Wah Lee Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2016 and 2015 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Wah Lee Industrial Corporation

We have reviewed the accompanying consolidated balance sheets of Wah Lee Industrial Corporation (the "Corporation") and its subsidiaries as of June 30, 2016 and 2015 and the related consolidated statements of comprehensive income for the three months ended June 30, 2016 and 2015, six months ended June 30, 2016 and 2015, and changes in equity and cash flows for the six months ended June 30, 2016 and 2015. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As stated in Note 12, the accompanying consolidated financial statements included amounts based on unreviewed financial statements of subsidiaries considered as not material. The unreviewed amounts were total assets of NT$5,802,867 thousand and NT$4,544,762 thousand, which accounted for 22% and 18% of total consolidated assets; total liabilities of NT$2,295,334 thousand and NT$1,773,277 thousand, which accounted for 15% and 12% of total consolidated liabilities as of June 30, 2016 and 2015, respectively; comprehensive income of NT$67,018 thousand, NT$37,505 thousand, NT$137,427 thousand and NT$64,598 thousand, which accounted for 71%, 25%, 32% and 18% of total consolidated comprehensive income for the three months ended June 30, 2016 and 2015, and the six months ended June 30, 2016 and 2015, respectively. As stated in Note 32, disclosures relating to the subsidiaries were based on unreviewed financial statements. The carrying values of investments in associates accounted for using equity method of NT$2,095,114 thousand and NT$2,046,461 thousand as of June 30, 2016 and 2015, and the share of profit of associates recognized under equity method of NT$45,922 thousand, NT$29,245 thousand, NT$72,159 thousand and NT$76,988 thousand for the three months ended June 30, 2016 and 2015, and the six months ended June 30, 2016 and 2015, respectively, were based on unreviewed financial statements.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had we reviewed the financial statements of certain subsidiaries and associates as discussed in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the Financial Supervisory Commission of the Republic of China, and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

August 10, 2016

Notice to Readers

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2016 (Reviewed) Amount	%	December 31, 2015 (Audited) Amount	%	June 30, 2015 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,821,897	11	$ 2,100,213	8	$ 2,973,617	12
Financial assets at fair value through profit or loss - current (Note 7)	-	-	-	-	352	-
Available-for-sale financial assets - current (Note 8)	338,505	1	334,817	1	269,202	1
Notes receivable (Notes 9, 28 and 29)	1,639,514	6	1,761,610	7	1,532,829	6
Accounts receivable, net (Note 9)	8,861,633	34	9,167,213	34	8,386,716	33
Accounts receivable - related parties (Notes 9 and 28)	114,721	-	100,497	1	66,260	-
Other receivables	51,108	-	45,092	-	92,318	-
Other receivables - related parties (Note 28)	156,094	1	5,272	-	78,255	-
Inventories (Note 10)	3,641,641	14	4,041,337	15	3,694,437	15
Prepayment and others	535,157	2	460,568	2	416,673	2
Other financial assets - current (Notes 11 and 29)	178,978	1	840,738	3	478,895	2
Total current assets	18,339,248	70	18,857,357	71	17,989,554	71
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Note 8)	543,773	2	461,609	2	412,491	2
Investments accounted for using equity method (Note 13)	4,350,700	17	4,463,950	17	4,411,683	18
Property, plant and equipment (Notes 14, 29 and 30)	2,525,584	10	2,454,066	9	2,030,924	8
Goodwill	58,592	-	97,058	-	32,322	-
Computer software	5,636	-	9,474	-	14,507	-
Deferred tax assets	211,544	1	209,873	1	185,011	1
Prepayments for equipment (Note 30)	103,765	-	54,398	-	4,513	-
Refundable deposits (Note 25)	90,203	-	107,452	-	71,333	-
Prepayments for investments	18,629	-	-	-	-	-
Other noncurrent assets	50,748	-	16,128	-	14,416	-
Total noncurrent assets	7,959,174	30	7,874,008	29	7,177,200	29
TOTAL	$ 26,298,422	100	$ 26,731,365	100	$ 25,166,754	100

LIABILITIES AND EQUITY	June 30, 2016 (Reviewed) Amount	%	December 31, 2015 (Audited) Amount	%	June 30, 2015 (Reviewed) Amount	%
CURRENT LIABILITIES						
Short-term loans (Notes 15 and 29)	$ 3,025,766	12	$ 3,701,797	14	$ 3,585,732	14
Notes payable (Note 16)	425,911	2	411,874	1	424,153	2
Notes payable - related parties (Notes 16 and 28)	231,057	1	250,280	1	215,366	1
Accounts payable (Note 16)	4,848,556	19	5,388,244	20	4,970,930	20
Accounts payable - related parties (Notes 16 and 28)	311,060	1	265,502	1	253,866	1
Dividends payable (Note 21)	626,402	2	1,648	-	765,236	3
Other payables (Notes 19 and 28)	870,759	3	802,945	3	840,826	3
Current tax liabilities	116,644	1	163,038	1	135,122	1
Provisions - current	113,230	-	61,948	-	64,751	-
Current portion of long-term debts (Notes 17 and 29)	47,865	-	51,119	-	22,134	-
Other current liabilities	296,024	1	197,001	1	281,693	1
Total current liabilities	10,913,274	42	11,295,396	42	11,559,809	46
NONCURRENT LIABILITIES						
Long-term debts (Notes 17 and 29)	2,678,633	10	2,560,203	10	1,458,815	6
Bonds payable (Note 18)	999,307	4	992,112	4	984,969	4
Provision - noncurrent	14,760	-	14,760	-	14,760	-
Net defined benefit liabilities - noncurrent (Note 20)	345,603	1	347,718	1	327,832	1
Guarantee deposits received	424	-	421	-	461	-
Deferred tax liabilities	819,567	3	795,991	3	719,835	3
Total noncurrent liabilities	4,858,294	18	4,711,205	18	3,506,672	14
Total liabilities	15,771,568	60	16,006,601	60	15,066,481	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 21)						
Share capital						
Ordinary shares	2,313,901	9	2,313,901	9	2,313,901	9
Capital surplus	1,334,877	5	1,331,568	5	1,356,142	6
Retained earnings						
Legal reserve	1,704,573	7	1,591,558	6	1,591,558	6
Special reserve	72,302	-	72,302	-	72,302	-
Unappropriated earnings	4,039,552	15	4,241,476	16	3,657,993	15
Total retained earnings	5,816,427	22	5,905,336	22	5,321,853	21
Other equity	119,289	-	238,488	1	263,896	1
Total equity attributable to owners of the Corporation	9,584,494	36	9,789,293	37	9,255,792	37
NON-CONTROLLING INTERESTS (Note 21)	942,360	4	935,471	3	844,481	3
Total equity	10,526,854	40	10,724,764	40	10,100,273	40
TOTAL	$ 26,298,422	100	$ 26,731,365	100	$ 25,166,754	100

