162	1	15,283	1
130X	Inventory	6(6)	404,206	14	368,171	14
1470	Other current assets	8	49,979	2	35,542	1
11XX	**Total current assets**		2,001,706	70	1,935,855	70
	Non-current assets					
1543	Financial assets carried at cost - non-current	6(7)	22,444	1	46,567	2
1550	Investments accounted for under equity method	6(8)	1,597	-	2,799	-
1600	Property, plant and equipment	6(9) and 8	722,572	25	680,873	25
1780	Intangible assets		19,577	1	10,267	-
1840	Deferred income tax assets	6(25)	15,636	1	14,097	-
1900	Other non-current assets	6(15)	71,941	2	80,327	3
15XX	**Total non-current assets**		853,767	30	834,930	30
1XXX	**Total assets**		$ 2,855,473	100	$ 2,770,785	100

(Continued)

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

			2015		2014	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(10) and 8	$ 655,500	23	$ 562,500	20
2110	Short-term bills payable	6(11)	49,992	2	49,988	2
2150	Notes payable	7	19,073	1	31,742	1
2170	Accounts payable	7	467,288	16	521,373	19
2200	Other payables	6(12)	140,219	5	162,765	6
2230	Current income tax liabilities		14,290	1	14,193	1
2300	Other current liabilities	6(14)	63,192	2	34,343	1
21XX	**Total current liabilities**		1,409,554	50	1,376,904	50
	Non-current liabilities					
2540	Long-term loans	6(14) and 8	53,241	2	62,207	2
2570	Deferred income tax liabilities	6(25)	242	-	184	-
2600	Other non-current liabilities	6(15)	9,065	-	9,398	-
25XX	**Total non-current liabilities**		62,548	2	71,789	2
2XXX	**Total liabilities**		1,472,102	52	1,448,693	52
	Equity					
	Equity attributable to owners of parent					
	Capital	6(17)				
3110	Share capital - common stock		551,433	19	565,183	21
	Capital surplus	6(18)				
3200	Capital surplus		335,776	12	341,306	12
	Retained earnings	6(19)				
3310	Legal reserve		90,384	3	81,078	3
3350	Unappropriated earnings	6(25)	120,026	4	116,223	4
	Other equity interest					
3400	Other equity interest		39,089	2	18,255	1
3500	Treasury stocks	6(17)	(48,414)	(2)	(48,168)	(2)
31XX	**Total equity attributable to owners of the parent**		1,088,294	38	1,073,877	39
36XX	**Non-controlling interest**	4(3)	295,077	10	248,215	9
3XXX	**Total equity**		1,383,371	48	1,322,092	48
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,855,473	100	$ 2,770,785	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earning per share amount)

	Items	Notes	2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
4000	**Operating revenue**	6(20) and 7	$ 3,753,903	100	$ 4,078,581	100
5000	**Operating costs**	6(6)(24) and 7	(2,919,046)	(78)	(3,279,593)	(80)
5900	**Gross profit**		834,857	22	798,988	20
	Operating expenses	6(24)				
6100	Selling expenses		(471,919)	(13)	(465,989)	(11)
6200	General and administrative expenses		(194,982)	(5)	(189,404)	(5)
6000	**Total operating expenses**		(666,901)	(18)	(655,393)	(16)
6900	**Operating profit**		167,956	4	143,595	4
	Non-operating income and expenses					
7010	Other income	6(21)	10,285	-	8,838	-
7020	Other gains and losses	6(22)	21,699	1	12,528	-
7050	Finance costs	6(23)	(10,860)	-	(11,137)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(8)	(2,228)	-	(4,035)	-
7000	**Total non-operating income and expenses**		18,896	1	6,194	-
7900	**Profit before income tax**		186,852	5	149,789	4
7950	Income tax expense	6(25)	(30,665)	(1)	(27,380)	(1)
8200	**Profit for the year**		$ 156,187	4	$ 122,409	3

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GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earning per share amount)

	Items	Notes	2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
	Other comprehensive income					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	(Loss) gain on remeasurements of defined benefit plans	6(15)	($ 178)	-	$ 2,342	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	30	-	(414)	-
8310	**Components of other comprehensive (loss) income that will not be reclassified to profit or loss**		(148)	-	1,928	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(3,072)	-	20,947	-
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(2)	23,945	1	(5,875)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		20,873	1	15,072	-
8300	**Other comprehensive income, net**		$ 20,725	1	$ 17,000	-
8500	**Total comprehensive income for the year**		$ 176,912	5	$ 139,409	3
	Profit attributable to:					
8610	Owners of the parent		$ 121,661	3	$ 93,059	2
8620	Non-controlling interest		34,526	1	29,350	1
			$ 156,187	4	$ 122,409	3
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 142,772	4	$ 110,345	2
8720	Non-controlling interest		34,140	1	29,064	1
			$ 176,912	5	$ 139,409	3
	Earnings per share (in dollars)	6(26)				
9750	**Basic earnings per share**		$ 2.25		$ 1.69	
9850	**Diluted earnings per share**		$ 2.23		$ 1.66	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
				Retained Earnings			Other Equity Interest					
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
2014												
Balance at January 1, 2014		$ 587,483	$ 389,558	$ 74,773	$ 32,340	$ 76,884	($ 2,792)	$ 5,635	($ 128,126)	$ 1,035,755	$ 230,501	$ 1,266,256
Appropriations of 2013 earnings:	6(19)											
Legal reserve		-	-	6,305	-	(6,305)	-	-	-	-	-	-
Special reserve		-	-	-	(32,340)	32,340	-	-	-	-	-	-
Cash dividends		-	-	-	-	(71,686)	-	-	-	(71,686)	-	(71,686)
Callable convertible bonds		-	(537)	-	-	-	-	-	-	(537)	-	(537)
Retirement of treasury shares	6(17)	(22,300)	(47,715)	-	-	(9,943)	-	-	79,958	-	-	-
Change in equity of subsidiaries		-	-	-	-	-	-	-	-	-	(11,350)	(11,350)
Net income for 2014		-	-	-	-	93,059	-	-	-	93,059	29,350	122,409
Other comprehensive income (loss) for 2014	6(2)	-	-	-	-	1,874	21,287	(5,875)	-	17,286	(286)	17,000
Balance at December 31, 2014		$ 565,183	$ 341,306	$ 81,078	$ -	$ 116,223	$ 18,495	($ 240)	($ 48,168)	$ 1,073,877	$ 248,215	$ 1,322,092
2015												
Balance at January 1, 2015		$ 565,183	$ 341,306	$ 81,078	$ -	$ 116,223	$ 18,495	($ 240)	($ 48,168)	$ 1,073,877	$ 248,215	$ 1,322,092
Appropriations of 2014 earnings:	6(19)											
Legal reserve		-	-	9,306	-	(9,306)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(82,714)	-	-	-	(82,714)	-	(82,714)
Other changes in capital surplus	6(27)	-	1,940	-	-	-	-	-	-	1,940	-	1,940
Reorganization	6(28)	-	(157)	-	-	-	-	-	-	(157)	-	(157)
Purchase of treasury shares	6(17)	-	-	-	-	-	-	-	(69,800)	(69,800)	-	(69,800)
Retirement of treasury shares	6(17)	(13,750)	(8,303)	-	-	(26,115)	-	-	48,168	-	-	-
Treasury shares transferred to employees	6(16)	-	990	-	-	-	-	-	21,386	22,376	-	22,376
Change in equity of subsidiaries		-	-	-	-	-	-	-	-	-	12,722	12,722
Net income for 2015		-	-	-	-	121,661	-	-	-	121,661	34,526	156,187
Other comprehensive income (loss) for 2015	6(2)	-	-	-	-	277	(3,111)	23,945	-	21,111	(386)	20,725
Balance at December 31, 2015		$ 551,433	$ 335,776	$ 90,384	$ -	$ 120,026	$ 15,384	$ 23,705	($ 48,414)	$ 1,088,294	$ 295,077	$ 1,383,371

