Wah Lee Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
Wah Lee Industrial Corporation

We have audited the accompanying consolidated balance sheets of Wah Lee Industrial Corporation (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of subsidiary Wah Lee Tech (Singapore) Pte., Ltd. and certain investee companies which were the bases for the reported investments under equity method. Such financial statements were audited by other auditors whose reports have been furnished to us. Accordingly, our opinion insofar as it relates to the financial data of those investee companies as included in the accompanying financial statements is solely based on reports of other auditors. The financial statements of Wah Lee Tech (Singapore) Pte., Ltd. reflected total assets of NT$698,221 thousand and NT$606,543 thousand, representing 3% and 2% of total consolidated assets as of December 31, 2015 and 2014, respectively; and reflected total operating revenues of NT$1,033,911 thousand and NT$967,821 thousand, representing 3% and 2% of total consolidated operating revenues for the years ended December 31, 2015 and 2014, respectively. The carrying values of the investments accounted for using equity method were NT$700,954 thousand and NT$708,610 thousand, both representing 3% of total consolidated assets as of December 31, 2015 and 2014, respectively; and the share of profit of associates recognized under equity method was NT$57,239 thousand and NT$77,273 thousand, representing 3% and 4% of consolidated profit before income tax for the years ended December 31, 2015 and 2014, respectively.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

As stated in Note 3 to the accompanying consolidated financial statements, starting from January 1, 2015, the Corporation and its subsidiaries applied the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS, and Interpretations of IAS endorsed by the Financial Supervisory Commission of the Republic of China. Therefore, some items in the consolidated financial statements of prior reporting periods were adjusted to reflect the effects of the retrospective application of the above regulations, standards and interpretations.

March 23, 2016

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying 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 Chinese-language independent auditors' report and consolidated financial statements shall prevail.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015 Amount	%	December 31, 2014 (Restated) Amount	%	January 1, 2014 (Restated) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 2,100,213	8	$ 2,486,882	9	$ 2,984,593	13
Available-for-sale financial assets - current (Notes 4, 5 and 8)	334,817	1	242,795	1	354,353	2
Notes receivable (Notes 4, 5, 9, 30 and 31)	1,761,610	7	1,468,807	6	1,009,772	5
Accounts receivable, net (Notes 4, 5 and 9)	9,167,213	34	9,592,901	36	8,402,465	36
Accounts receivable - related parties (Notes 4, 5, 9 and 30)	100,497	1	86,071	-	60,485	-
Other receivables	45,092	-	31,038	-	37,905	-
Other receivables - related parties (Note 30)	5,272	-	3,552	-	2,949	-
Current tax assets (Note 4)	-	-	-	-	1,382	-
Inventories (Notes 4, 5 and 10)	4,041,337	15	3,567,309	14	3,081,312	13
Prepayment and others	460,568	2	410,838	2	205,557	1
Other financial assets - current (Notes 4, 11 and 31)	840,738	3	1,316,429	5	932,945	4
Total current assets	18,857,357	71	19,206,622	73	17,073,718	74
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Notes 4, 5 and 8)	461,609	2	533,400	2	245,325	1
Investments accounted for using equity method (Notes 4 and 13)	4,463,950	17	4,300,428	16	4,007,683	17
Property, plant and equipment (Notes 4, 5, 14 and 31)	2,454,066	9	1,800,118	7	1,344,208	6
Goodwill (Note 4)	97,058	-	32,810	-	31,654	-
Computer software (Note 4)	9,474	-	18,616	-	29,233	-
Deferred tax assets (Notes 4, 5 and 24)	209,873	1	171,618	1	162,576	1
Prepayments for equipment (Note 32)	54,398	-	112,225	1	128,754	1
Refundable deposits (Note 27)	107,452	-	108,243	-	86,714	-
Prepayments for investments	-	-	3,000	-	-	-
Other noncurrent assets	16,128	-	31,113	-	27,527	-
Total noncurrent assets	7,874,008	29	7,111,571	27	6,063,674	26
TOTAL	$ 26,731,365	100	$ 26,318,193	100	$ 23,137,392	100

LIABILITIES AND EQUITY	December 31, 2015 Amount	%	December 31, 2014 (Restated) Amount	%	January 1, 2014 (Restated) Amount	%
CURRENT LIABILITIES						
Short-term loans (Notes 15 and 31)	$ 3,701,797	14	$ 5,285,762	20	$ 3,992,832	17
Short-term bills payable (Note 16)	-	-	150,000	1	150,000	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,761	-	-	-
Notes payable (Note 17)	411,874	1	453,583	2	418,486	2
Notes payable - related parties (Notes 17 and 30)	250,280	1	232,594	1	232,194	1
Accounts payable (Note 17)	5,388,244	20	4,965,799	19	4,810,764	21
Accounts payable - related parties (Notes 17 and 30)	265,502	1	229,312	1	233,949	1
Other payables (Notes 20 and 30)	804,593	3	857,666	3	690,719	3
Current tax liabilities (Notes 4 and 24)	163,038	1	147,820	-	170,787	1
Provisions - current (Note 4)	61,948	-	47,016	-	24,630	-
Current portion of long-term debts (Notes 18 and 31)	51,119	-	19,475	-	13,830	-
Other current liabilities	197,001	1	113,718	-	55,148	-
Total current liabilities	11,295,396	42	12,504,506	47	10,793,339	46
NONCURRENT LIABILITIES						
Long-term debts (Notes 18 and 31)	2,560,203	10	1,311,694	5	1,799,640	8
Bonds payable (Notes 4 and 19)	992,112	4	977,877	4	-	-
Provision - noncurrent (Note 4)	14,760	-	14,760	-	14,760	-
Net defined benefit liabilities - noncurrent (Notes 4, 5 and 21)	347,718	1	329,448	1	329,483	1
Guarantee deposits received	421	-	461	-	701	-
Deferred tax liabilities (Notes 4 and 24)	795,991	3	712,705	3	594,356	3
Total noncurrent liabilities	4,711,205	18	3,346,945	13	2,738,940	12
Total liabilities	16,006,601	60	15,851,451	60	13,532,279	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)						
Ordinary shares	2,313,901	9	2,313,901	9	2,313,901	10
Capital surplus	1,331,568	5	1,326,412	5	1,259,555	5
Retained earnings						
Legal reserve	1,591,558	6	1,464,197	6	1,348,252	6
Special reserve	72,302	-	72,302	-	72,302	-
Unappropriated earnings	4,241,476	16	4,022,963	15	3,558,226	16
Total retained earnings	5,905,336	22	5,559,462	21	4,978,780	22
Other equity	238,488	1	444,472	2	343,111	2
Total equity attributable to owners of the Corporation	9,789,293	37	9,644,247	37	8,895,347	39
NON-CONTROLLING INTERESTS (Notes 22 and 26)	935,471	3	822,495	3	709,766	3
Total equity	10,724,764	40	10,466,742	40	9,605,113	42
TOTAL	$ 26,731,365	100	$ 26,318,193	100	$ 23,137,392	100

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

(With Deloitte & Touche audit report dated March 23, 2016)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2015		2014 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 30)				
Net sales	$ 39,813,001	100	$ 39,738,150	100
Commission revenue	114,197	-	66,745	-
Other operating revenue	116,467	-	95,855	-
Total operating revenues	40,043,665	100	39,900,750	100
OPERATING COSTS (Notes 10, 23 and 30)				
Cost of goods sold	36,300,581	91	36,291,532	91
Other operating costs	81,637	-	35,312	-
Total operating costs	36,382,218	91	36,326,844	91
GROSS PROFIT	3,661,447	9	3,573,906	9
OPERATING EXPENSES (Notes 21 and 23)				
Selling and marketing expenses	1,938,287	5	1,895,299	5
General and administrative expenses	381,378	1	409,484	1
Total operating expenses	2,319,665	6	2,304,783	6
OPERATING INCOME	1,341,782	3	1,269,123	3
NON OPERATING INCOME AND EXPENSES				
Other income (Note 23)	166,962	-	189,078	1
Other gains and losses (Note 23)	(168,257)	-	85,226	-
Financial costs (Note 23)	(107,059)	-	(107,271)	-
Share of the profit or loss of associates	421,181	1	332,253	1
Total non-operating income and expenses	312,827	1	499,286	2
PROFIT BEFORE INCOME TAX	1,654,609	4	1,768,409	5
INCOME TAX EXPENSE (Notes 4 and 24)	426,256	1	400,141	1
NET PROFIT FOR THE YEAR	1,228,353	3	1,368,268	4
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 21)	(22,099)	-	(3,924)	-

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2015		2014 (Restated)	
	Amount	%	Amount	%
Share of the remeasurement of the defined benefit plans of associates accounted for using the equity method	$ (2,346)	-	$ 282	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	3,756	-	667	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations (Note 22)	28,469	-	172,082	-
Unrealized loss on available-for-sale financial assets (Note 22)	(183,916)	(1)	(102,706)	-
Share of the exchange differences on translating foreign operations of associates accounted for using the equity method (Note 22)	(35,317)	-	81,938	-
Share of the unrealized loss on available-for-sale financial assets of associates accounted for using the equity method (Note 22)	(11,825)	-	(6,875)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	(3,375)	-	(20,789)	-
Other comprehensive income (loss) for the year, net of income tax	(226,653)	(1)	120,675	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,001,700	2	$ 1,488,943	4
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,130,150	3	$ 1,277,828	3
Non-controlling interests	98,203	-	90,440	-
	$ 1,228,353	3	$ 1,368,268	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 903,477	2	$ 1,376,214	4
Non-controlling interests	98,223	-	112,729	-
	$ 1,001,700	2	$ 1,488,943	4
EARNINGS PER SHARE (Note 25)				
Basic	$ 4.88		$ 5.52	
Diluted	$ 4.50		$ 5.29	

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

(With Deloitte & Touche audit report dated March 23, 2016) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Subtotal	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 2,313,901	$ 1,259,555	$ 1,348,252	$ 72,302	$ 3,608,841	$ 83,152	$ 259,959	$ 8,945,962	$ 709,766	$ 9,655,728
Effect of retrospective application and retrospective restatement	-	-	-	-	(50,615)	-	-	(50,615)	-	(50,615)
BALANCE AT JANUARY 1, 2014 AS RESTATED	2,313,901	1,259,555	1,348,252	72,302	3,558,226	83,152	259,959	8,895,347	709,766	9,605,113
Appropriation of 2013 earnings (Note 22)										
Legal reserve	-	-	115,945	-	(115,945)	-	-	-	-	-
Cash dividends distributed by the Corporation - 30%	-	-	-	-	(694,171)	-	-	(694,171)	-	(694,171)
	-	-	115,945	-	(810,116)	-	-	(694,171)	-	(694,171)
Other changes in capital surplus										
Equity component of convertible bonds - share option	-	22,374	-	-	-	-	-	22,374	-	22,374
Change in capital surplus from investments in associates accounted for by using equity method	-	44,483	-	-	-	-	-	44,483	-	44,483
	-	66,857	-	-	-	-	-	66,857	-	66,857
Net profit for the year ended December 31, 2014	-	-	-	-	1,277,828	-	-	1,277,828	90,440	1,368,268
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax (Note 22)	-	-	-	-	(2,975)	210,942	(109,581)	98,386	22,289	120,675
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	1,274,853	210,942	(109,581)	1,376,214	112,729	1,488,943
BALANCE AT DECEMBER 31, 2014	2,313,901	1,326,412	1,464,197	72,302	4,022,963	294,094	150,378	9,644,247	822,495	10,466,742
Appropriation of 2014 earnings (Note 22)										
Legal reserve	-	-	127,361	-	(127,361)	-	-	-	-	-
Cash dividends distributed by the Corporation - 33%	-	-	-	-	(763,587)	-	-	(763,587)	-	(763,587)
	-	-	127,361	-	(890,948)	-	-	(763,587)	-	(763,587)
Other changes in capital surplus										
Change in capital surplus from investments in associates accounted for by using equity method	-	5,127	-	-	-	-	-	5,127	-	5,127
Net profit for the year ended December 31, 2015	-	-	-	-	1,130,150	-	-	1,130,150	98,203	1,228,353
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax (Note 22)	-	-	-	-	(20,689)	(10,243)	(195,741)	(226,673)	20	(226,653)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	1,109,461	(10,243)	(195,741)	903,477	98,223	1,001,700
Actual acquisition of interest in subsidiaries (Note 22)	-	29	-	-	-	-	-	29	14,753	14,782
BALANCE AT DECEMBER 31, 2015	$ 2,313,901	$ 1,331,568	$ 1,591,558	$ 72,302	$ 4,241,476	$ 283,851	$ (45,363)	$ 9,789,293	$ 935,471	$ 10,724,764