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

(With Deloitte & Touche review report dated August 10, 2016)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 28)								
Net sales	$ 10,066,691	99	$ 9,372,423	100	$ 18,916,030	99	$ 18,336,136	100
Commission revenue	19,763	-	13,581	-	48,249	-	50,659	-
Other operating revenue	49,132	1	23,804	-	74,092	1	50,386	-
Total operating revenues	10,135,586	100	9,409,808	100	19,038,371	100	18,437,181	100
OPERATING COSTS (Notes 10, 22 and 28)								
Cost of goods sold	9,205,234	91	8,546,421	91	17,221,342	91	16,715,983	91
Other operating costs	2,868	-	10,516	-	10,026	-	21,471	-
Total operating costs	9,208,102	91	8,556,937	91	17,231,368	91	16,737,454	91
GROSS PROFIT	927,484	9	852,871	9	1,807,003	9	1,699,727	9
OPERATING EXPENSES (Notes 20 and 22)								
Selling and marketing expenses	472,320	4	477,283	5	945,732	5	913,674	5
General and administrative expenses	91,465	1	94,679	1	188,465	1	196,741	1
Total operating expenses	563,785	5	571,962	6	1,134,197	6	1,110,415	6
OPERATING INCOME	363,699	4	280,909	3	672,806	3	589,312	3
NONOPERATING INCOME AND EXPENSES								
Other income (Notes 22 and 28)	26,333	-	23,562	-	58,906	-	56,215	-
Other gains and losses (Note 22)	(28,276)	-	(96,227)	(1)	(40,159)	-	(97,478)	(1)
Financial costs (Note 22)	(25,786)	-	(22,406)	-	(53,710)	-	(50,616)	-
Share of the profit or loss of associates	27,461	-	213,513	2	170,572	1	280,851	2
Total non-operating income and expenses	(268)	-	118,442	1	135,609	1	188,972	1
PROFIT BEFORE INCOME TAX	363,431	4	399,351	4	808,415	4	778,284	4
INCOME TAX EXPENSE (Notes 4 and 23)	143,826	2	119,852	1	230,468	1	208,536	1
NET PROFIT FOR THE PERIOD	219,605	2	279,499	3	577,947	3	569,748	3
OTHER COMPREHENSIVE INCOME (Notes 21 and 23)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	(83,895)	(1)	(91,387)	(1)	(162,439)	(1)	(149,674)	(1)

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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)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Unrealized gain (loss) on available-for-sale financial assets	$ (27,838)	-	$ (31,123)	-	$ 38,724	-	$ (37,388)	-
Share of the exchange differences on translating foreign operations of associates accounted for using the equity method	(22,755)	-	(17,602)	-	(46,296)	-	(43,728)	-
Share of the unrealized gain (loss) on available-for-sale financial assets of associates accounted for using the equity method	(4,898)	-	6	-	(2,168)	-	8,616	-
Income tax relating to items that may be reclassified subsequently to profit or loss	13,924	-	11,939	-	26,618	-	19,814	-
Other comprehensive income for the period, net of income tax	(125,462)	(1)	(128,167)	(1)	(145,561)	(1)	(202,360)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 94,143	1	$ 151,332	2	$ 432,386	2	$ 367,388	2
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	$ 199,217		$ 257,704		$ 535,844		$ 525,978	
Non-controlling interests	20,388		21,795		42,103		43,770	
	$ 219,605		$ 279,499		$ 577,947		$ 569,748	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ 90,980		$ 143,131		$ 416,645		$ 345,402	
Non-controlling interests	3,163		8,201		15,741		21,986	
	$ 94,143		$ 151,332		$ 432,386		$ 367,388	
EARNINGS PER SHARE (Note 24)								
From continuing operations								
Basic	$ 0.86		$ 1.11		$ 2.32		$ 2.27	
Diluted	0.82		1.04		2.17		2.11	

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

(With Deloitte & Touche review report dated August 10, 2016) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	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, 2016	$ 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
Appropriation of 2015 earnings (Note 21)										
Legal reserve	-	-	113,015	-	(113,015)	-	-	-	-	-
Cash dividends distributed by the Corporation-27%	-	-	-	-	(624,753)	-	-	(624,753)	-	(624,753)
	-	-	113,015	-	(737,768)	-	-	(624,753)	-	(624,753)
Other changes in capital surplus										
Change in capital surplus from investments in associates accounted for by using equity method	-	3,309	-	-	-	-	-	3,309	-	3,309
Net profit for the six months ended June 30, 2016	-	-	-	-	535,844	-	-	535,844	42,103	577,947
Other comprehensive loss for the six months ended June 30, 2016, net of income tax (Note 21)	-	-	-	-	-	(155,906)	36,707	(119,199)	(26,362)	(145,561)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	535,844	(155,906)	36,707	416,645	15,741	432,386
Decrease in non-controlling interests (Note 21)	-	-	-	-	-	-	-	-	(8,852)	(8,852)
BALANCE AT JUNE 30, 2016	$ 2,313,901	$ 1,334,877	$ 1,704,573	$ 72,302	$ 4,039,552	$ 127,945	$ (8,656)	$ 9,584,494	$ 942,360	$10,526,854
BALANCE AT JANUARY 1, 2015	$ 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 21)										
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	-	29,730	-	-	-	-	-	29,730	-	29,730
Net profit for the six months ended June 30, 2015	-	-	-	-	525,978	-	-	525,978	43,770	569,748
Other comprehensive loss for the six months ended June 30, 2015, net of income tax (Note 21)	-	-	-	-	-	(151,804)	(28,772)	(180,576)	(21,784)	(202,360)
Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	-	525,978	(151,804)	(28,772)	345,402	21,986	367,388
BALANCE AT JUNE 30, 2015	$ 2,313,901	$ 1,356,142	$ 1,591,558	$ 72,302	$ 3,657,993	$ 142,290	$ 121,606	$ 9,255,792	$ 844,481	$10,100,273

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

(With Deloitte & Touche review report dated August 10, 2016)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 808,415	$ 778,284
Adjustments for:		
Depreciation expenses	48,121	38,954
Amortization expenses	4,015	6,295
Provision for doubtful accounts	787	60,356
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	-	(3,647)
Finance costs	53,710	50,616
Interest income	(16,306)	(38,898)
Dividend income	(262)	(340)
Share of profit of associates	(170,572)	(280,851)
Gain on disposal of property, plant and equipment	(337)	(831)
Gain on disposal of investments	(8,075)	(2,060)
Impairment loss on Available-for-sale financial assets	-	98,631
Provision for loss on inventories (reversal of loss on inventories)	(18,634)	45,070
Loss on inventories	11,338	230
Net gain on foreign currency exchange	(4,019)	(13,158)
Others	4,828	6,364
Changes in operating assets and liabilities		
Financial assets held for trading	-	1,534
Notes receivable	122,096	(64,022)
Accounts receivable	304,057	1,146,024
Accounts receivable - related parties	(14,682)	19,811
Other receivables	(2,741)	(61,280)
Other receivables - related parties	3,102	2,259
Inventories	409,980	(169,929)
Prepayments and other current assets	(64,442)	5,388
Notes payable	14,037	(29,430)
Notes payable - related parties	(19,223)	(17,228)
Accounts payable	(534,867)	(16,299)
Accounts payable - related parties	45,767	45,984
Other payables	77,286	(24,481)
Provisions	51,282	17,735
Other current liabilities	99,023	167,975
Net defined benefit liabilities	(1,893)	(1,324)
Cash generated from operations	1,201,791	1,767,732
Interest received	16,306	38,898
Dividend received	55,962	70,640
Interest paid	(47,424)	(43,985)
Income tax paid	(229,528)	(208,029)

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2016	**2015**
Net cash generated from operating activities	$ 997,107	$ 1,625,256
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(40,030)	(154,121)
Proceeds of sale of available-for-sale financial assets	29,458	119,072
Increase in prepayments for investment	(18,629)	-
Payments for property, plant and equipment	(114,665)	(187,113)
Proceeds from disposal of property, plant and equipment	32,682	1,196
Increase in refundable deposits	(13,852)	(125,447)
Decrease in refundable deposits	29,455	160,137
Payments for intangible assets	(213)	(2,258)
Increase in other financial assets	(54,903)	(291,226)
Decrease in other financial assets	704,974	1,106,888
Decrease (increase) in other noncurrent assets	(2,496)	9,792
Net cash generated from investing activities	551,781	636,920
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	5,663,105	6,572,644
Repayments of short-term loans	(6,266,186)	(8,139,769)
Decrease in short-term bills payable	-	(150,000)
Proceeds from long-term debts	20,964	1,190,797
Repayment of long-term debts	(18,185)	(1,029,124)
Increase in guarantee deposits	3	-
Net cash used in financing activities	(600,299)	(1,555,452)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(226,905)	(219,989)
NET INCREASE IN CASH AND CASH EQUIVALENTS	721,684	486,735
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2,100,213	2,486,882
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 2,821,897	$ 2,973,617

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

(With Deloitte & Touche review report dated August 10, 2016) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 August 10, 2016.