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 186,852	$ 149,789
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(24)	154,152	149,862
Amortization	6(24)	3,479	3,263
(Reversal of provision) provision for bad debts	6(4)(5)	(916)	173
Loss (gain) on inventory value decline	6(6)	10,882	(680)
Gain on valuation of finacial assets and liabilities	6(13)(22)	-	(395)
Corporate bonds discount amortization	6(23)	-	514
Interest expense	6(23)	10,860	10,623
Interest income	6(21)	(7,569)	(6,302)
Dividend income	6(21)	(386)	-
Share-based payments	6(16)	1,054	-
Share of loss of associates accounted for using equity method	6(8)	2,228	4,035
Gain on disposal of property, plant and equipment	6(22)	(592)	(4,445)
Gain on disposal of investments	6(22)	(16,924)	(531)
Impairment loss	6(22)	9,419	4,393
Loss on repurchase of convertible bonds	6(22)	-	6,469
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		21,313	(23,674)
Accounts receivable, net		43,557	231,684
Other receivables		2,432	(978)
Inventories		(20,854)	(25,263)
Other current assets		(14,781)	44,047
Other non-current assets		8,298	4,960
Changes in operating liabilities			
Notes payable		(15,496)	(18,495)
Accounts payable		(70,602)	(97,932)
Other payables		(44,288)	(16,718)
Other current liabilities		28,170	(12,716)
Other non-current liabilities		(1,618)	125
Cash inflow generated from operations		288,670	401,808
Interest received		7,569	6,302
Dividends received		386	-
Income tax paid		(31,662)	(23,603)
Interest paid		(10,634)	(10,757)
Net cash flows from operating activities		254,329	373,750

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GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other current assets		($ 346)	($ 967)
Proceeds from disposal of available-for-sale financial assets		9,679	-
Decrease (increase) in investment in bonds without active market - current		19,334	(34,398)
Acquisition of financial assets at cost	6(7)	(10,054)	(24,687)
Proceeds from disposal of financial assets at cost		17,426	1,211
Net cash (outflow) inflow from business combination	6(28)	(25,881)	17,533
Acquisition of property, plant and equipment	6(9)	(179,761)	(147,325)
Proceeds from disposal of property, plant and equipment		3,466	10,875
Acquisition of intangible assets		(95)	(816)
Decrease in other non-current assets		6,363	8,346
Net cash flows used in investing activities		(159,869)	(170,228)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		93,000	99,394
Increase in short-term notes and bills payable		-	49,988
Acquisition of corporate bonds	6(13)	-	(119,451)
Repayment of long-term debt		(8,428)	(183,348)
(Decrease) increase in other non-current liabilities		(1,636)	2,061
Cash dividends paid	6(19)	(82,714)	(71,686)
Cash dividends paid by subsidiarics	4(3)	(26,950)	(24,112)
Payments to acquire treasury shares	6(16)	(69,800)	-
Treasury shares sold to employees	6(16)	21,322	-
Increase (decrease) in non-controlling interests		2,134	(108)
Net cash flows used in financing activities		(73,072)	(247,262)
Effect of foreign exchange rate		(7,187)	23,673
Net increase (decrease) in cash and cash equivalents		14,201	(20,067)
Cash and cash equivalents at beginning of year	6(1)	611,565	631,632
Cash and cash equivalents at end of year	6(1)	$ 625,766	$ 611,565

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousand of New Taiwan dollars,
except as otherwise indicated)

1. HISTORY AND ORGANIZATION AND SCOPE OF BUSINESS

GrandTech C.G. Systems Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in publishing and sales of popular books, magazines and computer software, as well as design and programming of user friendly functional programs and providing data processing services. The Company was listed in the R.O.C. Over-The-Counter Securities Exchange on January 23, 2002.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 25, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as "the 2013 version of IFRS") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), 'Employee benefits'

Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. Additional disclosures are required for defined benefit plans.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. IFRS 13, ‘Fair value measurement’

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. Also, the standard requires disclosures about fair value measurements. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

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

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, ‘Financial instruments’	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	(To be determined by International Accounting Standards Board)
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, ‘Regulatory deferral accounts’	January 1, 2016
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
IFRS 16, ‘Leases’	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	January 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These consolidated financial statements are the consolidated financial statements prepared by the Group in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a) Available-for-sale financial assets measured at fair value.

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

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
The Company	GrandTech (B.V.I.) Inc.	Holding company	100	100	-
The Company	GrandTech (Cayman) Inc.	Holding company	100	100	-
The Company	Grand Holding Inc.	Holding company	100	100	-
The Company	GrandTech Information Co., Ltd. (GrandTech Information)	Publishing of popular books, etc.	81	81	-
The Company	Ability International Co., Ltd. (Ability International)	Sale, rent and maintenance of office machines and furniture	80	100	Note 1
The Company	Abico Digital Imaging Inc. (Abico Digital)	Sales of computers and optical products	100	100	-
The Company	Honlynn Inc. (Honlynn)	Sale, rent and maintenance of office machines and furniture	51	51	-
The Company	Netcore Network Communication Technology Corp.	Internet related computer software	58.44	58.44	-
The Company	GrandTech Systems Sdn. Bhd.	Drawing agency, multimedia, internet and others related to computer software and peripherals	100	100	-
The Company	Cogate Co., Ltd.	Sales of various microcomputer, business computer, industrial computer and computer software	51	-	Note 2
GrandTech (B.V.I.) Inc. and GrandTech (Cayman) Inc.	GrandTech Systems Limited	Drawing agency, multimedia, internet and others related to computer software and peripherals	100	100	-

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
GrandTech (B.V.I.) Inc. and GrandTech (Cayman) Inc.	GrandTech (China) Limited	Drawing agency, multimedia, internet and others related to computer software and peripherals	100	100	-
GrandTech (B.V.I.) Inc.	GrandTech India Private Limited	Drawing agency, multimedia, internet and others related to computer software and peripherals	100	100	-
GrandTech (Cayman) Inc.	GrandTech Korea Inc.	Drawing agency, multimedia, internet and others related to computer software and peripherals	100	100	-
GrandTech (Cayman) Inc.	GrandTech Systems Pte Limited	Drawing agency, multimedia, internet and others related to computer software and peripherals	90	90	-
Grand Holding Inc.	Infolead Technology Limited	Holding company	100	100	-
Grand Holding Inc.	Bestware International Limited	Holding company	100	100	-
GrandTech (China) Limited	GrandTech Subsidiary in Guangzhou	Data processing and services rendering	100	100	-
GrandTech (China) Limited	GrandTech International (Shanghai) Ltd.	Warehousing, wholesale and international trade	100	100	-
GrandTech Systems Pte Limited	PT. GrandTech Systems Indonesia	Drawing agency, multimedia, internet and others related to computer software and peripherals	100	100	-

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
Honlynn Inc.	Ability International Co., Ltd.	Sale, rent and maintenance of office machines and furniture	20	-	Note 1
Ability International	Taiwan Imaging System Inc. (Taiwan Imaging)	Sale and maintenance of products of information miniature and expendables, and sale, maintenance and rent of office automatic equipment, optical disc system products and expendables	100	100	-
Ability International	Ability International Holding Ltd.	Holding company	100	100	-
Ability International	Cogate Co., Ltd.	Sales of various microcomputer, business computer, industrial computer and computer software	-	50.5	Note 2
Ability International	Jing-nen Co., Ltd.	Sale, rent and maintenance of office machines and furniture	52.99	19.92	Note 3
Ability International Holding Ltd.	Ji Lu Shu Ma Technology (Shanghai) Ltd.	Warehousing, wholesale and international trade	100	100	-
Ability International Holding Ltd.	Ji Lu Shu Ma Technology (Shenzhen) Ltd.	Warehousing, wholesale and international trade	100	-	Note 4
GrandTech Information	Topteam Information Co., Ltd.	Distribution of information software and book publishing industry	98.5	98.5	-
GrandTech Systems Sdn. Bhd.	DPI Technology Sdn. Bhd.	Trading of various computer and related electronic products	52	-	Note 5
DPI Technology Sdn. Bhd.	DPI International Ltd.	Trading of various computer and related electronic products	100	-	Note 5
DPI Technology Sdn. Bhd.	Techsign Pte. Ltd.	Trading of various computer and related electronic products	100	-	Note 5

Note 1: Details of related information are provided in Note 6(27).

