(English Translation of Financial Report Originally Issued in Chinese)

PEGATRON CORPORATION AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016 AND 2015

(With Independent Accountants' Review Report Thereon)

Address: 5F., No.76, Ligong St., Beitou District, Taipei City 112, Taiwan
Telephone: 886-2-8143-9001

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of

Pegatron Corporation

We have reviewed the accompanying condensed interim consolidated balance sheets of Pegatron Corporation and its subsidiaries (the "Group") as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income for the three month periods then ended, and changes in equity and cash flows for the three months ended March 31, 2016 and 2015. These condensed interim consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these interim consolidated financial statements based on our reviews. We did not review the financial statements of certain consolidated subsidiaries, with total assets of NT$65,462,188 thousand and NT$50,672,959 thousand, representing 15.69% and 11.63% of the related consolidated total assets as of March 31, 2016 and 2015, and net sales of NT$10,951,160 thousand and NT$7,748,893 thousand, representing 4.27% and 2.83% of the related consolidated total net sales for the three months ended March 31, 2016 and 2015, respectively. Those statements were reviewed by other accountants whose reports have been furnished to us, and our review, insofar as it relates to the amounts included for certain consolidated subsidiaries, are based solely on the reports of the other accountants.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements." A review consists principally of inquiries of the Group's management and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The consolidated financial statements of certain subsidiaries were consolidated based on their financial statements as of and for the three months ended March 31, 2016 and 2015, which were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$46,548,058 thousand and NT$46,846,926 thousand, representing 11.16% and 10.75% of the related consolidated total assets and the total liabilities amounted to NT$14,263,548 thousand and NT$13,811,179 thousand, representing 6.38% and 5.48% of the related consolidated liabilities as of March 31, 2016 and 2015, respectively. The comprehensive income (losses) of these subsidiaries amounted to NT$93,519 thousand and NT$(807,862) thousand, representing 3.06% and (14.06)% of the related consolidated comprehensive income for the three months ended March 31, 2016 and 2015, respectively. Also the financial statements of certain equity-accounted investees were not reviewed by independent accountants. Long-term investments in these investee companies amounted to NT$74,017 thousand and NT$69,915 thousand as of March 31, 2016 and 2015, respectively, and the related investment loss amounted to NT$3,200 thousand and NT$4,103 thousand for the three months ended March 31, 2016 and 2015, respectively.

Based on our reviews and the reports of other accountants, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and some equity-accounted investees been reviewed as described in the preceding paragraphs, we are not aware of any material modifications that should be made to the condensed interim consolidated financial statements referred to the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34 "Interim Financial Reporting" which are endorsed by the Financial Supervisory Commission in the Republic of China (R.O.C.).

CPA: Tim Tzang
Securities and Futures Commission,
Ministry of Finance, R.O.C. regulation
Tai-Tsai-Jung (6) No. 0920122026

May 10, 2016

<u>Notes to Readers</u>

The accompanying interim condensed consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with IAS 34 as endorsed by the FSC and not those of any other jurisdictions. The standards, procedures and practices to review such interim condensed consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent accountants' review report and the accompanying interim condensed consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the independent accountants' review report and financial statements in Chinese-language shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2016, DECEMBER 31, 2015, AND MARCH 31, 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
ASSETS						
Current Assets:						
Cash and cash equivalents (Note 6(1))	$ 110,770,400	26	102,561,346	22	118,018,559	27
Financial assets at fair value through profit or loss－current (Note 6(2))	4,900,259	1	4,732,661	1	6,488,272	2
Available-for-sale financial assets－current (Note 6(2))	877,147	-	857,820	-	1,080,080	-
Notes and accounts receivable, net (Notes 6(3) and 6(27))	78,984,074	19	120,030,355	25	116,832,443	27
Other receivables, net (Notes 6(3) and 6(27))	32,465,741	8	27,694,719	6	4,528,093	1
Inventories (Note 6(4))	86,617,917	21	118,165,460	25	88,215,246	20
Non-current assets classified as held for sale, net (Notes 6(5))	-	-	-	-	390,323	-
Other financial assets－current (Notes 6(11) and 8)	940,656	-	785,779	-	3,271,311	1
Other current assets (Note 6(11))	14,758,689	4	15,575,204	3	11,298,649	3
	330,314,883	79	390,403,344	82	350,122,976	81
Non-current assets:						
Available-for-sale financial assets－noncurrent (Note 6(2))	937,497	-	961,584	-	1,406,474	-
Financial assets carried at cost－noncurrent (Note 6(2))	468,713	-	468,750	-	568,363	-
Investments accounted for using equity method (Note 6(6))	409,414	-	424,191	-	471,062	-
Property, plant and equipment (Notes 6(8) and 8)	71,324,858	17	71,037,778	15	71,146,748	17
Investment property, net (Note 6(9))	699,706	-	704,131	-	646,158	-
Intangible assets (Note 6(10))	1,519,303	1	1,555,087	-	1,547,102	-
Deferred tax assets	3,429,833	1	2,852,506	1	3,237,708	1
Prepayments on purchase of equipment	3,403,087	1	2,914,417	1	1,893,298	-
Other financial assets－noncurrent (Notes 6(11) and 8)	356,735	-	357,503	-	653,253	-
Long-term prepaid rents (Notes 6(16) and 8)	4,259,866	1	4,348,476	1	4,041,279	1
Other noncurrent assets (Note 6(11))	51,626	-	58,896	-	58,185	-
	86,860,638	21	85,683,319	18	85,669,630	19
TOTAL ASSETS	**$ 417,175,521**	**100**	**476,086,663**	**100**	**435,792,606**	**100**

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

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONT'D)
MARCH 31, 2016, DECEMBER 31, 2015, AND MARCH 31, 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current Liabilities:						
Short-term loans (Note 6(12))	$ 49,142,384	12	45,467,083	9	31,638,283	7
Notes and accounts payable (Note 7)	101,949,891	24	161,147,309	34	148,276,263	34
Accrued expenses	23,343,825	6	27,606,075	6	21,207,791	5
Other payables	6,229,501	2	6,792,896	1	5,498,503	1
Current income tax liabilities	7,959,354	2	7,847,931	2	6,852,600	2
Provisions－current (Note 6(15))	386,217	-	425,401	-	379,162	-
Deferred revenue	1,322,211	-	1,391,051	-	1,688,712	-
Long-term loans payable－current portion (Note 6(13))	2,762,000	1	2,604,140	1	7,297,750	2
Other current liabilities	16,850,039	4	14,425,611	3	11,819,922	3
	209,945,422	51	267,707,497	56	234,658,986	54
Non-current liabilities:						
Long-term loans (Note 6(13))	9,824,414	2	12,306,749	3	13,664,691	3
Deferred tax liabilities	2,631,347	1	2,578,981	1	2,388,069	1
Other noncurrent liabilities	1,156,313	-	1,154,911	-	1,183,671	-
	13,612,074	3	16,040,641	4	17,236,431	4
Total Liabilities	223,557,496	54	283,748,138	60	251,895,417	58
Equity Attributable to Owners of the Company (Note 6(19))						
Share capital	26,027,615	6	26,030,205	5	25,637,403	6
Capital surplus:						
Capital surplus, premium on capital stock	73,471,377	18	73,471,235	15	73,249,096	17
Capital surplus, others	5,504,055	1	5,501,139	1	3,767,628	1
	78,975,432	19	78,972,374	16	77,016,724	18
Retained earnings:						
Legal reserve	4,879,380	1	4,879,380	1	3,413,566	1
Unappropriated retained earnings	41,881,375	10	37,775,792	8	32,239,548	7
	46,760,755	11	42,655,172	9	35,653,114	8
Other equity interest:						
Exchange differences on translation of foreign financial statements	2,245,786	1	3,752,117	1	3,252,572	1
Unrealized gains on available-for-sale financial assets	187,678	-	211,234	-	367,365	-
Deferred compensation cost arising from issuance of restricted stock (Note 6(20))	(951,751)	-	(1,238,377)	-	(46,072)	-
	1,481,713	1	2,724,974	1	3,573,865	1
Treasury stock	(2,073,325)	(1)	(2,590)	-	(1,110)	-
Equity attributable to the Parent Company	151,172,190	36	150,380,135	31	141,879,996	33
Non-controlling interests	42,445,835	10	41,958,390	9	42,017,193	9
Total Equity	193,618,025	46	192,338,525	40	183,897,189	42
TOTAL LIABILITIES AND EQUITY	**$ 417,175,521**	**100**	**476,086,663**	**100**	**435,792,606**	**100**

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

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the Three Months ended March 31			
	2016		2015	
	Amount	%	Amount	%
Operating revenues (Notes 6(23))	$ 257,957,956	101	274,759,643	100
Less: Sales returns and allowances	1,575,646	1	497,067	-
Net sales	256,382,310	100	274,262,576	100
Cost of sales (Notes 6(4), 6(17) and 7)	241,570,449	94	257,187,422	94
Gross profit	14,811,861	6	17,075,154	6
Operating expenses (Notes 6(17) and 7)				
Selling expenses	1,926,540	1	2,318,894	1
General and administrative expenses	2,560,121	1	2,547,701	1
Research and development expenses	3,549,412	1	3,317,407	1
	8,036,073	3	8,184,002	3
Results from operating activities	6,775,788	3	8,891,152	3
Non-operating income and expenses				
Other income (Note 6(25))	730,223	-	731,230	1
Other gains and losses (Notes 6(14) and 6(25))	(697,883)	-	(138,190)	-
Financial costs (Notes 6(14) and 6(25))	(187,506)	-	(132,974)	-
Share of loss of associates and joint ventures accounted for under equity method (Note 6(6))	(9,918)	-	(13,255)	-
Other losses	(109,532)	-	(943)	-
	(274,616)	-	445,868	1
Profit before tax	6,501,172	3	9,337,020	4
Income tax expense (Note 6(18))	1,659,886	1	2,120,240	1
Profit for the period	**4,841,286**	**2**	**7,216,780**	**3**
Other comprehensive income (Note 6(19) and 6(26))				
Items which may be reclassified to profit and loss in subsequent periods				
Foreign currency translation differences－foreign operations	(1,831,592)	(1)	(1,783,435)	(1)
Unrealized gain on available-for-sale financial assets	17,698	-	317,476	-
Share of other comprehensive income of associates and joint ventures accounted for under equity method	1,722	-	(1,532)	-
Income tax relating to components that may be reclassified to profit and loss in subsequent periods	27,630	-	(2,693)	-
Other comprehensive income for the period, net of tax	(1,784,542)	(1)	(1,470,184)	(1)
Total comprehensive income for the period	**$ 3,056,744**	**1**	**5,746,596**	**2**
Profit attributable to				
Owners of the parent company	$ 4,105,583	2	6,327,870	2
Non-controlling interests	735,703	-	888,910	1
	$ 4,841,286	**2**	**7,216,780**	**3**
Comprehensive income attributable to				
Owners of the parent company	$ 2,575,696	1	4,981,939	2
Non-controlling interests	481,048	-	764,657	-
	$ 3,056,744	**1**	**5,746,596**	**2**
Earnings per share, net of tax (Note 6(22))				
Basic earnings per share	**$**	**1.58**		**2.48**
Diluted earnings per share	**$**	**1.57**		**2.46**

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

(English Translations of Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to Owners of the Parent Company															
	Share capital				Retained earnings			Other adjustments to equity								
	Common stock	Advance receipts for share capital	Total	Capital surplus	Legal reserve	Unappropriated	Total	Foreign currency translation differences	Unrealized gains (losses) on available-for-sale financial assets	Deferred compensation cost	Total	Treasury stock	Owners of the parent company	Non-controlling interests	Total equity
Balance, January 1, 2015	$ 23,679,105	1,477,700	25,156,805	74,295,720	3,413,566	25,911,678	29,325,244	4,788,058	177,810	(64,523)	4,901,345	(8,183)	133,670,931	41,200,299	174,871,230
Profit for the period	-	-	-	-	-	6,327,870	6,327,870	-	-	-	-	-	6,327,870	888,910	7,216,780
Other comprehensive income for the period	-	-	-	-	-	-	-	(1,535,486)	189,555	-	(1,345,931)	-	(1,345,931)	(124,253)	(1,470,184)
Total comprehensive income for the period	-	-	-	-	-	6,327,870	6,327,870	(1,535,486)	189,555	-	(1,345,931)	-	4,981,939	764,657	5,746,596
Conversion of convertible bonds	1,472,500	(998,252)	474,248	2,679,408	-	-	-	-	-	-	-	-	3,153,656	-	3,153,656
Disposal of the parent company's share by its subsidiary recognized as treasury share transaction	-	-	-	12,029	-	-	-	-	-	-	-	6,113	18,142	-	18,142
Changes in ownership interest in subsidiaries	-	-	-	1,708	-	-	-	-	-	-	-	-	1,708	(1,708)	-
Share-based payments	5,200	3,220	8,420	25,934	-	-	-	-	-	-	-	-	34,354	-	34,354
Expiration of restricted shares of stock issued to employees	(2,070)	-	(2,070)	1,110	-	-	-	-	-	-	-	960	-	-	-
Compensation cost arising from restricted shares of stock	-	-	-	815	-	-	-	-	-	18,451	18,451	-	19,266	-	19,266
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	53,945	53,945
Balance, March 31, 2015	**$ 25,154,735**	**482,668**	**25,637,403**	**77,016,724**	**3,413,566**	**32,239,548**	**35,653,114**	**3,252,572**	**367,365**	**(46,072)**	**3,573,865**	**(1,110)**	**141,879,996**	**42,017,193**	**183,897,189**
Balance, January 1, 2016	$ 26,030,205	-	26,030,205	78,972,374	4,879,380	37,775,792	42,655,172	3,752,117	211,234	(1,238,377)	2,724,974	(2,590)	150,380,135	41,958,390	192,338,525
Profit for the period	-	-	-	-	-	4,105,583	4,105,583	-	-	-	-	-	4,105,583	735,703	4,841,286
Other comprehensive income for the period	-	-	-	-	-	-	-	(1,506,331)	(23,556)	-	(1,529,887)	-	(1,529,887)	(254,655)	(1,784,542)
Total comprehensive income for the period	-	-	-	-	-	4,105,583	4,105,583	(1,506,331)	(23,556)	-	(1,529,887)	-	2,575,696	481,048	3,056,744
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(2,070,493)	(2,070,493)	-	(2,070,493)
Changes in ownership interest in subsidiaries	-	-	-	84	-	-	-	-	-	-	-	-	84	(84)	-
Expiration of restricted shares of stock issued to employees	(2,590)	-	(2,590)	2,832	-	-	-	-	-	-	-	(242)	-	-	-
Compensation cost arising from restricted shares of stock	-	-	-	142	-	-	-	-	-	286,626	286,626	-	286,768	-	286,768
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	6,481	6,481
Balance, March 31, 2016	**$ 26,027,615**	**-**	**26,027,615**	**78,975,432**	**4,879,380**	**41,881,375**	**46,760,755**	**2,245,786**	**187,678**	**(951,751)**	**1,481,713**	**(2,073,325)**	**151,172,190**	**42,445,835**	**193,618,025**