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

(With Deloitte & Touche audit report dated March 23, 2016)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2015	2014 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,654,609	$ 1,768,409
Adjustments for:		
Depreciation expenses	80,272	77,871
Amortization expenses	14,770	20,479
Provision for doubtful accounts	170,234	52,318
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	4,694	1,761
Finance costs	107,059	107,271
Interest income	(63,028)	(111,625)
Dividend income	(13,002)	(15,212)
Share of profit of associates	(421,181)	(332,253)
Gain on disposal of property, plant and equipment	(761)	(12,875)
Gain on disposal of investments	(1,448)	(92,985)
Impairment loss on available-for-sale financial assets	98,631	-
Loss on inventories	125,372	42,214
Net loss on foreign currency exchange	87,518	32,845
Others	9,328	11,762
Changes in operating assets and liabilities		
Financial assets held for trading	(6,455)	-
Notes receivable	(292,803)	(459,035)
Accounts receivable	179,637	(1,123,193)
Accounts receivable - related parties	(15,499)	(24,635)
Other receivable	(14,605)	6,197
Other receivable - related parties	(1,746)	(584)
Inventories	(599,727)	(532,118)
Prepayments and other current assets	(56,930)	(203,899)
Notes payable	(41,709)	35,097
Notes payable - related parties	17,686	400
Accounts payable	447,857	88,028
Accounts payable - related parties	37,511	(5,958)
Other payables	(61,963)	164,571
Provisions	14,932	22,386
Other current liabilities	83,283	58,570
Net defined benefit liabilities	(4,281)	(4,651)
Cash generated from (used in) operations	1,538,255	(428,844)
Interest received	63,028	111,625
Dividend received	220,852	198,604
Interest paid	(91,261)	(99,522)
Income tax paid	(365,618)	(333,361)
Net cash generated from (used in) operating activities	1,365,256	(551,498)

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2015	**2014 (Restated)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (374,151)	$ (491,678)
Proceeds of sale of available-for-sale financial assets	138,479	305,418
Increase in prepayments for investments	-	(3,000)
Net cash outflow on acquisition of subsidiaries (Note 26)	(122,502)	-
Payments for property, plant and equipment	(649,971)	(534,808)
Proceeds from disposal of property, plant and equipment	1,296	15,364
Increase in refundable deposits	(171,315)	(53,815)
Decrease in refundable deposits	170,182	33,169
Payments for intangible assets	(5,629)	(9,591)
Increase in other financial assets	(662,010)	(837,082)
Decrease in other financial assets	1,130,592	490,784
Increase in other noncurrent assets	-	(15,329)
Decrease in other noncurrent assets	5,694	-
Net cash used in investing activities	(539,335)	(1,100,568)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	14,382,595	16,600,323
Repayments of short-term loans	(15,955,422)	(15,416,843)
Decrease in short-term bills payable	(150,000)	-
Proceeds from issue of convertible bonds	-	994,380
Proceeds from long-term debts	2,295,859	1,346,567
Repayment of long-term debts	(1,041,999)	(1,815,247)
Refund of guarantee deposits received	(40)	(240)
Cash dividends	(763,587)	(694,171)
Change in non-controlling interests	14,753	-
Net cash generated from (used in) financing activities	(1,217,841)	1,014,769
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	5,251	139,586
NET DECREASE IN CASH AND CASH EQUIVALENTS	(386,669)	(497,711)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,486,882	2,984,593
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,100,213	$ 2,486,882

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

(With Deloitte & Touche audit report dated March 23, 2016) (Concluded)

1. ORGANIZATION AND OPERATIONS

Wah Lee Industrial Corporation (the "Corporation") was incorporated in October 1968, and is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

The Corporation's shares have been listed and traded on the Taiwan Stock Exchange since July 22, 2002.

The consolidated financial statements are presented in New Taiwan dollars, the functional currency of the Corporation.

Please refer to Note 12 for the list of subsidiaries. The Corporation and its subsidiaries are collectively referred to in this financial report as "the Group".

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 23, 2016.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission ("FSC") of the ROC

   Pursuant to Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, the Group started to apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers on January 1, 2015.

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of IFRSs did not have any material impact on the Group' accounting policies:

   1) IFRS 10 "Consolidated Financial Statements"

      IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether they have control over other entities for consolidation. The Group has control over an investee if and only if they have i) power over the investee; ii) exposure, or rights, to variable returns from their involvement with the investee and iii) the ability to use their power over the investee to affect the amount of their returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in past standards. Please refer to Note 12 and Note 13 for related disclosures.

3) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Under the revised IAS 28, when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under the previous IAS 28, when a portion of an investment in associate meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

4) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than in past standards; for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments measured at fair value are extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 29 for related disclosures.

5) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under previous IAS 1, there were no such requirements.

Starting in 2015, the Group retrospectively applied the above amendments. The items not to be reclassified to profit or loss include the remeasurements of the defined benefit plans and share of the remeasurements of the defined benefit plans of associates accounted for using the equity method. The items expected to be reclassified to profit or loss include exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, cash flow hedges and share of the other comprehensive income of associates (except remeasurements of the defined benefit plans and share of the remeasurements of the defined benefit plans of associates accounted for using the equity method). The application of the above amendments did not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

6) Revision to IAS 19 “Employee Benefits”

The interest cost and expected return on plan assets used in previous IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The past service cost should be recognized as profit or loss when it occurs, is no longer in compliance with all within a flat period before the vested condition of the straight-line method to allocate recognized as an expense. The revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities, deferred tax assets and retained earnings. In addition, the Group elected not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact on the current year is set out below:

Impact on Assets, Liabilities and Equity	**December 31, 2015**
Assets	
Increase in deferred tax assets	$ 9,503
Liabilities	
Increase in net defined benefit liabilities - noncurrent	$ 50,815
Equity	
Decrease in unappropriated surplus earnings	$ (41,312)

Impact on Total Comprehensive Income	**For the Year Ended December 31, 2015**
Decrease in operating expenses	$ (5,082)
Increase in net profit for the year	$ 5,082
Increase in net profit attributable to:	
Owners of the Corporation	$ 5,082
Non-controlling interests	-
	$ 5,082
Impact on earnings per share	
Increase in basic earnings per share	$ 0.02
Increase in diluted earnings per share	$ 0.02

The impact on the prior year is set out below:

	As Originally Stated	**Adjustments Arising from Initial Application**	**Restated**
Impact on assets, liabilities and equity			
December 31, 2014			
Assets			
Deferred tax assets	$ 162,115	$ 9,503	$ 171,618
Liabilities			
Net defined benefit liabilities - noncurrent	$ 273,551	$ 55,897	$ 329,448
Equity			
Unappropriated earnings	$ 4,069,357	$ (46,394)	$ 4,022,963

(Continued)

	As Originally Stated	Adjustments Arising from Initial Application	Restated
January 1, 2014			
Assets			
Deferred tax assets	$ 152,209	$ 10,367	$ 162,576
Liabilities			
Net defined benefit liabilities - noncurrent	$ 268,501	$ 60,982	$ 329,483
Equity			
Unappropriated earnings	$ 3,608,841	$ (50,615)	$ 3,558,226
Impact on total comprehensive income			
For the Year Ended December 31, 2014			
Operating expenses	$ 2,309,868	$ (5,085)	$ 2,304,783
Profit before income tax	$ 1,763,324	$ 5,085	$ 1,768,409
Income tax expense	399,277	864	400,141
Net profit	1,364,047	4,221	1,368,268
Other comprehensive income	120,675	-	120,675
Total comprehensive income for the year	$ 1,484,722	$ 4,221	$ 1,488,943
Impact on net profit attributable to:			
Owners of the Corporation			$ 4,221
Non-controlling interests			-
			$ 4,221
Impact on earnings per share			
Basic	$ 5.50	$ 0.02	$ 5.52
Diluted	$ 5.27	$ 0.02	$ 5.29

(Concluded)

7) Amendment to IAS 32 "Offsetting Financial Asset and Financial Liability"

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

8) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards, including IFRS 1 "First-time Adoption of International Financial Reporting Standards", IAS 1 "Presentation of Financial Statements", IAS 16 "Property, Plant and Equipment", IAS 32 "Financial Instruments: Presentation" and IAS 34 "Interim Financial Reporting", were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the IFRSs had material impact on the consolidated balance sheet as of January 1, 2014; accordingly, the Group had restated the January 1, 2014 balance sheet according to IAS 1 and had disclosed the changes and their effects according to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors.” Information on each item of the balance sheet as of January 1, 2014 is not required.

b. IFRSs announced by the IASB but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

The Group has not applied the following IFRSs announced by the IASB but not yet endorsed by the FSC.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities : Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 Accounting for “Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendments to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Except for the following, the impending initial application of the above new, amended and revised standards and interpretations, whenever applied, would not have any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss is recognized in other comprehensive income, except for impairment gains and losses and foreign exchange gains and losses. When the financial assets are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for a 12-month expected credit loss is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit loss is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit loss is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) IFRIC 21 "Levies"

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards, including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments,” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

5) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

6) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

   The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

   The amended IAS 16 "Property, Plant and Equipment" requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

   The amended IAS 38 "Intangible Assets" provides that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

   a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

   b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

   An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

7) IFRS 15 "Revenue from Contracts with Customers"

   IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

   When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

   a) Identify the contract with the customer;

   b) Identify the performance obligations in the contract;

   c) Determine the transaction price;

   d) Allocate the transaction price to the performance obligations in the contract; and

   e) Recognize revenue when the entity satisfies a performance obligation.

   When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

8) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendments stipulated that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the Group's share of the gain or loss is eliminated.

9) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed by the FSC.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are 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); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group 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 the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if the results in the non-controlling interests will have a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

The detailed information of subsidiaries (including the percentage of ownership and main business) is referred to Note 12.

e. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquired company over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value.

f. Foreign Currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group's foreign operations (including of the subsidiaries' and associates' operations in other countries or currencies used are different with the Corporation) are translated into New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired in the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item. Net realizable value is the estimated selling price of inventories less all expenses necessary to make the sale. The inventories of the Corporation, Raycong, Dong Guan Hua Gang, and Shanghai Yikang are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date; other subsidiaries of the Group used the weighted-average cost method.

h. Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the change in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by using equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, Plant, and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

j. Goodwill

Goodwill recognized on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss of goodwill is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible Assets

Intangible assets (computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gain or loss from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss when the asset is derecognized.

l. Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

Financial assets are classified into the following categories: Available-for-sale financial assets and loans and receivables.

a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

b) Loans and receivables

Loans and receivables (including cash and cash equivalent, notes and accounts receivable, other receivables, refundable deposits and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets that are carried at amortized cost, such as accounts receivable and other receivables, are assessed for impairment on a collective basis even if they were assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past records of written-off accounts, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it is becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The carrying amount of financial asset is reduced by impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, the amount is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivables that are written off against the allowance account.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Equity instruments

Debt and equity instruments are issued by a Group entity as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

1) Subsequent measurement

   Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

   Financial liabilities at fair value through profit or loss held by the Group were financial liabilities held for trading.

   Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

2) Derecognition of financial liabilities

   The difference between the carrying amount of a derecognized financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. The conversion option is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, at which time, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of convertible bonds are allocated to the liability components (included in the carrying amount of liabilities) and equity components (included in equity) in proportion to the allocation of the gross proceeds.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments, including foreign exchange forward contracts to manage exposure to foreign exchange rate.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

n. Provisions

The provisions include reserve for sales allowance and other long term employee benefits.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

o. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns based on previous experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Rendering of services

Commission revenues are recognized when goods are shipped to customers, according to the contracted percentage.

Other service income is recognized when services are provided.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

p. Leasing

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

As lessor, the Group recognizes rental income from operating lease on a straight-line basis over the term of the relevant lease.

As lessee, the Group recognizes rental expense for operating lease on a straight-line basis over the lease term.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred tax for the year

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying value of the accounts receivable and the movements of the allowance for doubtful accounts are disclosed in Note 9.

b. Fair value measurements and valuation processes

If some of the Group's assets and liabilities measured at fair value will not have quoted prices in active markets, the Group will set up a valuation committee, to determine whether to engage third party qualified valuers and to determine the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the Group would determine appropriate inputs by referring to the analyses of the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities - market prices or rates and specific features of derivatives. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 29.

c. Impairment of inventories

Net realizable value of inventories is the estimated selling prices in the ordinary course of business less the estimated expenses necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

d. Useful lives of property, plant and equipment

As described in Note 4. i., the Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date.

e. Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

f. Income taxes

As of December 31, 2015 and 2014, the carrying amount of deferred tax assets in relation to deductible temporary differences was $21,740 thousand and $23,722 thousand respectively. Since the deductible temporary differences can be realized with significant uncertainty, the Group did not recognize deferred tax assets.

The realizability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand	$ 5,138	$ 4,204
Demand deposits	1,499,020	1,224,138
Checking accounts	30,108	2,038
Cash equivalents		
Time deposits with original maturities less than three months	565,947	1,256,502
	$ 2,100,213	$ 2,486,882

The ranges of market interest rates of time deposits at each balance sheet date were as follows:

	December 31	
	2015	**2014**
Time deposits (%)	0.28-6.00	0.50-5.20

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - ONLY AS OF DECEMBER 31, 2014

Financial liabilities held for trading - current	**Amount**
Derivative financial liabilities (not under hedge accounting)	
Foreign exchange forward contracts	$ 1,761

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

The outstanding foreign forward contracts at the balance sheet date were as follows:

	Currency	**Maturity Date**	**Contract Amount (In Thousands)**
December 31, 2014			
Sell	JPY/NTD	April 2015-June 2015	JPY341,952/NTD88,859

For the gain or loss on financial instruments at fair value through profit or loss for the years ended December 31, 2015 and 2014, please refer to Note 23.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	**2014**
Domestic investments		
Listed shares	$ 72,125	$ 124,584
Emerging market shares	7,296	14,081
Unlisted shares	250,234	374,201
Mutual funds	276,863	135,354
	606,518	648,220
Foreign investments		
Listed shares	20,663	43,945
Unlisted shares	169,245	84,030
	189,908	127,975
	$ 796,426	$ 776,195
Current	$ 334,817	$ 242,795
Noncurrent	461,609	533,400
	$ 796,426	$ 776,195

The Group assessed that part of unlisted shares and part of emerging market shares were permanently impaired; thus, the Group recognized impairment loss $98,631 thousand for the year ended December 31, 2015 (refer to Note 23).

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2015	**2014**
Notes receivable - operating	$ 1,761,610	$ 1,468,807
Accounts receivable - unrelated parties		
Accounts receivable	$ 9,341,233	$ 9,621,958
Less: Allowance for doubtful accounts	174,020	29,057
	9,167,213	9,592,901
Accounts receivable - related parties (Note 30)	100,497	86,071
	$ 9,267,710	$ 9,678,972

For the amounts and related terms of factored notes receivable, please refer to Note 29.

The average credit period of sales of goods was 30-180 days. In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to each balance sheet date. The Group assessed the accounts receivable during the period of credit and recognized allowance for impairment loss based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group periodically reviewed the customers' credit limits. The notes receivable and accounts receivable that were neither past due nor impaired had good credit scores according to internal credit review system.

The concentration of credit risk was limited due to the fact that the customer base was large.

Accounts receivable balances that were past due at the end of reporting period were not provided with allowance for impairment because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances and did not have a legal right to offset against any amounts owed by the Group to the counterparty.

The aging of accounts receivable was as follows:

	Amount	
	2015	**2014**
Less than 90 days	$ 7,195,013	$ 7,225,362
91-150 days	1,669,136	1,993,034
151-180 days	257,635	287,702
More than 181 days	319,946	201,931
	$ 9,441,730	$ 9,708,029

The above aging schedule was based on the invoice date.

The Group had no accounts receivables that were past due but not impaired as of December 31, 2015. The aging of accounts receivable that were past due but not impaired as of December 31, 2014 was as follows:

	Amount
Less than 90 days	$ 6,980
91-150 days	21,786
151-180 days	1,915
Over 181 days	453
	$ 31,134

The above aging schedule was based on the invoice date.

Movements of the allowance for impairment loss recognized on accounts receivable were as follows:

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2015	$ 27,903	$ 1,154	$ 29,057
Add: Impairment losses recognized on accounts receivable	149,726	20,508	170,234
Less: Amounts written off during the year as uncollectible	(24,898)	(629)	(25,527)
Foreign exchange translation gains and losses	(49)	305	256
Balance at December 31, 2015	$ 152,682	$ 21,338	$ 174,020

(Continued)

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 38,645	$ 1,245	$ 39,890
Add: Impairment losses recognized on accounts receivable	45,497	6,821	52,318
Less: Amounts written off during the year as uncollectible	(56,628)	(8,572)	(65,200)
Foreign exchange translation gains and losses	389	1,660	2,049
Balance at December 31, 2014	$ 27,903	$ 1,154	$ 29,057

(Concluded)

Ages of individually impaired accounts receivable were as follows:

	December 31	
	2015	2014
Less than 90 days	$ 45	$ -
91-150 days	62	1,179
151-180 days	4,142	283
Over 181 days	169,933	65,837
	$ 174,182	$ 67,299

The above aging of trade receivables before deducting the allowance for impairment loss was presented based on the invoice date.

The carrying amount of notes receivable pledged as collateral for borrowings was disclosed in Note 31.

10. INVENTORIES

	December 31	
	2015	2014
Merchandise	$ 3,959,472	$ 3,545,653
Merchandise in transit	81,865	21,656
	$ 4,041,337	$ 3,567,309

As of December 31, 2015 and 2014, the allowance for inventory devaluation was $147,402 thousand and $151,614 thousand, respectively.

The cost of inventories recognized in cost of goods sold for the years ended December 31, 2015 and 2014 was $36,300,581 thousand and $36,291,532 thousand, respectively, which included the following items:

	For the Year Ended December 31	
	2015	2014
Reversal of loss on inventories	$ (4,539)	$ (34,608)
Loss (gain) on physical inventories	16	(163)
Loss on disposal of inventories	125,356	42,377
	$ 120,833	$ 7,606

The allowance for inventory devaluation was reversed by sold of slow moving inventories for the years ended December 31, 2015 and 2014 was $4,539 thousand and $34,608 thousand, respectively.

11. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2015	2014
Time deposits with original maturity more than three months	$ 840,428	$ 1,305,206
Pledged time deposits (Note 31)	310	11,223
	$ 840,738	$ 1,316,429
Annual interest rate (%)	0.50-4.50	0.75-6.00

12. SUBSIDIARIES

The subsidiaries in the consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

			Percentage of Ownership		
Investor	Investee	Main Businesses	December 31, 2015	December 31, 2014	Remark
The Corporation	Wah Lee Holding Ltd.	International investment	100.00	100.00	Established in BVI
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	Established in Hong Kong
	Wah Lee Japan Corp. (Wah Lee Japan)	Trading business of glass fiber, electronic equipment optical machinery, etc.	83.33	83.33	Established in Japan
	Wah Lee Korea Ltd. (Wah Lee Korea)	Trading business of glass fiber, electronic equipment optical machinery, etc.	100.00	94.87	Established in Korea, Note 1
	Skypower Ltd. (Skypower)	Trading business of solar energy materials and equipment	70.00	70.00	Established in Japan
	Okayama Solar Ltd. (Okayama Solar)	Solar power generation business	99.99	99.99	Established in Japan, Note 2
	Sakuragawa Solar Ltd. (Sakuragawa Solar)	Solar power generation business	99.99	99.99	Established in Japan, Note 2
	Miyazaki Solar Ltd. (Miyazaki Solar)	Solar power generation business	99.99	99.99	Established in Japan, Note 2
	P.T. Wahlee Indonesia (Wah Lee Indonesia)	Trading business of industrial materials	60.00	-	Established in Indonesia, Note 3
	Hong Kong Meidi Investment (Holding) Ltd. (Meidi)	International investment	80.00	-	Established in Hong Kong, Note 4
	Wah Lee Vietnam Co., Ltd. (Wah Lee Vietnam)	Trading business of industrial materials	100.00	-	Established in Vietnam, Note 5

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership December 31, 2015	Percentage of Ownership December 31, 2014	Remark
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	Established in Mauritius
	Wah Lee Tech (Singapore) Pte. Ltd. (Wah Lee Tech)	Agency of semiconductor materials and equipment	100.00	100.00	Established in Singapore
	Wah Lee Machinery Trading Limited	International trading	100.00	100.00	Established in BVI
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	Established in Hong Kong
	Regent King International Limited (Regent King)	Trading business of engineering plastic composite materials and equipment	100.00	100.00	Established in Hong Kong
Raycong Industrial (H.K.) Ltd.	Dong Guan Hua Gang International Trading Co., Ltd. (Dong Guan Hua Gang)	Trading business of industrial materials and equipment	100.00	100.00	Established in Dong Guan
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	International trading of industrial materials	70.00	70.00	Established in Shanghai
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Huaying)	Trading business of industrial materials	100.00	-	Established in Shenzhen, Note 6

(Concluded)

Note 1: In 2015, the Corporation invested $13 thousand (KRW452 thousand), and the percentage of ownership increased to 100%. The Corporation’s cumulative investments in Wah Lee Korea amounted to $18,856 thousand (KRW697,757 thousand) as of December 31, 2015.

Note 2: In December 2014, the Corporation invested in Okayama Solar, Sakuragawa Solar and Miyazaki Solar in Japan, which are mainly engaged in solar power plants; the authorized capital of each company was JPY10,000. The Corporation joined as a silent partner in a partnership contract with Okayama Solar, Sakuragawa Solar and Miyazaki Solar, and the Corporation invested $5,176 thousand (JPY19,400 thousand), $3,549 thousand (JPY13,300 thousand) and $4,055 thousand (JPY15,200 thousand). The Corporation’s cumulative investments in Okayama Solar, Sakuragawa Solar and Miyazaki Solar amounted to $68,918 thousand (JPY256,536 thousand), $46,008 thousand (JPY172,442 thousand) and $54,303 thousand (JPY201,997 thousand); the percentage of ownership in each company was 99.99% as of December 31, 2015.

Note 3: In July 2015, the Corporation invested $5,888 thousand (USD180 thousand) in Wah Lee Indonesia.

Note 4: In October 2015, the Corporation acquired 80% ownership of Meidi for $122,503 thousand; for detailed information, please refer to Note 26.

Note 5: In October and November 2015, the Corporation invested a total of $16,293 thousand in Wah Lee Vietnam.