Note 2: Details of related information are provided in Note 6(28).

Note 3: Details of related information are provided in Note 6(28).

Note 4: Newly established.

Note 5: Details of related information are provided in Note 6(28).

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

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

E. Significant restrictions: None.

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

As of December 31, 2015 and 2014, the non-controlling interest amounted to $295,077 and $248,215, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	December 31, 2015		December 31, 2014	
		Amount	Ownership %	Amount	Ownership %
Honlynn Inc.	Taiwan	$ 202,238	49	$ 206,931	49

Summarised financial information of the subsidiaries:

Balance sheets

	Honlynn Inc.	
	December 31, 2015	December 31, 2014
Current assets	$ 502,376	$ 505,961
Non-current assets	295,628	220,704
Current liabilities	(439,780)	(351,532)
Non-current liabilities	(57,583)	(65,181)
Total net assets	$ 300,641	$ 309,952

Statements of comprehensive income

	Honlynn Inc.	
	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	$ 1,368,889	$ 1,399,085
Profit before income tax	58,472	74,184
Income tax expense	(10,043)	(12,119)
Profit for the year	$ 48,429	$ 62,065
Other comprehensive loss, net of tax	(862)	-
Total comprehensive income for the year	$ 47,567	$ 62,065
Comprehensive income attributable to non-controlling interest	$ 21,702	$ 27,376
Dividends paid to non-contronlling interest	$ 26,950	$ 21,560

Statements of cash flows

	Honlynn Inc.	
	Year ended December 31, 2015	Year ended December 31, 2014
Net cash provided by operating activities	$ 42,233	$ 1,489
Net cash (used in) provided by investing activities	(68,205)	26,706
Net cash used in financing activities	(13,307)	(77,362)
(Decrease) in cash and cash equivalents	(39,279)	(49,166)
Cash and cash equivalents, beginning of year	145,893	195,059
Cash and cash equivalents, end of year	$ 106,614	$ 145,893

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangements , exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate or after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(8) Loans and receivables

A. Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

B. Investments in debt instrument without active market

Investments in debt instrument without active market held by the Group are those time deposits with a short maturity period but do not qualify as cash equivalents, and they are measured at initial investment amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired 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 or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The individual item approach is used in the comparison of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	15 ～ 50 years
Leasehold equipment	2 ～ 5 years
Other equipment	2 ～ 5 years

(13) Intangible assets

A. Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks has a finite useful life and are amortised on a straight-line basis over their estimated useful life of 5 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(14) <u>Impairment of non-financial assets</u>

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(15) <u>Loans</u>

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans using the effective interest method.

(16) <u>Notes and accounts payable</u>

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(18) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus—stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

A. Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C. Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus – stock warrants.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation, directors' and supervisors' remuneration

Employees' compensation, directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution..

(20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

(22) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells software and hardware on behalf of original manufacturers. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(b) The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised. The volume discounts are estimated based on the anticipated annual sales quantities.

B. Sales of services

The Group provides computer information management and business machine maintenance services. Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue is recognised only to the extent that contract costs incurred are likely to be recoverable.

(25) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity’s net assets in the event of liquidation at either fair value or the present ownership instruments’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group’s share of the identifiable net assets acquired, the difference is recorded as goodwill; if less than the fair value of the Group’s share of the identifiable net assets acquired (bargain purchase), the difference is recognised directly in profit or loss.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year; and the related information is addressed below:

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

Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2015, the carrying amount of inventories is provided in Note 6(6).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and revolving funds	$ 2,417	$ 1,889
Checking accounts and demand deposits	483,908	454,665
Time deposits	139,441	155,011
	$ 625,766	$ 611,565

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

(2) Available-for-sale financial assets - current

Items	December 31, 2015	December 31, 2014
Listed stocks	$ 20,434	$ 7,075
Valuation adjustment	23,705	(240)
	$ 44,139	$ 6,835

A. The Group recognised gain of $23,945 and loss of $5,875 in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively.

B. As of December 31, 2015 and 2014, no available-for-sale financial assets held by the Group were pledged to others.

(3) Investments in debt instrument without active markets – Current

Items	December 31, 2015	December 31, 2014
Time deposits maturing over three months	$ 15,064	$ 34,398

As of December 31, 2015 and 2014, no investments in debt instrument without active markets held by the Group were pledged to others.

(4) Notes receivable

	December 31, 2015	December 31, 2014
Notes receivable	$ 96,469	$ 116,369
Notes receivable - related parties	5	588
Less: Allowance for doubtful accounts	(565)	(669)
	$ 95,909	$ 116,288

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

	2015	2014
At January 1	$ 669	$ 487
Acquired from business combinations	10	-
(Reversal of) provision for impairment	(114)	182
At December 31	$ 565	$ 669

(5) Accounts receivable

	December 31, 2015	December 31, 2014
Accounts receivable	$ 766,663	$ 764,872
Accounts receivable - related parties	11	2,186
Less: Allowance for doubtful accounts	(19,193)	(19,285)
	$ 747,481	$ 747,773

A. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2015	December 31, 2014
Group A	$ 122,748	$ 123,461

Group A:Companies listed in Taiwan Stock Exchange and the Taiwan Over-The-Counter Securities Exchange and subsidiaries that are operating normally and with no deficit or based on the Company's evaluation had a score of above 90 points and other factors.

B. Accounts receivable that were past due but not impaired: None.

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

(a) As of December 31, 2015 and 2014, the Group's accounts receivable that were impaired amounted to $643,926 and $643,597, respectively.

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

	2015	2014
At January 1	$ 19,285	$ 67,107
Acquired from business combinations	1,108	403
Reversal of impairment	(802)	(9)
Write-offs during the year	(260)	(49,038)
Net exchange differences	(138)	822
At December 31	$ 19,193	$ 19,285

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

(6) Inventories

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Hardware and software	$ 156,848	($ 12,735)	$ 144,113
Machines, expendables and accessories	245,464	(26,644)	218,820
Book inventory	46,484	(5,211)	41,273
	$ 448,796	($ 44,590)	$ 404,206

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Hardware and software	$ 154,451	($ 9,787)	$ 144,664
Machines, expendables and accessories	198,886	(20,333)	178,553
Book inventory	49,688	(4,734)	44,954
	$ 403,025	($ 34,854)	$ 368,171

Expenses and losses incurred on inventories for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Cost of inventories sold	$ 2,739,864	$ 3,088,959
Service cost	166,201	186,742
Loss on (gain on reversal of) inventory value decline (Note 1)	10,882	(680)
Others (Note 2)	2,099	4,572
	$ 2,919,046	$ 3,279,593

Note 1: Gain on reversal was mainly caused by disposal of inventory.

Note 2: Expenses are other operating costs, gain or loss on inventory inspection and income from sale of scrapped materials.