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

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2016	2015
Cash flows from operating activities:		
Profit before tax	$ 6,501,172	9,337,020
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	3,297,499	3,402,027
Amortization	37,592	53,487
Reversal of allowance for uncollectable accounts	(109,329)	(178,925)
Net loss on financial assets or liabilities at fair value through profit or loss	12,481	230,142
Interest expense	164,099	100,089
Interest income	(214,554)	(447,056)
Dividends received	-	(8,417)
Compensation cost arising from employee stock options	293,248	43,977
Gain on foreign currency exchange of bonds payable	-	(13,748)
Amortization of issuance costs on bonds payable	-	254
Share of loss of associates and joint ventures accounted for under equity method	9,918	13,255
Gain on foreign currency exchange on long-term loans	(40,270)	(99,215)
Loss on disposal of property, plant and equipment	64,055	12,047
Property, plant and equipment charged to expenses	5,369	1,339
Gain on disposal of non-current assets classified as held for sale	-	(65,368)
Gain on disposal of investments	-	(172,471)
(Reversal of) Impairment loss	35,993	(5,808)
Long-term prepaid rent charged to expenses	25,071	23,303
	3,581,172	2,888,912
Change in operating assets and liabilities		
Change in operating assets		
Increase in financial assets reported at fair value through profit or loss	(180,079)	(733,096)
Decrease in notes and accounts receivable	41,155,394	13,209,076
Decrease (inercase) in other receivables	(4,786,275)	10,352,353
Decrease in inventories	31,547,543	7,415,192
Increase in other financial assets	(154,877)	(1,083,424)
Decrease in other current assets	852,499	926,228
Decrease in other noncurrent assets	7,270	51,319
Total changes in operating assets	68,441,475	30,137,648
Change in operating liabilities		
Decrease in financial liabilities reported at fair value through profit or loss	-	(8,937)
Decrease in notes and accounts payable	(59,197,418)	(26,491,381)
Decrease in accured expense	(4,344,045)	(3,588,303)
Decrease in other payables	(1,143,979)	(1,432,029)
Decrease in deferred revenue	(41,882)	(231,094)
Decrease in provisions－current	(39,184)	(142,292)
Increase in other current liabilities	2,424,428	313,210
Increase (decrease) in other non-current liabilities	(25,556)	40,074
Total changes in operating liabilities	(62,367,636)	(31,540,752)
Net changes in operating assets and liabilities	6,073,839	(1,403,104)
Total changes in operating assets and liabilities	9,655,011	1,485,808
Cash provided by operating activities	16,156,183	10,822,828
Interest received	241,281	431,168
Dividend received	-	8,417
Interest paid	(155,882)	(210,325)
Income taxes paid	(1,992,780)	(1,451,789)
Net cash provided by operating activities	**14,248,802**	**9,600,299**

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

(English Translation of Financial Report Originally Issued in Chinese)

PEGATRON CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2016	2015
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	-	538,674
Acquisition of financial assets at cost	-	(17,981)
Proceeds from disposal of financial assets at cost	-	28,217
Proceeds from disposal of non-current assets classified as held for sale	-	165,285
Acquisition of property, plant and equipment	(3,184,320)	(2,402,618)
Proceeds from disposal of property, plant and equipment	118,641	116,164
Acquisition of intangible assets	(25,328)	(23,124)
Decrease (increase) in other financial assets	768	(41,332)
Increase in prepayments on purchase of equipment	(1,209,145)	(690,963)
Increase in long-term prepaid rents	-	(30,899)
Net cash used in investing activities	**(4,299,384)**	**(2,358,577)**
Cash flows from financing activities		
Increase in short-term loans	3,675,301	4,457,720
Proceeds from long-term loans	-	5,033,600
Repayments of long-term loans	(2,285,405)	(5,666,055)
Employee stock options	-	34,497
Purchase of treasury stocks	(2,070,493)	-
Proceeds from sale of treasury shares	-	46,521
Retrieve of restricted stock	(3,580)	(10,631)
Change in non-controlling interests	-	857
Net cash provided by (used in) financing activities	**(684,177)**	**3,896,509**
Effect of exchange rate fluctuations on cash held	**(1,056,187)**	**(808,304)**
Net increase in cash and cash equivalents	**8,209,054**	**10,329,927**
Cash and cash equivalents, beginning of the period	**102,561,346**	**107,688,632**
Cash and cash equivalents, end of the period	**$ 110,770,400**	**118,018,559**

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

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 AND 2015
(Amounts Expressed in Thousands of New Taiwan Dollars,
Except for Per Share Information and Unless Otherwise Stated)

1. COMPANY HISTORY

Pegatron Corporation (the "Company") was established on June 27, 2007. The Company's registered office address is located at 5F., No.76, Ligong St., Beitou District, Taipei City 112, Taiwan. In order to enhance competitiveness and boost productivity, the Company resolved to absorb the OEM business from ASUSTek Computer Inc. on January 1, 2008 as part of the Company's business restructuring. On April 1, 2008, ASUSALPHA Computer Inc. was merged with the Company. The main activities of the Company are to produce, design and sell OEM business. In January 2010, pursuant to the resolutions of the respective board of directors, the Company merged with Pegatron International Investment Co., Ltd., effective June 10, 2010. As the surviving entity from this merger, the Company applied for initial public offering (IPO) to TSEC. The Company's shares were listed on TSEC on June 24, 2010.

In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, UNIHAN CORPORATION, pursuant to the resolutions of the board of directors in November, 2013.

The consolidated financial statements of the Company as of and for the three months ended March 31, 2016 and 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

2. APPROVAL DATE AND PROCEDURES OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 10, 2016.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

(1) Impact of the 2013 version of the International Financial Reporting Standard ("IFRS") endorsed by the Financial Supervisory Commissions R.O.C. ("FSC")

The Group has adopted the 2013 version of the IFRS endorsed by the FSC (excluding IFRS 9 Financial instruments) in preparing the consolidated financial statements starting 2015.

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

New standards and amendments	Effective date per IASB
• Amended IFRS 1 "*Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*"	July 1, 2010
• Amended IFRS 1 "*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*"	July 1, 2011
• Amended IFRS 1 "*Government Loans* "	January 1, 2013

New standards and amendments	Effective date per IASB
· Amended IFRS 7 "*Disclosure — Transfers of Financial Assets*"	July 1, 2011
· Amended IFRS 7 "*Disclosure — Offsetting Financial Assets and Financial Liabilities*"	January 1, 2013
· IFRS 10 *Consolidated Financial Statements*	January 1, 2013 (Investment Entities amendments, effective 1 January 2014.)
· IFRS 11 *Joint Arrangements*	January 1, 2013
· IFRS 12 *Disclosure of Interests in Other Entities*	January 1, 2013
· IFRS 13 *Fair Value Measurement*	January 1, 2013
· Amended IAS 1 "*Presentation of Items of Other Comprehensive Income*"	July 1, 2012
· Amended IAS 12 "*Deferred Tax: Recovery of Underlying Assets*"	January 1, 2012
· Amended IAS 19 "*Employee Benefits* "	January 1, 2013
· Amended IAS 27 "*Separate Financial Statements*"	January 1, 2013
· Amended IAS 32 "*Offsetting Financial Assets and Financial Liabilities*"	January 1, 2014
· IFRIC 20 — *Stripping Costs in the Production Phase of a Surface Mine*	January 1, 2013

The Group has assessed that the 2013 version of the IFRS endorsed by the Financial Supervisory Commissions R.O.C. did not have significant impact on the consolidated financial statements except for the following standards and amendments:

A. IFRS 12 Disclosure of Interests in Other Entities

The Group has increased its disclosures on its interests in subsidiaries, and associates in accordance with this standard.

B. IFRS 13 Fair Value Measurement

This standard defines fair value and provides a framework for measuring fair value and requires disclosures on fair value measurement. Under this standard, the Group has increased its disclosures on the measurement of fair value and postponed the adoption of the standard regarding fair value measurement during the transition period of IFRS 13.

Comparative information need not be disclosed for periods before initial application. Despite the postponing of the adoption of the standard, there is no significant impact on the disclosures of the consolidated financial assets and liabilities.

C. Amendments to IAS 1 Presentation of Financial Statements

Under these amendments, the other comprehensive income section is required to present line items classified by their nature, and grouped between those items that will or will not be reclassified to profit and loss in subsequent periods. Allocation of income tax to these two groups of items of other comprehensive is also required. The Group has changed the presentation of comprehensive income statement along with its comparison periods in accordance with the standard.

D. Amendments to IAS 19 Defined Benefit Plans:

The amendments to IAS 19 require the Group to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on planned assets used in current IAS 19. In addition, the amendments eliminate the accounting treatment of either corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when it incurs, and instead, required to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it incurs and no longer be amortized over the average period before vested on a straight-line basis.

An entity is required to recognize termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs, and not just when the termination of employment happens. This standard also increases the requirement for disclosures of defined benefit plans.

The Group has changed its valuation and presentation of accrued pension liabilities, pension cost and actuarial gains or losses in accordance with this standard.

(2) **Impact of IFRS issued by the IASB but not yet endorsed by the FSC**

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

New standards and amendments	Effective date per IASB
‧ IFRS 9 *Financial Instruments*	January 1, 2018
‧ Amended IAS 28 and IFRS 10 "*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*"	Undecided
‧ Amended IFRS 10, 12 and IAS 28 "*Investment Entities: Applying the Consolidation Exception* "	January 1, 2016
‧ Amended IFRS 11 "*Accounting for Acquisitions of Interests in Joint Operations* "	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
‧ Amended IFRS 15 " *Clarification to IFRS 15 Revenue from Contracts with Customers*"	January 1, 2018
‧ Amended IAS 1 " *Disclosure Initiative*"	January 1, 2016
‧ Amended IAS 7 " *Disclosure Initiative*"	January 1, 2017
‧ Amended IAS 12 "*Recognition of Deferred Tax Assets for Unrealised Losses*"	January 1, 2017
‧ Amended IAS 16 and IAS 38 "*Clarification of Acceptable Methods of Depreciation and Amortization*"	January 1, 2016
‧ Amended IAS 16 and IAS 41 "*Agriculture：Bearer Plants*"	January 1, 2016
‧ Amended IAS 19 "*Defined Benefit Plans: Employee Contributions*"	July 1, 2014
‧ Amended IAS 27 "*Equity method in separate financial statements*"	January 1, 2016

New standards and amendments	Effective date per IASB
· Amended IAS 36 "*Recoverable Amount Disclosures for Non-Financial Assets*"	January 1, 2014
· Amended IAS 39 "*Novation of Derivatives and Continuation of Hedge Accounting*"	January 1, 2014
· 2010–2012 & 2011–2013 Annual Improvements Cycles	July 1, 2014
· 2012–2014 Annual Improvements Cycles	January 1, 2016
· Amended IFRIC 21 "*Levies*"	January 1, 2014

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

4. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements unless otherwise specified.

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

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

(b) Available-for-sale financial assets are measured at fair value;

(c) Liabilities for cash-settled share-based payment arrangements are measured at fair value; and

(d) The net defined benefit liability (assets) is recognized as the present value of the defined benefit obligation less the fair value of plan assets and the effect of the asset ceiling.

B. Functional and presentation currency

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

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

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

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. Acquisition of non-controlling interests

Acquisition of non-controlling interests is accounted for as an equity transaction with owners. Under the aforesaid transaction, goodwill is not recognized.

C. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

D. Business combination under common control

A business combination under common control is a transaction in which all of the combining entities are ultimately controlled by the same party, both before and after the combination, and the control is not transitory. These combinations often occur in re-organize group activities in which the direct ownership of subsidiaries changes but the ultimate parent remains the same. Business combinations under common control are accounted for in the consolidated accounts prospectively from the date the group obtains the ownership interest. Assets and liabilities are recognized upon consolidation at their carrying amount in the consolidated financial statements of owners of the Company.

E. Losing control

When the Group loses control of a subsidiary it derecognizes the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

F. List of subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			2016.03.31	2015.12.31	2015.03.31	
THE COMPANY AND ASUSPOWER INVESTMENT	ABILITY ENTERPRISE CO., LTD. (Ability (TW))	Selling computer peripherals, office automation equipment, digital cameras, retailing and wholesaling, of food products and leasing	11.73%	11.72%	11.71%	Note A
Ability (TW)	ABILITY ENTERPRISE (BVI) CO., LTD. (ABILITY)	Investing activities	100.00%	100.00%	100.00%	Note A
Ability (TW)	ACTION PIONEER INTERNATIONAL LTD.	Trading activities	100.00%	100.00%	100.00%	Note A
Ability (TW)	VIEWQUEST TECHNOLOGIES INTERNATIONAL INC.	Selling computer peripherals, digital cameras and electronic components	100.00%	100.00%	100.00%	Note A
Ability (TW)	VIEWQUEST TECHNOLOGIES (BVI) INC. (VQ(BVI))	Manufacturing and trading computer peripherals, digital cameras and electronic components	100.00%	100.00%	100.00%	Note A
Ability (TW)	Ability International Investment Co., Ltd.(ABILITY INVESTMENT)	Investing activities	100.00%	100.00%	100.00%	Note A
Ability (TW)	E-PIN OPTICAL INDUSTRY CO., LTD.(E-PIN)	Selling electronic components of optical products	53.01%	53.01%	53.01%	Note A
ABILITY	Ability Technology (Dongguan) Co., Ltd.	Manufacturing and selling digital cameras	100.00%	100.00%	100.00%	Note A
ABILITY	Jiujiang Viewquest Electronics Inc.	Manufacturing and selling digital cameras	100.00%	100.00%	100.00%	Note A
VQ(BVI)	VIEWQUEST TECHNOLOGIES (DONGGUAN) CO., LTD.	Manufacturing and selling digital cameras	100.00%	100.00%	100.00%	Note A
E-PIN	E-PIN OPTICAL INDUSTRY CO., LTD.	Trading activities	100.00%	100.00%	100.00%	Note A
E-PIN	E-PIN OPTICAL INDUSTRY (M.) SDN. BHD.	Manufacturing precision lenses	100.00%	100.00%	100.00%	Note A
E-PIN	ALL VISION TECHNOLOGY SDN. BHD.	Manufacturing precision lenses	100.00%	100.00%	100.00%	Note A
E-PIN	ALL VISION HOLDING LTD. (AV)	Investing activities	100.00%	100.00%	100.00%	Note A
AV	EVERLIGHT DEVELOPMENT CORPORATION (ED)	Investing activities	100.00%	100.00%	100.00%	Note A
AV	E-SKY HOLDING LTD. (ES)	Investing activities	73.04%	73.04%	73.04%	Note A
ED	NANJING CHANGMING PHOTOELECTRIC TECHNOLOGY CO., LTD.	Manufacturing and developing precision optical lenses	55.45%	55.45%	55.45%	Note A

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			2016.03.31	2015.12.31	2015.03.31	
ES	ZHONGSHAN SANXIN PRECISION INDUSTRY CO., LTD.	Manufacturing and developing precision optical lenses	100.00%	100.00%	100.00%	Note A
ES	NANJING E-PIN OPTOTECH CO., LTD.	Manufacturing and developing precision optical lenses	72.22%	72.22%	72.22%	Note A
THE COMPANY	UNIHAN HOLDING LTD. (UNIHAN HOLDING)	Investing activities	100.00%	100.00%	100.00%	
UNIHAN HOLDING	CASETEK HOLDINGS LIMITED (CASETEK HOLDINGS)	Investing and trading activities	100.00%	100.00%	100.00%	
CASETEK HOLDINGS	SLITEK HOLDINGS LIMITED	Investing and trading activities	100.00%	100.00%	100.00%	
CASETEK HOLDINGS	CASETEK COMPUTER (SUZHOU) CO., LTD.	Manufacturing, developing and selling computers, computer parts, application systems, and providing after-sales service	100.00%	100.00%	100.00%	
CASETEK HOLDINGS	KAEDAR HOLDINGS LIMITED (KAEDAR HOLDINGS)	Investing and trading activities	100.00%	100.00%	100.00%	
KAEDAR HOLDINGS	KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	Tooling molds of stainless steel computer cases	100.00%	100.00%	100.00%	
CASETEK HOLDINGS	KAEDAR TRADING LTD.	Investing and trading activities	100.00%	100.00%	100.00%	
CASETEK HOLDINGS	CORE-TEK (SHANGHAI) LIMITED	Researching and producing spare parts for notebook computers, designing nonmetal tooling, electronic specific equipment and related products, repairing and producing precision equipment and providing after-sales service	100.00%	100.00%	100.00%	
CASETEK HOLDINGS	KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	Manufacturing, developing and inspecting computers and application systems, designing nonmetal and metal tooling, developing plastic and electronic component, selling self-manufactured products.	100.00%	100.00%	100.00%	
THE COMPANY, ASUSPOWER INVESTMENT AND ASUSTEK INVESTMENT	AZURE WAVE TECHNOLOGIES, INC. (AZURE WAVE)	Manufacturing office machinery, electronic parts and computer peripherals and selling precision equipment, and digital cameras	38.08%	38.08%	38.08%	Notes A
AZURE WAVE	EMINENT STAR CO., LTD. (EMINENT)	Investing activities	100.00%	100.00%	100.00%	Note A
EMINENT	JADE TECHNOLOGIES LIMITED (JADE)	Investing activities	100.00%	100.00%	100.00%	Note A
EMINENT、JADE	AZUREWAVE TECHNOLOGY (SHENZHEN) CO., LTD.	Designing, researching and selling computer products	- %	- %	100.00%	Notes A and B
AZURE WAVE	EZWAVE TECHNOLOGIES, INC.	Manufacturing office machinery, electronic parts and computer peripherals	100.00%	100.00%	100.00%	Note A
AZURE WAVE	AZWAVE HOLDING (SAMOA) INC. (AZWAVE SAMOA)	Investing activities	100.00%	100.00%	100.00%	Note A