Note 6: In April 2015, Raycong invested in Huaying, which is mainly engaged in the trade of industrial materials; the authorized capital of Huaying was HKD7,000 thousand.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates	December 31 2015	December 31 2014
Material associates		
Chang Wah Electromaterials Inc.	$ 1,610,085	$ 1,417,278
Wah Hong Industrial Corp.	1,238,678	1,292,799
Associates that are not individually material	1,615,187	1,590,351
	$ 4,463,950	$ 4,300,428

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights December 31 2015	2014
Chang Wah Electromaterials Inc.	30.98%	28.51%
Wah Hong Industrial Corp.	25.96%	25.96%

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	December 31 2015	December 31 2014
Chang Wah Electromaterials Inc.	$ 1,886,667	$ 1,539,239
Wah Hong Industrial Corp.	515,365	851,586
	$ 2,402,032	$ 2,390,825

All the associates are accounted for using the equity method.

The summarized financial information below represents amounts shown in each associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Chang Wah Electromaterials Inc.

	December 31 2015	December 31 2014
Current assets	$ 7,828,284	$ 8,440,618
Noncurrent assets	6,137,401	5,899,853
Current liabilities	(5,037,832)	(5,657,582)
Noncurrent liabilities	(2,206,863)	(2,426,231)
Equity	6,720,990	6,256,658
Non-controlling interests	(1,741,516)	(1,547,214)
	$ 4,979,474	$ 4,709,444
Proportion of the Group's ownership (%)	30.98	28.51

(Continued)

	December 31	
	2015	2014
Equity attributable to the Group	$ 1,542,658	$ 1,349,851
Goodwill	67,427	67,427
Carrying amount	$ 1,610,085	$ 1,417,278

(Concluded)

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 15,080,467	$ 17,361,628
Net profit from continuing operations	$ 1,174,743	$ 304,667
Net loss from discontinued operations	(12)	(12,326)
Net profit	1,174,731	292,341
Other comprehensive income	(65,726)	101,651
Total comprehensive income	$ 1,109,005	$ 393,992

Wah Hong Industrial Corp.

	December 31	
	2015	2014
Current assets	$ 6,743,552	$ 7,619,699
Noncurrent assets	2,947,394	3,193,644
Current liabilities	(3,372,245)	(3,998,305)
Noncurrent liabilities	(1,618,453)	(1,907,581)
Equity	4,700,248	4,907,457
Non-controlling interests	(37,217)	(35,963)
	$ 4,663,031	$ 4,871,494
Proportion of the Group's ownership (%)	25.96	25.96
Equity attributable to the Group	$ 1,210,608	$ 1,264,729
Goodwill	28,070	28,070
Carrying amount	$ 1,238,678	$ 1,292,799

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 9,622,992	$ 12,237,590
Net profit	$ 8,678	$ 204,709
Other comprehensive income	(95,882)	165,893
Total comprehensive income (loss)	$ (87,204)	$ 370,602

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2015	2014
The Corporation's share of		
Net profit from continuing operations and total comprehensive income	$ 72,704	$ 90,234

The investments accounted for by the equity method and the share of profit and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 were based on the associates' financial statements audited by auditors for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2015

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in Progress	Total
Cost								
Balance at January 1, 2015	$ 769,338	$ 710,349	$ 318,593	$ 50,449	$ 393,735	$ 53,635	$ 95,542	$ 2,391,641
Additions	54,564	122,741	30,006	5,139	60,426	-	445,538	718,414
Disposals	-	-	-	(3,634)	(17,580)	(26,459)	-	(47,673)
Reclassification	-	-	(425)	-	425	-	-	-
Effect of foreign currency exchange differences	4,952	6,389	9,669	167	(302)	99	(3,714)	17,260
Balance at December 31, 2015	$ 828,854	$ 839,479	$ 357,843	$ 52,121	$ 436,704	$ 27,275	$ 537,366	$ 3,079,642
Accumulated depreciation								
Balance at January 1, 2015	$ -	$ 187,580	$ 22,015	$ 42,649	$ 288,345	$ 50,934	$ -	$ 591,523
Disposals	-	-	-	(3,581)	(17,098)	(26,459)	-	(47,138)
Depreciation expense	-	24,720	19,037	3,907	31,733	875	-	80,272
Effect of foreign currency exchange differences	-	(359)	1,362	89	(211)	38	-	919
Balance at December 31, 2015	$ -	$ 211,941	$ 42,414	$ 43,064	$ 302,769	$ 25,388	$ -	$ 625,576
Carrying amounts at December 31, 2015	$ 828,854	$ 627,538	$ 315,429	$ 9,057	$ 133,935	$ 1,887	$ 537,366	$ 2,454,066

For the year ended December 31, 2014

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in Progress	Total
Cost								
Balance at January 1, 2014	$ 455,198	$ 605,695	$ 135,342	$ 51,547	$ 359,539	$ 52,334	$ 208,755	$ 1,868,410
Additions	317,120	80,213	-	849	35,985	2,503	122,047	558,717
Disposals	-	(7,991)	-	(2,627)	(3,960)	(1,352)	-	(15,930)
Finished and transferred	-	27,266	213,874	-	-	-	(241,140)	-
Effect of foreign currency exchange differences	(2,980)	5,166	(30,623)	680	2,171	150	5,880	(19,556)
Balance at December 31, 2014	$ 769,338	$ 710,349	$ 318,593	$ 50,449	$ 393,735	$ 53,635	$ 95,542	$ 2,391,641
Accumulated depreciation								
Balance at January 1, 2014	$ -	$ 167,625	$ 4,025	$ 39,266	$ 261,855	$ 51,431	$ -	$ 524,202
Disposals	-	(5,902)	-	(2,264)	(3,923)	(1,352)	-	(13,441)
Depreciation expense	-	23,575	19,645	5,241	28,596	814	-	77,871
Effect of foreign currency exchange differences	-	2,282	(1,655)	406	1,817	41	-	2,891
Balance at December 31, 2014	$ -	$ 187,580	$ 22,015	$ 42,649	$ 288,345	$ 50,934	$ -	$ 591,523
Carrying amounts at December 31, 2014	$ 769,338	$ 522,769	$ 296,578	$ 7,800	$ 105,390	$ 2,701	$ 95,542	$ 1,800,118

Reconciliation of the additions to property, plant and equipment and the cash paid stated in the statements of cash flows is as follows:

	For the Year Ended December 31	
	2015	2014
Investing activities affecting both cash and non-cash items		
Additions to property, plant and equipment	$ 718,414	$ 558,717
Decrease in prepayments for equipment	(58,164)	(23,999)
Decrease (increase) in payable for equipment purchased	(10,279)	90
Cash payments for property, plant and equipment	$ 649,971	$ 534,808

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Office	20-63 years
Office interior decoration	5-11 years
Machinery and equipment	3-17 years
Transportation equipment	1-9 years
Office and miscellaneous equipment	
Fire extinguishing equipment and safeguard monitoring system	4-6 years
Steel cylinder	5-9 years
Hoist	11-16 years
Others	1-15 years
Leasehold improvements	1-11 years

Refer to Note 31 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings granted to the Group.

15. SHORT-TERM LOANS

	December 31	
	2015	2014
Secured loans (Note 31)		
Bank loans	$ 147,713	$ 189,934
Transferred notes receivable (Note 9)	103,657	95,636
	251,370	285,570
Unsecured loans		
Loans for procurement of materials	2,474,294	2,349,696
Line of credit of loans	976,133	2,650,496
	3,450,427	5,000,192
	$ 3,701,797	$ 5,285,762
Annual interest rate (%)	0.61-3.85	0.72-4.30

16. SHORT-TERM BILLS PAYABLE - ONLY AS OF DECEMBER 31, 2014

Outstanding short-term bills payable were as follows:

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
China Bills Finance Corporation	$ 100,000	$ -	$ 100,000	0.72-0.73
International Bills Finance Corporation	50,000	-	50,000	1.26
	$ 150,000	$ -	$ 150,000	

The commercial paper payable had not been discounted because the effect was not material.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2015	2014
Notes payable (including related parties)		
Operating	$ 655,796	$ 679,461
Non-operating	6,358	6,716
	$ 662,154	$ 686,177
Notes payable		
Unrelated parties	$ 411,874	$ 453,583
Related parties (Note 30)	250,280	232,594
	$ 662,154	$ 686,177
Accounts payable (including related parties)		
Operating	$ 5,653,746	$ 5,195,111
Accounts payable		
Unrelated parties	$ 5,388,244	$ 4,965,799
Related parties (Note 30)	265,502	229,312
	$ 5,653,746	$ 5,195,111

The average credit period of purchases of goods was 30-120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Therefore, no interest was charged on the accounts payable.

18. LONG-TERM DEBTS

	December 31	
	2015	2014
Syndicated bank loans (led by Hua Nan Bank) (a)	$ -	$ 1,020,000
Less: Syndicated loan fee	-	1,200
	-	1,018,800
Syndicated bank loans (led by Taiwan Cooperative Bank) (b)	1,800,000	-
Less: Syndicated loan fee	5,760	-
	1,794,240	-
Mortgage Loan		
Hua Nan Bank - Singapore (c)	78,831	78,674
China Trust (d)	220,778	233,695
China Trust (e)	207,318	-
China Trust (f)	152,799	-
China Trust (g)	157,356	-
	817,082	312,369
Less: Current portion	51,119	19,475
	765,963	292,894
	$ 2,560,203	$ 1,311,694

a. The Corporation signed a syndicated loan agreement with seventeen banks led by Hua Nan Bank in January 2011. The main contents of the syndicated loan agreement are as follows:

1) The loan is a 5-year medium-term revolving credit line up to $2.4 billion that commences from the initial drawdown date. Beginning on the third year, the maximum credit line will be reduced every six months; for each of the first four six-month periods, credit line will be reduced by $360 million and for the fifth six-month period, credit line will be reduced by $960 million. Under the borrowing limit, the Corporation could use the revolving credit facility and choose borrowing terms of 90 days or 180 days. Each drawdown shall be repaid at the end of each interest period, but shall be available for redrawing on a revolving basis not less than three business days from original loan’s maturity date subject to no occurrence of default. As of December 31, 2014, the interest rates were 1.5592% and 1.5613%.

2) Pursuant to the loan agreement, the Corporation should maintain certain financial ratios as follows:

- Current ratio should not be less than 100%.
- Debt ratio should not be more than 150%.
- Interest coverage ratio should not be less than 800%.
- Tangible net worth, the balance after deducting intangible assets from stockholders’ equity, should not be less than $6 billion.

Pursuant to the loan agreement, the Corporation should maintain the aforementioned financial ratios. Such financial ratios should be calculated based on audited annual consolidated financial statements and reviewed semi-annual consolidated financial statements. If the Corporation is not in compliance with the aforementioned financial ratios or other terms of the loan agreement, the syndicated banks have the right to suspend or cancel all or portion of the credit line, declare the entire unpaid principal amount of the advances, all accrued and unpaid interest, fees and all other sums payable to be due immediately, and/or declare the commitment amount to be cancelled and reduced to zero.

The Corporation had met the conditions of the loan agreement based on the audited annual consolidated financial statements as of and for the year ended December 31, 2014.

The Corporation had paid off the 2011 syndicated bank loan with new syndicated bank loan in January 2015.

b. The Corporation signed a syndicated loan agreement with nine banks led by Taiwan Cooperative Bank in December 2014. The main contents of the syndicated loan agreement are as follows:

1) The loan is a 5-year medium-term revolving credit line up to $3 billion that commences from the initial drawdown date. Beginning on the third year, the maximum credit line will be reduced every six months; for each of the first four six-month periods, credit line will be reduced by $450 million and for the fifth six-month period, credit line will be reduced by $1.2 billion. Under the borrowing limit, the Corporation could use the revolving credit facility and borrowing terms are less than 180 days. Each drawdown shall be repaid at the end of each interest period, but shall be available for redrawing on a revolving basis not less than three business days from original loan’s maturity date subject to no occurrence of default. As of December 31, 2015, the interest rate was 1.797% and 1.7977%.