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

a. 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") for application starting from 2017

Rule No. 1050026834 issued by the FSC endorsed the following IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") for application starting January 1, 2017.

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)
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
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
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

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment 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 or amended IFRSs 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 in 2017 would not have any material impact on the Group's accounting policies:

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

   The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively.

2) 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.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

   Several standards, including IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IFRS 13 “Fair Value Measurement” and IAS 24 “Related Party Disclosures”, were amended in this annual improvement.

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 amendment will be applied prospectively to business combination with acquisition date on or after January 1, 2017.

The amended IFRS 8 requires the Group 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. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured 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.

4) 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 amendment will be applied prospectively starting from January 1, 2017.

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 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.

5) 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” stipulates 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” clarifies 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.

6) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level). The amendment will be applied from January 1, 2016, and any adjustment arising from the initial application of the amendment will be recognized in net defined benefit liabilities, deferred tax asset and retained earnings.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments will have on the Group’s financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

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 IFRSs.

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)
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
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
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

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 shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments 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 the 12-month expected credit losses 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 losses 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 losses 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) 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 an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

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

3) IFRS 15 “Revenue from Contracts with Customers” and related amendment

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, 2018.

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

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 and related amendment are 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.

4) 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 IAS 34 "Interim Financial Reporting" endorsed by the FSC and effective in the current period. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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. Basis of consolidation

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

d. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2015.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	June 30, 2016	December 31, 2015	June 30, 2015
Cash on hand	$ 5,860	$ 5,138	$ 4,654
Demand deposits	2,625,890	1,499,020	2,228,820
Checking accounts	2,422	30,108	2,038
Cash equivalents			
Time deposits with original maturities less than three months	187,725	565,947	738,105
	$ 2,821,897	$ 2,100,213	$ 2,973,617

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

	June 30, 2016	December 31, 2015	June 30, 2015
Time deposits (%)	0.30-3.43	0.28-6.00	0.42-4.56

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - ONLY JUNE 30, 2015

	Amount
Financial assets held for trading - current	
Derivative financial assets (not under hedge accounting)	
Foreign exchange forward contracts	$ 352

The Group entered into foreign exchange forward contracts for the six months ended June 30, 2015 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)
Sell	JPY/NTD	August 2015-October 2015	JPY341,952/NTD87,267

For the gain or loss on financial instruments at fair value through profit or loss for the six months ended June 30, 2015, please referred to Note 22.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
Domestic investments			
Listed shares	$ 61,678	$ 72,125	$ 76,426
Emerging market shares	5,974	7,296	10,397
Unlisted shares	334,878	250,234	281,202
Mutual funds	294,423	276,863	207,967
	696,953	606,518	575,992
Foreign investments			
Listed shares	61,326	20,663	21,793
Unlisted shares	123,999	169,245	83,908
	185,325	189,908	105,701
	$ 882,278	$ 796,426	$ 681,693
Current	$ 338,505	$ 334,817	$ 269,202
Noncurrent	543,773	461,609	412,491
	$ 882,278	$ 796,426	$ 681,693

The Group assessed that part of unlisted shares and part of emerging market shares were permanently impaired; thus, the Group recognized impairment loss NT$98,631 thousand for the three months ended June 30, 2015 (refer to Note 22).

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2016	December 31, 2015	June 30, 2015
Notes receivable - operating	$ 1,639,514	$ 1,761,610	$ 1,532,829
Accounts receivable - unrelated parties			
Accounts receivable	$ 9,034,119	$ 9,341,233	$ 8,452,778
Less: Allowance for doubtful accounts	172,486	174,020	66,062
	8,861,633	9,167,213	8,386,716
Accounts receivable - related parties (Note 28)	114,721	100,497	66,260
	$ 8,976,354	$ 9,267,710	$ 8,452,976

For the amounts and related terms of factored notes receivables, please refer to Note 27. The carrying amount of notes receivable pledged as collateral for borrowings was disclosed in Note 29.

The average credit period for 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 amount determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group periodically reviewed 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:

	June 30, 2016	December 31, 2015	June 30, 2015
Less than 90 days	$ 7,207,673	$ 7,195,013	$ 6,258,153
91-150 days	1,292,467	1,669,136	1,559,775
151-180 days	169,076	257,635	228,814
Over 181 days	479,624	319,946	472,296
	$ 9,148,840	$ 9,441,730	$ 8,519,038

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 Jun 30, 2016 and 2015 were as follows:

	June 30	
	2016	2015
Less than 90 days	$ -	$ 11,236
91-150 days	-	12,455
151-180 days	-	1,979
Over 181 days	14,673	1,980
	$ 14,673	$ 27,650

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, 2016	$ 152,682	$ 21,338	$ 174,020
Add: Impairment losses recognized (reversed) on accounts receivables	(4,347)	5,134	787
Less: Amounts written off during the period as uncollectible	(815)	-	(815)
Foreign exchange translation gains and losses	(734)	(772)	(1,506)
Balance at June 30, 2016	$ 146,786	$ 25,700	$ 172,486

(Continued)

	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 receivables	55,605	4,751	60,356
Less: Amounts written off during the period as uncollectible	(23,156)	-	(23,156)
Foreign exchange translation gains and losses	(99)	(96)	(195)
Balance at June 30, 2015	$ 60,253	$ 5,809	$ 66,062

(Concluded)

Age of individually impaired accounts receivable was as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Less than 90 days	$ 1,869	$ 45	$ 162
91-150 days	456	62	6,232
151-180 days	412	4,142	27,753
Over 181 days	152,089	169,933	48,692
	$ 154,826	$ 174,182	$ 82,839

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

10. INVENTORIES

	June 30, 2016	December 31, 2015	June 30, 2015
Merchandise	$ 3,599,245	$ 3,959,472	$ 3,684,825
Merchandise in transit	42,396	81,865	9,612
	$ 3,641,641	$ 4,041,337	$ 3,694,437

As of June 30, 2016, December 31, 2015 and June 30, 2015, the allowance for inventory devaluation was $125,780 thousand, $147,402 thousand and $194,185 thousand, respectively.

The cost of inventories recognized in cost of goods sold for the three months ended June 30, 2016 and 2015 and the six months ended June 30, 2016 and 2015 was $9,205,234 thousand, $8,546,421 thousand, $17,221,342 thousand and $16,715,983 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Provision for loss on inventories (reversal of loss on inventories)	$ (19,659)	$ 26,962	$ (18,634)	$ 45,070
Loss (gain) on physical inventories	(2)	(8)	3	(19)
Loss on disposal of inventories	9,546	162	11,335	249
	$ (10,115)	$ 27,116	$ (7,296)	$ 45,300

The net amount of the provision and reversal of provision for loss on inventories for the three months ended June 30, 2016 represents the net of provision for loss on inventories of $6,278 thousand and reversal of allowance for inventories of $25,937 thousand as a result of sold of inventories.