(7) Financial assets measured at cost - non-current

Items	December 31, 2015	December 31, 2014
Unlisted stocks	$ 56,020	$ 70,952
Less: impairment loss	(33,576)	(24,385)
	$ 22,444	$ 46,567

A. According to the Group’s intention, its investment in unlisted stocks should be classified as ‘available-for-sale financial assets’. However, as unlisted stocks are not traded in active market, and there is no sufficient industry information of companies similar to those unlisted companies or the unlisted companies’ financial information cannot be obtained, the fair value of the investment in unlisted stocks cannot be measured reliably. Accordingly, the Group classified those stocks as ‘financial assets measured at cost’.

B. The Board of Directors has resolved to invest in VHQ Media Holding (Cayman) in February 2014. The investment amount is US$500 thousand and the shareholding ratio is 1.12%. The Company’s shares have been trading at the Taipei Exchange since December 2015. Since there is a quoted price in an active market and the fair value can be reasonably measured, the Group has classified the investment based on the purpose of holding the investment to ‘available-for-sale financial assets – current’.

C. The Board of Directors during its meeting in November 2014 has adopted a resolution to invest in ABICO Asia Capital Corporation in January 2015. The investment was NT$10 million which represented the shareholding ratio of 1%.

D. In October 2013, the Board of Directors has resolved to invest in Abico Global Holdings Ltd. in March 2014. The investment amount is US$280 thousand.

E. The Group has recognised impairment loss of $8,887 and $4,393 on its financial assets measured at cost for the years ended December 31, 2015 and 2014, respectively.

F. For the years ended December 31, 2015 and 2014, no financial assets measured at cost held by the Group were pledged to others.

(8) Investments accounted for using equity method

	December 31, 2015	December 31, 2014
Associates:		
Wecan Technology Co., Ltd.	$ 620	$ 2,799
Shanghai LDP International Co., Ltd.	977	-
Softmagic (B.V.I.) Inc.	-	-
GTMY Sdn. Bhd.	-	-
	$ 1,597	$ 2,799

A. The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarised below:

As of December 31, 2015 and 2014, the carrying amount of the Group's individually immaterial joint ventures amounted to $1,597 and $2,799, respectively.

	2015	2014
Loss for the year from continuing operations	($ 13,849)	($ 11,228)
Other comprehensive income-net of tax	139	-
Total comprehensive loss	($ 13,710)	($ 11,228)

B. The Group has recognised loss on investment accounted for using equity method of $2,228 and $4,035 for the years ended December 31, 2015 and 2014, respectively.

C. The Group recognised impairment loss of $532 on investments accounted for using equity method for the year ended December 31, 2015.

(9) Property, plant and equipment

	Land	Buildings	Leasehold equipment	Others	Total
January 1, 2015					
Cost	$ 268,255	$ 114,258	$ 612,241	$ 139,529	$ 1,134,283
Accumulated depreciation and impairment	-	(29,790)	(323,637)	(99,983)	(453,410)
	$ 268,255	$ 84,468	$ 288,604	$ 39,546	$ 680,873
2015					
Opening net book amount	$ 268,255	$ 84,468	$ 288,604	$ 39,546	$ 680,873
Additions	-	9,980	153,501	16,280	179,761
Acquired from business combinations	-	-	13,793	7,834	21,627
Disposals	-	-	(1,081)	(1,793)	(2,874)
Transfers	-	-	(1,460)	543	(917)
Depreciation charge	-	(2,751)	(133,836)	(17,565)	(154,152)
Net exchange differences	-	(809)	(276)	(661)	(1,746)
Closing net book amount	$ 268,255	$ 90,888	$ 319,245	$ 44,184	$ 722,572
December 31, 2015					
Cost	$ 268,255	$ 123,424	$ 723,029	$ 152,887	$ 1,267,595
Accumulated depreciation and impairment	-	(32,536)	(403,784)	(108,703)	(545,023)
	$ 268,255	$ 90,888	$ 319,245	$ 44,184	$ 722,572

	Land	Buildings	Leasehold equipment	Others	Total
January 1, 2014					
Cost	$ 272,288	$ 114,258	$ 569,395	$ 135,308	$ 1,091,249
Accumulated depreciation and impairment	-	(27,099)	(279,082)	(96,102)	(402,283)
	$ 272,288	$ 87,159	$ 290,313	$ 39,206	$ 688,966
2014					
Opening net book amount	$ 272,288	$ 87,159	$ 290,313	$ 39,206	$ 688,966
Additions	-	-	130,073	17,252	147,325
Acquired from business combinations	-	-	-	1,340	1,340
Disposals	(4,033)	-	(285)	(2,112)	(6,430)
Transfer	-	-	(957)	(134)	(1,091)
Depreciation charge	-	(2,691)	(131,076)	(16,095)	(149,862)
Net exchange differences	-	-	536	89	625
Closing net book amount	$ 268,255	$ 84,468	$ 288,604	$ 39,546	$ 680,873
December 31, 2014					
Cost	$ 268,255	$ 114,258	$ 612,241	$ 139,529	$ 1,134,283
Accumulated depreciation and impairment	-	(29,790)	(323,637)	(99,983)	(453,410)
	$ 268,255	$ 84,468	$ 288,604	$ 39,546	$ 680,873

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Short-term loans

Type of loans	December 31, 2015	Interest rate range	Collateral
Secured loans	$ 250,000	1.185%~1.28%	Please refer to Note 8
Unsecured loans	405,500	1.185%~1.71%	-
	$ 655,500		

Type of loans	December 31, 2014	Interest rate range	Collateral
Secured loans	$ 280,000	1.19%~1.27%	Please refer to Note 8
Unsecured loans	282,500	1.10%~1.88%	-
	$ 562,500		

(11) Short-term notes and bills payable

	December 31, 2015	December 31, 2014
Commercial paper	$ 50,000	$ 50,000
Less: Unamortized discount on bills payable	(8)	(12)
	$ 49,992	$ 49,988
Interest rate	1.118%	1.118%

(12) Other payables

	December 31, 2015	December 31, 2014
Employees' salary and compensation payable	$ 78,567	$ 77,538
Employees' compensation (bonuses) and directors' and supervisors' remuneration payable	16,415	13,582
Other accrued expenses	34,199	45,460
Other payables	11,038	26,185
	$ 140,219	$ 162,765

(13) Bonds payable

A. Domestic unsecured convertible bonds – 2nd

(a) The Company issued 0% coupon, 5-year unsecured convertible bonds with the principal amount of $300,000 at par value of $100. The bonds are repayable in full at face value at maturity on March 3, 2016. These bonds were listed at TPEx on March 3, 2011.

(b) Under the terms of the convertible bonds, the bondholders have the right to ask for the conversion of the bonds into common stocks of the Company during the period from the date (April 4, 2011) after one month of issuance of bonds to 10 days before the maturity date (February 22, 2016), except the stop transfer period. The rights and obligations of the new shares converted from convertible bonds are the same as the issued and outstanding common stock.

(c) The conversion price will be adjusted based on the terms of the convertible bonds. The Company issued convertible bonds with the conversion price per share of $62. The Company distributed common stock cash dividend in 2011, with the dividend record date set on August 3, 2011, August 1, 2012 and July 29, 2013. Accordingly, the conversion price was adjusted from $62 to $56.2 since August 3, 2011, and the conversion price was adjusted from $56.2 to $52.3 since August 1, 2012. The conversion price was then adjusted from $52.3 to $49.3 since July 29, 2013. Furthermore, the Company has issued new shares to increase its capital and exchanged shares for new share issuance, and the issuance was effective on August 16, 2013 and October 31, 2013, respectively. In accordance with share exchange rules, the conversion price was adjusted from $49.3 to $47.3 since August 16, 2013, and the conversion price was adjusted from $47.3 to $46.1 since October 31, 2013.