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			2016.03.31	2015.12.31	2015.03.31	
AZURE WAVE	AZUREWAVE TECHNOLOGY (USA) INC.	Developing market	100.00%	100.00%	100.00%	Note A
AZURE WAVE	AZURE LIGHTING TECHNOLOGIES, INC.	Selling electronic parts	100.00%	100.00%	100.00%	Note A
AZWAVE SAMOA	AZURE WAVE TECHNOLOGIES (SHANGHAI) INC.	Designing, manufacturing and selling computer products	100.00%	100.00%	100.00%	Note A
AZWAVE SAMOA	AZURE LIGHTING TECHNOLOGIES, INC. (YANGZHOU)	Manufacturing and selling LED and relevant lighting products	100.00%	100.00%	100.00%	Note A
AZWAVE SAMOA	AIGALE CORPORATION (SHANGHAI)	Designing and selling communication equipment and electronic products	100.00%	100.00%	100.00%	Note A
THE COMPANY	AMA PRECISION INC.(AMA PRECISION)	Designing and developing computer parts	100.00%	100.00%	100.00%	
AMA PRECISION	AMA HOLDINGS LIMITED (AMA)	Investing activities	100.00%	100.00%	100.00%	
AMA	EXTECH LTD.	Trading electronic parts	90.51%	90.51%	90.51%	
EXTECH LTD.	GRANDTECH PRECISION (TONGZHOU) CO., LTD.	Manufacturing, developing and selling electronic parts	100.00%	100.00%	100.00%	
AMA	TOPTEK PRECISION INDUSTRY(SUZHOU) CO., LTD.	Manufacturing and selling new electronic parts and premium hardware	100.00%	100.00%	100.00%	
THE COMPANY	PEGATRON HOLLAND HOLDING B.V.(PHH)	Investing activities	100.00%	100.00%	100.00%	
PHH	PEGATRON CZECH S.R.O.	Installing, repairing and selling electronic products	100.00%	100.00%	100.00%	
PHH	Pegatron Service Holland B.V.	Sales and repair service center in Europe	100.00%	100.00%	100.00%	
THE COMPANY	PEGATRON HOLDING LTD. (PEGATRON HOLDING)	Investing activities	100.00%	100.00%	100.00%	
PEGATRON HOLDING	POWTEK HOLDINGS LIMITED (POWTEK)	Investing and trading activities	100.00%	100.00%	100.00%	
POWTEK	POWTEK (SHANGHAI) CO., LTD.	Selling main boards, computer peripherals, note books, servers and software, and providing after-sales service	100.00%	100.00%	100.00%	
PEGATRON HOLDING, KINSUS SAMOA	PIOTEK HOLDINGS LTD. (CAYMAN) (PIOTEK CAYMAN)	Investing activities	100.00%	100.00%	100.00%	
PIOTEK CAYMAN	PIOTEK HOLDING LIMITED (PIOTEK HOLDING)	Investing activities	100.00%	100.00%	100.00%	
PIOTEK HOLDING	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Developing, manufacturing and selling new electronic components, circuit boards and relevant products, and providing after-sales service	100.00%	100.00%	100.00%	
PIOTEK HOLDING	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			2016.03.31	2015.12.31	2015.03.31	
PEGATRON HOLDING	GRAND UPRIGHT TECHNOLOGY LIMITED	Investing and trading activities	100.00%	100.00%	100.00%	
PEGATRON HOLDING	ASLINK PRECISION CO., LTD. (ASLINK)	Investing and trading activities	100.00%	100.00%	100.00%	
ASLINK	PEGAGLOBE (KUNSHAN) CO.,LTD.	Manufacturing GPS, computer electronic devices, mobile phone, high-end server, disk drive, and other related components	100.00%	100.00%	100.00%	
PEGATRON HOLDING	DIGITEK GLOBAL HOLDINGS LIMITED (DIGITEK)	Investing and trading activities	100.00%	100.00%	100.00%	
DIGITEK	DIGITEK (CHONGQING) CO., LTD.	Manufacturing, developing, and selling GPS, computer electronic devices, and after-sales services	100.00%	100.00%	100.00%	
PEGATRON HOLDING	MAGNIFICENT BRIGHTNESS LIMITED (MAGNIFICENT)	Investing and trading activities	100.00%	100.00%	100.00%	
MAGNIFICENT	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Manufacturing, developing and selling power supply units, computer cases, computer systems, notebooks, main boards, and computer peripherals, and providing after-sales service	100.00%	100.00%	100.00%	
PEGATRON HOLDING	PROTEK GLOBAL HOLDINGS LTD. (PROTEK)	Investing and trading activities	100.00%	100.00%	100.00%	
PROTEK	PROTEK (SHANGHAI) CO., LTD.	Developing, manufacturing and selling GPS, new electronic components, circuit boards and relevant products, and providing after-sales service	100.00%	100.00%	100.00%	
PEGATRON HOLDING	COTEK HOLDINGS LIMITED (COTEK)	Investing and trading activities	100.00%	100.00%	100.00%	
COTEK	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Developing, manufacturing and selling new electronic components, circuit boards and relevant products, and providing after-sales service	100.00%	100.00%	100.00%	
PEGATRON HOLDING	TOP QUARK LIMITED (TOP QUARK)	Investing activities	100.00%	100.00%	100.00%	
TOP QUARK	RUNTOP (SHANGHAI) CO., LTD.	Manufacturing and selling computer parts and peripherals of digital automatic data processors, multimedia computer system accessories, power supply units, network switches, and modems	100.00%	100.00%	100.00%	
THE COMPANY	ASUSPOWER INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%	
THE COMPANY	ASUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%	
THE COMPANY	ASUSTEK INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			2016.03.31	2015.12.31	2015.03.31	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	ASROCK INCORPORATION (ASROCK)	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and whole selling of computer equipment and electronic components	58.65%	58.65%	58.65%	
ASROCK	ASIAROCK TECHNOLOGY LIMITED (ASIAROCK)	Manufacturing and selling database storage and processing equipment	100.00%	100.00%	100.00%	
ASIAROCK	ASROCK EUROPE B.V.	Selling database service and trading electronic components	100.00%	100.00%	100.00%	
ASIAROCK	CalRock Holdings, LLC.	Office building leasing	100.00%	100.00%	100.00%	
ASROCK	Leader Insight Holdings Ltd. (Leader)	Investing and holding activities	100.00%	100.00%	100.00%	
Leader	Firstplace International Ltd. (Firstplace)	Investing and holding activities	100.00%	100.00%	100.00%	
Firstplace	ASROCK America., Inc.	Selling database service and trading electronic components	100.00%	100.00%	100.00%	
ASROCK	ASRock Rack Incorporation	Manufacturing and selling computer and related peripherals	69.40%	69.40%	69.40%	Note C
ASUSPOWER INVESTMENT AND ASUS INVESTMENT	PEGATRON Mexico, S.A. DE C.V.	Sales and repair service center in Mexico	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	KINSUS INTERCONNECT TECHNOLOGY CORP. (KINSUS)	Manufacturing electronic parts, whole selling and retailing electronic components, and providing business management consultant service	39.04%	39.04%	39.00%	Note A
KINSUS	KINSUS INVESTMENT CO., LTD. (KINSUS INVESTMENT)	Investing activities	100.00%	100.00%	100.00%	Note A
KINSUS INVESTMENT, ASUSPOWER INVESTMENT AND ASUSTEK INVESTMENT	PEGAVISION CORPORATION	Manufacturing medical appliances	54.87%	54.87%	54.87%	Note A
PEGAVISION CORPORATION	PEGAVISION HOLDINGS CORPORATION (PEGAVISION)	Investing activities	100.00%	100.00%	100.00%	Note A
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical appliances	100.00%	100.00%	- %	Notes A and D
PEGAVISION	PEGAVISION (SHANGHAI) LIMITED	Selling medical appliances	100.00%	100.00%	100.00%	Note A
KINSUS	KINSUS CORP. (USA)	Developing and designing new technology and products; analyzing marketing strategy and developing new customers	100.00%	100.00%	100.00%	Note A
KINSUS	KINSUS HOLDING (SAMOA) LIMITED (KINSUS SAMOA)	Investing activities	100.00%	100.00%	100.00%	Note A

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			2016.03.31	2015.12.31	2015.03.31	
KINSUS SAMOA	KINSUS HOLDING (CAYMAN) LIMITED (KINSUS CAYMAN)	Investing activities	100.00%	100.00%	100.00%	Note A
KINSUS CAYMAN	KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP.	Manufacturing and selling circuit boards	100.00%	100.00%	100.00%	Note A
KINSUS CAYMAN	KINSUS TRADING (SUZHOU) CORP.	Manufacturing and selling circuit boards related products and materials	100.00%	100.00%	100.00%	Note A
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	STARLINK ELECTRONICS CORPORATION (STARLINK)	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	ASUSPOWER CORPORATION	Investing and trading activities	100.00%	100.00%	100.00%	
ASUSPOWER CORPORATION	CASETEK HOLDINGS LIMITED (CAYMAN) (CASETEK CAYMAN)	Investing activities	60.73%	60.73%	60.73%	
CASETEK CAYMAN	RIH LI INTERNATIONAL LIMITED (RIH LI)	Investing activities	100.00%	100.00%	100.00%	
CASETEK CAYMAN	APEX SON LIMITED	Investing activities	100.00%	-	-	Note G
RIH LI	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD. (RI-TENG)	Designing, manufacturing and selling electronic components and providing after-sales services , idle equipments leasing, commission agency, trading services and their relevant corresponding services	100.00%	100.00%	100.00%	
RIH LI	RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD.	Designing, manufacturing and selling electronic components and providing after-sales services , idle equipment leasing, commission agency, trading services and their relevant corresponding services	100.00%	100.00%	100.00%	
RIH LI	RI-MING (SHANGHAI) CO., LTD.	Designing, manufacturing and selling electronic components and providing after-sales services , idle equipment leasing, commission agency, trading services and their relevant corresponding services	100.00%	100.00%	100.00%	
RIH LI	SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	Designing, manufacturing and selling electronic components and providing after-sales services , idle equipment leasing, commission agency, trading services and their relevant corresponding services	100.00%	100.00%	100.00%	
RIH LI	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Designing, manufacturing and selling electronic components and providing after-sales services , idle equipment leasing, commission agency, trading services and their relevant corresponding services	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			2016.03.31	2015.12.31	2015.03.31	
RIH LI	KAI JIA COMPUTER ACCESSORY CO., LTD.	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipment leasing, commission agency, trading services, relevant corresponding services, and surface processing for the aforementioned product.	100.00%	100.00%	- %	Note E
CASETEK CAYMAN	RIH KUAN METAL CORPORATION (RIH KUAN)	Selling iron and aluminum products	100.00%	100.00%	100.00%	
CASETEK CAYMAN	APLUS PRECISION LIMITED (APLUS)	Investing and trading activities	100.00%	100.00%	100.00%	
APLUS	UNITED NEW LIMITED (UNITED)	Investing and trading activities	100.00%	100.00%	100.00%	
UNITED	KAI HE COMPUTER ACCESSORY（SUZHOU）CO., LTD (KAI HE)	Designing, manufacturing and selling electronic components and providing after-sales service, idle equipment leasing, commission agency, trading services, relevant corresponding services, and surface processing for the aforementioned product.	100.00%	100.00%	100.00%	Note F
CASETEK CAYMAN	MEGA MERIT LIMITED	Trading activities	100.00%	100.00%	100.00%	
ASUS INVESTMENT	ASFLY TRAVEL SERVICE LIMITED	Travel agency	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT	PEGATRON TECHNOLOGY SERVICE INC. (PTSI)	Sales and repair service center in North America	100.00%	100.00%	100.00%	
PTSI	PEGATRON SERVICOS DE INFORMATICA LTDA.(PCBR)	Maintenance service	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT	PEGA INTERNATIONAL LIMITED	Design service and sales	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT	PEGATRON JAPAN INC.	Sales and repair service center in Japan	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT	PEGATRON LOGISTIC SERVICE INC.	Sales and logistics center in North America	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	Lumens Digital Optics Inc. (Lumens Optics)	Developing, manufacturing and selling computer data projectors and related peripherals	56.52%	56.52%	56.52%	
Lumens Optics	Lumens Integration Inc.	Selling computer communication products and peripherals	100.00%	100.00%	100.00%	
Lumens Optics	Lumens Digital Image Inc.(SAMOA) (Lumens)	Investing activities	100.00%	100.00%	100.00%	
Lumens	Lumens (Suzhou) Digital Image Inc.	Developing, manufacturing and selling projectors, projection screens and related products, and providing after-sales service	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			2016.03.31	2015.12.31	2015.03.31	
ASUSPOWER INVESTMENT	Pegatron Service Singapore Pte. Ltd.	Sales and logistics center in Singapore	100.00%	100.00%	100.00%	
PEGATRON SERVICE SINGAPORE PTE. LTD.	PEGATRON SERVICE KOREA LIC.,	Sales and repair service center in Korea	100.00%	-	-	Note H
ASUS INVESTMENT	HUA-YUAN INVESTMENT LIMITED	Investing activities	100.00%	100.00%	100.00%	
The Company	PEGATRON USA, INC.	Sales and repair service center in North America	100.00%	100.00%	100.00%	

Note A: As of March 31, 2016, AZURE WAVE TECHNOLOGY CORP., ABILITY ENTERPRISE CO., LTD. and KINSUS INTERCONNECT TECHNOLOGY CORP., were included in the consolidated financial statements even if the Group held 38.08%, 11.73% and 39.04%, respectively, or less than 50% of their total issued shares because the Group has acquired more than 50% of voting shares of each of these entities and has the ability to excise control over their respective board of directors.

Note B: It was liquidated in November 2015.

Note C: In January 2015, ASRock Rack Incorporation increased its capital by cash. As the Group did not increase its investment based on its original share holding ratio, the Group's share holding ratio in ASRock Rack Incorporation decreased to 69.40%.

Note D: In the second quarter of 2015, PEGAVISION CORPORATION established and invested JPY 9,900 thousand in exchange for a 100% equity ownership in PEGAVISION JAPAN INC..

Note E: It was established in the second quarter of 2015.

Note F: On July 29, 2015, KAI HE COMPUTER ACCESSORY（SUZHOU）CO., LTD changed its name to the current name from AVY PRECISION ELECTROPLATING (SUZHOU) CO., LTD.

Note G: It was established in the first quarter of 2016.

Note H: It was established in the first quarter of 2016.

G. Subsidiaries excluded from consolidation: None.

(4) Foreign currency

A. Foreign currency transaction

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income:

- Available-for-sale equity investment;
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

B. Foreign operations

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

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

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

(5) Classification of current and non-current assets and liabilities

An asset is classified as current when:

A. It is expected to be realized the asset, or intended to be sold or consumed, during the normal operating cycle;
B. It is held primarily for the purpose of trading;
C. It is expected to be realized within twelve months after the reporting period; or
D. The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
A. It is expected to be settled within the Group's normal operating cycle;
B. It is held primarily for the purpose of trading;
C. The liability is due to be settled within twelve months after the reporting period; or
D. It does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash comprise cash balances and call deposits with maturities within three months. Cash equivalents are assets that are readily convertible into cash, and are subject to an insignificant risk of changes in their fair value.