11. OTHER FINANCIAL ASSETS - CURRENT

	June 30, 2016	December 31, 2015	June 30, 2015
Time deposits with original maturity more than three months	$ 178,978	$ 840,428	$ 478,895
Pledged time deposits (Note 29)	-	310	-
	$ 178,978	$ 840,738	$ 478,895
Annual interest rate (%)	0.55-3.75	0.50-4.50	0.50-4.50

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	June 30, 2016	December 31, 2015	June 30, 2015	Remark
The Corporation	Wah Lee Holding Ltd.	International investment	100.00	100.00	100.00	Established in BVI, Note l
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	53.69	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	83.33	Established in Japan, Note l
	Wah Lee Korea Ltd.	Trading business of glass fiber, electronic equipment optical machinery, etc.	100.00	100.00	94.87	Established in Korea, Notes l and 2
	Skypower Ltd. (Skypower)	Trading business of solar energy materials and equipment	70.00	70.00	70.00	Established in Japan, Note l
	Okayama Solar Ltd. (Okayama Solar)	Solar power generation business	99.99	99.99	99.99	Established in Japan, Note 1
	Sakuragawa Solar Ltd. (Sakuragawa Solar)	Solar power generation business	99.99	99.99	99.99	Established in Japan, Note 1
	Miyazaki Solar Ltd. (Miyazaki Solar)	Solar power generation business	99.99	99.99	99.99	Established in Japan, Note 1
	P.T. Wahlee Indonesia (Wah Lee Indonesia)	Trading business of industrial materials	60.00	60.00	-	Established in Indonesia, Notes 1 and 3

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership June 30, 2016	December 31, 2015	June 30, 2015	Remark
	Hong Kong Meidi Investment (Holding) Ltd. (Meidi)	International investment	80.00	80.00	-	Established in Hong Kong, Notes 1 and 4
	Wah Lee Vietnam Co., Ltd. (Wah Lee Vietnam)	Trading business of industrial materials	100.00	100.00	-	Established in Vietnam, Notes 1 and 5
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	100.00	Established in Mauritius, Note 1
	Wah Lee Tech (Singapore) Pte. Ltd. (Wah Lee Tech)	Agency of semiconductor materials and equipment	100.00	100.00	100.00	Established in Singapore, Note 1
	Wah Lee Machinery Trading Limited	International trading	100.00	100.00	100.00	Established in BVI, Note 1
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	46.31	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	100.00	Established in Hong Kong, Note 1
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	100.00	Established in Dong Guan, Note 1
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	International trading of industrial materials	70.00	70.00	70.00	Established in Shang hai
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Huaying)	Trading business of industrial materials	100.00	100.00	100.00	Established in Shenzhen, Note 1

(Concluded)

Note 1: This is not a material subsidiary; its financial statements for the six months ended June 30, 2016 and 2015 have not been reviewed.

Note 2: In September 2015, the Corporation invested $13 thousand (KRW452 thousand), and the percentage of ownership increased to 100%.

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 of the consolidated financial statements for the year ended December 31, 2015. The accounting treatment of the Corporation's acquired ownership of Meidi is in accordance with IFRS 3 "Business Combination". Since the date of acquisition (October 26, 2015), the income and expenses of Meidi were included in the consolidated financial statements. In April 2016, Meidi had capital reduction of 60%; thus, the Corporation's investment in Meidi was $49,001 thousand as of June 30, 2016.

Note 5: In October and November 2015, the Corporation invested a total of $16,293 thousand (USD500 thousand) in Wah Lee Vietnam.

The following information of subsidiaries mentioned above and the disclosures in Notes 32 relating to subsidiaries' information were based on unreviewed financial statements.

	June 30 2016	2015
Total assets	$ 5,802,867	$ 4,544,762
Total liabilities	2,295,334	1,773,277

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Comprehensive income	$ 67,108	$ 37,505	$ 137,427	$ 64,598

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2016	December 31, 2015	June 30, 2015
Investments in associates			
Material associates			
Chang Wah Electromaterials Inc.	$ 1,600,479	$ 1,610,085	$ 1,593,912
Wah Hong Industrial Corp.	1,167,193	1,238,678	1,262,367
Associates that are not individually material	1,583,028	1,615,187	1,555,404
	$ 4,350,700	$ 4,463,950	$ 4,411,683

a. Material associates

Name of Associate	June 30, 2016	December 31, 2015	June 30, 2015
Chang Wah Electromaterials Inc.	30.98%	30.98%	28.57%
Wah Hong Industrial Corp.	25.96%	25.96%	25.96%

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

Name of Associate	June 30, 2016	December 31, 2015	June 30, 2015
Chang Wah Electromaterials Inc.	$ 2,110,956	$ 1,886,667	$ 2,128,548
Wah Hong Industrial Corp.	459,545	515,365	567,291
	$ 2,570,501	$ 2,402,032	$ 2,695,839

All the associates are accounted for using the equity method.

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

Chang Wah Electromaterials Inc.

	June 30, 2016	December 31, 2015	June 30, 2015
Current assets	$ 4,420,577	$ 7,828,284	$ 7,593,489
Noncurrent assets	4,523,039	6,137,401	6,037,746
Current liabilities	(3,138,727)	(5,037,832)	(4,605,337)
Noncurrent liabilities	(424,638)	(2,206,863)	(2,005,806)

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
Equity	$ 5,380,251	$ 6,720,990	$ 7,020,092
Non-controlling interests	(431,782)	(1,741,516)	(1,676,303)
	$ 4,948,469	$ 4,979,474	$ 5,343,789
Proportion of the Group's ownership (%)	30.98	30.98	28.57
Equity attributable to the Group	$ 1,533,052	$ 1,542,658	$ 1,526,485
Goodwill	67,427	67,427	67,427
Carrying amount	$ 1,600,479	$ 1,610,085	$ 1,593,912

(Concluded)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Operating revenue	$ 2,673,696	$ 3,852,301	$ 5,839,386	$ 7,929,802
Net profit	$ 87,214	$ 680,350	$ 548,704	$ 904,008
Other comprehensive income	(55,500)	(29,615)	(80,308)	(5,877)
Total comprehensive income	$ 31,714	$ 650,735	$ 468,396	$ 898,131

Wah Hong Industrial Corp.

	June 30, 2016	December 31, 2015	June 30, 2015
Current assets	$ 5,573,440	$ 6,743,552	$ 6,054,515
Noncurrent assets	2,897,526	2,947,394	3,082,639
Current liabilities	(2,682,394)	(3,372,245)	(2,817,742)
Noncurrent liabilities	(1,409,867)	(1,618,453)	(1,648,336)
Equity	4,378,705	4,700,248	4,671,076
Non-controlling interests	(41,023)	(37,217)	(36,803)
	$ 4,337,682	$ 4,663,031	$ 4,634,273
Proportion of the Group's ownership (%)	25.96	25.96	25.96
Equity attributable to the Group	$ 1,139,123	$ 1,210,608	$ 1,234,297
Goodwill	28,070	28,070	28,070
Carrying amount	$ 1,167,193	$ 1,238,678	$ 1,262,367

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Operating revenue	$ 2,147,613	$ 2,247,680	$ 4,228,054	$ 4,637,052
Net loss	$ (126,804)	$ (46,763)	$ (172,442)	$ (35,655)
Other comprehensive income	(57,913)	(30,164)	(99,099)	(80,721)
Total comprehensive income	$ (184,717)	$ (76,927)	$ (271,541)	$ (116,376)

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
The Corporation's share of Net profit from continuing operations and total comprehensive income	$ 32,526	$ 34,577	$ 57,261	$ 61,046

The equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments including the share of profit and other comprehensive income of associates, had not been reviewed, except those of Chang Wah Electromaterials Inc. and Wah Hong Industrial Corp.