(d) Under the terms of the convertible bonds, the bondholders have the right to require the Company to redeem any bonds at face value along with interest compensation upon three years (March 3, 2014) after issuance of bonds; 101.5% of the face value upon three years (yield to put approximately 0.5%).

(e) The Company may repurchase all of the outstanding bonds at face value after five trading days of the bonds recovered base date with the following events, provided that the closing price of the shares for a period of 30 consecutive trading days is above 30% of the conversion price during the period from the day (April 4, 2011) after one month after issuance of the bonds to 40 days (January 24, 2016) before the maturity date of the bonds, or the amount of the outstanding bonds is less than 10% of the initial issuance amount of bonds during the period from the day after one month after issuance of the bonds to 40 days before the maturity date of the bonds.

B. The fair value of convertible option of $68,722 was separated from bonds payable, and was recognised in “Capital reserve from stock warrants” in accordance with IAS 32. As of December 31, 2015, due to the repurchase of callable convertible bonds, the Company recognised capital reserve - stock options amounting to $0. The fair value of put and call options embedded in bonds payable was separated from bonds payable, and was recognised in “financial assets or financial liabilities at fair value through profit or loss” in accordance with IAS 39. The effective annual interest rates of the bonds after separation ranged between 2.3699%～2.66%.

C. For the years ended December 31, 2015 and 2014, the Company’s repurchase of convertible bonds of $0 and $6,500, respectively, from TPEx totaled $0 and $6,604, respectively, and the Company recognized a gain on repurchase of convertible bonds of $0 and $153 in other income, respectively.

D. On the expiration date of selling back bonds on March 3, 2014, the carrying value of bonds sold by the bondholders was $103,100, and the Group paid $104,647 to buy back. Thus, the Group recognised loss on bond redemption of $6,079.

E. In accordance with the terms and conditions, on June 30, 2014, the Group has redeemed the outstanding bonds that were below 10% of the total amount at their carrying value. The carrying value of redeemed bonds was $8,200 and thus, the Group recognised loss on bond redemption of $543.

F. As of June 30, 2014, under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taiwan Over-The-Counter Securities Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

G. The amounts recorded as ‘financial assets (liabilities) at fair value through profit or loss’ are call options and put options of the Company’s issued convertible bonds. The Group recognised valuation gain of $395 for the year ended December 31, 2014.

(14) Long-term loans

Type of loans	Loan period and repayment term	Interest rate	Collateral	December 31, 2015
Taiwan Cooperative Bank secured loans	From October 5, 2005 to October 5, 2025; interest is payable monthly for the first 2 years; starting from the 3rd year, principal and interest are payable monthly based on annuity method	1.3197%	Note 8	$ 62,030
Less: current portion (shown as 'Other current liabilities')				(8,789)
				$ 53,241

Type of loans	Loan period and repayment term	Interest rate	Collateral	December 31, 2014
Taiwan Cooperative Bank secured loans	From October 5, 2005 to October 5, 2025; interest is payable monthly for the first 2 years; starting from the 3rd year, principal and interest are payable monthly based on annuity method	1.265%	Note 8	$ 62,605
Taiwan Cooperative Bank secured loans	From September 13, 2010 to September 13, 2017; interest is payable monthly for the first 2 years; starting from the 3rd year, principal and interest are payable monthly based on annuity method	1.265%	Unsecured	7,853
Less: current portion (shown as 'Other current liabilities')				(8,251)
				$ 62,207

A. The Group has the following undrawn loan facilities:

	December 31, 2015	December 31, 2014
Floating rate		
Expiring within one year	$ 1,124,500	$ 1,444,467

B. The facilities expiring within one year are annual facilities subject to review at various dates during 2016.

(15) Pensions

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

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	($ 8,987)	($ 8,567)
Fair value of plan assets	10,934	10,508
Net defined benefit asset	$ 1,947	$ 1,941
Shown as 'Other non-current assets'	$ 5,743	$ 4,795
Shown as 'Other non-current liabilities'	$ 3,796	$ 2,854

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	($ 8,567)	$ 10,508	$ 1,941
Interest (expense) income	(190)	209	19
	(8,757)	10,717	1,960
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in demographic assumptions	($ 21)	$ -	($ 21)
Change in financial assumptions	(1,064)	-	(1,064)
Experience adjustments	855	52	907
	(230)	52	(178)
Pension fund contribution	-	165	165
Balance at December 31	($ 8,987)	$ 10,934	$ 1,947

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	($ 10,655)	$ 10,138	($ 517)
Interest (expense) income	(212)	198	(14)
	(10,867)	10,336	(531)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in financial assumptions	(44)	-	(44)
Experience adjustments	2,344	42	2,386
	2,300	42	2,342
Pension fund contribution	-	130	130
Balance at December 31	($ 8,567)	$ 10,508	$ 1,941

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	1.7%~1.75%	1.875%~2.4%
Future salary increases	2%~2.5%	1.875%~2.5%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Assumptions regarding future mortality experience are set based on the statistics and experience in the 5th Taiwan Standard Ordinary Experience Morality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit liability	($ 1,273)	$ 1,646	$ 1,535	($ 1,225)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are $130.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 17~23 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ -
1-2 year(s)	-
2-5 years	-
Over 5 years	2,337
	$ 2,337

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were $15,874 and $15,295, respectively.

(b) Overseas subsidiaries have defined contribution plans. For the years ended December 31, 2015 and 2014, the amount of pension expense was $5,591 and $4,619, respectively.

(16) Share-based payment

A. For the year ended December 31, 2015, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Treasury stock transferred to employees	November 10, 2015	850	NA	Vested immediately

The above share-based payment arrangements are settled by equity.

B. The fair value of treasury stock transferred to employees is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Treasury stock transferred to employees	2015.11.10	$ 26	$ 25.16	52.36%	0.02 year	0%	0.19%	$ 1.24

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options’ expected life, and the standard deviation of return on the stock during this period.

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

	Years ended December 31,	
	2015	2014
Equity-settled	$ 1,054	$ -

(17) Share capital

A. As of December 31, 2015, the Company's authorized capital was $1,050,000, consisting of 105 million shares of ordinary stock, and the paid-in capital was $551,433 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	Years ended December 31,	
	2015	2014
At January 1	55,143	55,143
Treasury shares retired	(2,809)	-
Treasury share transferred to employees	850	-
At December 31	53,184	55,143

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

	Year ended December 31, 2015			
Reason for reacquisition	Beginning	Additions	Disposal	Ending
To be reissued to employees	1,375	2,809	(2,225)	1,959

	Year ended December 31, 2014			
Reason for reacquisition	Beginning	Additions	Disposal	Ending
To be reissued to employees	3,605	-	(2,230)	1,375

(b) The Company has bought back treasury shares of 1,375 thousand and 2,330 thousand shares during November to December 2011 and during August to September 2011, respectively. As the reacquired shares were not reissued within the three-year period, the Board of Directors during its meeting on January 20, 2015 and November 11, 2014 has resolved to retire all the shares. The amount of capital reduction was $13,750 and $22,300. On June 10, 2015 and August 25, 2015, the Board of Directors has resolved to reacquire shares to transfer to employees. The Company has reacquired treasury shares of 2,809 thousand amounting to $69,800 during June to October 2015.

(c) In order to improve the employee morale and sense of coherence, on November 10, 2015, the Board of Directors has resolved to transfer treasury shares of 850 thousand shares to employees. Details are provided in Note 6(16).

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(e) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(18) Capital surplus

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

B. On March 25, 2016, the Board of Directors has proposed to use the share premium to distribute cash amounting to $3,829 (NT$0.072 (in dollars) per share).