Time deposits are accounted under cash and cash equivalents if they are accord with the definition aforementioned, and are held for the purpose of meeting short-term cash commitment rather than for investment or other purpose, readily convertible to a known amount of cash and have an insignificant risk of change in value.

(7) Financial instruments

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

A. Financial assets

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

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

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

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

At initial recognition, financial assets classified under this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

(b) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and unrealized gains (losses) on available-for-sale financial assets in equity. When an available-for-sale investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, under other income. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income of profit or loss.

Interest income from investment in bond security is recognized in profit or loss, under other income.

(c) Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, such financial assets are classified as held-to-maturity. At initial recognition, held-to-maturity financial assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Interest income is recognized into profit or loss, under "other income." A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. At initial recognition, these assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income is recognized in profit or loss, under other income.

In accordance with Statement of International Accounting Standards No. 39 "Financial instruments Accounting for Transfers of Financial Assets and Extinguishments of Liabilities," a transfer of financial assets or a portion of a financial asset in which the transferor surrenders control over those financial assets is regarded as a sale to the extent that consideration in the transferred assets is received in exchange. The rights to accounts receivable are derecognized after deducting the estimated charges or losses in commercial dispute when all of the following conditions are met.

i. The rights to accounts receivable have been isolated from the transferor as they are put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership.

ii. Each transferee has the right to pledge or exchange the rights to the accounts receivable, and no condition prevents the transferee (or holder) from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor.

iii. The transferor does not maintain effective control over the rights to the accounts receivable claims through either:

- An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity, or
- The ability to unilaterally cause the holder to return specific rights to the accounts receivable.

Accounts receivable which are assigned but no receipt yet of cash advances are accounted for as other accounts receivable.

(e) Impairment of financial assets

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

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

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

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

Such impairment loss is not reversible in subsequent periods.

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

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

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

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

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed against profit or loss.

Impairment losses and recoveries are recognized in profit or loss, under "other gains and losses, net."

(f) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for sale financial assets is reclassified to profit or loss, under "other gains and losses, net."

On partial derecognition of a financial assets, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available-for-sale financial assets is reclassified to profit or loss, under "other gains and losses, net."

B. Financial liabilities and equity instruments

(a) Classification of debt or equity instruments

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

Equity instruments issued are recognized based on amount of consideration received less the direct issuance cost.

Compound financial instruments issued by the Group comprise convertible bonds payable that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

At initial recognition, the liability component of a compound financial instrument is recognized at fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially based on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, under non-operating income and expense. On conversion, financial liability is reclassified to equity, without recognizing any gain or loss.

(b) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. At initial recognition, the Group designates financial liabilities, as at fair value through profit or loss under one of the following situations:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses thereon on different basis;

ii. Performance of the financial liabilities is evaluated on a fair value basis;

iii. Hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss, under "non-operating income and expenses."

Financial liabilities at fair value through profit or loss is measured at cost if it sells borrowed unquoted equity investment whose fair value cannot be reliably measured and if it is to be delivered to the obligator of the equity investment. This type of financial instrument is classified as financial liabilities measured at cost.

Financial guarantee contract and loan commitments are classified as financial liabilities at fair value through profit or loss, any gains and losses thereon are recognized in profit or loss.

(c) Other financial liabilities

At initial recognition, financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss, which comprise of loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, under finance cost.

(d) Derecognition of financial liabilities

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

(e) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(f) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of a loss it incurs because a specified debtor fails to pay on due date in accordance with the original or modified terms of a debt instrument.

At initial recognition, a financial guarantee contracts not classified as financial liabilities at fair value through profit or loss by the Company is recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at the higher of (a) the amount of contractual obligation determined in accordance with IAS 37; or (b) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18.

C. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate fluctuation exposures. At initial recognition, derivatives are recognized at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, under "non-operating income and expenses."

When a derivative is designated as a hedging instrument, the timing for recognizing gain or loss is determined based on the nature of the hedging relationship. When the result of the valuation at fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, it is classified as a financial liability.

Derivatives linked to investments in equity instruments that do not have a quoted market price in an active market and must be settled by delivery of unquoted equity instruments, are classified as financial assets, which are measured at amortized cost. These derivatives are classified as financial liabilities measured at cost.

Embedded derivatives are separated from the host contract and are accounted for separately when the economic characteristics and risk of the host contract and the embedded derivatives are not closely related, and that the host contract is measured at fair value through profit or loss.

The Group designates its hedging instrument, including derivatives, embedded derivatives, and non-derivative instrument for a hedge of a foreign currency risk, as fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risk of firm commitments are treated as a fair value hedge.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, and whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk.

(a) Fair value hedge

Changes in the fair value of a hedging instruments designated and qualified as fair value hedges are recognized in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

Hedged financial instruments using an effective interest rate is amortized to profit or loss when hedge accounting is discontinued over the period to maturity.

(b) Cash flow hedge

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in equity, under effective portion of cash flow hedge gain (loss). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, under "non-operating income and expenses."

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss, and is presented in the same accounting caption with the hedged item recognized in the consolidated statement of comprehensive income.

For a cash flow hedge of a forecasted transaction recognized as a non-financial assets or liabilities, the amount accumulated in other equity – effective portion of cash flow hedge gain (loss) in other comprehensive income is reclassified to the initial cost of the non-financial asset or liability.

(8) Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The replacement cost of raw material is its net realizable value.

(9) Non-current assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are reclassified as held-for-sale or distribution. Immediately before classification as held-for-sale or distribution, the assets, or components of a disposal group, are re-assessed for impairment in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then the remaining balance of impairment loss is apportioned to assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which are assessed for impairment in accordance with the Group's accounting policies. Impairment losses on initial classification of noncurrent assets held-for-sale or distribution and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale or distribution, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(10) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

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

The Group's share of the profit or loss and other comprehensive income of investments accounted for using equity method are included, after adjustments to align the said investees' accounting policies with those of the Group, in the consolidated financial statements from the date that significant influence commences until the date that significant influence ceases.

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

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

(11) Interests in Joint Ventures

Jointly controlled entity is an entity which is established as a result of a contractual arrangement between the Group and other joint venture partners to jointly control over its financial policy and operating policy. Consensus for all decisions must be obtained from both joint venture partners. The Group uses equity method to account for the interest in jointly controlled entity.

(12) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, and any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Depreciation is provided over the estimated economic lives using the straight-line method. Land has an unlimited useful life and therefore is not depreciated. The estimated useful lives for the current and comparative years of significant items of investment properties are as follows:

Buildings	20-60 years

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

(13) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined based on the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss, under other gains and losses.

B. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

C. Subsequent cost

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

D. Depreciation

Depreciation is calculated on the depreciable amount of an asset using the straight-line basis over its useful life. The depreciable amount of an asset is determined based on the cost less its residual value. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period is recognized in profit or loss.

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

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

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

Buildings	3-60 years
Machinery	1-20 years
Instrument equipment	1-5 years
Office and other equipment	2-20 years
Miscellaneous equipment	1-25 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectation of useful life differs from the previous estimate, the change is accounted for as a change in an accounting estimate.

(14) Leased assets

A. Lessor

Leased asset under finance lease is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. Finance income is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the receivable.

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

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

B. Lessee

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

Other leases are accounted for operating leases and the lease assets are not recognized in the Group's consolidated balance sheets.

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rent is recognized as expense in the periods in which they are incurred.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease, which involves the following two criteria:

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset.

At inception or on reassessment of the arrangement, if an arrangement contains a lease, that lease is classified as a finance lease or an operating lease. The Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payment reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate. If the Group concludes for an operating lease that it is impracticable to separate the payment reliably, then treat all payments under the arrangement as lease payments, and disclose the situation accordingly.

Prepaid lease payments represent land use rights under operating lease arrangement and are expensed equally over 38 to 67 years.

(15) Intangible assets

A. Goodwill

(a) Recognition

Goodwill arising from the acquisition of subsidiaries is recognized as intangible assets.

(b) Measurement

Goodwill is measured at its cost less impairment losses. Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates includes goodwill, which kind of investment of impairment losses are recognized as a part of the carrying amount of the investment, not associated to goodwill and any other assets.

B. Other Intangible Assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

C. Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

D. Amortization

Depreciable amount of intangible asset is calculated based on the cost of an asset less its residual values.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with indefinite useful life, from the date when they are made available for use. The estimated useful lives of intangible assets for the current and comparative periods are as follows:

Computer software cost	1-10 years
Trademark rights	5 years
Customer relationship	3 years
Technology	3 years
Intangible assets in development	5 years

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually at each financial year-end. Any change thereof is accounted for as a change in accounting estimate.

(16) Impairment – Non-derivative financial assets

The Group assesses non-derivative financial assets for impairment (except for inventories, deferred income tax assets and employee benefits) at every reporting date, and estimates its recoverable amount.

If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Such is deemed as an impairment loss, which is recognized immediately in profit or loss.

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

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination, from the acquisition date, is allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

(17) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and an outflow of economic benefits is possibly required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(18) Treasury stock

Repurchased shares are recognized as treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares are accounted for as Capital Reserve － Treasury Shares Transactions. Losses on disposal of treasury shares are offset against existing capital reserve arising from similar types of treasury shares. If the capital reserve is insufficient, such losses are charged to retained earnings.

The carrying amount of treasury shares is calculated using the weighted average method for different types of repurchase.

If treasury shares are cancelled, Capital Reserve – Share Premiums and Share Capital are debited proportionately. Gains on cancellation of treasury shares are charged to capital reserves arising from similar types of treasury shares. Losses on cancellation of treasury shares are offset against existing capital reserves arising from similar types of treasury shares. If capital reserve is insufficient such losses are charged to retained earnings.

Company shares that are owned by the Company's subsidiaries are treated as treasury stock.

(19) Revenue

A. Goods sold

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

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

B. Service

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(20) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

C. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(21) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and settlement date. Any change in the fair value of the liability is recognized as personnel expenses in profit or loss.

(22) Income Taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting."

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by management. It is recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases are measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

(23) Business combination

Goodwill is measured at the consideration transferred less amounts of the identifiable assets acquired and the liabilities assumed (generally at fair value) at the acquisition date. If the amounts of net assets acquired or liabilities assumed exceeds the acquisition price, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the access.

If the business combination achieved in batches, non-controlling equity interest is measured either at fair value at acquisition-date or at the share of the acquirer's identifiable net assets in each acquisition.

In a business combination achieved in batches, the previously held equity interest in the acquiree at its acquisition-date fair value is re-measured and the resulting gain or loss, if any, is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All transaction costs relating to business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

Business combinations under common control are accounted for in the non-consolidated accounts prospectively from the date the Group acquires the ownership interest. Assets and liabilities of the merged entities are recognized at their carrying amount in the non-consolidated financial statements.

(24) Government grant

A government grant is recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received.

The grant is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

A grant relating to assets is presented as deferred income. If a grant is related to depreciable assets, the grant is recognized over the useful life of the assets and for a grant related to a non-depreciable asset, the grant is credited to income over the same period over which the cost is charged to income.

(25) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible notes and employee stock options.

(26) Operating segments

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

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

The consolidated quarterly financial statements are prepared in conformity with IFRSs (in accordance with IAS 34 "Interim financial reporting" as endorsed by the FSC) which requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of the consolidated quarterly financial statements, the major sources of significant accounting judgments and estimation uncertainty are consistent with those disclosed in Note 5 of the consolidated financial statements for the years ended December 31, 2015 and 2014 prepared under IFRS (endorsed by the FSC).

6. EXPLANATIONS TO SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	$ 24,138	37,507	32,684
Cash in banks	42,978,499	47,415,722	51,211,660
Time deposits	67,767,763	55,108,117	66,774,215
	$ 110,770,400	**102,561,346**	**118,018,559**

A. The above cash and cash equivalents were not pledged as collateral. Pledged time deposits were accounted for under other financial assets. Please refer to Notes 6(11) and 8 for details.

B. Refer to Note 6(27) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(2) Investment in financial assets and liabilities

A. The components of financial assets and liabilities were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Financial assets at fair value through profit or loss－current:			
Held-for-trading			
Shares of stock of listed companies	$ 229,821	246,679	102,654
Beneficiary certificates	4,670,438	4,485,982	6,337,114
Corporate bonds	-	-	48,504
	$ 4,900,259	**4,732,661**	**6,488,272**
Available-for-sale financial assets － current:			
Shares of stock of overseas listed companies	**$ 877,147**	**857,820**	**1,080,080**
Available-for-sale financial assets － noncurrent:			
Shares of stock of listed companies	$ 745,257	765,744	1,118,474
Equity securities － common stock	192,240	195,840	288,000
	$ 937,497	**961,584**	**1,406,474**
Financial assets carried at cost － noncurrent:			
Equity securities － common stock	$ 263,081	263,118	362,731
Equity securities － preferred stock	205,632	205,632	205,632
	$ 468,713	**468,750**	**568,363**

(a) For the three months ended March 31, 2016 and 2015, the Group recognized a net loss on financial assets and liabilities reported at fair value through profit or loss of $12,481 and $230,142, respectively.

(b) For the three months ended March 31, 2016 and 2015, the unrealized gain (loss) on available-for-sale financial assets amounted to $(17,698) and $317,476, respectively.

(c) Considering the fact that the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined, the Group management believes that fair value cannot be measured reliably. Therefore, the investments in equity securities of non-listed company held by the Group are measured at amortized cost less impairment at each reporting date. The Group evaluated the carrying value and the recoverable amount of these investments and recognized impairment loss of $0, both for the three months ended March 31, 2016 and 2015. As of March 31, 2016, December 31, 2015, and March 31, 2015, the Group had accumulated impairment loss of $266,188, $266,188 and $394,725, respectively.

(d) The convertible bond issued by the Group was treated as a compound financial instrument, for which the liability and equity components were accounted for separately. The call and put option embedded in bonds payable were separated from bonds payable, and were recognized as "Financial liabilities at fair value through profit or loss." For the three months ended March 31, 2016 and 2015, the Group recognized a loss on financial liability reported at fair value through profit or loss of $0 and $238,997, respectively. Please refer to Note 6(14) for detail.

(e) Refer to Note 6(25) for further discussion on gains and losses on disposal of investments.

(f) Refer to Note 6(27) for the Group's information on financial instruments risk management.

(g) As of March 31, 2016, December 31, 2015 and March 31, 2015, the aforesaid financial assets were not pledged as collateral.

B. Foreign equity investments

Significant foreign equity investments at the end of the each period were as follows:

	March 31, 2016			**December 31, 2015**			**March 31, 2015**		
	Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
USD	$ 28,121	32.185	905,068	28,121	32.825	923,072	28,724	31.300	899,061
CNY	53,876	4.9813	268,371	58,849	5.0550	297,482	100,325	5.0959	511,244

C. Derivative not used for hedging

The Group uses derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating, investing and financing activities. Based on this policy, the Group holds derivative financial instruments for hedging purposes. Transactions that do not qualify for hedge accounting are presented as held-for-trading financial assets and financial liabilities.

(3) Notes and accounts receivable and other receivables, net

		March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable	$	168,755	170,001	129,097
Accounts receivable		80,817,393	121,973,316	118,719,347
Other receivables		32,480,488	27,709,682	4,543,246
Less: Allowance for impairment		(2,016,821)	(2,127,925)	(2,031,154)
	$	**111,449,815**	**147,725,074**	**121,360,536**

A. Refer to Note 6(27) for the Group's notes receivable, accounts receivable and other receivables exposure to credit risk and currency risk, and the impairment evaluation of accounts receivable.