The carrying values of investments accounted for using equity method of $2,095,114 thousand and $2,046,461 thousand as of June 30, 2016 and 2015, and the share of profit of associates recognized under equity method of $45,922 thousand, $29,245 thousand, $72,159 thousand and $76,988 thousand for the three months ended June 30, 2016 and 2015, and the six months ended June 30, 2016 and 2015, respectively, were based on unreviewed financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

For the six months ended June 30, 2016

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in progress	Total
Cost								
Balance at January 1, 2016	$ 828,854	$ 839,479	$ 357,843	$ 52,121	$ 436,704	$ 27,275	$ 537,366	$ 3,079,642
Additions	-	5,747	20,409	699	25,439	200	1,236	53,730
Disposals	-	(279)	(32,345)	(842)	(5,126)	(71)	-	(38,663)
Completed of construction	-	-	136,072	-	-	-	(136,072)	-
Reclassified to other current asset	-	-	-	-	-	-	(10,874)	(10,874)
Reclassified to other noncurrent asset	-	(1,916)	-	-	-	-	(31,911)	(33,827)
Effect of foreign currency exchange differences	22,440	(6,251)	66,410	(382)	(1,977)	(48)	65,184	145,376
Balance at June 30, 2016	$ 851,294	$ 836,780	$ 548,389	$ 51,596	$ 455,040	$ 27,356	$ 424,929	$ 3,195,384
Accumulated depreciation								
Balance at January 1, 2016	$ -	$ 211,941	$ 42,414	$ 43,064	$ 302,769	$ 25,388	$ -	$ 625,576
Depreciation expense	-	13,341	13,746	1,413	19,285	336	-	48,121
Disposals	-	(279)	-	(842)	(5,126)	(71)	-	(6,318)
Reclassified to other noncurrent asset	-	(192)	-	-	-	-	-	(192)
Effect of foreign currency exchange differences	-	(2,238)	7,070	(244)	(1,953)	(22)	-	2,613
Balance at June 30, 2016	$ -	$ 222,573	$ 63,230	$ 43,391	$ 314,975	$ 25,631	$ -	$ 669,800
Carrying amount at January 1, 2016 and December 31, 2015	$ 828,854	$ 627,538	$ 315,429	$ 9,057	$ 133,935	$ 1,887	$ 537,366	$ 2,454,066
Carrying amount at June 30, 2016	$ 851,294	$ 614,207	$ 485,159	$ 8,205	$ 140,065	$ 1,725	$ 424,929	$ 2,525,584

For the six months ended June 30, 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	-	120,824	163	5,139	26,654	-	153,716	306,496
Disposals	-	-	-	(3,407)	(15,418)	(26,459)	-	(45,284)
Effect of foreign currency exchange differences	(4,039)	(11,333)	(14,639)	(382)	(1,444)	(64)	(9,469)	(41,370)
Balance at June 30, 2015	$ 765,299	$ 819,840	$ 304,117	$ 51,799	$ 403,527	$ 27,112	$ 239,789	$ 2,611,483
Accumulated depreciation								
Balance at January 1, 2015	$ -	$ 187,580	$ 22,015	$ 42,649	$ 288,345	$ 50,934	$ -	$ 591,523
Depreciation expense	-	11,482	9,486	2,051	15,493	442	-	38,954
Disposals	-	-	-	(3,342)	(15,118)	(26,459)	-	(44,919)
Effect of foreign currency exchange differences	-	(2,281)	(1,245)	(226)	(1,231)	(16)	-	(4,999)
Balance at June 30, 2015	$ -	$ 196,781	$ 30,256	$ 41,132	$ 287,489	$ 24,901	$ -	$ 580,559
Carrying amount at June 30, 2015	$ 765,299	$ 623,059	$ 273,861	$ 10,667	$ 116,038	$ 2,211	$ 239,789	$ 2,030,924

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

	For the Six Months Ended June 30	
	2016	**2015**
Investing activities affecting both cash and non-cash items		
Additions to property, plant and equipment	$ 53,730	$ 306,496
Increase in prepayment for equipment	50,429	-
Prepayments for equipment transferred to property, plant and equipment	-	(107,712)
Decrease (increase) in payable for equipment purchased	10,506	(11,671)
Cash payments for property, plant and equipment	$ 114,665	$ 187,113

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 29 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

	June 30, 2016	December 31, 2015	June 30, 2015
Secured loans (Note 29)			
Bank loans	$ 161,375	$ 147,713	$ 250,396
Transferred notes receivable (Note 27)	26,298	103,657	-
	187,673	251,370	250,396
Unsecured loans			
Loans for procurement of materials	1,881,869	2,474,294	2,409,489
Lines of credit of loans	956,224	976,133	925,847
	2,838,093	3,450,427	3,335,336
	$ 3,025,766	$ 3,701,797	$ 3,585,732
Annual interest rate (%)	0.45-3.95	0.61-3.85	0.79-2.19

16. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2016	December 31, 2015	June 30, 2015
Notes payable (including related parties)			
Operating	$ 650,615	$ 655,796	$ 632,580
Non-operating	6,353	6,358	6,939
	$ 656,968	$ 662,154	$ 639,519
Notes payable			
Unrelated parties	$ 425,911	$ 411,874	$ 424,153
Related parties (Note 28)	231,057	250,280	215,366
	$ 656,968	$ 662,154	$ 639,519
Accounts payable (including related parties)			
Operating	$ 5,159,616	$ 5,653,746	$ 5,224,796
Accounts payable			
Unrelated parties	$ 4,848,556	$ 5,388,244	$ 4,970,930
Related parties (Note 28)	311,060	265,502	253,866
	$ 5,159,616	$ 5,653,746	$ 5,224,796

The average credit period for 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.

17. LONG-TERM DEBTS

	June 30, 2016	December 31, 2015	June 30, 2015
Syndicated bank loans (led by Taiwan Cooperative Bank) (a)	$ 1,800,000	$ 1,800,000	$ 1,020,000
Less: Syndicated loan fee	5,040	5,760	6,480
	1,794,960	1,794,240	1,013,520
Mortgage Loan			
Hua Nan Bank - Singapore (b)	70,315	78,831	75,939
China Trust (c)	242,891	220,778	213,632
China Trust (d)	238,944	207,318	84,107
China Trust (e)	198,027	152,799	38,567
China Trust (f)	181,361	157,356	55,184
	931,538	817,082	467,429
Less: Current portion	47,865	51,119	22,134
	883,673	765,963	445,295
	$ 2,678,633	$ 2,560,203	$ 1,458,815

a. 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 June 30, 2016, December 31, 2015 and June 30, 2015, the interest rate were 1.797%, 1.797%-1.7977% 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.

b. 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 2.40%, 2.53% and 2.21% as of June 30, 2016, December 31, 2015, and June 30, 2015, respectively.

c. 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 was JPY920,000 thousand. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rates were 1.72%, 1.83% and 1.83% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.

d. 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 June 30, 2016, 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 were 1.78%, 1.89% and 1.89% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.

e. 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 in credit line in December 2015, and the credit line was increased to JPY632,000 thousand as of June 30, 2016, 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 were 1.78%, 1.89% and 1.89% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.

f. 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 June 30, 2016, 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 were 1.78%, 1.89% and 1.89% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.

18. BONDS PAYABLE

	Denomination of Convertible bonds	Payable of Interest	Discount (Included issuance cost of bonds payable $5,494 thousand)	Total
a. Liability component				
For the six months ended June 30, 2016				
Balance, beginning of period	$ 1,000,000	$ 7,037	$ (14,925)	$ 992,112
Amortization expenses	-	2,519	4,676	7,195
Balance, end of period	$ 1,000,000	$ 9,556	$ (10,249)	$ 999,307

(Continued)

	Denomination of Convertible bonds	Payable of Interest	Discount (Included issuance cost of bonds payable $5,494 thousand)	Total
For the six months ended June 30, 2015				
Balance, beginning of period	$ 1,000,000	$ 2,054	$ (24,177)	$ 977,877
Amortization expenses	-	2,482	4,610	7,092
Balance, end of period	$ 1,000,000	$ 4,536	$ (19,567)	$ 984,969

(Concluded)

	June 30, 2016	December 31, 2015	June 30, 2015
b. Equity component			
Share option of common stock	$ 22,500	$ 22,500	$ 22,500
Less: Issuance cost of share option	126	126	126
Capital surplus - share option	$ 22,374	$ 22,374	$ 22,374

In August 2014, the Corporation issued $1 billion (all issued on 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 option 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 related amortization expenses of convertible bonds were recognized in profit or loss in the period in which they arise. The conversion methods were 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 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. The conversion price was $61 per share after adjusting for the cash dividend effect as of July 31, 2016.