2) Pursuant to the loan agreement, the Corporation should maintain certain financial ratios as follows:

- Current ratio should not be less than 100%.

- Debt ratio should not be more than 180%.

- Interest coverage ratio should not be less than 800%.

- Tangible net worth, the balance after deducting intangible assets from stockholders’ equity, should not be less than $8 billion.

Pursuant to the loan agreement, the Corporation should maintain the aforementioned financial ratios. Such financial ratios should be calculated based on audited annual consolidated financial statements. If the Corporation is not in compliance with the aforementioned financial ratios or other terms of the loan agreement, the syndicated banks have the right to suspend or cancel all or portion of the credit line, declare the entire unpaid principal amount of the advances, all accrued and unpaid interest, fees and all other sums payable to be due immediately, and/or declare the commitment amount to be cancelled and reduced to zero.

The Corporation had met the conditions of the loan agreement based on the audited annual consolidated financial statements as of and for the year ended December 31, 2015.

c. The subsidiary company - Wah Lee Tech signed a mortgage loan agreement with Hua Nan Bank, Singapore Branch in April 2013 for purchase of building. The loan is a long-term credit line up to SGD3,754 thousand and the drawdowns are according to construction progress of the building. The principal will be repaid after the building is completed; the building is pledged to the bank. The interest rates were 2.53% and 1.75%-1.8% as of December 31, 2015 and 2014, respectively.

d. The subsidiary company - Skypower signed a mortgage loan agreement with China Trust, Tokyo Branch in June 2013 for construction of plant and purchasing of equipment. The loan credit line is up to JPY920,000 thousand and can be drawn before July 2014. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rates were 1.83% and 1.87% as of December 31, 2015 and 2014, respectively.

e. The subsidiary company - Okayama Solar signed a mortgage loan agreement with China Trust, Tokyo Branch in May 2015 for construction of plant and purchasing of equipment. The original loan credit line was JPY640,000 thousand, but Okayama Solar applied for increase in credit line in September and

December 2015, and the credit line was increased to JPY949,000 thousand as of December 31, 2015, and can be drawn before May 2016. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rate was 1.89% as of December 31, 2015.

f. The subsidiary company - Sakuragawa Solar signed a mortgage loan agreement with China Trust, Tokyo Branch in May 2015 for construction of plant and purchasing of equipment. The original loan credit line was JPY578,000 thousand, but Sakuragawa Solar applied for increase and the credit line was increased to JPY632,000 thousand in December 2015, and can be drawn before May 2016. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rate was 1.89% as of December 31, 2015.

g. The subsidiary company - Miyazaki Solar signed a mortgage loan agreement with China Trust, Tokyo Branch in May 2015 for construction of plant and purchasing of equipment. The original loan credit line was JPY624,000 thousand, but Miyazaki Solar applied for increase in credit line in September and December 2015, and the credit line was increased to JPY741,000 thousand as of December 31, 2015, and can be drawn before May 2016. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rate was 1.89% as of December 31, 2015.

19. BONDS PAYABLE

	Denomination of Convertible bonds	Discount (Included issuance cost of bonds payable $5,494 thousand)	Total
a. Liability component			
Convertible bonds			
Issued on August 1, 2014	$ 1,000,000	$ (27,994)	$ 972,006
Amortization expenses	-	5,871	5,871
Balance, December 31, 2014	1,000,000	(22,123)	977,877
Amortization expenses	-	14,235	14,235
Balance, December 31, 2015	$ 1,000,000	$ (7,888)	$ 992,112

	December 31	
	2015	2014
b. Equity component		
Share option of common stock	$ 22,500	$ 22,500
Less: Issuance cost of share option	126	126
Capital surplus - share option	$ 22,374	$ 22,374

In August 2014, the Corporation issued $1 billion (issued in 10 thousand notes and the denomination of each note was $100 thousand) 3-year (from August 2014 to August 2017) zero interest coupon second unsecured domestic convertible bonds.

The convertible bonds included liabilities and conversion options, recognized as liabilities and capital surplus - share options respectively. The non-derivative financial liabilities component of the convertible bonds (included issuance costs and interests payable) are measured at amortized cost using the effective interest method (the effective interest rate was 1.446%), and the related expenses of convertible bonds are amortized to profit or loss over the term of bonds. The terms of conversion and redemption of bonds are as follows:

a. Conversion option

From one month after the issuance date to the maturity date (except the relevant transfer period), bondholders may request to convert the bonds into the Corporation's common shares.

The conversion price was originally $69 per share. After the issue date, except when the Corporation issues various securities with conversion option or share option to transfer to common shares, the conversion price will be subject to adjustments under the following conditions: (a) the ordinary shares issued increased, or (b) cash dividends distributed are up to 1.5% of the current price per share or (c) conversion price is lower than the current price per share or re-issue price (in public or private placement) of various securities with rights of conversion to ordinary shares or warrants is lower than the conversion price, or (d) ordinary shares of capital reduction were induced reduction not due to cancellation of treasury shares. The conversion price was $64.7 per share after adjusting for the cash dividend effect as of July 26, 2015.

b. Redemption option

From one month after the issuance date to 40 days before the maturity date, if the closing price in Taiwan Stock Exchange is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued convertible bonds, after 5 business days from the bonds redemption reference date, the Corporation may redeem by cash the remaining bonds at their face value.

c. Date and manner of repayment of principal

Except when the bondholders used the conversion option or the Corporation used the redemption option or purchased from the market and wrote off, at the maturity date, the Corporation may redeem by cash the remaining bonds at their face value plus accrued interest (the amount of interest will be calculated at 1.5075% of the bonds' face value; the effective interest rate was 0.5%).

As of December 31, 2015, the bondholders had not used the conversion option and the Corporation had not used redemption option.

20. OTHER PAYABLES

	December 31	
	2015	**2014**
Salaries or bonus	$ 406,526	$ 402,774
Payable for employees' compensation, bonus to employees and remuneration to directors and supervisors	190,664	210,735
Payable for commission	31,268	29,185
Payable for freight fee	28,603	17,660
Payable for insurance premium	23,604	19,089
Payable for annual leave	21,649	21,641
Payable for business tax	15,506	49,114
Payable for purchasing of equipment	10,506	227
Payable for interest	6,511	7,588
Others	69,756	99,653
	$ 804,593	$ 857,666

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Subsidiaries including Raycong, Shanghai Yikang, Dong Guan Hua Gang, Huaying, Wah Lee Tech, Wah Lee Korea and Wah Lee Indonesia are required by local regulations to make contributions to central provident fund and retirement insurance.

b. Defined benefit plan

Part of the employees of the Corporation adopted the defined benefit plan under the Labor Standards Law, in which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts, equal to 8% of total monthly salaries and wages, to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The subsidiary company Raycong has a pension plan covering eligible employees.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2015	**2014**
Present value of funded defined benefit obligation	$ 444,378	$ 430,082
Fair value of plan assets	(96,660)	(100,634)
Net defined benefit liability	$ 347,718	$ 329,448

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2014	$ 435,936	$ (106,453)	$ 329,483
Service cost			
Current service cost	2,530	-	2,530
Net interest expense (income)	7,065	(1,699)	5,366
Recognized in profit or loss	9,595	(1,699)	7,896

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (1,187)	$ (1,187)
Actuarial loss - changes in demographic assumptions	184	-	184
Actuarial loss - experience adjustments	4,927	-	4,927
Recognized in other comprehensive income	5,111	(1,187)	3,924
Contributions from the employer	-	(12,547)	(12,547)
Benefits paid	(21,252)	21,252	-
Exchange differences on foreign plans	692	-	692
Balance at December 31, 2014	430,082	(100,634)	329,448
Service cost			
Current service cost	3,009	-	3,009
Net interest expense (income)	7,076	(1,728)	5,348
Recognized in profit or loss	10,085	(1,728)	8,357
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(924)	(924)
Actuarial loss - changes in demographic assumptions	20,760	-	20,760
Actuarial loss - experience adjustments	2,263	-	2,263
Recognized in other comprehensive income	23,023	(924)	22,099
Contributions from the employer	-	(12,638)	(12,638)
Benefits paid	(19,264)	19,264	-
Exchange differences on foreign plans	452	-	452
Balance at December 31, 2015	$ 444,378	$ (96,660)	$ 347,718

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2015	2014
Selling and marketing expenses	$ 4,607	$ 5,998
General and administrative expenses	3,750	1,898
	$ 8,357	$ 7,896

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	**2014**
Discount rate (%)	1.25-1.75	1.75-2.00
Expected rate of salary increase (%)	2.00-3.00	2.00-3.50
Turnover rate (%)	0-0.147	0-0.139

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2015
Discount rate	
0.25% increase	$ (10,294)
0.25% decrease	$ 11,221
Expected rate of salary increase	
0.25% increase	$ 10,868
0.25% decrease	$ (10,511)
Turnover rate	
110% of expected turnover rate	$ (260)
90% of expected turnover rate	$ 266

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2015	2014
The expected contributions to the plan for the next year	$ 24,964	$ 23,855
The average duration of the defined benefit obligation	10 years	10 years

22. EQUITY

a. Capital Stock

	December 31	
	2015	2014
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	231,390	231,390
Shares issued	$ 2,313,901	$ 2,313,901

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital Surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Recognized from issuance of common shares	$ 1,160,519	$ 1,160,519
Recognized from the difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	29	-
May be used to offset a deficit only		
Recognized from donations	11,867	11,867
May not be used for any purpose		
Recognized from share of changes in capital surplus of associates	136,779	131,652
Recognized from issuance of convertible bonds (Note 19)	22,374	22,374
	$ 1,331,568	$ 1,326,412

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained Earnings and Dividend Policy

The Corporation's Articles of Incorporation provide that the annual net income, after offset of any deficit, shall be appropriated as follows:

1) 10% as legal reserve, until its balance equals to the Corporation's paid-in capital.

2) The remainder will be appropriated by resolution of the Corporation's stockholders in their meeting with not more than 3% as bonus to directors and supervisors, and not less than 1% as bonus to employees.

The Corporation shall undertake aggressive business plan to keep the Corporation operating as a going concern and in stable prosperity in view of the economic environment and the trend of industry growth. Dividend policy is mainly based on a residual dividend concept, i.e. the Corporation shall measure its annual cash requirement in accordance with its capital budget and regular operational cash requirement to determine the amounts of dividends in cash and/or in stock, but cash dividend shall not be less than 50% of the total amount of dividends.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Corporation's Articles of Incorporation had been proposed by the Corporation's board of directors on January 27, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 17, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Employee benefits expense in Note 23.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865 and Rule No. 1010047496 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2014 and 2013 had been approved in the shareholders' meetings on June 22, 2015 and June 17, 2014, respectively; the amounts were as follows:

	Appropriation of Earnings For Fiscal Year		**Dividends Per Share (NT$) For Fiscal Year**	
	2014	**2013**	**2014**	**2013**
Legal reserve	$ 127,361	$ 115,945		
Cash dividends to stockholders	763,587	694,171	$ 3.3	$ 3.0
	$ 890,948	$ 810,116		

The appropriations of earnings for 2015 had been proposed by the Corporation's board of directors on March 23, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 113,015	
Cash dividends to stockholders	624,753	$ 2.7
	$ 737,768	

The appropriations of earnings for 2015 are subject to the resolution in the shareholders' meeting to be held on June 17, 2016.

d. Special Reserves

On first-time adoption of Taiwan-IFRSs, the Group is required to appropriate to special reserve the amounts of unrealized revaluation increment and cumulative translation differences transferred to retained earnings, provided the total amount does not exceed the amount of retained earnings that resulted from all Taiwan-IFRSs conversion adjustment. The amounts of the unrealized revaluation increment and cumulative translation differences transferred to retained earnings were $13,649 thousand and $189,980 thousand, respectively. But the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments was only $72,302 thousand; therefore, the Group appropriated to the special reserve only the amount of $72,302 thousand.