	Year ended December 31, 2015				
Reason for reacquisition	Share premium	Treasury share transactions	Stock warrants	Change in ownership intersts in subsidiaries	Total
January 1, 2015	$ 341,306	$ -	$ -	$ -	$ 341,306
Retirement of treasury shares	(8,303)	-	-	-	(8,303)
Share-based payment	-	990	-	-	990
Change in ownership interests in subsidiaries	-	-	-	1,940	1,940
Reorganisation	(157)	-	-	-	(157)
December 31, 2015	$ 332,846	$ 990	$ -	$ 1,940	$ 335,776

	Year ended December 31, 2014				
Reason for reacquisition	Share premium	Treasury share transactions	Stock warrants	Change in ownership intersts in subsidiaries	Total
January 1, 2014	$ 329,277	$ 33,296	$ 26,985	$ -	$ 389,558
Buy back and redemption of convertible bonds	25,496	952	(26,985)	-	(537)
Retirement of treasury shares	(13,467)	(34,248)	-	-	(47,715)
December 31, 2014	$ 341,306	$ -	$ -	$ -	$ 341,306

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, until the legal reserve equals to the total paid-in capital. Special reserve is set aside or reversed, if necessary, in accordance with regulations or as required by the securities and exchange regulations. The remainder, if any, along with the current beginning unappropriated earnings, is proposed by the Board of Directors to be either retained or distributed as shareholders' dividends, taking into account capital position and economic development. The proposal will be reported to the shareholders for a resolution. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on December 18, 2015. The amended articles will be resolved in the shareholders' meeting in 2016.

B. The Company's dividend policy is adopted taking into consideration the Company's financial structure, future capital expenditures, future cash flows and assurance of the Company's competitiveness in the market. In accordance with the dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

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

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

E. The Company recognised dividends distributed to owners amounting to $82,714 ($1.5 (in dollars) per share) and $71,686 ($1.3 (in dollars) per share) for the years ended December 31, 2015 and 2014, respectively. On March 25, 2016, the Board of Directors proposed that total dividends for the distribution of earnings for 2015 was $107,858 with $2.028 (in dollars) per share.

F. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(24).

(20) Operating revenue

	Years ended December 31, 2015	Years ended December 31, 2014
Sales revenue	$ 3,284,396	$ 3,680,445
Service revenue	469,507	398,136
	$ 3,753,903	$ 4,078,581

(21) Other income

	Years ended December 31, 2015	Years ended December 31, 2014
Interest income	$ 7,569	$ 6,302
Rental revenue	2,330	2,536
Dividend income	386	-
	$ 10,285	$ 8,838

(22) Other gains and losses

	Years ended December 31, 2015	Years ended December 31, 2014
Net gain on financial liabilities at fair value through profit or loss	$ -	$ 395
Net currency exchange (loss) gain	(3,994)	1,894
Gain on disposal of property, plant and equipment	592	4,445
Gain on disposal of investments	16,924	531
Loss on repurchase and redemption of corporate bonds	-	(6,469)
Impairment loss	(9,419)	(4,393)
Miscellaneous income	17,596	16,125
	$ 21,699	$ 12,528

(23) Finance costs

	Years ended December 31, 2015	Years ended December 31, 2014
Interest expense:		
Bank loans	$ 10,860	$ 10,623
Convertible bonds	-	514
	$ 10,860	$ 11,137

(24) Employee benefits expense, depreciation and amortization

	Year ended December 31, 2015		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense:			
Wages and salaries	$ 5,272	$ 397,412	$ 402,684
Labor and health insurance fees	323	32,093	32,416
Pension costs	147	21,299	21,446
Other personnel expenses	-	12,123	12,123
Depreciation	127,031	27,121	154,152
Amortisation	200	3,279	3,479

	Year ended December 31, 2014		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense:			
Wages and salaries	$ 4,087	$ 375,029	$ 379,116
Labor and health insurance fees	203	31,596	31,799
Pension costs	107	19,821	19,928
Other personnel expenses	-	12,186	12,186
Depreciation	120,823	29,039	149,862
Amortisation	59	3,204	3,263

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees (the Company's employees and employees of subsidiaries of the Company meeting certain specific requirements, which are set by the Board of Directors) that account for 8%~15% and pay remuneration to the directors and supervisors that is not higher than 3% of the total distributed amount.

However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee compensation, based on the profit of the current year distributable, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The board of directors of the Company has approved the amended Articles of Incorporation of the Company on December 18, 2015. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 8%~15% for employees' compensation and shall not be higher than 3% foeor directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $11,777 and $9,213, respectively; while directors' and supervisors' remuneration was accrued at $2,208 and $1,675, respectively. The aforementioned amounts were recognised in salary expenses.

The employees ' compensation and directors' and supervisors' remuneration were estimated and accrued based on 8% and 1.5% of profit of current year distributable for the year ended December 31, 2015. The employees' compensation and directors' and supervisors' remuneration resolved by the board of directors were $11,777 and $2,208, respectively, and the employees' compensation will be distributed in the form of cash.

The expenses recognised for 2014 were accrued based on the net income for 2014 and the percentage 11% and 2% for employees and directors/supervisors, respectively, taking into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. Employees' bonus and directors' and supervisors' remuneration for 2014 as resolved by the shareholders during their meeting were in agreement with those amounts recognised in profit or loss for 2014.

Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the board of directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2015	2014
Current tax on profits for the year	$ 30,577	$ 24,935
Additional 10% tax on undistributed earnings	78	745
Adjustments in respect of prior years	1,461	680
Origination and reversal of temporary differences	(1,451)	1,020
Income tax expense	$ 30,665	$ 27,380

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2015	Years ended December 31, 2014
Remeasurement of defined benefit obligations	$ 30	($ 414)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2015	Years ended December 31, 2014
Tax calculated based on profit before tax and statutory tax rate	$ 42,626	$ 37,859
Tax exempt income by tax regulation	(13,500)	(12,405)
Adjustments in respect of prior years	1,461	680
Additional 10% tax on undistributed earnings	78	745
Change in assessment of realization of deferred tax assets	-	501
	$ 30,665	$ 27,380

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	Year ended December 31, 2015				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Changes in the consolidated entity	December 31
- Deferred tax assets:					
Allowance for bad debts in excess of tax-deductible limit	$ 1,495	$ 20	$ -	$ -	$ 1,515
Inventory valuation loss	3,349	877	-	-	4,226
Compensated absences	1,864	32	-	-	1,896
Impairment loss	4,145	-	-	-	4,145
Loss carryforward	1,983	631	-	-	2,614
Others	1,261	(51)	30	-	1,240
	$ 14,097	$ 1,509	$ 30	$ -	$ 15,636
- Deferred tax liabilities:					
Unrealised exchange gain	($ 184)	($ 58)	$ -	$ -	($ 242)

	Year ended December 31, 2014				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Changes in the consolidated entity	December 31
- Deferred tax assets:					
Allowance for bad debts in excess of tax-deductible limit	$ 1,661	($ 166)	$ -	$ -	$ 1,495
Inventory valuation loss	3,348	1	-	-	3,349
Compensated absences	1,870	(6)	-	-	1,864
Impairment loss	3,813	332	-	-	4,145
Loss carryforward	2,324	(341)	-	-	1,983
Others	2,499	(824)	(414)	-	1,261
	$ 15,515	($ 1,004)	($ 414)	$ -	$ 14,097
- Deferred tax liabilities:					
Unrealised exchange gain	($ 168)	($ 16)	$ -	$ -	($ 184)

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	Years ended December 31,	
	2015	2014
Deductible temporary differences	$ 2,440	$ 2,440

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2015 and 2014, the temporary differences unrecognised as deferred tax liabilities were $73,087 and $63,990, respectively.