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 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 was 1.5075% of the bonds' face value, the effective interest rate was 0.5%).

As of June 30, 2016, the bondholders had not used the conversion option and the Corporation had not used redemption option.

19. OTHER PAYABLES

	June 30, 2016	December 31, 2015	June 30, 2015
Salaries or bonus	$ 371,673	$ 406,526	$ 355,652
Payable for employees' compensation and remuneration to directors and supervisors	282,382	190,664	297,784
Payable for commission	37,198	31,268	35,269
Payable for freight fee	34,932	28,603	34,823
Payable for business tax	28,315	15,506	12,238
Payable for annual leave	21,547	21,649	21,569
Payable for insurance premium	15,424	23,604	17,825
Payable for interest	4,882	6,511	5,207
Payable for purchasing of equipment	-	10,506	11,898
Others	74,406	68,108	48,561
	$ 870,759	$ 802,945	$ 840,826

20. RETIREMENT BENEFIT PLANS

The pension expenses of defined benefit plan (estimated by actuarial pension cost rate as of December 31, 2015 and 2014, respectively) were NT$2,154 thousand, NT$2,484 thousand, NT$4,308 thousand and NT$4,967 thousand for the three months ended June 30, 2016 and 2015, and the six months ended June 30, 2016 and 2015, respectively.

21. EQUITY

a. Capital Stock

	June 30, 2016	December 31, 2015	June 30, 2015
Number of shares authorized (in thousands)	300,000	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000	$ 3,000,000

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
Number of shares issued and fully paid (in thousands)	231,390	231,390	231,390
Shares issued	$ 2,313,901	$ 2,313,901	$ 2,313,901

(Concluded)

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

	June 30, 2016	December 31, 2015	June 30, 2015
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	$ 1,160,519
Recognized from the difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	29	29	-
May be used to offset a deficit only			
Recognized from donations	11,867	11,867	11,867
May not be used for any purpose			
Recognized from share of changes in capital surplus of associates	140,088	136,779	161,382
Recognized from issuance of convertible bonds (Note 18)	22,374	22,374	22,374
	$ 1,334,877	$ 1,331,568	$ 1,356,142

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

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 approved in the shareholders' meeting on June 17, 2016, particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation. 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 22.

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, and then for offsetting of losses of previous years, and any remaining profit will be appropriated as follows:

1) 10% as legal reserve, and when its balance equals to the Corporation's paid-in capital, the appropriation may be stopped.

2) Set aside or reverse special reserve in accordance with the laws and regulations.

3) Any remaining profit plus any unappropriated earnings will be used as basis for proposing a distribution plan by the Corporation's board of directors, which should be resolved in the shareholders' meeting for distribution of dividends to shareholders.

The dividend policy of the Corporation is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the benefits of shareholders, etc. The dividends to shareholders shall be not less than 10% of the distributable earnings each year, but if the distributable earnings is less than 1% of the Corporation's paid-in capital, the Corporation should not make appropriation for dividend. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall be not less than 50% of the total dividends.

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. 1010047490 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 2015 and 2014 had been approved in the shareholders' meetings on June 17, 2016 and June 22, 2015, respectively; the amounts were as follows:

	Appropriation of Earnings For Fiscal Year		**Dividends Per Share (NT$) For Fiscal Year**	
	2015	**2014**	**2015**	**2014**
Legal reserve	$ 113,015	$ 127,361		
Cash dividends to stockholders	624,753	763,587	$ 2.7	$ 3.3
	$ 737,768	$ 890,948		

d. Special Reserves

On the 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 Six Months Ended June 30	
	2016	2015
Balance, beginning of period	$ 283,851	$ 294,094
Exchange differences on translation of foreign operations	(136,228)	(127,890)
Share of exchange difference of associates accounted for using the equity method	(46,296)	(43,728)
Income tax relating to gains on translation of net assets of foreign operations	26,618	19,814
Balance, end of period	$ 127,945	$ 142,290

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

	For the Six Months Ended June 30	
	2016	2015
Balance, beginning of period	$ (45,363)	$ 150,378
Unrealized gain (loss) on revaluation of available-for-sale financial assets	46,950	(37,959)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	-	2,631
Cumulative gain on available-for-sale financial assets reclassified to profit or loss	(8,075)	(2,060)
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(2,168)	8,616
Balance, end of period	$ (8,656)	$ 121,606

f. Non-Controlling Interests

	For the Six Months Ended June 30	
	2016	2015
Balance, beginning of period	$ 935,471	$ 822,495
Attributable to non-controlling interests		
Share of net profit for the period	42,103	43,770
Decrease arising from capital reduction of subsidiaries	(8,852)	-
Unrealized loss from available-for-sale financial assets	(151)	-
Exchange difference arising on translation of foreign entities	(26,211)	(21,784)
Balance, end of period	$ 942,360	$ 844,481

22. NET PROFIT FROM CONTINUING OPERATIONS

The details of net profit were as follows:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Interest income	$ 5,910	$ 15,358	$ 16,306	$ 38,898
Rental income	1,229	1,446	2,736	2,849
Others	19,194	6,758	39,864	14,468
	$ 26,333	$ 23,562	$ 58,906	$ 56,215

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Gain (loss) on disposal of property, plant and equipment	$ 337	$ (50)	$ 337	$ 831
Gain on sale of available-for-sale financial assets	415	2,055	8,075	2,060
Net foreign exchange loss	(20,200)	(1,071)	(39,092)	(3,939)
Gain on financial assets designated as at FVTPL	-	2,399	-	3,647
Impairment loss	-	(98,631)	-	(98,631)
Other losses	(8,828)	(929)	(9,479)	(1,446)
	$ (28,276)	$ (96,227)	$ (40,159)	$ (97,478)

c. Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Interest on bank loans	$ 21,821	$ 14,550	$ 45,793	$ 32,508
Syndicated loan fee amortization	360	360	720	1,920
Discount on bonds payable amortization	3,604	3,552	7,195	7,092
Others	1	3,944	2	9,096
	$ 25,786	$ 22,406	$ 53,710	$ 50,616

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Property, plant and equipment	$ 25,814	$ 19,707	$ 48,121	$ 38,954
Intangible assets	1,824	3,505	4,015	6,295
	$ 27,638	$ 23,212	$ 52,136	$ 45,249
An analysis of depreciation by function				
Operating costs	$ -	$ 136	$ -	$ 204
Operating expenses	25,814	19,571	48,121	38,750
	$ 25,814	$ 19,707	$ 48,121	$ 38,954
An analysis of amortization by function				
Operating expenses	$ 1,824	$ 3,505	$ 4,015	$ 6,295

e. Employee benefits expense (recognized in operating expenses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Short-term employee benefits	$ 285,039	$ 280,444	$ 583,198	$ 539,605
Post-employment benefits				
Defined contribution plans	11,512	10,225	22,880	20,020
Defined benefit plans (Note 20)	2,154	2,484	4,308	4,967
	13,666	12,709	27,188	24,987
	$ 298,705	$ 293,153	$ 610,386	$ 564,592

In compliance with the Company Act as amended in May 2015, the Corporation made consequential amendments to the Corporation's Articles of Incorporation which had been approved in the shareholders' meeting in June 2016. Under the amendments, the Corporation will distribute employees' compensation and remuneration to directors and supervisors at the rates of 9%-13% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three months ended June 30, 2016 and the six months ended June 30, 2016, the employees' compensation and the remuneration to directors and supervisors were 11% and 1.15%, respectively, of the base net profit.