B. As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company sold its accounts receivable without recourse as follows:

March 31, 2016

Purchaser		Assignment Facility		Factoring Line		Advanced Amount	Collateral	Significant Factoring Terms		Derecognition Amount
SMBC	**$**	**-**	**USD**	**300,000,000**	**USD**	**-**	None	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.	**$**	**-**
ANZ (Note)	**$**	**28,011,390**	**USD**	**1,200,000,000**	**USD**	**-**	None	"	**$**	**28,011,390**

December 31, 2015

Purchaser		Assignment Facility		Factoring Line		Advanced Amount	Collateral	Significant Factoring Terms		Derecognition Amount
SMBC	**$**	**-**	**USD**	**300,000,000**	**USD**	**-**	None	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.	**$**	**-**
ANZ (Note)	**$**	**23,524,575**	**USD**	**1,400,000,000**	**USD**	**-**	None	"	**$**	**23,524,575**

March 31, 2015

Purchaser		Assignment Facility		Factoring Line		Advanced Amount	Collateral	Significant Factoring Terms		Derecognition Amount
SMBC	$	-	USD	300,000,000	USD	-	None	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.	$	-
ANZ (Note)	$	3,904,950	USD	1,300,000,000	USD	46,000,000	None	"	$	3,904,950

Note: In October 2015 and 2014, the Company signed a one year joint accounts receivable factoring agreement with ANZ Bank and six other banks where each bank will factor on pro-rata basis.

For the three months ended March 31, 2016 and 2015, the Company recognized a loss of $15,566 and $27,186, respectively from the factoring of accounts receivable, which was accounted under financial costs in the statement of comprehensive income. Also, the difference of $28,011,390, $23,524,575 and $2,465,150 between the carrying value of factored accounts receivable and the amount advanced was accounted under other receivable as of March 31, 2016, December 31, 2015, and March 31, 2015, respectively.

C. As of March 31, 2016, December 31, 2015, and March 31, 2015, KINSUS INTERCONNECT TECHNOLOGY CORP. sold its accounts receivable without recourse as follows:

March 31, 2016

Purchaser	Assignment Facility	Factoring Line (thousands)	Advanced Amount	Collateral	Significant Factoring Terms	Derecognition Amount
Mega International Commercial Bank	$ 330,812	USD 30,000	$ -	None	The accounts receivable factoring is without recourse.	$ 330,812

December 31, 2015

Purchaser	Assignment Facility	Factoring Line (thousands)	Advanced Amount	Collateral	Significant Factoring Terms	Derecognition Amount
Mega International Commercial Bank	$ 251,600	USD 30,000	$ -	None	The accounts receivable factoring is without recourse.	$ 251,600

March 31, 2015						
Purchaser	Assignment Facility	Factoring Line (thousands)	Advanced Amount	Collateral	Significant Factoring Terms	Derecognition Amount
Mega International Commercial Bank	**$ 398,177**	**USD 30,000**	**$ 169,076**	None	The accounts receivable factoring is without recourse.	**$ 398,177**

(4) Inventories

	March 31, 2016	December 31, 2015	March 31, 2015
Merchandise	$ 1,685,920	1,551,835	1,694,469
Finished goods	43,592,934	67,260,261	45,208,550
Work in process	16,722,551	20,917,494	16,835,461
Raw materials	33,270,393	35,083,914	31,345,763
Subtotal	95,271,798	124,813,504	95,084,243
Less: Allowance for inventory market decline and obsolescence	(8,653,881)	(6,648,044)	(6,868,997)
Total	**$ 86,617,917**	**118,165,460**	**88,215,246**

For the three months ended March 31, 2016 and 2015, the components of cost of goods sold were as follows:

	For the Three Months Ended March 31	
	2016	2015
Cost of goods sold	$ 230,062,244	251,530,390
Provision on inventory market price decline	1,989,299	1,084,041
Loss on disposal of inventory	9,216,391	4,339,611
Unallocated manufacturing overhead	300,087	230,716
Loss on physical inventory	2,428	2,664
	$ 241,570,449	**257,187,422**

As of March 31, 2016, December 31, 2015, and March 31, 2015, the aforesaid inventories were not pledged as collateral.

(5) Non-current assets classified as held for sale (net)

	March 31, 2016	December 31, 2015	March 31, 2015
Investments accounted for using equity method	$ -	-	384,600
Property, plant, and equipment	-	-	5,723
	$ -	**-**	**390,323**

A. On February 26, 2015, Casetek Holdings sold its equity ownership in Indeed Holdings Limited for $431,211 to non-related parties. As of December 31, 2014, the investments in Indeed Holdings Limited were accounted under non-current assets classified as held for sale. The transfer of equity ownership was completed in May 2015. A disposal gain of $335,878 has been recognized thereon.

B. In December 2014, Ability (TW) and its subsidiaries sold part of the land and property of E-PIN's office in Taipei for $158,280 in a sale-lease back arrangement. In February 2015, the process for the transfer of title of ownership to these assets was completed, when the payment for the assets sold is received, as required under the sales contract. In December 2014, Ability (TW) also sold its E-PIN's equipment in Nanjing for $16,529 to a non-related party. The process for the transfer of title of ownership to those non-current assets has been completed during 2015. A disposal gain of $66,783 has been recognized thereon.

C. Information for the Group's non-current assets held for sale pledged as securities for debt, please refer to Note 8.

(6) Investments accounted for using equity method

A. The Group's financial information for investments in individually insignificant associates accounted for using equity method at reporting date was as follows. These financial information are included in the consolidated financial statements.

		March 31, 2016	December 31, 2015	March 31, 2015
Individually insignificant associates	$	**409,414**	**424,191**	**471,062**

		For the Three Months Ended March 31	
		2016	**2015**
The Group's share of profit (loss) of the associates			
Loss for the year	$	(9,918)	(13,255)
Other comprehensive income		1,722	(1,532)
Total comprehensive income	$	**(8,196)**	**(14,787)**

B. As of March 31, 2016, December 31, 2015, and March 31, 2015, the aforesaid investments accounted for using equity method were not pledged as collateral.

(7) Subsidiaries that have material non-controlling interest

Subsidiaries that have material non-controlling interest were as follows:

Subsidiaries	Country of registration	Equity Ownership of non-controlling interest		
		March 31, 2016	December 31, 2015	March 31, 2015
KINSUS and its Subsidiaries	Taiwan	60.96%	60.96%	61.00%
ABILITY and its Subsidiaries	Taiwan	88.27%	88.28%	88.29%
ASROCK and its Subsidiaries	Taiwan	41.35%	41.35%	41.35%
CASETEK HOLDINGS LIMITED (CAYMAN)	Taiwan/ Cayman	39.27%	39.27%	39.27%

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Company and its subsidiary as at acquisition date. Intra-group transactions were not eliminated in this information.

A. Information regarding KINSUS and its subsidiaries

	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 22,574,118	23,471,368	23,040,347
Non-current assets	19,522,097	19,167,364	17,585,419
Current liabilities	(9,495,604)	(10,318,448)	(9,317,109)
Non-current liabilities	(1,385,087)	(1,492,483)	(774,135)
Net assets	**$ 31,215,524**	**30,827,801**	**30,534,522**
Non-controlling interest	**$ 18,084,357**	**17,777,750**	**17,478,972**

	For the Three Months Ended March 31	
	2016	2015
Operating revenue	**$ 5,370,156**	**5,346,221**
Net income for the period	$ 448,717	578,693
Other comprehensive loss	(60,994)	(96,945)
Comprehensive income	**$ 387,723**	**481,748**
Comprehensive income attribute to non-controlling interest	**$ 306,607**	**349,321**

		For the Three Months Ended March 31	
		2016	2015
Cash flows from operating activities	$	1,296,268	1,195,410
Cash flows from investing activities		(1,344,973)	(1,130,455)
Cash flows from financing activities		(415,937)	(280,197)
Net decrease in cash and cash equivalents	**$**	**(464,642)**	**(215,242)**

B. Information regarding ABILITY and its subsidiaries

		March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$	7,969,731	8,795,084	9,816,514
Non-current assets		5,135,333	5,222,319	5,887,132
Current liabilities		(4,326,630)	(5,180,123)	(5,331,601)
Non-current liabilities		(100,082)	(102,557)	(250,100)
Net assets	**$**	**8,678,352**	**8,734,723**	**10,121,945**
Non-controlling interest	**$**	**7,697,337**	**7,745,320**	**8,961,688**

		For the Three Months Ended March 31	
		2016	2015
Operating revenue	**$**	**2,774,384**	**4,647,668**
Net income (loss) for the period	$	(17,030)	151,546
Other comprehensive income (loss)		(45,821)	85,365
Comprehensive income	**$**	**(62,851)**	**236,911**
Net income attribute to non-controlling interest	**$**	**(13,652)**	**137,392**
Comprehensive income (loss) attribute to non-controlling interest	**$**	**(53,631)**	**213,277**
Cash flows from operating activities	$	79,934	(644,220)
Cash flows from investing activities		(64,597)	87,028
Cash flows from financing activities		(255)	(194,546)
Net increase (decrease) in cash and cash equivalents	**$**	**15,082**	**(751,738)**

C. Information regarding ASROCK and its Subsidiaries

		March 31,2016	December 31, 2015	March 31, 2015
Current assets	$	7,558,893	7,812,156	6,767,338
Non-current assets		316,134	319,077	617,543
Current liabilities		(2,010,199)	(2,244,410)	(1,364,036)
Non-current liabilities		(22,095)	(30,284)	(19,608)
Net assets	$	**5,842,733**	**5,856,539**	**6,001,237**
Non-controlling interest	$	**2,413,344**	**2,425,260**	**2,499,006**

		For the Three Months Ended March 31	
		2016	**2015**
Operating revenue	$	**1,836,166**	**1,834,163**
Net income for the period	$	66,017	77,840
Other comprehensive loss		(79,823)	(42,979)
Comprehensive income	$	**(13,806)**	**34,861**
Net income attributed to non-controlling interest	$	**21,098**	**26,270**

		For the Three Months Ended March 31	
		2016	**2015**
Comprehensive loss attributed to non-controlling interest	$	**(11,916)**	**11,897**
Cash flows from operating activities	$	37,732	454,598
Cash flows from investing activities		2,214	308,032
Cash flows from financing activities		(922)	4,297
Net increase in cash and cash equivalents	$	**39,024**	**766,927**

D. Information regarding CASETEK HOLDINGS LIMITED(CAYMAN)

		March 31,2016	December 31, 2015	March 31, 2015
Current assets	$	26,543,006	28,893,035	25,395,376
Non-current assets		21,555,261	19,927,861	17,992,836
Current liabilities		(14,279,315)	(15,581,629)	(11,886,175)
Non-current liabilities		(2,285,510)	(2,237,693)	(2,640,066)
Net assets	$	**31,533,442**	**31,001,574**	**28,861,971**
Non-controlling interest	$	**12,381,921**	**12,173,078**	**11,332,942**

		For the Three Months Ended March 31	
		2016	2015
Operating revenue	$	**8,422,389**	**7,983,024**
Net income for the period	$	922,352	903,330
Other comprehensive loss		(390,484)	(390,885)
Comprehensive income	$	**531,868**	**512,445**
Net income attributed to non-controlling interest	$	**362,171**	**354,701**
Comprehensive income attributed to non-controlling interest	$	**208,844**	**201,217**
Cash flows from operating activities	$	2,569,523	3,358,285
Cash flows from investing activities		(1,802,203)	(1,198,863)
Cash flows from financing activities		(160,730)	(110,055)
Net increase in cash and cash equivalents	$	**606,590**	**2,049,367**

(8) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2016 and 2015 were as follows:

		Land	Buildings	Machinery and equipment	Instrument equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:								
Balance on January 1, 2016	$	5,580,222	41,312,837	58,970,443	1,559,813	25,442,907	6,164,893	139,031,115
Additions		-	13,267	213,614	25,371	475,335	3,054,465	3,782,052
Disposals and obsolescence		-	(166,174)	(261,930)	(32,239)	(514,339)	-	(974,682)
Reclassifications		4,642	1,127,910	1,152,161	-	234,331	(1,807,560)	711,484
Effect of movements in exchange rates		(2,101)	(492,635)	(726,507)	(18,742)	(300,564)	(21,451)	(1,562,000)
Balance on March 31, 2016	**$**	**5,582,763**	**41,795,205**	**59,347,781**	**1,534,203**	**25,337,670**	**7,390,347**	**140,987,969**
Balance on January 1, 2015	$	5,567,180	41,446,276	58,742,688	1,670,643	25,178,826	2,982,725	135,588,338
Additions		10,766	226,189	345,764	9,575	411,770	851,235	1,855,299
Disposals and obsolescence		-	(344,581)	(533,663)	(53,685)	(298,087)	-	(1,230,016)
Reclassifications		-	356,101	833,427	-	(11,581)	(448,177)	729,770
Effect of movements in exchange rates		(4,663)	(680,557)	(718,243)	(19,823)	(347,708)	(21,675)	(1,792,669)
Balance on March 31, 2015	**$**	**5,573,283**	**41,003,428**	**58,669,973**	**1,606,710**	**24,933,220**	**3,364,108**	**135,150,722**
Depreciation and impairment loss：								
Balance on January 1, 2016	$	-	13,083,979	36,019,984	1,145,084	17,744,290	-	67,993,337
Depreciation for the period		-	574,459	1,750,138	68,019	901,403	-	3,294,019
(Reversal of) Impairment loss		-	147	35,763	(6)	89	-	35,993
Reclassifications		-	-	(210)	-	(940)	-	(1,150)
Disposals and obsolescence		-	(110,291)	(182,726)	(31,898)	(467,071)	-	(791,986)
Effect of movements in exchange rates		-	(158,504)	(469,859)	(15,460)	(223,278)	-	(867,101)
Balance on March 31, 2016	**$**	-	**13,389,790**	**37,153,090**	**1,165,739**	**17,954,492**	-	**69,663,111**

		Land	Buildings	Machinery and equipment	Instrument equipment	Other facilities	Construction in progress	Total
Balance on January 1, 2015	$	50,054	11,823,017	33,554,418	1,026,774	16,235,791	-	62,690,054
Depreciation for the period		-	655,349	1,627,263	77,747	1,039,074	-	3,399,433
(Reversal of) Impairment loss		-	-	(4,599)	(30)	(1,179)	-	(5,808)
Reclassifications		-	-	(655)	-	(79,428)	-	(80,083)
Disposals and obsolescence		-	(344,578)	(438,934)	(52,206)	(266,087)	-	(1,101,805)
Effect of movements in exchange rates		-	(240,977)	(405,315)	(12,875)	(238,650)	-	(897,817)
Balance on March 31, 2015	$	**50,054**	**11,892,811**	**34,332,178**	**1,039,410**	**16,689,521**	**-**	**64,003,974**
Carrying amounts:								
Balance on January 1, 2016	$	**5,580,222**	**28,228,858**	**22,950,459**	**414,729**	**7,698,617**	**6,164,893**	**71,037,778**
Balance on March 31, 2016	$	**5,582,763**	**28,405,415**	**22,194,691**	**368,464**	**7,383,178**	**7,390,347**	**71,324,858**
Balance on January 1, 2015	$	**5,517,126**	**29,623,259**	**25,188,270**	**643,869**	**8,943,035**	**2,982,725**	**72,898,284**
Balance on March 31, 2015	$	**5,523,229**	**29,110,617**	**24,337,795**	**567,300**	**8,243,699**	**3,364,108**	**71,146,748**

A. Based on the results of its evaluation of the recoverability of property, plant and equipment, the Group recognized impairment loss (reversal gain) as follows:

		For the Three Months Ended March 31	
		2016	**2015**
Impairment loss (reversal gain)	$	**35,993**	**(5,808)**

B. KINSUS INTERCONNECT TECHNOLOGY CORP. completed a series of farm land purchases covering a total land area of 36,287.15 square meters in the name of KINSUS's general manager instead of KINSUS, due to the restriction imposed by the local government.

C. Please refer to Note 6(25) for details of the capitalization of interest expenses and gain and loss on disposal of property, plant and equipment.

D. Please refer to Note 8 for details of the property, plant and equipment pledged as collateral.

(9) Investment property

		Land	Buildings	Total
Carrying amounts：				
Balance as of January 1, 2016	$	**272,328**	**431,803**	**704,131**
Balance as of March 31, 2016	$	**272,328**	**427,378**	**699,706**
Balance as of January 1, 2015	$	**272,328**	**376,424**	**648,752**
Balance as of March 31, 2015	$	**272,328**	**373,830**	**646,158**

A. Rental income and direct operating expenses arising from investment property that generate rental income were as follows:

	For the Three Months Ended March 31	
	2016	2015
Rental income	$ 7,648	7,621
Direct operating expenses arising from investment property that generate rental income	$ 3,481	2,594

B. For the three months ended March 31, 2016 and 2015, there was no material purchase, disposal, impairment loss, or reversal gain on investment property. Please refer to Note 12 for the details of depreciation on investment property and refer to Note 6(10) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

C. As of March 31, 2016, December 31, 2015, and March 31, 2015, the fair value of investment property of the Group was $1,531,538, $1,166,415 and $1,038,007, respectively. The fair value of investment property was evaluated based on the recent market transaction on arm's length terms.