e. Other Equity Items

1) Exchange Differences on Translating Foreign Operations

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 294,094	$ 83,152
Exchange differences on translation of foreign operations	28,449	149,793
Share of exchange difference of associates accounted for using the equity method	(35,317)	81,938
Income tax relating to gains on translation of net assets of foreign operations	(3,375)	(20,789)
Balance, end of year	$ 283,851	$ 294,094

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 150,378	$ 259,959
Unrealized loss on revaluation of available-for-sale financial assets	(281,099)	(9,721)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	98,631	-
Cumulative gain on sale of available-for-sale financial assets reclassified to profit or loss	(1,448)	(92,985)
Share of unrealized loss on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(11,825)	(6,875)
Balance, end of year	$ (45,363)	$ 150,378

f. Non-Controlling Interests

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 822,495	$ 709,766
Attributable to non-controlling interests		
Share of profit for the year	98,203	90,440
Exchange difference arising on translation of foreign entities	20	22,289
Non-controlling interests arising from acquisition of subsidiaries (Note 26)	14,753	-
Balance, end of year	$ 935,471	$ 822,495

23. NET PROFIT

The details of net profit were as follows:

a. Other income

	For the Year Ended December 31	
	2015	2014
Rental income	$ 5,565	$ 6,226
Interest income	63,028	111,625
Dividends	13,002	15,212
Others (Note 30)	85,367	56,015
	$ 166,962	$ 189,078

b. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Gain on disposal of property, plant and equipment	$ 761	$ 12,875
Gain on sale of available-for-sale financial assets	1,448	92,985
Net foreign exchange loss	(64,074)	(10,017)
Loss on financial assets designated as at FVTPL	(4,694)	(1,761)
Impairment loss (Note 8)	(98,631)	-
Other losses	(3,067)	(8,856)
	$ (168,257)	$ 85,226

c. Financial costs

	For the Year Ended December 31	
	2015	2014
Interest on bank loans	$ 89,829	$ 98,788
Syndicated loan fee amortization	2,640	1,200
Discount on bonds payable amortization	14,235	5,871
Others	355	1,412
	$ 107,059	$ 107,271

d. Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 80,272	$ 77,871
Intangible assets	14,770	20,479
	$ 95,042	$ 98,350
An analysis of depreciation by function		
Operating costs	$ 272	$ 409
Operating expenses	80,000	77,462
	$ 80,272	$ 77,871
An analysis of amortization by function		
Operating expenses	$ 14,770	$ 20,479

e. Employee benefits expense (recognized in operating expenses)

	For the Year Ended December 31	
	2015	2014
Short-term employee benefits	$ 1,083,062	$ 1,172,845
Post-employment benefits		
Defined contribution plans	42,263	36,660
Defined benefit plans (Note 21)	8,357	7,896
	50,620	44,556
	$ 1,133,682	$ 1,217,401

The existing (2014) Articles of Incorporation of the Corporation stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 1% and no higher than 3%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were $191,041 thousand and $19,694 thousand, respectively, representing 15% and 1.55%, respectively, of the base net income.

In compliance with the Company Act as amended in May 2015, the Corporation proposed amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors and supervisors at the rates 9-13% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were $168,963 thousand and $17,664 thousand, respectively, representing 11% and 1.15%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 have been approved by the Corporation's board of directors on March 23, 2016 and are subject to the resolution and adoption of the amendments to the Corporation's Articles of Incorporation by the shareholders in their meeting to be held on June 17, 2016, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

Material differences, if any, between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements were authorized for issue were adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of bonuses to employees and remuneration to directors and supervisors for 2014 and 2013 have been approved in the shareholders' meetings on June 22, 2015 and June 17, 2014, respectively; the amounts were as follows:

	For the Year Ended December 31	
	2014	**2013**
Bonus to employees	$ 191,041	$ 173,907
Remuneration of directors and supervisors	19,694	17,980

The approved amounts of the bonus to employees and the remuneration to directors and supervisors were the same as the accrual amounts recognized in the financial statements for the years ended December 31, 2014 and 2013.

Information on the employees' compensation and remuneration to directors and supervisors resolved by the Corporation's board of directors in 2016 and bonus to employees, directors and supervisors resolved by the shareholders' meeting in 2015 and 2014 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gain and loss on foreign currency exchange

	For the Year Ended December 31	
	2015	**2014**
Foreign currency exchange gains	$ 944,538	$ 769,361
Foreign currency exchange losses	(1,008,612)	(779,378)
Net losses	$ (64,074)	$ (10,017)

24. INCOME TAX

a. The major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2015	**2014**
Current tax		
In respect of the current year	$ 304,154	$ 248,895
Additional 10% income tax on unappropriated earnings	37,968	35,915
In respect of prior periods	34,197	22,599
Others	4,517	2,985
	380,836	310,394
Deferred tax		
In respect of the current year	45,420	89,747
Income tax expense recognized in profit or loss	$ 426,256	$ 400,141

The reconciliation of accounting profit and income tax expenses was as follows:

	For the Year Ended December 31	
	2015	2014
Profit before income tax	$ 1,654,609	$ 1,768,409
Income tax expense at the statutory rate of the Group	$ 378,531	$ 387,806
Tax effect of adjusting items		
Nondeductible expenses	17,468	7,354
Dividend income, etc.	(2,679)	(19,346)
Deferred tax on undistributed earnings from associates	(121,366)	(100,130)
Deferred tax on undistributed earnings from subsidiaries	87,222	85,397
Realized investment losses	(1,503)	(5,802)
Others	(8,099)	(16,637)
Additional income tax on unappropriated earnings	37,968	35,915
Current adjustments to prior years' tax	34,197	22,599
Others	4,517	2,985
Income tax expense recognized in profit or loss	$ 426,256	$ 400,141

The Corporation applied the statutory income tax rate of 17%. The overseas subsidiaries followed the local regulatory income tax rate as follows:

	For the Year Ended December 31	
	2015	2014
Raycong	16.5%	16.5%
Shanghai Yikang	25%	25%
Dong Guan Hua Gang	25%	25%
Wah Lee Japan	40%	40%
Wah Lee Tech	17%	17%
Skypower	20%	20%
Regent King	16.5%	16.5%
Okayama Solar	40%	40%
Sakuragawa Solar	40%	40%
Miyazaki Solar	40%	40%
Huaying	15%	-
Wah Lee Vietnam	25%	-

As the status of appropriations in 2016 is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
Deferred tax		
Remeasurement on defined benefit plan	$ 3,756	$ 667
Translation of foreign operations	(3,375)	(20,789)
	$ 381	$ (20,122)

c. Current tax liabilities

	December 31 2015	December 31 2014
Income tax payable	$ 163,038	$ 147,820

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred Tax Assets					
Temporary differences					
Provision for loss on inventories	$ 27,905	$ (1,341)	$ -	$ (167)	$ 26,397
Unpaid bonuses	47,840	5,402	-	(87)	53,155
Unrealized management and consulting expenses	14,942	7,410	-	(128)	22,224
Intercompany unrealized gains	5,733	2,615	-	-	8,348
Provision	10,502	2,538	-	-	13,040
Defined benefit plans	56,719	(1,497)	3,756	74	59,052
Doubtful debts	1,600	19,866	-	(9)	21,457
Others	6,377	(188)	-	11	6,200
	$ 171,618	$ 34,805	$ 3,756	$ (306)	$ 209,873
Deferred Tax Liabilities					
Temporary differences					
Foreign income accounted for using equity method	$ 620,887	$ 89,706	$ -	$ (252)	$ 710,341
Exchange difference on foreign operations	71,417	-	3,375	-	74,792
Provision for land value increment	8,894	-	-	-	8,894
Others	11,507	(9,481)	-	(62)	1,964
	$ 712,705	$ 80,225	$ 3,375	$ (314)	$ 795,991

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred Tax Assets					
Temporary differences					
Provision for loss on inventories	$ 31,880	$ (4,624)	$ -	$ 649	$ 27,905
Unpaid bonuses	34,623	12,868	-	349	47,840
Unrealized management and consulting expenses	14,553	(129)	-	518	14,942
Intercompany unrealized gains	6,669	(936)	-	-	5,733
Provision	6,696	3,806	-	-	10,502
Defined benefit plans	54,766	1,171	667	115	56,719
Doubtful debts	8,226	(6,676)	-	50	1,600
Others	5,163	1,135		79	6,377
	$ 162,576	$ 6,615	$ 667	$ 1,760	$ 171,618

(Continued)

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Foreign income accounted for using equity method	$ 531,503	$ 88,404	$ -	$ 980	$ 620,887
Exchange difference on foreign operations	50,628	-	20,789	-	71,417
Provision for land value increment	8,894	-	-	-	8,894
Others	3,331	7,958	-	218	11,507
	$ 594,356	$ 96,362	$ 20,789	$ 1,198	$ 712,705

(Concluded)

e. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31	
	2015	2014
Deductible temporary differences		
Impairment of foreign investments	$ 127,883	$ 139,541

f. Integrated income tax

As of December 31, 2015 and 2014, all of the unappropriated earnings were generated after January 1, 1998.

	December 31	
	2015	2014
Imputation credit account	$ 612,371	$ 591,056

	For the Year Ended December 31	
	2015 (Expected)	2014 (Actual)
The creditable ratio for distribution of earnings (%)	16.67	17.73

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credit allocated to ROC resident shareholders of the Corporation is calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credit allocated to shareholders of the Corporation is based on the balance of the Imputation Credit Account (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2015 earnings may differ from the actual creditable ratio to be used in allocating imputation credit to the shareholders.

g. Income tax assessments

The Corporation’s tax returns through 2013 have been assessed by the tax authorities.

25. EARNINGS PER SHARE (EPS)

Earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

a. Net profit for the year attributable to the Corporation's shareholders

	For the Year Ended December 31	
	2015	**2014**
Basic EPS		
Net profit for the year attributable to common shareholders	$ 1,130,150	$ 1,277,828
Effect of dilutive potential ordinary shares		
Convertible bonds	14,235	5,871
Earnings used in the computation of diluted earnings per share	$ 1,144,385	$ 1,283,699

b. Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Year Ended December 31	
	2015	**2014**
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	231,390	231,390
Effect of dilutive potential ordinary shares		
Convertible bonds	15,456	4,804
Bonus shares issued to employees	7,739	6,496
Weighted average number of ordinary shares outstanding used in computation of diluted earnings per share	254,585	242,690

The Group is allowed to settle compensation or bonuses paid to employees in cash or shares; therefore, in the computation of diluted earnings per share (except the effect of dilutive convertible bonds), the Group assumes the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	**Date of Acquisition**	**Proportion of Voting Equity Interests Acquired (%)**	**Consideration Transferred**
Hong Kong Meidi Investment (Holding) Ltd. (Meidi)	International investment	October 26, 2015	80	$ 122,503

Meidi was acquired in order to continue the expansion of the Group's operations.

b. Considerations transferred

The Group acquired Meidi by full payment of cash for consideration. Acquisition-related costs amounting to $4,715 thousand were excluded from the consideration transferred and recognized as an expense in the current year, within the other expenses line item of general and administrative expenses in the consolidated statement of comprehensive income.

c. Assets acquired and liabilities assumed at the date of acquisition

	Meidi
Current assets	
Cash	$ 1
Noncurrent assets	
Available-for-sale financial assets - noncurrent	73,764
	$ 73,765

d. Goodwill recognized on acquisition

	Meidi
Consideration transferred	$ 122,503
Plus: Non-controlling interests (20% in Meidi)	14,753
Less: Fair value of identifiable net assets acquired	(73,765)
Goodwill recognized on acquisition	$ 63,491

Goodwill arose in the acquisition of Meidi because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow on acquisition of subsidiaries

	Meidi
Consideration paid in cash	$ 122,503
Less: Cash and cash equivalent balances acquired	(1)
	$ 122,502

27. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of warehouses with lease terms up to March 31, 2017. The Corporation does not have a bargain purchase option to acquire the leased warehouses at the expiry of the lease periods.