The Articles of Incorporation of the Corporation before the amendment stipulated 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 three months ended June 30, 2015 and the six months ended June 30, 2015, the bonus to employees and the remuneration to directors and supervisors were 15% and 1.55%, respectively, of the base net income; the amounts were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Employees' compensation /Bonus to employees	$ 39,298	$ 38,938	$ 86,478	$ 78,892
Remuneration to directors and supervisors	4,109	4,026	9,041	8,157

If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation/bonus and remuneration to directors and supervisors for 2015 and 2014 have been approved by the board of directors on March 23, 2016 and by the shareholders in their meetings on June 22, 2015, respectively; the amounts are disclosed on the table below. After the amendments to the Corporation's Articles of Incorporation were approved in the shareholders' meeting on June 17, 2016, the appropriations for employees' compensation and remuneration to directors and supervisors for 2015 were reported in the shareholders' meeting.

	For the Year Ended December 31	
	2015	**2014**
Employees' compensation/ Bonus to employees	$ 168,963	$ 191,041
Remuneration to directors and supervisors	17,664	19,694

The approved amounts of the employees' compensation and the remuneration to directors and supervisors resolved by the board of directors on March 23, 2016 and the bonus to employees and the remuneration to directors and supervisors reported in the shareholders' meeting in 2015 were the same as the accrual amounts recognized in the consolidated financial statements for the years ended December 31, 2015 and 2014.

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

f. Gain and loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Foreign currency exchange gains	$ 161,829	$ 179,722	$ 488,680	$ 314,224
Foreign currency exchange losses	(182,029)	(180,793)	(527,772)	(318,163)
Net losses	$ (20,200)	$ (1,071)	$ (39,092)	$ (3,939)

23. INCOME TAX

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Current tax				
In respect of the current period	$ 67,829	$ 89,391	$ 128,174	$ 153,234
Additional 10% income tax on unappropriated earnings	37,169	37,968	37,169	37,968
In respect of prior periods	17,791	3,110	17,791	3,110
Others	-	939	-	1,019
	122,789	131,408	183,314	195,331
Deferred tax				
In respect of the current period	21,037	(11,556)	47,334	13,205
Income tax expense recognized in profit or loss	$ 143,826	$ 119,852	$ 230,468	$ 208,536

b. Income tax expense recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Deferred tax				
Translation of foreign operations	$ 13,924	$ 11,939	$ 26,618	$ 19,814

c. Integrated income tax

As of June 30, 2016, December 31, 2015 and June 30, 2015, all of the unappropriated earnings were generated after January 1, 1998.

	June 30, 2016	December 31, 2015	June 30, 2015
Imputation credit account	$ 762,238	$ 612,371	$ 708,187

	For the Year Ended December 31	
	2015 (Expected)	2014 (Actual)
The creditable ratio for distribution of earnings (%)	18.03	17.73

d. Income tax assessments

The Corporation’s tax returns through 2014 have been assessed by the tax authorities.

24. 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 period attributable to the Corporation's shareholders

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Basic EPS				
Net profit for the period attributable to common shareholders	$ 199,217	$ 257,704	$ 535,844	$ 525,978
Effect of dilutive potential ordinary shares				
Convertible bonds	3,604	3,552	7,195	7,092
Earnings used in the computation of diluted earnings per share	$ 202,821	$ 261,256	$ 543,039	$ 533,070

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	231,390	231,390	231,390	231,390
Effect of dilutive potential ordinary shares				
Convertible bonds	15,456	15,456	15,456	15,456
Employees' compensation	1,842	5,092	3,521	5,348
Weighted average number of ordinary shares outstanding used in computation of diluted earnings per share	248,688	251,938	250,367	252,194

The Group is allowed to settle employees' compensation 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 employees' compensation 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.

25. 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 June 30, 2016, December 31, 2015 and June 30, 2015, refundable deposits paid under operating leases were all $3,500 thousand.

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

	June 30, 2016	December 31, 2015	June 30, 2015
Not later than 1 year	$ 11,895	$ 15,105	$ 15,860
Later than 1 year and not later than 5 years	-	3,776	11,895
	$ 11,895	$ 18,881	$ 27,755

The lease payments recognized as expenses were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Minimum lease payment	$ 3,776	$ 3,776	$ 7,552	$ 6,294

26. 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 shareholders 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.

27. 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

June 30, 2016	Book value	Fair value
Financial liabilities measured at amortized cost		
Convertible bonds	$ 999,307	$ 1,007,700

(Continued)

	Book value	Fair value
December 31, 2015		
Financial liabilities measured at amortized cost		
Convertible bonds	$ 992,112	$ 1,001,800
June 30, 2015		
Financial liabilities measured at amortized cost		
Convertible bonds	$ 984,969	$ 992,200

(Concluded)

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
June 30, 2016				
Available-for-sale financial assets				
Securities listed in the ROC	$ 61,678	$ -	$ -	$ 61,678
Unlisted securities	-	5,974	458,877	464,851
Mutual funds	294,423	-	-	294,423
Securities listed in other countries	61,326	-	-	61,326
	$ 417,427	$ 5,974	$ 458,877	$ 882,278
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
June 30, 2015				
Available-for-sale financial assets				
Securities listed in the ROC	$ 76,426	$ -	$ -	$ 76,426
Unlisted securities	-	10,397	365,110	375,507
Mutual funds	207,967	-	-	207,967

(Continued)

	Level 1	Level 2	Level 3	Total
Securities listed in other countries	$ 21,793	$ -	$ -	$ 21,793
	$ 306,186	$ 10,397	$ 365,110	$ 681,693
Financial assets at FVTPL				
Derivative financial assets held for trading (not under hedge accounting)	$ -	$ 352	$ -	$ 352

(Concluded)

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2016 and 2015.

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

	For the Six Months Ended June 30	
	2016	2015
Available-for-sale financial assets		
Unlisted securities		
Balance, beginning of period	$ 419,479	$ 458,231
Recognized in profit or loss	-	(96,000)
Recognized in other comprehensive income	83,657	(121)
Purchases	-	3,000
Disposals	(44,259)	-
Balance, end of period	$ 458,877	$ 365,110

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

Financial Instrument	Valuation Techniques and Inputs
Derivative 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 tradable 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 base 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

	June 30, 2016	December 31, 2015	June 30, 2015
Financial assets			
Loans and receivables (i)	$ 13,914,148	$ 14,128,087	$ 13,680,223
FVTPL - Held for trading	-	-	352
Available-for-sale financial assets	882,278	796,426	681,693
Financial liabilities			
At amortized cost (ii)	14,065,740	14,426,145	13,522,488

i 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 .

ii The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), dividends payable, 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, 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 31.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

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 (negative) number below indicates an increase (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 (positive).

	Foreign Currency Impact For the Six Months Ended June 30	
	2016	**2015**
USD	$ 5,746	$ (8,060)
RMB	2,195	3,186

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:

	June 30, 2016	**December 31, 2015**	**June 30, 2015**
Fair value interest rate risk			
Financial assets	$ 170,088	$ 348,439	$ 353,604
Financial liabilities	2,737,502	3,008,399	2,686,504
Cash flow interest rate risk			
Financial assets	2,822,505	2,556,956	3,092,216
Financial liabilities	4,014,069	4,296,832	3,365,146

Sensitivity analysis

The sensitivity analyses below were determined based on 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 six months ended June 30, 2016 and 2015. 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 six months ended June 30, 2016 and 2015 would have been lower/higher by $5,958 thousand and $1,365 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate 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.