D. As of March 31, 2016, December 31, 2015, and March 31, 2015, the aforesaid investment properties were not pledged as collateral.

(10) Intangible assets

The movements in the costs of intangible assets, amortization, and impairment loss of the Group for the three months ended March 31, 2016 and 2015 were as follows:

	Goodwill	Customer relationship	Technology	Others	Total
Costs:					
Balance on January 1, 2016	$ 1,984,574	-	-	986,670	2,971,244
Additions	-	-	-	25,328	25,328
Disposals	-	-	-	(10,789)	(10,789)
Reclassifications	-	-	-	1,475	1,475
Effect of movement in exchange rate	(22,352)	-	-	(12,988)	(35,340)
Balance on March 31, 2016	**$ 1,962,222**	**-**	**-**	**989,696**	**2,951,918**
Balance on January 1, 2015	$ 1,943,538	380,175	813,972	909,737	4,047,422
Additions	-	-	-	23,124	23,124
Disposals	-	-	-	(15,303)	(15,303)
Reclassifications	-	-	-	1,193	1,193
Effect of movement in exchange rate	(12,224)	(4,204)	(9,001)	(7,894)	(33,323)
Balance on March 31, 2015	**$ 1,931,314**	**375,971**	**804,971**	**910,857**	**4,023,113**

	Goodwill	Customer relationship	Technology	Others	Total
Amortization and Impairment Loss:					
Balance on January 1, 2016	$ 671,792	-	-	744,365	1,416,157
Amortization for the period	-	-	-	37,592	37,591
Disposals	-	-	-	(10,789)	(10,789)
Reclassifications	-	-	-	1,269	1,269
Effect of movement in exchange rates	-	-	-	(11,614)	(11,613)
Balance on March 31, 2016	**$ 671,792**	**-**	**-**	**760,823**	**1,432,615**
Balance on January 1, 2015	$ 671,792	380,175	813,972	580,224	2,446,163
Amortization for the period	-	-	-	53,487	53,487
Disposals	-	-	-	(15,303)	(15,303)
Reclassifications	-	-	-	10,304	10,304
Effect of movement in exchange rates	-	(4,204)	(9,001)	(5,435)	(18,640)
Balance on March 31, 2015	**$ 671,792**	**375,971**	**804,971**	**623,277**	**2,476,011**
Carrying value:					
Balance on January 1, 2016	**$ 1,312,782**	-	-	**242,305**	**1,555,087**
Balance on March 31, 2016	**$ 1,290,430**	-	-	**228,873**	**1,519,303**
Balance on January 1, 2015	**$ 1,271,746**	-	-	**329,513**	**1,601,259**
Balance on March 31, 2015	**$ 1,259,522**	-	-	**287,580**	**1,547,102**

A. Goodwill impairment

For the purpose of impairment testing, goodwill was allocated to the Group's cash-generating units, such as mechanics, consumer electronic and others, as follows:

	December 31, 2015	December 31, 2014
Mechanics	$ 1,100,733	1,061,332
Consumer electronic	210,527	208,892
Others	1,522	1,522
	$ 1,312,782	**1,271,746**

For the three months ended March 31, 2016 and 2015, there were no significant addition, disposal, impairment loss, or reversal gain on goodwill. Please refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

B. Impairment

For the three months ended March 31, 2016 and 2015, there was no significant addition, disposal, impairment loss, or reversal gain on intangible assets other than goodwill. Please refer to Note 12 for the details of amortization and refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

(11) Other financial assets and other assets

Other current assets noncurrent assets were as follows:

		March 31, 2016	December 31, 2015	March 31, 2015
Other financial assets－current	$	940,656	785,779	3,271,311
Other financial assets－noncurrent		356,735	357,503	653,253
Other current assets		14,758,689	15,575,204	11,298,649
Other noncurrent assets		51,626	58,896	58,185
	$	**16,107,706**	**16,777,382**	**15,281,398**

A. Other financial assets are assets that do not qualify as cash and cash equivalents which consisted of time deposits, restricted time deposits and guarantee deposit paid. Please refer to Note 8 for details.

B. Other current assets consisted of temporary payments, current tax asset and others.

C. Other noncurrent assets consisted of long-term prepaid expenses and others.

(12) Short-term loans

		March 31, 2016	December 31, 2015	March 31, 2015
Unsecured bank loans	$	49,141,886	45,467,083	31,638,283
Secured bank loans		498	-	-
Total	**$**	**49,142,384**	**45,467,083**	**31,638,283**
Unused credit line	**$**	**92,127,418**	**47,331,135**	**46,045,341**
Interest rate		**0.74%~5.66%**	**0.70%~2.03%**	**0.68%~2.01%**

A. Borrowing and repayment

In consideration of the operating situation and the terms of the loan agreement, the Group borrowed and repaid $3,675,301 and $4,457,720 of its short-term loans for the three months ended March 31, 2016 and 2015, respectively. Please refer to Note 6(25) for the details of interest expenses and refer to Note 6(13) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

B. Securities for bank loans

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

(13) Long-term loans

		March 31, 2016	December 31, 2015	March 31, 2015
Unsecured bank loans	$	12,327,362	14,618,655	20,429,936
Secured bank loans		270,652	305,034	548,905
		12,598,014	14,923,689	20,978,841
Less: current portion		(2,762,000)	(2,604,140)	(7,297,750)
Less: fees		(11,600)	(12,800)	(16,400)
Total	**$**	**9,824,414**	**12,306,749**	**13,664,691**
Unused credit line	**$**	**13,938,338**	**12,145,250**	**7,262,400**
Interest rate		**1.02%~2.2%**	**1.02%~2.19%**	**0.78%~1.72%**

A. Borrowing and repayment

In consideration of the operating situation and the terms of the loan agreement, the Group repaid the long-term loans of $2,285,405 and $5,666,055 for the three months ended March 31, 2016 and 2015. In addition, the Group obtained new long-term loans of $0 and $5,033,600 for the three months ended March 31, 2016 and 2015, respectively. Please refer to Note 6(25) for interest expenses and refer to Note 6(14) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

B. Securities for bank loans

(a) The Group's promissory notes were pledged as a guarantee for the Group's credit loan facility. Please refer to Note 8 for details of the related assets pledged as collateral.

(b) CASETEK CAYMAN's subsidiaries obtained a long-term loan from DBS and Mega International Commercial Bank. CASETEK CAYMAN is the endorsement guarantee provider for the long-term loan obtained from Mega International Commercial Bank.

C. Loan covenants

(a) On October 25, 2010, the Company signed a syndicated loan agreement with a total credit line of USD 400,000 thousand. According to the Company's credit loan facility agreement with the banks, during the loan repayment periods, the Company must comply with certain financial covenants based on its audited annual and reviewed semi-annual consolidated financial statements (June 30 and December 31), such as current ratio, debt ratio, interest coverage ratio, and tangible net assets. If the aforesaid covenants are breached, the syndicate banks will, depending on the circumstances, based on the majority decision of the syndicate banks to either suspend the subsequent credit usage or demand an immediate repayment.

This syndicated loan agreement was due in November, 2015.

(b) On August 1, 2013, the Company signed a syndicated loan agreement with a total credit line of $12,000,000. According to the agreement, the Company must comply with certain financial covenants, such as current ratio, debt ratio, tangible net assets, and interest coverage ratio. Compliance with the aforesaid financial covenants is determined on the reviewed quarterly consolidated financial statements (March 31, June 30 and September 30) and audited annual (December 31) stand alone financial statements of the Company and consolidated financial statements of the Group.

If the aforesaid covenants are breached, the syndicate banks will, depending on the circumstances, based on the majority decision of the syndicate banks to either suspend the subsequent credit usage or demand an immediate repayment.

(c) On January 30, 2015, CASETEK CAYMAN signed a USD 300,000 thousand worth of credit facility in the form of credit loan with multiple banks. According to the credit loan facility agreements, during the loan repayment periods, CASETEK CAYMAN must comply with certain financial covenants, such as current ratio, debt ratio, interest coverage ratio and tangible net assets, based on its audited annual consolidated financial statements (December 31).

The compliance with the aforesaid covenants will be examined annually based on the audited CASETEK CAYMAN annual consolidated financial statements.

As of March 31, 2016, December31, 2015, and March 31, 2015, the Group was in compliance with the above financial covenants. Please refer to Note 6(14) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

(14) Bonds payable

A. The Company's overseas unsecured convertible bonds were as follows:

		March 31, 2016	December 31, 2015	March 31, 2015
Convertible bonds issued	$	-	8,874,000	8,874,000
Accumulated amount of converted bonds		-	(8,874,000)	(8,874,000)
Bonds payable, net	**$**	**-**	**-**	**-**

	For the Three Months Ended March 31	
	2016	**2015**
Embedded derivative –conversion options (accounted under other gains and losses)	$ **-**	**238,997**
Interest expense	$ **-**	**(82,940)**

For the three months ended March 31, 2016 and 2015, there was no significant issuance, repurchase, or repayment of bonds payable. Please refer to Note 6(15) of the consolidated financial statements for the year ended December 31, 2015 for related information on issuance of convertible bonds in 2012.

As of February 28, 2015, all of the convertible bonds issued in 2012 have been converted into shares. Please refer to Note 6(19) for the information on capital surplus – conversion of convertible bonds generated from the conversion.

(15) Provisions

	March 31, 2016	December 31, 2015	March 31, 2015
Warranties	$ 231,643	233,443	235,348
Allowance for sales returns and discounts	154,574	191,958	143,814
	$ 386,217	**425,401**	**379,162**

For the three months ended March 31, 2016 and 2015, there were no significant changes in provisions. Please refer to Note 6(16) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

(16) Operating leases

A. Leasee

For the three months ended March 31, 2016 and 2015, there were no significant new lease contracts. Please refer to Note 6(17) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

B. Long-term prepaid rents

	March 31, 2016	December 31, 2015	March 31, 2015
Long-term prepaid rents	**$ 4,259,866**	**4,348,476**	**4,041,279**

(a) Long-term prepaid rents represent land use rights under operating lease arrangement is expensed equally over 38 to 67 years.

(b) Please refer to Note 8 for details of the aforesaid land use rights pledged as collateral.

(17) Employee benefits

A. Defined benefit plans

Management believes that there was no material market volatility, no material reimbursement and settlement or other material one-time events. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2015 and 2014.

The Group's pension expenses recognized in profit or loss for the three months end March 31, 2016 and 2015 were as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Cost of sales	$ 248	1,086
Operating expense	2,465	2,641
	$ 2,713	**3,727**

B. Defined contribution plans

The contributions of the Group to the Bureau of the Labor Insurance and China Labor and Social Security Bureau for the employees' pension benefits were as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Cost of sales	$ 1,220,976	846,927
Operating expense	231,128	182,182
	$ 1,452,104	**1,029,109**

C. As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group's short-term debts from the employees annual leave benefits amounted to $288,159, $282,590 and $242,931, respectively.

(18) Income Tax

A. Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting."

B. The components of income tax expense for the three months ended March 31, 2016 and 2015 were as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Current income tax	$ 2,049,820	2,116,096
Prior years income tax adjustment	(389,934)	4,144
Total	**$ 1,659,886**	**2,120,240**

C. Status of approval of income tax

(a) The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority, except for the income tax return for 2012, which is still under review by the Tax Authority.

(b) The Group have income tax returns approved by the Tax Authority were as follows:

Years of Approval	Company Name
2014	HUA-YUAN INVESTMENT LTD., ASFLY TRAVEL SERVICE LTD., ABILITY INVESTMENT, EZWAVE, AZURE LIGHTING TECHNOLOGIES, INC., ASUSPOWER INVESTMENT, ASUS INVESTMENT CO., LTD., PEGA INTERNATIONAL LIMITED, ASUSTEK INVESTMENT, ASROCK RACK, INC, LUMENS OPTICS, RIH KUAN METAL, AMA PRECISION, STARLINK, PEGAVISION, PEGAVISION INVESTMENT.
2013	KINSUS INTERCONNECT TECHNOLOGY CORP., ASROCK INCORPORATION (Note), ABILITY, E-PIN OPTICAL INDUSTRY CO., LTD., AZURE WAVE
2012	UNIHAN

Note: The income tax return for 2012 is still under review by the Tax Authority

D. Stockholders' imputation tax credit account and tax rate:

	March 31, 2016	December 31, 2015	March 31, 2015
Stockholders' imputation tax credit account	$ 3,296,778	3,296,778	1,458,156

	2015 (Expect)	2014 (Actual)
Tax deduction ratio for earnings distributable to R.O.C. residents	13.83%	12.49%

All of the Company's earnings generated for the period up to December 31, 1997 have been appropriated.

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

(19) Capital and reserves

Except for the following, there were no significant changes in capital and reserves for the three months ended March 31, 2016 and 2015. Please refer to Note 6(20) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

A. Nominal ordinary shares

For the three months ended March 31, 2015, new common shares of stock totaling 842 and 47,424 thousand shares were issued from the exercise of employee stock options and the conversion of convertible bonds, respectively, which were accounted under advance receipts as the registration procedures were yet to be completed. For the three months ended March 31, 2016 and 2015, the Company had retired 259 and 207 thousand shares, respectively, of restricted stock to employees. Therefore, the authorized capital of the Company consisted of both 3,000,000 thousand shares, with par value of $10 per share, and its outstanding capital consisted of 2,602,762 and 2,515,474 thousand common shares of stock, as of March 31, 2016 and 2015, respectively.

As of March 31, 2016, December 31, 2015 and March 31, 2015, the restricted Company shares of stock issued to employees have expired, of which 283 thousand shares, 259 thousand shares and 111 thousand shares, respectively, have not been retired.

B. Global depositary receipts

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company has listed, in total, 5,905, 5,994 and 6,585 thousand units of GDR, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. As each unit of these GDRs represents 5 common shares of the Company, the Company has listed Company shares totaling 29,527, 29,969 and 32,927 thousand shares of stock, respectively.

C. Capital surplus

The components of the capital surplus were as follows:

		March 31, 2016	December 31, 2015	March 31, 2015
From issuance of share capital	$	62,284,198	62,284,056	62,061,917
From conversion of convertible bonds		11,187,179	11,187,179	11,187,179
From treasury stock-transactions		108,582	108,582	108,582
Difference between consideration and carrying amount of subsidiaries acquired or disposed		2,383,056	2,383,056	2,383,056
Changes in ownership interest in subsidiaries		738,821	738,737	731,560
Employee share options		1,304	1,304	1,553
Restricted stock to employees		1,862,375	1,859,543	132,960
Other		409,917	409,917	409,917
	$	**78,975,432**	**78,972,374**	**77,016,724**

D. Retained earnings

The Company's Articles of Incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, under its Articles of Incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, is distributed as follows:

(a) No less than 10% as employees' bonuses which are distributable in cash or shares of stock. In the event that the employee bonus is distributed in the form of shares of stock, employees qualifying for such distribution may include the employees of subsidiaries of the Company who meet certain specific requirements. Such qualified employees and distribution ratio are decided by the Board of Directors.

(b) Up to 1% as remuneration to directors.

(c) The remaining earnings, if any, may be appropriated according to a resolution of a stockholders' meeting.

In order to bring about stability in the payment of dividends, the Company distributes dividends depending on the level of earnings of each year. The Company is facing a rapidly changing industrial environment. In consideration of the Company's long-term operating plan and funding needs, the Company adopts a stable dividends policy. Therefore, the Company distributes cash dividends of at least 10% of the aggregate dividends, if the distributions include cash dividends.