As of December 31, 2015 and 2014, refundable deposits paid under operating leases were both $3,500 thousand.

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 15,105	$ 14,539
Later than 1 year and not later than 5 years	3,776	19,825
	$ 18,881	$ 34,364

The lease payments recognized as expenses were as follows:

	For the Year Ended December 31	
	2015	2014
Minimum lease payment	$ 13,846	$ 15,105

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings minus cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

The key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are not measured at fair value

1) Carrying amounts and fair value of financial liabilities that have significant difference

	Book value	Fair value
December 31, 2015		
Financial liabilities measured at amortized cost		
Convertible bonds	$ 992,112	$ 1,001,800
December 31, 2014		
Financial liabilities measured at amortized cost		
Convertible bonds	$ 977,877	$ 985,300

2) Fair value hierarchy

The fair value hierarchy of convertible bond is Level 3.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2015				
Available-for-sale financial assets				
Securities listed in the ROC	$ 72,125	$ -	$ -	$ 72,125
Unlisted securities	-	7,296	419,479	426,775
Mutual funds	276,863	-	-	276,863
Securities listed in other countries	20,663	-	-	20,663
	$ 369,651	$ 7,296	$ 419,479	$ 796,426
December 31, 2014				
Available-for-sale financial assets				
Securities listed in the ROC	$ 124,584	$ -	$ -	$ 124,584
Unlisted securities	-	14,081	458,231	472,312
Mutual funds	135,354	-	-	135,354
Securities listed in other countries	43,945	-	-	43,945
	$ 303,883	$ 14,081	$ 458,231	$ 776,195
Financial Liabilities at FVTPL				
Derivative financial liabilities held for trading (not under hedge accounting)	$ -	$ 1,761	$ -	$ 1,761

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2015 and 2014.

2) Movements of Level 3 fair value measurements of financial assets

	For the Year Ended December 31	
	2015	2014
Available-for-sale financial assets		
Unlisted securities		
Balance, beginning of year	$ 458,231	$ 160,263
Recognized in profit or loss	(98,631)	-
Recognized in other comprehensive income	(121,885)	2,968
Purchases	108,000	295,000
Arising from business combination	73,764	-
Balance, end of year	$ 419,479	$ 458,231

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives instruments - Foreign exchange forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Emerging market shares	Reference trading market observed evidence of price assessment.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) Unlisted shares

The Group held unlisted shares which were measured at fair value. Fair value was estimated based on the investee's latest book value.

b) Convertible bonds

The fair value of the liability component of convertible bonds was estimated using binary tree convertible bonds evaluation model of stock price volatility, risk-free interest rate, the discount rate risk and liquidity risk, etc.

c. Categories of financial instruments

	December 31	
	2015	**2014**
Financial assets		
Loans and receivables (Note 1)	$ 14,128,087	$ 15,093,923
Available-for-sale financial assets	796,426	776,195
Financial liabilities		
FVTPL - Held for trading	-	1,761
At amortized cost (Note 2)	14,426,145	14,484,223

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties), long-term loans (including current portion), bonds payable and deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investment, notes and accounts receivable, other financial assets, short-term bills payable, notes and accounts payable, bonds payable, bank loans etc. The Group's Corporate Treasury function provides services to the business units and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities expose it primarily to the financial risks as follows:

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. A change of 1% is the sensitivity range used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included external deposits and loans, receivables and payables. A positive number below indicates a decrease in pre-tax profit assuming the functional currency strengthened by 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Foreign Currency Impact	
	For the Year Ended December 31	
	2015	**2014**
USD	$ (9,227)	$ (20,200)
RMB	3,838	9,772
JPY	(1,205)	(880)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2015	**2014**
Cash flow interest rate risk		
Financial assets	$ 2,556,956	$ 2,866,694
Financial liabilities	4,296,832	4,695,497

The Group's fair value interest rate risk with respect to fixed rate time deposits and short-term loans is not significant.

Sensitivity analysis

The sensitivity analysis below shows the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the years ended December 31, 2015 and 2014. A change of 1% increase or decrease was used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2015 and 2014 would have been lower/higher by $17,399 thousand and $18,288 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and loans.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on technology-related listed stocks in Taiwan.

Sensitivity analysis

The sensitivity analysis below shows the exposure to equity price risk at the end of the reporting period.

If equity prices had been 1% higher/lower, the other comprehensive income for the year ended December 31, 2015 and 2014 would have been higher/lower by $7,964 thousand and $7,762 thousand as a result of changes in fair value of available-for-sale investments.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and due to enforcement of financial guarantees provided by the Group could comprise the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

As of December 31, 2015 and 2014, the Group had available unutilized overdraft and bank loan facilities of $6,219,965 thousand and $3,900,371 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	Less than 3 Months	**3-12 Months**	**1-3 Years**	**3+ Years**	**Total**
December 31, 2015					
Non-derivative financial liabilities					
Non-interest bearing	$ 5,863,977	$ 1,256,516	$ -	$ -	$ 7,120,493
Variable interest rate liabilities	1,205,237	590,280	1,965,161	645,164	4,405,842
Fixed interest rate liabilities	1,222,853	798,755	1,015,075	-	3,036,683
Financial guarantee contracts	718,144	-	-	-	718,144
	$ 9,010,211	$ 2,645,551	$ 2,980,236	$ 645,164	$ 15,281,162
December 31, 2014					
Non-derivative financial liabilities					
Non-interest bearing	$ 4,968,245	$ 1,767,455	$ 3,254	$ -	$ 6,738,954
Variable interest rate liabilities	3,810,799	679,889	214,220	-	4,704,908
Fixed interest rate liabilities	1,822,796	101,847	1,015,075	-	2,939,718
Financial guarantee contracts	852,402	-	-	-	852,402
	$ 11,454,242	$ 2,549,191	$ 1,232,549	$ -	$ 15,235,982

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers it is more likely than not that no amount will be payable under the arrangement.

The amounts included above for variable interest rate non-derivative financial liabilities are subject to change if variable interest rates differ from those estimates of interest rates at the end of the reporting period.

e. Transfers of financial assets

During 2015 and 2014, the Group signed a discounted notes receivable agreement with a bank. If the notes receivable are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these notes receivable, it continues to recognize the full carrying amount of the notes receivable and has recognized the cash received on the transfer as a secured loan (Note 15).

The carrying amount of the notes receivable that have been transferred but have not been derecognized that is equal to the carrying amount of the related loans was $103,657 thousand and $95,636 thousand as of December 31, 2015 and 2014, respectively.

30. RELATED PARTY TRANSACTIONS

Balances and transactions between and among the entities in the Group had been eliminated on consolidation and not disclosed in this note. Except as disclosed in other notes, details of the transactions between the Group and other related parties are disclosed below.

a. Operating transactions

1) Sales of goods

	For the Year Ended December 31	
	2015	**2014**
Related parties types		
Associates and their subsidiaries	$ 292,845	$ 288,917
Other related parties	18,200	43,197
	$ 311,045	$ 332,114

The other related parties above included the chairman's relatives, the chairman as the companies' director and the companies that have the Corporation as institutional director.

The selling prices and collection terms of sales to related parties were similar to third parties.

2) Purchase of goods

Related parties types	For the Year Ended December 31 2015	2014
Associates and their subsidiaries	$ 555,738	$ 509,452
Other related parties	1,097,259	1,131,822
	$ 1,652,997	$ 1,641,274

The purchases from related parties were made under arm's length terms and prices and did not have similar transactions in the market for comparison; payment terms were similar to third parties.

3) Commission income and expenses

	For the Year Ended December 31 2015	2014
Commission income		
Associates	$ 101	$ 6,544
Commission expenses		
Other related parties	$ 2,060	$ 2,220

4) Receivables from related parties

	December 31 2015	2014
Notes receivable		
Associates and their subsidiaries	$ -	$ 3,200
Accounts receivable - related parties		
Associates and their subsidiaries	$ 98,647	$ 79,692
Other related parties	1,850	6,379
	$ 100,497	$ 86,071
Other receivables - related parties		
Associates and their subsidiaries	$ 5,244	$ 3,531
Other related parties	28	21
	$ 5,272	$ 3,552

The outstanding trade receivables from related parties are unsecured.

5) Payables to related parties

	December 31	
	2015	2014
Notes payable - related parties		
Associates and their subsidiaries	$ 642	$ 288
Other related parties	249,638	232,306
	$ 250,280	$ 232,594
Accounts payable - related parties		
Associates and their subsidiaries	$ 86,257	$ 103,938
Other related parties	179,245	125,374
	$ 265,502	$ 229,312
Other payables		
Associates and their subsidiaries	$ 39	$ 39
Other related parties	860	1,821
	$ 899	$ 1,860

The outstanding payables to related parties are unsecured and will be settled in cash.

b. Management consulting service income

The management services agreements, industry consulting and SAP-use contracts were signed by the Corporation and related parties, and the contracts will expire on various dates with December 31, 2015 as the latest. According to the agreements and contracts, the Corporation will provide certain management services to related parties. Consulting and service fee recognized as nonoperating income was as follows:

	For the Year Ended December 31	
	2015	2014
Associates and their subsidiaries	$ 10,548	$ 6,981

c. Rental income

The Corporation rented parts of buildings and computer software to related parties. The leases on the buildings will expire on various dates with March 2017 as the latest, and the lease on computer software expired in December 2015. The rental income was as follows:

	For the Year Ended December 31	
	2015	2014
Related Parties Types		
Associates	$ 4,641	$ 4,728
Other related parties	48	24
	$ 4,689	$ 4,752

d. Endorsements and guarantees and related fee income

1) Endorsements and guarantees

Related Parties Types	December 31 2015	December 31 2014
Associates and their subsidiaries	$ 1,185,513	$ 1,037,835
Other related parties	25,194	25,194
	$ 1,210,707	$ 1,063,029

2) Fee income from endorsements and guarantees

Related Parties Types	For the Year Ended December 31 2015	For the Year Ended December 31 2014
Associates	$ 444	$ 564
Other related parties	35	29
	$ 479	$ 593

e. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31 2015	For the Year Ended December 31 2014
Short-term employee benefits	$ 94,282	$ 98,980
Post-employment benefits	2,145	3,171
Other long-term employee benefits	322	322
	$ 96,749	$ 102,473

The remuneration of directors, supervisors and other key management was determined by the remuneration committee having regard to the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets at carrying amounts as collaterals for part of short-term loans and long-term loans, commitments to vendors, and guarantee for payment of tariffs on imported merchandise.

	December 31 2015	December 31 2014
Notes receivable	$ 103,657	$ 95,636
Other financial assets - current		
Pledged deposits	310	11,223

(Continued)

	December 31	
	2015	2014
Property, plant and equipment		
Freehold land	$ 128,046	$ 127,309
Buildings	302,648	188,990
Machinery and equipment	314,502	295,354
	$ 849,163	$ 718,512

(Concluded)

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 27, significant commitments and contingencies of the Group at each balance sheet date were as follows:

a. The Group had unused letters of credit for purchase of merchandise as follows:

	December 31	
	2015	2014
USD	$ 6,940	$ 10,295
JPY	355,531	25,560
NTD	-	82,323
RMB	824	-

b. Unrecognized commitments were as follows:

	December 31	
	2015	2014
Acquisition of property, plant and equipment	$ 289,210	$ 308,932

As of December 31, 2015, the contracts related to purchase of lands and buildings are as follows:

In 2015, the Corporation entered into contracts with third parties for building warehouse in Hsinchu. The total amount of the contracts is $176,880 thousand. As of December 31, 2015, the amount paid to the third parties was $27,647 thousand and was recognized as prepayments for equipment. The future payment will be made according to the construction progress and the completion date is estimated as September 2016.