F. Details of unused loss carryforward are as follows:

(a) Domestic company

December 31, 2015			
Year incurred	Unused amount	Unrecognised deferred tax assets	Usable until year
2013	$ 6,474	$ -	2025

December 31, 2014			
Year incurred	Unused amount	Unrecognised deferred tax assets	Usable until year
2010	$ 418	$ 418	2020
2013	2,712	1,352	2023

(b) Foreign company

December 31, 2015			
Year incurred	Unused amount	Unrecognised deferred tax assets	Usable until year
2011	$ 1,640	$ 1,640	2016
2012	1,481	1,481	2017
2013	608	608	2018

December 31, 2014			
Year incurred	Unused amount	Unrecognised deferred tax assets	Usable until year
2010	$ 1,886	$ 1,886	2015
2011	1,640	1,640	2016
2012	1,481	1,481	2017
2013	608	608	2018

(c) In accordance with the tax regulations in Malaysia, the tax credit based on the audited financial statements does not have an expiration date. As of December 31, 2015, the accumulated loss carryforward of GrandTech Systems Sdn. Bhd. was $2,927.

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

H. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and after 1998	$ 120,026	$ 116,223

I. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $14,431 and $12,592, respectively. The creditable tax rate was 20.48% for the year ended December 31, 2014 and is estimated to be 17.33% for the year ended December 31, 2015.

(26) Earnings per share

	Year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 121,661	54,122	$ 2.25
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	505	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 121,661	54,627	$ 2.23

	Year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 93,059	55,143	$ 1.69
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	427	932	
Employees' bonus	-	324	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 93,486	56,399	$ 1.66

(27) Transactions with non-controlling interest

Disposal of equity interest in a subsidiary (that did not result in a loss of control) on March 20, 2015, the Board of Directors has resolved to dispose 20% shares of the Group's subsidiary — Ability International Co., Ltd. to another subsidiary—Honlynn for a total cash consideration of $45,600. This transaction resulted in an increase in the non-controlling interest by $43,660 and an increase in the equity attributable to owners of the parent by $1,940.

The effect of changes in interests in Ability International Co., Ltd. on the equity attributable to owners of the parent for the year ended December 31, 2015 is shown below:

	2015	2014
Carrying amount of non-controlling interest disposed	($ 43,660)	$ -
Consideration received from non-controlling interest	45,600	-
Capital surplus-difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	$ 1,940	$ -

(28) Business combinations

A. Business combinations-DPI Technology Sdn. Bhd.

(a) On March 1, 2015, the Group acquired 52% equity interest in DPI Technology Sdn. Bhd. for a cash consideration of $54,705 and obtained control over DPI Technology Sdn. Bhd., a company engaged in trading of various computer and related electronic products in Malaysia. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

(b) The following table summarises the consideration paid for DPI Technology Sdn. Bhd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest in DPI Technology Sdn. Bhd.:

		March 1, 2015
Purchase consideration		
Cash	$	54,705
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		37,813
		92,518
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		26,831
Accounts receivable		38,912
Inventories		19,819
Other current assets		5,870
Property, plant and equipment		7,604
Other non-current assets		5,865
Accounts payable	(	14,441)
Other current liabilities	(	11,683)
Total identifiable net assets		78,777
Goodwill	$	13,741

B. Business combination-Jing-nen Co., Ltd.

(a) On March 19, 2015, the Group acquired additional 33.07% shares of Jeng-nen Co., Ltd. for a total cash consideration of $7,600. Along with 19.92% shares originally held, the Group now holds a total of 52.99% shares and obtained control of Jeng-nen Co., Ltd., which is mainly engaged in the distribution of computer expendables. The main revenue types of Jeng-nen Co., Ltd. are distribution of computer peripheral expendables, repair of printers for all brands and installment and repair of computers. The Group expects that complete distribution development on enterprise platform after acquisition will expand service platform and operating domain of printing business.

(b) The following table summarises the consideration paid for Jing-nen Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest in Jing-nen Co., Ltd.:

		March 19, 2015
Purchase consideration		
Cash	$	7,600
Fair value of equity interest in Jing-nen Co., Ltd. held before the business combination		2,561
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		7,688
		17,849
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		9,593
Notes receivable		888
Accounts receivable		3,385
Inventories		4,958
Other current assets		627
Property, plant and equipment		14,023
Other non-current assets		1,683
Notes payable	(	2,827)
Accounts payable	(	2,076)
Other current liabilities	(	11,157)
Other non-current liabilities	(	2,743)
Total identifiable net assets		16,354
Goodwill	$	1,495

C. The operating revenue included in the consolidated statement of comprehensive income since March 1, 2015 contributed by DPI Technology Sdn. Bhd. was $128,674. DPI Technology Sdn. Bhd. also contributed profit before income tax of $12,584 over the same period. Furthermore, the operating revenue included in the consolidated statement of comprehensive income since March 19, 2015 which was contributed by Jing-nen Co., Ltd. was $19,214. Jing-nen Co., Ltd. also contributed profit before income tax of $772 over the same period. Had DPI Technology Sdn. Bhd. and Jing-nen Co., Ltd. been consolidated from January 1, 2015, the consolidated statement of comprehensive income would show operating revenue of $2,690,961 and profit before income tax of $116,425.

D. The Company has acquired 50.5% share interest of Cogate Co., Ltd. from the subsidiary, Ability International Co., Ltd., in April and November 2015. The transactions were for reorganisation. The Company decreased capital surplus by $157 for the difference between the carrying amount of Cogate Co., Ltd. originally held by Ability International Co., Ltd. and the consideration of transactions.

E. Business combination─Netcore Network Communication Technology Corp.

(a) On June 16, 2014, the Group acquired 58.44% equity interest in Netcore Network Communication Technology Corp. for a cash consideration of $23,375 and obtained control over the company. Netcore Network Communication Technology Corp. is engaged in the distribution of network products. The Group expects to enhance its network user market after the acquisition.

(b) The following table summarises the consideration paid for Netcore Network Communication Technology Corp. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest in Netcore Network Communication Technology Corp.:

		June 16, 2014
Purchase consideration		
Cash	$	23,375
Fair value of the non-controlling interest		12,568
		35,943
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		40,908
Notes receivable		712
Accounts receivable		36,496
Inventories		13,568
Other current assets		8,649
Property, plant and equipment		1,340
Other non-current assets		2,245
Bank loans	(	48,106)
Notes payable	(	785)
Accounts payable	(	14,238)
Other current liabilities	(	8,937)
Other non-current liabilities	(	1,613)
Total identifiable net assets		30,239
Goodwill	$	5,704

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by Ability Investment Co., Ltd. (incorporated in R.O.C.), which owns 12% of the Company's shares. The remaining 88% of the shares are widely held.

(2) Significant related party transactions

A. Operating revenue:

	2015	2014
Sales of goods and provision of services:		
－Ultimate parent	$ 48	$ -
－Other associates	1,540	11,634
	$ 1,588	$ 11,634

Goods are sold based on the price lists in force and terms that would be available to third parties. Provision of services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 3% to 10%.

B. Purchases of goods:

	2015	2014
Purchases of goods:		
－Other associates	$ 15,311	$ 12,219

Goods are bought from other associates on normal commercial terms and conditions.