In accordance with the amended Companies Act of 2015, employee bonuses and directors and supervisors' remuneration are no longer distributed from earnings. On this regard, the Company will amend its Articles of Incorporation before the date prescribed by the Authority.

(a) Legal reserve

In accordance with the Amended Companies Act 2012, 10 percent of net income should be set aside as legal reserve, until it is equal to share capital. If the Company incurred profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash, of up to 25 percent of the actual share capital.

(b) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on 6 April 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

(c) Earnings Distribution

For the three months ended March 31, 2015, employee bonuses and directors' remuneration of $570,000 and $56,000, respectively, were estimated and recognized as current expense according to the Companies Act prior the adoption of amendment in May, 2015. These amounts were calculated using the Company's net profit for the three months ended March 31, 2015, and were determined according to the earnings allocation method, priority and factor for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were charged to profit or loss under operating costs or operating expenses for the three months ended March 31, 2015.

On March 17, 2016, the Company's board of directors resolved to appropriate the 2015 earnings. On June 15, 2015, the shareholders' meetings resolved to distribute the 2014 earnings. These earnings were distributed as dividends as follows:

	2015	2014
Common stock dividends per share (dollars)		
－Cash	$ 5.00	4.10

The 2014 earnings approved for distribution agreed with those accrued in the financial statements for the years ended December 31, 2014.

Related information of distributions of employee bonus and remuneration to directors and supervisors can be accessed from the Market Observation Post System on the web site.

E. Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Available-for-sale investments	Deferred compensation arising from issuance of restricted stock	Total
Balance, January 1, 2016	$ 3,752,117	211,234	(1,238,377)	2,724,974
Exchange differences on foreign operation	(1,508,053)	-	-	(1,508,053)
Exchange differences on associates accounted for using equity method	1,722	-	-	1,722
Unrealized gains on available-for-sale financial assets of subsidiaries accounted for using equity method	-	(23,556)	-	(23,556)
Deferred compensation cost	-	-	286,626	286,626
Balance, March 31, 2016	**$ 2,245,786**	**187,678**	**(951,751)**	**1,481,713**
Balance, January 1, 2015	$ 4,788,058	177,810	(64,523)	4,901,345
Exchange differences on foreign operation	(1,533,954)	-	-	(1,533,954)
Exchange differences on associates accounted for using equity method	(1,532)	-	-	(1,532)
Unrealized gains on available-for-sale financial assets of subsidiaries accounted for using equity method	-	189,555	-	189,555
Deferred compensation cost	-	-	18,451	18,451
Balance, March 31, 2015	**$ 3,252,572**	**367,365**	**(46,072)**	**3,573,865**

F. Non-controlling interests (net of tax)

	For the Three Months Ended March 31	
	2016	**2015**
Balance, January 1	$ 41,958,390	41,200,299
Profit attributable to non-controlling interests	735,703	888,910
Comprehensive income attributable to non-controlling interests		
Foreign currency translation differences－foreign operations	(295,909)	(252,174)
Unrealized gain on available-for-sale financial assets	41,254	127,921
Changes in ownership interest in subsidiaries	(84)	(1,708)
Changes in non-controlling interests	6,481	53,945
Balance, March 31	**$ 42,445,835**	**42,017,193**

(20) Share-based payment

For the three months ended March 31, 2016 and 2015, there were no significant changes in share-based payment except for the following: (Please refer to Note 6(21) of the consolidated financial statements for the year ended December 31, 2015 for other related information).

A. Restricted stock to employee

For the three months ended March 31, 2016 and 2015, 283 and 111 thousand shares of the restricted shares of stock issued to employees have expired, which were charged to capital surplus of $2,832 and $1,110, respectively. As of March 31, 2016 and 2015, the Company has deferred compensation cost arising from issuance of restricted stock of $951,751 and $46,072, respectively.

On March 17, 2016, pursuant to the resolutions of its board of directors but yet to be approved by the shareholders' meeting, the Company planned to issue 40,000 thousand shares of restricted shares of stock to employees with par value of $10 per share. Vesting conditions are in accordance with the offering information.

B. Related information on employee stock options

Information on aforesaid employee stock options was as follows:

(a) For the three months ended March 31, 2015

	Issued in 2012	
	Number of Exercisable Thousand Shares	**Weighted-average Exercise Price**
Balance, beginning of the period	872	$ 40.80
Granted	-	-
Exercised	842	40.80
Forfeited	-	-
Expired	-	-
Balance, end of the period	**30**	40.80
Exercisable, end of the period	**30**	
Weighted-average fair value of options granted	**13.8**	
Exercise price of share option outstanding, end of the period	**40.80**	
Remaining contractual life	**-**	
Expenses incurred on share-based payment transactions	**-**	

C. Expenses resulted from share-based payments

The Group incurred expenses from share-based payments transactions for the three months ended March 31, 2016 and 2015 as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Expenses resulting from issuance of restricted stock to employees	$ 286,768	19,266
Expenses arising from granting of employee share options (including employee share options granted to subsidiaries' employees)	-	-
Total	**$ 286,768**	**19,266**

(21) Subsidiary's share-based payments

For the three months ended March 31, 2016 and 2015, there were no significant changes in share-based payment except for the following. Please refer to Note 6(22) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

A. Information on share-based payment transactions were as follows:

(a) For the three months ended March 31, 2015

	Issued in 2008	
The first batch of employee stock options	**Quantity of stock option (thousand shares)**	**Weighted-average exercise price**
Outstanding at the beginning of the period	428	$ 13.6
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at the end of the period	**428**	13.6
Exercisable at the end of the period	**428**	
Weighted-average fair value of options granted	**8.88**	
Exercise price of share option outstanding, end of the period	-	
Remaining contractual life	-	

B. For the three months ended March 31, 2016 and 2015, the weighted-average exercise price of stock option on the date of exercise amounted to $20.38 and $14.02 per share, respectively.

C. The expenses resulting from the share-based payment transactions were as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Equity-settled	$ **6,480**	**24,711**

D. For the three months ended March 31, 2016 and 2015, Ability (TW) repurchased 74 and 952 thousand shares of stock for $748 and $9,521, respectively, at $10 per share as certain employee resigned during the vesting period. As of March 31, 2016, December 31, 2015 and March 31, 2015, 74, 153 and 952 thousand shares with total amount of $748, $1,533 and $9,521, respectively, have not been retired.

(22) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Basic earnings per share		
Profit attributable to ordinary shareholders	$ **4,105,583**	**6,327,870**
Weighted-average number of ordinary shares	**2,593,617**	**2,554,098**
	$ **1.58**	**2.48**
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	$ **4,105,583**	**6,327,870**
Weighted-average number of ordinary shares	2,593,617	2,554,098
Effect of potentially dilutive ordinary shares		
Employee stock remuneration / bonus	26,224	22,373
Employee stock option	-	444
Weighted-average number of ordinary shares (diluted)	**2,619,841**	**2,576,915**
	$ **1.57**	**2.46**

For the three months ended March 31, 2016 and 2015, convertible bonds of $0 and $230,562, respectively, were not included in the calculation of weighted-average number of shares (diluted) as they were not dilutive.

(23) Revenue

		For the Three Months Ended March 31	
		2016	2015
Sale of goods	$	232,546,526	264,615,339
Others		23,835,784	9,647,237
	$	**256,382,310**	**274,262,576**

(24) Remuneration of employees and directors

Based on the amended Company's Articles of Incorporation which have been approved by the Board of Directors but have not been approved by the shareholders' meeting, remuneration of employees and directors are appropriated at the rate of at least 7% and no more than 0.7% of profit before tax, respectively. The Company should offset prior years' accumulated deficit before any appropriation of profit. Employees of subsidiaries may also be entitled to these employee remuneration of the Company, which can be settled in the form of cash or stock.

For the three months ended March 31, 2016, remuneration of employees and directors of $353,000 and $35,000, respectively, were estimated and recognized as current expense. These amounts were calculated using the Company's profit before tax before remuneration of employees and directors for the three months ended March 31, 2016. These benefits were charged to profit or loss under operating costs or operating expenses for the three months ended March 31, 2016. Management is expecting that the differences, if any, between the amounts which are yet to be approved in the Board of Directors and those recognized in the financial statements will be treated as changes in accounting estimates and charged to profit or loss. The employee benefit expenses was calculated based on the closing price of the Company's common shares one day prior to Board of Directors meeting.

For the year ended December 31, 2015, remuneration of employees and directors of $2,072,000 and $203,000, respectively, were accrued. On March 17, 2016, the Company's board of directors approved a proposal as to the amounts of appropriations of 2015 earnings for these remunerations to employees and directors and the proposed amounts do not differ with those accrued in the financial statements for the year ended December 31, 2015. However, this proposal is still subject to further approval during the meeting of the shareholders. Management is expecting that the differences, if any, between the amounts which are yet to be approved by the shareholders and those accrued in the financial statements will be treated as changes in accounting estimates and charged to profit or loss in the following year. Related information of the actual distributions of remuneration to employees and directors can be accessed from the Market Observation Post System on the web site.

(25) Non-operating income and expenses

A. Other income

	For the Three Months Ended March 31	
	2016	2015
Interest income	$ 214,554	447,056
Subsidy income	241,839	13,648
Rental income	66,249	71,595
Technical service income	72,823	47,094
Other income	134,758	151,837
	$ 730,223	**731,230**

B. Other gains and losses

	For the Three Months Ended March 31	
	2016	2015
Gain on reversal of uncollectable account	$ 105,937	178,242
Loss on disposal of property, plant and equipment	(30)	(10,095)
Gain on disposal of non-current assets classified as held for sale	-	65,368
Gain on disposal of investments	-	172,471
Foreign exchange loss	(755,316)	(319,842)
(Reversal of) Impairment loss	(35,993)	5,808
Net losses on evaluation of financial assets (liabilities) measured at fair value through profit or loss	(12,481)	(230,142)
	$ (697,883)	**(138,190)**

C. Finance costs

	For the Three Months Ended March 31	
	2016	2015
Interest expenses	$ 164,099	100,089
Less: Interest expenses capitalization	-	-
Finance expense – bank fees	23,407	32,885
	$ 187,506	**132,974**

(26) Reclassification of other comprehensive income

	For the Three Months Ended March 31	
	2016	2015
Net fair value change in available-for-sale financial assets recognized in:		
Other comprehensive income	$ 17,698	154,790
Profit or loss	-	162,686
Net fair value change recognized in other comprehensive income	**$ 17,698**	**317,476**

(27) Financial instruments

For the three months ended March 31, 2016 and 2015, there were no significant changes in fair value of financial instrument and exposures to credit risk, liquidity risk and market risk, except for the following (Please refer to Note 6(28) of the consolidated financial statements for the year ended December 31, 2015 for other related information).

A. Credit risk

(a) Exposure to credit risk

As of March 31, 2016, December 31, 2015 and March 31, 2015, the accounts receivable from the Company's top three customers amounted to $36,034,423, $72,039,287 and $78,589,071, representing 45%, 59% and 66% of accounts receivable, respectively, which exposes the Company to credit risk.

(b) Impairment losses

Aging analysis of the receivables on the balance sheet date were as follows:

		March 31, 2016	**December 31, 2015**	**March 31, 2015**
Current (not past due)	$	109,914,696	143,150,534	118,125,401
Past due 0 - 30 days		926,113	3,233,260	2,762,614
Past due 31 - 120 days		507,516	1,466,766	558,912
Past due 121 - 365 days		229,940	62,580	90,715
Past due more than 1 year		1,888,371	1,939,859	1,854,048
	$	**113,466,633**	**149,852,999**	**123,391,690**

The movement in the allowance for impairment with respect to the receivables during the period was as follows:

		Individually assessed impairment	**Collectively assessed impairment**	**Total**
Balance on January 1, 2016	$	73,559	2,054,366	2,127 ,925
(Reversal of) impairment loss		2,184	(111,513)	(109,329)
Foreign exchange gain		(1,339)	(436)	(1,775)
Balance on March 31, 2016	**$**	**74,404**	**1,942,417**	**2,016,821**
Balance on January 1, 2015	$	72,020	2,136,108	2,208,128
Reversal of impairment loss		(214)	(178,711)	(178,925)
Written off unrecoverable amount		-	(583)	(583)
Foreign exchange (gain) loss		(852)	3,386	2,534
Balance on March 31, 2015	**$**	**70,954**	**1,960,200**	**2,031,154**

B. Liquidity risk

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

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	More than 2 years
March 31, 2016						
Non-derivative financial liabilities						
Secured bank loans	$	271,150	271,150	115,400	53,500	102,250
Unsecured bank loans		61,469,248	61,469,248	51,788,984	2,188,966	7,491,298
Non-interest bearing liabilities		131,523,217	131,523,217	131,523,217	-	-
	$	**193,263,615**	**193,263,615**	**183,427,601**	**2,242,466**	**7,593,548**
December 31, 2015						
Non-derivative financial liabilities						
Secured bank loans	$	305,034	305,034	134,034	56,000	115,000
Unsecured bank loans		60,085,738	60,085,738	47,937,189	3,200,170	8,948,379
Non-interest bearing liabilities		195,546,280	195,546,280	195,546,280	-	-
	$	**255,937,052**	**255,937,052**	**243,617,503**	**3,256,170**	**9,063,379**
March 31, 2015						
Non-derivative financial liabilities						
Secured bank loans	$	548,905	548,905	212,985	130,920	205,000
Unsecured bank loans		52,068,219	52,068,219	38,723,048	1,183,856	12,161,315
Non-interest bearing liabilities		174,982,557	174,982,557	174,982,557	-	-
	$	**227,599,681**	**227,599,681**	**213,918,590**	**1,314,776**	**12,366,315**

The liquidity of the aforesaid bank loans does not include interest expense on cash outflow. The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Currency risk exposure

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

(Unit: Foreign currency/NTD in Thousands)

	March 31, 2016			March 31,2015		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD:NTD	$ 5,927,044	32.185	190,761,911	8,401,222	31.300	262,958,249
USD:CNY	4,264,492	6.4612	137,252,675	5,149,779	6.142	161,188,083
USD:CZK	59,364	23.7602	1,910,630	-	-	-
CNY:NTD	257,050	4.9813	1,280,443	1,995,310	5.0959	10,167,900
Financial liabilities						
Monetary items						
USD:NTD	5,391,706	32.185	173,532,058	7,122,255	31.300	222,926,582
USD:CNY	5,974,867	6.4612	192,301,094	7,084,111	6.142	221,732,674
USD:CZK	33,264	23.7598	1,070,602	52,255	25.5907	1,635,582
JPY:CNY	331,797	0.0575	94,993	722,860	0.0510	188,233
CNY:NTD	155,993	4.9813	777,048	143,778	5.0959	732,678

	December 31, 2015		
	Foreign Currency	Exchange Rate	NTD
Financial assets			
Monetary items			
USD:NTD	8,323,160	32.825	273,207,727
USD:CNY	6,318,520	6.4936	207,405,419
USD:CZK	55,187	24.8213	1,811,513
CNY: NTD	399,849	5.055	2,021,237
Financial liabilities			
Monetary items			
USD:NTD	7,794,417	32.825	255,851,738
USD:CNY	8,500,368	6.4936	279,024,580
USD:CZK	28,825	24.8213	946,181
JPY:CNY	627,991	0.0539	171,253
CNY:NTD	139,291	5.055	704,116

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, bonds payable and other payables that are denominated in foreign currency. A 1% of appreciation of each major foreign currency against the Group's functional currency as of March 31, 2016 and 2015 would have decreased the before-tax net income by $362,098 and $103,906, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

(c) Gains or losses on monetary item

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2016 and 2015, the foreign exchange gain (loss), including both realized and unrealized, amounted to $(755,316) and $319,842, respectively.

D. Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date.

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases / decreases by 1%, the Group's net income will decrease /increase by $14,535 and $15,052 for the three months ended March 31, 2016 and 2015, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate borrowing.