In December 2015, the subsidiary - Shanghai Yikang entered into contract with third parties for the purchase of building in China. The total amount of the contract is $50,049 thousand (RMB9,900 thousand). As of December 31, 2015, the amount paid to the third parties was $25,024 thousand (RMB4,950 thousand) and was recognized as prepayments for equipment. The future payment will be made according to the schedule in contract and the transfer date is estimated as May 2016.

In December 2014, the subsidiary - Sakuragawa Solar entered into contracts with third parties for purchase of land and to build solar power plant in Japan. The total amount of the contracts is $146,511 thousand (JPY537,259 thousand). As of December 31, 2015, the amount paid to the third parties was $123,075 thousand (JPY451,319 thousand) and was recognized as construction in progress. The future payment will be made according to the construction progress and the completion date is estimated as March 2016.

In December 2014, the subsidiary - Okayama Solar entered into contracts with third parties for purchase of land and to build solar power plant in Japan. The total amount of the contracts is $183,292 thousand (JPY672,140 thousand). As of December 31, 2015, the amount paid to the third parties was $133,295 thousand (JPY488,798 thousand) and was recognized as construction in progress. The future payment will be made according to the construction progress and the completion date is estimated as March 2016.

In January 2015, the subsidiary - Miyazaki Solar entered into contracts with third parties for purchase of land and to build solar power plant in Japan. The total amount of the contracts is $150,309 thousand (JPY551,189 thousand). As of December 31, 2015, the amount paid to the third parties was $108,790 thousand (JPY398,936 thousand) and was recognized as construction in progress. The future payment will be made according to the construction progress and the completion date is estimated as March 2016.

c. As of December 31, 2015, the guarantee notes for purchases of goods was $303,327 thousand (RMB60,000 thousand).

d. The Corporation offered financial guarantees for related parties as stated in Note 30.

33. EXCHANGE RATE INFORMATION OF FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

The significant financial assets and financial liabilities denominated in foreign currencies were as follows (amounts are in thousands, except exchange rate):

	Foreign Currency Amount	Exchange Rate		Carrying Amount
December 31, 2015				
Monetary financial assets				
USD	$ 154,296	32.825	(USD:NTD)	$ 5,064,779
USD	37,155	7.75	(USD:HKD)	1,219,621
USD	21,380	6.493	(USD:RMB)	701,804
USD	277	13,508.23	(USD:IDR)	9,084
USD	19	23,280.14	(USD:VND)	617
RMB	88,353	5.0554	(RMB:NTD)	446,666
RMB	386	1.1937	(RMB:HKD)	1,952
JPY	1,805,630	0.2727	(JPY:NTD)	492,395
JPY	302,398	0.0644	(JPY:HKD)	82,464
JPY	15,873	0.0539	(JPY:RMB)	4,329
JPY	612,761	0.0083	(JPY:USD)	167,100
SGD	206	0.7083	(SGD:USD)	4,780
Nonmonetary financial assets				
Investments accounted for using equity method				
USD	7,366	32.825	(USD:NTD)	241,776
RMB	125,421	5.0554	(RMB:NTD)	634,058
RMB	613,798	1.1937	(RMB:HKD)	2,134,424
JPY	1,113,969	0.2727	(JPY:NTD)	303,779
HKD	1,016,599	4.235	(HKD:NTD)	4,305,297
VND	11,585,002	0.00141	(VND:NTD)	16,335

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
Available-for-sale financial assets				
USD	$ 4,550	32.825	(USD:NTD)	$ 149,358
RMB	6,338	5.0554	(RMB:NTD)	32,041
JPY	75,770	0.2727	(JPY:NTD)	20,663
Monetary financial liabilities				
USD	149,010	32.825	(USD:NTD)	4,891,263
USD	14,750	7.75	(USD:HKD)	484,168
USD	77,247	6.493	(USD:RMB)	2,535,626
USD	230	23,280.14	(USD:VND)	7,522
RMB	917	5.0554	(RMB:NTD)	4,637
RMB	11,896	1.1937	(RMB:HKD)	60,140
JPY	2,099,768	0.2727	(JPY:NTD)	572,607
JPY	208,818	0.0644	(JPY:HKD)	56,945
JPY	870,034	0.0539	(JPY:RMB)	237,258
SGD	3,257	0.7083	(SGD:USD)	75,727
December 31, 2014				
Monetary financial assets				
USD	168,317	31.65	(USD:NTD)	5,327,248
USD	31,290	7.8	(USD:HKD)	990,337
USD	18,619	6.204	(USD:RMB)	589,297
RMB	127,548	5.1015	(RMB:NTD)	650,685
RMB	69,111	1.2503	(RMB:HKD)	352,568
JPY	875,285	0.2646	(JPY:NTD)	231,600
JPY	394,516	0.0648	(JPY:HKD)	104,389
JPY	106,619	0.05189	(JPY:RMB)	28,211
JPY	13,946	0.0084	(JPY:USD)	3,690
SGD	208	0.7564	(SGD:USD)	4,991
Nonmonetary financial assets				
Investments accounted for using equity method				
USD	6,703	31.65	(USD:NTD)	212,143
RMB	115,076	5.1015	(RMB:NTD)	587,065
RMB	689,902	1.2503	(RMB:HKD)	2,754,820
JPY	1,103,431	0.2646	(JPY:NTD)	291,968
HKD	928,055	4.08	(HKD:NTD)	3,786,464
Available-for-sale financial assets				
USD	4,547	31.65	(USD:NTD)	143,924
JPY	166,080	0.2646	(JPY:NTD)	43,945
Monetary financial liabilities				
USD	167,428	31.65	(USD:NTD)	5,299,083
USD	20,995	7.8	(USD:HKD)	664,476
USD	93,627	6.204	(USD:RMB)	2,963,301
RMB	5,107	1.2503	(RMB:HKD)	26,053

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
JPY	$ 1,294,914	0.2646	(JPY:NTD)	$ 342,634
JPY	278,664	0.0648	(JPY:HKD)	73,735
JPY	149,343	0.05189	(JPY:RMB)	39,516
SGD	3,332	0.7564	(SGD:USD)	79,779

(Concluded)

For the years ended December 31, 2015 and 2014, realized and unrealized net foreign exchange losses were $64,074 thousand and $10,017 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is distinguished by operating area and categories of merchandise and service. The Group's reportable segments were as follows:

- Wah Lee Industrial Corporation ("Wah Lee") is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

- Raycong Industrial (H.K.) Ltd. and its subsidiary Dong Guan Hua Gang International Trading Co., Ltd. and Huaying Supply Chain Management (Shenzhen) Co., Ltd. ("Raycong") are mainly engaged in the trade of engineering plastic, composite materials and equipment.

- Shanghai Yikang Chemicals and Industrials Co., Ltd. ("Shanghai Yikang") is mainly engaged in trade of manufacturing materials and import/export business.

- Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments. Please refer to Note 12 for details.

Segment revenues and results

a. The following was an analysis of the Group's revenue and results from operations by reportable segment:

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
For the year ended December 31, 2015						
Revenues from external customers	$ 22,794,014	$ 7,305,778	$ 8,749,603	$ 1,194,270	$ -	$ 40,043,665
Inter-segment revenues	4,728,165	162,272	150,312	519,169	(5,559,918)	-
Segment revenues	$ 27,522,179	$ 7,468,050	$ 8,899,915	$ 1,713,439	$ (5,559,918)	$ 40,043,665
Segment operating income	$ 461,060	$ 371,610	$ 475,672	$ 33,440	$ -	$ 1,341,782
Other income	70,130	15,835	71,865	9,132	-	166,962
Other gains and losses	(85,199)	(50,866)	(42,827)	10,635	-	(168,257)
Financial costs	(70,413)	(15,904)	(8,371)	(12,371)	-	(107,059)

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
Profit before income tax	$ 375,578	$ 320,675	$ 496,339	$ 40,836	$ -	$ 1,233,428
Income tax expense	(218,390)	(62,074)	(136,680)	(9,112)	-	(426,256)
Net profit after tax	$ 157,188	$ 258,601	$ 359,659	$ 31,724	$ -	807,172
Share of profit or loss of associates						421,181
Consolidated net profit						$ 1,228,353
Identifiable assets	$ 11,995,774	$ 4,951,956	$ 5,063,433	$ 2,164,927	$ (2,005,733)	$ 22,170,357
Goodwill						97,058
Investment accounted for using equity method						4,463,950
Total assets						$ 26,731,365
Total liabilities	$ 11,593,336	$ 2,722,833	$ 2,352,011	$ 1,301,068	$ (1,962,647)	$ 16,006,601
For the year ended December 31, 2014						
Revenues from external customers	$ 25,249,848	$ 6,976,783	$ 6,564,745	$ 1,109,374	$ -	$ 39,900,750
Inter-segment revenues	3,215,342	108,867	132,341	478,802	(3,935,352)	-
Segment revenues	$ 28,465,190	$ 7,085,650	$ 6,697,086	$ 1,588,176	$ (3,935,352)	$ 39,900,750
Segment operating income	$ 509,060	$ 352,689	$ 349,623	$ 57,751	$ -	$ 1,269,123
Other income	62,081	30,446	95,015	1,536	-	189,078
Other gains and losses	146,109	(42,577)	(20,176)	1,870	-	85,226
Financial costs	(62,736)	(19,507)	(17,560)	(7,468)	-	(107,271)
Profit before income tax	654,514	321,051	406,902	53,689	-	1,436,156
Income tax expense	(227,635)	(64,647)	(102,228)	(5,631)	-	(400,141)
Net profit after tax	$ 426,879	$ 256,404	$ 304,674	$ 48,058	$ -	1,036,015
Share of profit or loss of associates						332,253
Consolidated net profit						$ 1,368,268
Identifiable assets	$ 12,051,085	$ 4,913,281	$ 4,812,115	$ 1,539,362	$ (1,330,888)	$ 21,984,955
Goodwill						32,810
Investment accounted for using equity method						4,300,428
Total assets						$ 26,318,193
Total liabilities	$ 10,961,984	$ 2,395,485	$ 2,280,256	$ 865,880	$ (652,154)	$ 15,851,451

(Concluded)

The accounting policies adopted for the segments of the Group did not have significant differences with Note 4.

Segment profit represented the profit before tax earned by each segment without share of profits of associates. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. For the purpose of monitoring segment performance and allocating resources between segments, all assets were allocated to reportable segments other than interests in associates accounted for using the equity method.

b. Other segment information

	Depreciation and amortization		Noncurrent assets increase in the current year	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Wah Lee Industrial	$ 44,999	$ 44,519	$ 83,472	$ 279,718
Shanghai Yikang	12,905	13,388	17,073	16,295
Raycong	12,256	16,030	12,018	17,750
Others	24,882	24,413	554,473	216,937
	$ 95,042	$ 98,350	$ 667,036	$ 530,700

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2015	2014
IT Industry	$ 13,079,546	$ 12,774,818
Semiconductor Industry	8,539,309	8,916,065
Opto-electronics	6,659,351	5,536,484
PCB Industry	3,133,786	3,268,492
FPD Industry	6,798,887	7,634,103
Others	1,832,786	1,770,788
	$ 40,043,665	$ 39,900,750

d. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its noncurrent assets by location of assets are detailed below.

	Revenue from External Customers		Noncurrent Assets	
	Year Ended December 31		December 31	
	2015	2014	2015	2014
Taiwan	$ 13,956,193	$ 16,931,122	$ 1,039,889	$ 1,001,416
China	20,947,219	18,172,076	306,755	301,229
Others	5,140,253	4,797,552	1,187,422	659,427
	$ 40,043,665	$ 39,900,750	$ 2,534,066	$ 1,962,072

Noncurrent assets exclude noncurrent assets classified as financial instruments, deferred tax assets, and goodwill.

e. Information about major customers

No single customer contributed 10% or more of the Group's revenue for both 2015 and 2014.