C. Receivables from related parties:

	December 31, 2015	December 31, 2014
Notes and accounts receivable:		
－Other associates	$ 16	$ 2,774

The receivables from related parties arise mainly from sale of software and hardware and provision of management and consultancy services. The receivables are due three months after the date of sale, unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Payables from related parties:

	December 31, 2015	December 31, 2014
Notes and accounts payable:		
－Other associates	$ 1,698	$ 2,734

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

E. Property transactions:

Property transaction of related party acquired by the Group

	2015	2014
Acquisition of property, plant and equipment:		
－Other associates	$ 655	$ 128

F. Loans to /from related parties:

(a) Loans to related parties:

(i) Outstanding balance:

	December 31, 2015	December 31, 2014
Associates	$ 5,580	$ -

(ii) Interest income

	Years ended December 31,	
	2015	2014
Associates	$ 86	$ -

The loans to associates are repayable over 1 year and carry interest at 3.45% and 0% per annum for the years ended December 31, 2015 and 2014, respectively.

(3) Key management compensation

	Years ended December 31,	
	2015	2014
Short-term employee benefits	$ 22,362	$ 19,704
Post-employment benefits	135	163
Share-based payments	1,054	-
	$ 23,551	$ 19,867

8. PLEDGED ASSETS

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

	Book Value		
Item	December 31, 2015	December 31, 2014	Purpose
Bank loans-restricted (shown as other current assets)	$ 17,732	$ 7,752	Secured bank loans
Property, plant and equipment			
Land	147,063	147,063	Secured bank loans
Buildings	63,320	65,555	Secured bank loans
	$ 228,115	$ 220,370	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2015, the Group issued guarantee notes for bank loans amounting to $1,770,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The Group has completed the 55% of share interest trading agreement with SENCO-Masslink Technology Ltd., on December 30, 2015. The consolidation was effective on January 1, 2016.

(2) On March 25, 2016, the Board of Directors proposed the distribution of earnings and cash distributed from capital surplus for 2015. Details are provided in Notes 6(18) and 6(19).

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (including 'current and non-current loans' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	December 31, 2015	December 31, 2014
Total loans	$ 767,522	$ 682,946
Less: cash and cash equivalents	(625,766)	(611,565)
Net debt	$ 141,756	$ 71,381
Total equity	$ 1,383,371	$ 1,322,092
Gearing ratio	10%	5%

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, investments in debt instrument without active markets-current, notes receivable, accounts receivable, other receivables, restricted time deposits, guarantee deposits paid, short-term loans, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term borrowings (including long-term borrowings, current portion) and guarantee deposits received) approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, HKD, MYR and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity’s functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2015					
				Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency**)**						
Financial assets						
Monetary items						
USD:NTD	$ 2,964	32.825	$ 97,293	1%	$ 973	$ -
Financial liabilities						
Monetary items						
USD:NTD	$ 1,879	32.825	$ 61,678	1%	$ 617	$ -

	December 31, 2014					
				Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency**)**						
Financial assets						
Monetary items						
USD:NTD	$ 4,039	31.650	$ 127,834	1%	$ 1,278	$ -
Financial liabilities						
Monetary items						
USD:NTD	$ 4,186	31.650	$ 132,487	1%	$ 1,325	$ -

v. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014, amounted to ($3,994) and $1,894, respectively.

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased /decreased by 10% with all other variables held constant, other components of equity for the years ended December 31, 2015 and 2014 would have increased/decreased by $4,414 and $684, respectively, as a result of gains on equity securities classified as available-for-sale.

Interest rate risk

i. The Group's interest rate risk arises from long-term loans. Loans issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates.

ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

iii. At December 31, 2015 and 2014, if interest rates on NTD-denominated loans had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been $5,148 and $5,848 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and promised transactions.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed loan facilities (Note 6(14)) at all times so that the Group does not breach loan limits or covenants (where applicable) on any of its loan facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

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

Non-derivative financial liabilities

December 31, 2015	Less than 1 year	Over 1 year
Short-term loans	$ 663,868	$ -
Short-term notes and bills payable	49,992	-
Notes payable	19,073	-
Accounts payable	467,288	-
Other payables	140,219	-
Long-term loans	8,905	53,943
Guarantee deposits	-	5,263

December 31, 2014	Less than 1 year	Over 1 year
Short-term loans	$ 569,517	$ -
Short-term notes and bills payable	49,988	-
Notes payable	31,742	-
Accounts payable	521,373	-
Other payables	162,764	-
Long-term loans	8,355	62,994
Guarantee deposits	-	6,543

(3) Fair value information

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

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 44,139	$ -	$ -	$ 44,139

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 6,835	$ -	$ -	$ 6,835

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

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

13. SEGMENT INFORMATION

(1) General information

The Company manages business and sets up policies from a geographic sales perspective, thus, management identifies reportable operating segment using the same method.

The businesses of the Company are mainly divided into two parts: Taiwan region and Greater China region. Taiwan region includes Taipei and Kaohsiung and Greater China region includes Hong Kong and Shanghai in Mainland China. The main business each region is mainly engaged in is the distribution of business machine equipment, and the distribution and retail of information software.

(2) Information about segment profit or loss and assets

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2015				
	Taiwan Region	Greater China Region	Other Regions	Reconciliation	Total
Revenue from external customers	$ 2,955,839	$ 515,298	$ 282,766	$ -	$ 3,753,903
Revenue from parent company and consolidated subsidiaries	88,004	48,958	2,651	(139,613)	-
Total revenues	$ 3,043,843	$ 564,256	$ 285,417	($ 139,613)	$ 3,753,903
Segment income (loss)	$ 237,217	$ 21,414	$ 30,124	($ 101,903)	$ 186,852
Segment income (loss):					
Depreciation and amortization	$ 149,681	$ 5,533	$ 2,150	$ 267	$ 157,631
Interest income	$ 1,748	$ 5,986	$ 999	($ 1,164)	$ 7,569
Interest expense	$ 10,499	$ 158	$ 1,367	($ 1,164)	$ 10,860
Income tax expense	$ 26,640	$ 420	$ 3,605	$ -	$ 30,665
Total segment assets	$ 3,192,403	$ 724,148	$ 698,829	($ 1,759,907)	$ 2,855,473

	Year ended December 31, 2014				
	Taiwan Region	Greater China Region	Other Regions	Reconciliation	Total
Revenue from external customers	$ 3,227,699	$ 717,209	$ 133,673	$ -	$ 4,078,581
Revenue from parent company and consolidated subsidiaries	64,778	222,257	1,136	(288,171)	-
Total revenues	$ 3,292,477	$ 939,466	$ 134,809	($ 288,171)	$ 4,078,581
Segment income (loss)	$ 206,730	$ 23,191	$ 7,814	($ 87,946)	$ 149,789
Segment income (loss):					
Depreciation and amortization	$ 146,084	$ 4,046	$ 831	$ 2,164	$ 153,125
Interest income	$ 1,346	$ 4,943	$ 551	($ 538)	$ 6,302
Interest expense	$ 10,779	$ 273	$ 623	($ 538)	$ 11,137
Income tax expense	$ 26,373	($ 38)	$ 1,045	$ -	$ 27,380
Total segment assets	$ 3,111,946	$ 777,031	$ 537,149	($ 1,655,341)	$ 2,770,785

(3) Information on product and service

Revenue from external customers is mainly from distributing business machine equipment, and distributing and retail of information software. Details of revenue are provided in Note 6(20).

(4) Geographical information

	Years ended December 31,							
	2015				2014			
Region	Revenue		Non-current assets		Revenue		Non-current assets	
Taiwan	$	2,955,839	$	762,198	$	3,227,699	$	736,107
Hong Kong		436,556		17,144		381,493		17,092
China		78,742		17,527		335,716		17,196
Others		282,766		17,221		133,673		1,072
	$	3,753,903	$	814,090	$	4,078,581	$	771,467

(5) Major customers' financial information

For the years ended December 31, 2015 and 2014, no customer accounted for more than 10% of the sales revenue in the consolidated statements of comprehensive income.