E. Other price risks

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the three months ended March 31			
	2016		2015	
	After-Tax Comprehensive Income	After-Tax Profit (Loss)	After-Tax Comprehensive Income	After-Tax Profit (Loss)
Increase by 3%	$ 54,439	145,087	74,597	194,648
Decrease by 3%	$ (54,439)	(145,087)	(74,597)	(194,648)

F. Fair value of financial instruments

The fair value of financial assets and liabilities were as follows (including information on fair value hierarchy, but excluding measurements that have similarities to fair value but are not fair value and those fair value cannot be reliably measured or inputs are unobservable in active markets) :

(a) Categories of financial instruments

Financial Assets	March 31, 2016	December 31, 2015	March 31, 2015
Financial assets at fair value through profit or loss			
Held-for-trading financial assets	$ 4,900,259	4,732,661	6,488,272
Available-for-sale financial assets	1,814,644	1,819,404	2,486,554
Financial assets carried at cost	468,713	468,750	568,363
Deposits and receivables			
Cash and cash equivalents	110,770,400	102,561,346	118,018,559
Notes, accounts and other receivables	111,449,815	147,725,074	121,360,536
Other financial assets	1,297,391	1,143,282	3,924,564
Subtotal	223,517,606	251,429,702	243,303,659
	$ 230,701,222	258,450,517	252,846,848

Financial liabilities		**March 31, 2016**	**December 31, 2015**	**March 31, 2015**
Financial liabilities carried at amortised cost				
Short-term loans		49,142,384	45,467,083	31,638,283
Notes and accounts payable		131,523,217	195,546,280	174,982,557
Long-term borrowings (including current portion)		12,586,414	14,910,889	20,962,441
Guarantee deposit (recognized in other noncurrent liabilities)		498,922	519,337	486,911
Subtotal		193,750,937	256,443,589	228,070,192
	$	**193,750,937**	**256,443,589**	**228,070,192**

(b) Fair value hierarchy

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

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

			Fair Value			
		Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
March 31, 2016						
Financial assets designated as at fair value through profit or loss						
Held-for-trading non-derivative financial assets	$	4,900,259	4,900,259	-	-	4,900,259
Available-for-sale financial assets						
Stock of listed companies		745,257	745,257	-	-	745,257
Equity investment－common stock		192,240	-	192,240	-	192,240
Stock of overseas listed companies		877,147	877,147	-	-	877,147
	$	**6,714,903**	**6,522,663**	**192,240**	**-**	**6,714,903**

		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
December 31, 2015					
Financial assets designated as at fair value through profit or loss					
Held-for-trading non-derivative financial assets	$ 4,732,661	4,732,661	-	-	4,732,661
Available-for-sale financial assets					
Stock of listed companies	765,744	765,744	-	-	765,744
Equity investment－common stock	195,840	-	195,840	-	195,840
Stock of overseas listed companies	857,820	857,820	-	-	857,820
	$ 6,552,065	**6,356,225**	**195,840**	-	**6,552,065**
March 31, 2015					
Financial assets designated as at fair value through profit or loss					
Held-for-trading non-derivative financial assets	$ 6,488,272	6,488,272	-	-	6,488,272
Available-for-sale financial assets					
Stock of listed companies	1,118,474	1,118,474	-	-	1,118,474
Equity investment－common stock	288,000	-	288,000	-	288,000
Stock of overseas listed companies	1,080,080	1,080,080	-	-	1,080,080
	$ 8,974,826	**8,686,826**	**288,000**	-	**8,974,826**

There have been no transfers from each level for the three months ended March 31, 2016 and 2015

(c) Valuation techniques for financial instruments which is not measured at fair value:

The assumptions and methods used in valuing financial instruments that are not measured at fair value are as follows:

(i) Financial assets measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if theses prices are available in active market.

When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flow of the financial assets and liabilities.

(d) Valuation techniques for financial instruments measured at fair value:

(i) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

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

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by the forward currency rate.

(ii) Derivative financial instruments

It is based on the valuation model accepted by the most market users, ex: Discount rate and option pricing model. Forward exchange agreement is usually based on the current forward rate.

Fair value of structured financial instruments is based on appropriated valuation model, ex: Black-Scholes model, or other valuation model, ex: Monte Carlo simulation.

G. Offsetting of financial assets and financial liabilities

The Group has financial assets and liabilities which are subject to the guidance concerning financial instrument transactions under paragraph 42 of IAS 32 as endorsed by the Financial Supervisory Commission. These financial assets and liabilities are presented on a net basis in balance sheet.

The following table presents the recognized financial instruments that are subject to offsetting agreement or contract and have legally enforceable right to set off:

2016.03.31

Financial assets subject to offsetting agreement or contract and have legally enforceable right to set off.

	Gross Assets (a)	Gross liabilities Offset (b)	Net amounts presented (c)=(a)-(b)	Amounts not offset(d): Financial Instruments	Amounts not offset(d): Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	$ **31,011,643**	**24,651,847**	**6,359,796**	-	-	**6,359,796**

2016.03.31

Financial liabilities subject to offsetting agreement or contract and have legally enforceable right to set off.

	Gross Assets (a)	Gross liabilities Offset (b)	Net amounts presented (c)=(a)-(b)	Amounts not offset(d): Financial Instruments	Amounts not offset(d): Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	$ **24,651,847**	**24,651,847**	-	-	-	-

2015.12.31

Financial assets subject to offsetting agreement or contract and have legally enforceable right to set off.

	Gross Assets (a)	Gross liabilities Offset (b)	Net amounts presented (c)=(a)-(b)	Amounts not offset(d): Financial Instruments	Amounts not offset(d): Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	$ **39,902,301**	**33,703,531**	**6,198,770**	-	-	**6,198,770**

2015.12.31

Financial liabilities subject to offsetting agreement or contract and have legally enforceable right to set off.

	Gross Assets (a)	Gross liabilities Offset (b)	Net amounts presented (c)=(a)-(b)	Amounts not offset(d): Financial Instruments	Amounts not offset(d): Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	$ **33,703,531**	**33,703,531**	-	-	-	-

2015.03.31

Financial assets subject to offsetting agreement or contract and have legally enforceable right to set off.

	Gross Assets (a)	Gross liabilities Offset (b)	Net amounts presented (c)=(a)-(b)	Amounts not offset(d): Financial Instruments	Amounts not offset(d): Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	$ **22,751,208**	**17,682,139**	**5,069,069**	-	-	**5,069,069**

2015.03.31

Financial liabilities subject to offsetting agreement or contract and have legally enforceable right to set off.

	Gross Assets (a)	Gross liabilities Offset (b)	Net amounts presented (c)=(a)-(b)	Amounts not offset(d) Financial Instruments	Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	$ **17,682,139**	**17,682,139**	**-**	**-**	**-**	**-**

(28) Financial risk management

A. Overview

The nature and the extent of the Group's risks arising from financial instruments, which include credit risk, liquidity risk and market risk, are discussed below. Also, the Group's objectives, policies and procedures of measuring and managing risks are discussed below.

For more quantitative information about the financial instruments, please refer to the other related notes of the notes to the financial statements.

B. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has deputized managements of core business departments for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

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

The Group's Internal Audit Department oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

C. Credit risk

Credit risk means the potential loss of the Group if the counterparty involved in that transaction defaults. Since the Group's derivative financial instrument agreements are entered into with financial institutions with good credit ratings, management believes that there is no significant credit risk from these transactions.

The primary potential credit risk is from financial instruments like cash, equity securities, and accounts receivable. Also, the Group deposits cash in different financial institutions. The Group manages credit risk exposure related to each financial institution and believes that there is no significant concentration of credit risk on cash and equity securities.

The Group transacted only with the approved third parties with good financial conditions and reputation. For those customers with poor financial situation, the Group would transfer the risk through acquiring guarantees or transacting by L/C. Therefore, the Group believes that there is no significant credit risk.

(a) Accounts receivables and other receivables

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

Under its customer credibility evaluation policies, the Group evaluates the customer's credibility and collectability of notes and account receivables regularly before doing business. Thus, management is not expecting any significant uncollectible accounts.

The major customers of the Group are concentrated in the high-tech computer industry. As the customers of the Group have good credits and profit records, the Group evaluates the financial conditions of these customers continually to reduce credit risk from accounts receivable. Moreover, the Group also periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. Thus, management is not expecting any significant issue on credit risk.

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

(b) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

(c) Guarantee

The Group's policies were prepared in accordance with Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies. Please refer to Note 9 for details of endorsements and guarantees provided by the Group as of March 31, 2016, December 31, 2015 and March 31, 2015.

D. Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The capital and working funds of the Group are sufficient to meet its entire contractual obligations and non-hedging forward exchange contracts; therefore, management is not expecting any significant issue on liquidity risk.

The funds and marketable securities investments held by the Group have publicly quoted prices and could be sold at approximate market price. In the case of foreign currency swap contracts, management believes that the cash flow risk is not significant because contracted foreign currency exchange rates are fixed.

Equity investments recorded as financial assets carried at cost do not have reliable market prices and are expected to have liquidity risk.

E. Market risk

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

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (NTD), US Dollars (USD) and Chinese Yuan (CNY). The currencies used in these transactions are denominated in NTD, EUR, USD, and CNY.

The Group's foreign currency denominated purchases and sales are denominated mainly in US dollars. This exposes the Group to the current and future foreign exchange fluctuation risk that arises from cash flows of foreign currency assets and liabilities. However, the risks may be regarded as insignificant, because foreign currency losses from sales are subsequently offset by the foreign currency gain from purchases. In addition, the Group conducts foreign exchange activities on spot market in order to manage its foreign exchange risks.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(b) Interest rate risk

The Group's interest rate risk arises from short-term and long-term loans bearing floating interest rates. Future cash flow will be affected by a change in market interest rate.

(c) Price floating rick on equity instruments

The equity securities held by the Group are classified as financial assets measured at fair value through profit or loss and available-for-sale financial assets. As these assets are measured at fair value, the Group is exposed to the market price fluctuation risk in the equity securities market.

The Group's investment portfolios of equity instruments are reviewed regularly by management, and significant investment decision is approved by the Board of Directors.

(29) Capital management

Management believes that there were no changes in the Group's approach to the targets, policies and procedures in capital management as disclosed in the consolidated financial statements for the year ended December 31, 2015. Also, they believe that for the three months ended March 31, 2016, there were also no changes in the Group's capital management information. Please refer to Note 6(30) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

(30) Non-cash transactions of financing activity

Convertible bonds payable converted into ordinary shares. Please refer to Note 6(14) for details.

7. RELATED PARTY TRANSATIONS

(1) The ultimate parent company

The Company is the ultimate parent company of the Group.

(2) Significant Transactions with related parties

A. Purchase of Goods from Related Parties

The amounts of significant purchase transactions and outstanding balances between the Group and related parties were as follows:

	Purchase	
	For the Three Months Ended March 31	
	2016	2015
Others	$ 12,952	13,122

	Payable from Related Parties		
	March 31, 2016	December 31, 2015	March 31, 2015
Others	$ 10,796	10,796	15,307

There were no significant differences between the terms and pricing of purchase transactions with related enterprises and those carried out with other normal vendors. The average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to four months, which is similar to that of other normal vendors.

B. Warranty repair expense paid to Related Parties

	For the Three Months Ended March 31	
	2016	2015
Others	$ -	536

(3) Key management personnel compensation:

	For the Three Months Ended March 31	
	2016	2015
Short-term employee benefits	$ 118,708	131,436
Post-employment benefits	1,132	1,179
Share-based payments	56,850	2,754
	$ 176,690	**135,369**

Please refer to Notes 6(20) and 6(21) for further explanations related to share-based payment transactions.

8. Pledged Assets

As of March 31, 2016, December 31, 2015 and March 31, 2015, pledged assets were as follows:

Asset	Purpose of pledge	March 31, 2016	December 31, 2015	March 31, 2015
Other financial asset	Customs duty guarantee, collateral, rental deposits, travel agency guarantee, etc.	$ 44,675	44,533	44,500
Property, plant and equipment	Bank loans	1,904,137	1,616,838	1,898,414
Refundable deposits	Customs duty guarantee, rental deposits and deposits for performance guarantee	27,990	24,300	29,601
		$ $1,976,802	**1,685,671**	**$1,972,515**

9. Significant Commitments And Contingencies

(1) Major commitments and contingencies were as follows:

A. Unused standby letters of credit

	March 31, 2016	December 31, 2015	March 31, 2015
EUR	$ 3,193	3,010	2,580
JPY	3,104,307	3,262,883	2,072,706
USD	4,888	7,211	29,865

B. Promissory notes and certificates of deposit obtained for business purpose were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
NTD	**$ 73,689**	**6,689**	**11,997**

C. As of March 31, 2016, December 31, 2015, and March 31, 2015, the significant contracts for purchase of properties by the Group amounted to $14,433,311, $13,223,710 and $6,768,236, of which $5,979,637, $6,258,950 and $3,409,272, respectively, were unpaid.

D. As of March 31, 2016, December 31, 2015, and March 31, 2015, the Group provided endorsement guarantee for bank loans obtained by the related parties, including Group entities, amounting to $7,605,857, $9,841,287 and $12,984,812, respectively.

E. As of March 31, 2016, the Group issued a tariff guarantee of $759,461 to the bank for the purpose of importing goods.

(2) Significant contingent liability: None.

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SUBSEQUENT EVENTS: None.

12. OTHER

(1) The employee benefits, depreciation, depletion and amortization expenses categorized by function, were as follows:

	For the three months Ended March 31, 2016			**For the three months Ended March 31, 2015**		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 9,299,872	3,881,512	13,181,384	$ 9,619,450	3,695,190	13,314,640
Health and labor insurance	899,527	253,570	1,153,097	1,056,463	251,580	1,308,043
Pension	1,221,224	233,593	1,454,817	848,013	184,823	1,032,836
Others	470,252	186,494	656,746	507,555	198,361	705,916
Depreciation	2,976,335	317,683	3,294,018	2,961,722	437,711	3,399,433
Amortization	8,236	29,356	37,592	7,534	45,953	53,487

Above depreciations did not include depreciation in investment property which was accounted under non-operating expense as follows:

	For the Three Months ended March 31	
	2016	**2015**
Depreciation－investment property	**$ 3,481**	**2,594**

(2) Seasonality of activities: The Group's operation is neither affected by seasonality nor periodicity.

13. SEGMENT INFORMATION

(1) General Information

The Group's operating segments required to be disclosed are categorized as DMS (Design, Manufacturing and Service) and Strategic Investment Group. DMS's main operating activities are designing and manufacturing computer, communication and consumer electronics' end products, and providing after-sales service. Strategic Investment Group is DMS's upstream and downstream supply chain, strategic investments and other related investments arms. The chief operating decision maker's main responsibility is to integrate strategy that creates operating synergy throughout the supply chain and to allocate the profit from the operating result. The Group assesses performance of the segments based on the segments' profit, and report the amounts of revenues based on the financial information used to prepare the consolidated financial statements.

(2) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any extraordinary activity and foreign exchange gain or losses, because taxation, extraordinary activity and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to the ones described in Note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation were as follows:

For the Three Months Ended March 31, 2016		**DMS**	**Strategic Investment Group**	**Adjustment and eliminations**	**Total**
Revenue：					
Revenue from external customers	$	235,220,241	21,162,069	-	256,382,310
Intersegment revenues		226,250	599,797	(826,047)	-
Total revenue	$	**235,446,491**	**21,761,866**	**(826,047)**	**256,382,310**
Reportable segment profit	$	**5,151,436**	**3,585,211**	**(2,235,475)**	**6,501,172**

For the Three Months Ended March 31, 2015		DMS	Strategic Investment Group	Adjustment and eliminations	Total
Revenue：					
Revenue from external customers	$	252,139,800	22,122,776	-	274,262,576
Intersegment revenues		491,037	1,651,400	(2,141,437)	-
Total revenue	**$**	**252,630,837**	**23,774,176**	**(2,141,437)**	**274,262,576**
Reportable segment profit	**$**	**7,976,951**	**4,096,517**	**(2,736,448)**	**9,337,020**
Reportable segment assets					
March 31, 2016	**$**	**337,066,249**	**217,188,829**	**(137,079,557)**	**417,175,521**
December 31, 2015	**$**	**392,071,442**	**220,643,421**	**(136,628,200)**	**476,086,663**
March 31, 2015	**$**	**355,972,354**	**211,083,489**	**(131,263,237)**	**435,792,606**