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the other comprehensive income for the six months ended June 30, 2016 and 2015 would have been higher/lower by $8,823 thousand and $6,817 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 June 30, 2016, December 31, 2015 and June 30, 2015, the Group had available unutilized overdraft and bank loan facilities of $7,212,747 thousand, $6,219,965 thousand and $4,521,759 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**
June 30, 2016					
Non-derivative financial liabilities					
Non-interest bearing	$ 6,575,897	$ 731,344	$ 6,024	$ 480	$ 7,313,745
Variable interest rate liabilities	843,980	651,553	2,041,590	672,816	4,209,939
Fixed interest rate liabilities	1,557,132	184,044	1,015,075	-	2,756,251
Financial guarantee contracts	-	660,507	-	-	660,507
	$ 8,977,009	$ 2,227,448	$ 3,062,689	$ 673,296	$ 14,940,442
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
June 30, 2015					
Non-derivative financial liabilities					
Non-interest bearing	$ 6,541,802	$ 928,575	$ -	$ -	$ 7,470,377
Variable interest rate liabilities	2,290,072	668,492	369,355	75,939	3,403,858
Fixed interest rate liabilities	1,502,611	190,922	1,000,000	-	2,693,533
Financial guarantee contracts	730,326	-	-	-	730,326
	$ 11,064,811	$ 1,787,989	$ 1,369,355	$ 75,939	$ 14,298,094

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

For the six months ended June 30, 2016 and 2015, 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 $26,298 thousand and $103,657 thousand as of June 30, 2016 and December 31, 2015, respectively.

28. 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 transactions between the Group and other related parties are disclosed below.

a. Operating transaction

1) Sales of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Related parties types				
Associates and their subsidiaries	$ 105,584	$ 58,810	$ 184,002	$ 120,445
Other related parties	6,759	2,599	13,646	6,847
	$ 112,343	$ 61,409	$ 197,648	$ 127,292

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Related parties types				
Associates and their subsidiaries	$ 166,266	$ 147,907	$ 288,011	$ 325,707

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Other related parties	$ 294,856	$ 257,247	$ 566,541	$ 490,354
	$ 461,122	$ 405,154	$ 854,552	$ 816,061

(Concluded)

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

3) Commission income and expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Commission income				
Associates	$ -	$ 43	$ -	$ 72
Commission expense				
Other related parties	$ 442	$ 655	$ 759	$ 1,245

4) Receivables from related parties

	June 30, 2016	December 31, 2015	June 30, 2015
Notes receivable			
Associates and their subsidiaries	$ -	$ -	$ 1,493
Accounts receivable - related parties			
Associates and their subsidiaries	$ 108,695	$ 98,647	$ 63,641
Other related parties	6,026	1,850	2,619
	$ 114,721	$ 100,497	$ 66,260
Other receivables - related parties			
Associates and their subsidiaries	$ 156,022	$ 5,244	$ 78,248
Other related parties	72	28	7
	$ 156,094	$ 5,272	$ 78,255

As of June 30, 2016 and 2015, other receivables - related parties included dividends receivable $153,924 thousand and $76,962 thousand, respectively.

The outstanding trade receivables from related parties are unsecured.

5) Payables to related parties

	June 30, 2016	December 31, 2015	June 30, 2015
Notes payable - related parties			
Associates and their subsidiaries	$ 1,842	$ 642	$ 1,046
Other related parties	229,215	249,638	214,320
	$ 231,057	$ 250,280	$ 215,366
Accounts payable - related parties			
Associates and their subsidiaries	$ 139,256	$ 86,257	$ 130,014
Other related parties	171,804	179,245	123,852
	$ 311,060	$ 265,502	$ 253,866
Other payables			
Associates and their subsidiaries	$ 39	$ 39	$ 39
Other related parties	1,666	860	1,239
	$ 1,705	$ 899	$ 1,278

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

b. Management consulting service incomes

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, 2016 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Associates and their subsidiaries	$ 722	$ 556	$ 3,413	$ 2,336

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 June 2017 as the latest, and the lease on computer software will expire in December 2016. The rental income was as follows:

Related Parties Types	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Associates	$ 1,121	$ 1,181	$ 2,241	$ 2,361
Other related parties	6	6	36	36
	$ 1,127	$ 1,187	$ 2,277	$ 2,397

d. Endorsements and guarantees and related fee income

1) Endorsements and guarantees

Related Parties Types	June 30, 2016	December 31, 2015	June 30, 2015
Associates and their subsidiaries	$ 1,145,625	$ 1,185,513	$ 1,143,039
Other related parties	25,194	25,194	25,194
	$ 1,170,819	$ 1,210,707	$ 1,168,233

2) Fee income from endorsements and guarantees

Related Parties Types	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Associates	$ 192	$ 26	$ 261	$ 49
Other related parties	13	3	32	7
	$ 205	$ 29	$ 293	$ 56

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Short-term employee benefits	$ 19,585	$ 19,014	$ 45,185	$ 41,383
Post-employment benefits	491	537	983	1,073
Other long-term employee benefits	-	-	296	296
	$ 20,076	$ 19,551	$ 46,464	$ 42,752

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.

29. 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.

	June 30, 2016	December 31, 2015	June 30, 2015
Notes receivable	$ 26,298	$ 103,657	$ -
Other financial assets-current			
Pledged deposits	-	310	-
Property, plant and equipment			
Freehold land	131,831	128,046	126,198
Buildings	305,621	302,648	174,400
Machinery and equipment	351,393	314,502	272,835
Miscellaneous Equipment	2,267	-	-
	$ 817,410	$ 849,163	$ 573,433

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in note 25, 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:

	June 30, 2016	December 31, 2015	June 30, 2015
USD	$ 5,920	$ 6,940	$ 6,437
JPY	166,637	355,531	-
NTD	-	-	60,426
RMB	3,569	824	-

b. Unrecognized commitments were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Acquisition of property, plant and equipment	$ 228,313	$ 289,210	$ 258,211

As of June 30, 2016, the contracts related to purchase of land and buildings were 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 June 30, 2016, the amount paid to the third parties was $54,045 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 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 $211,254 thousand (JPY672,140 thousand). As of June 30, 2016, the amount paid to the third parties was $153,629 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 at December 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 $173,239 thousand (JPY551,189 thousand). As of June 30, 2016, the amount paid to the third parties was $125,386 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 2017.

c. As of June 30, 2016, the guarantee notes for purchases of goods was NT$291,282 thousand (RMB60,000 thousand).

d. The Corporation offered financial guarantees for related parties as stated in Note 28.

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

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

	Foreign Currency Amount	Exchange Rate		Carrying Amount
June 30, 2016				
Monetary financial assets				
USD	$ 145,059	32.275	(USD:NTD)	$ 4,681,767
USD	37,633	7.76	(USD:HKD)	1,214,624
USD	28,280	6.6482	(USD:RMB)	912,739
RMB	54,486	4.8547	(RMB:NTD)	264,513
RMB	2,755	1.1672	(RMB:HKD)	13,372
JPY	2,148,196	0.3143	(JPY:NTD)	675,178
JPY	417,558	0.0756	(JPY:HKD)	131,239
JPY	439,770	0.0647	(JPY:RMB)	138,220
Nonmonetary financial assets				
Investment accounted for using equity method				
USD	8,008	32.275	(USD:NTD)	258,466
RMB	130,310	4.8547	(RMB:NTD)	632,616
RMB	707,602	1.1672	(RMB:HKD)	3,435,191
JPY	1,213,725	0.3143	(JPY:NTD)	381,474
HKD	1,046,058	4.159	(HKD:NTD)	4,350,554
VND	15,484,613	0.00133	(VND:NTD)	20,595
Available-for-sale financial assets				
USD	4,660	32.275	(USD:NTD)	150,397
RMB	6,358	4.8547	(RMB:NTD)	30,866
JPY	53,705	0.3143	(JPY:NTD)	16,880
SGD	1,859	23.91	(SGD:NTD)	44,446

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
Monetary financial liabilities				
USD	$ 116,274	32.275	(USD:NTD)	$ 3,752,754
USD	26,232	7.76	(USD:HKD)	846,665
USD	49,260	6.6482	(USD:RMB)	1,589,872
USD	1,403	24,266.92	(USD:VND)	45,272
RMB	12,023	4.8547	(RMB:NTD)	58,372
JPY	1,562,440	0.3143	(JPY:NTD)	491,075
JPY	236,086	0.0756	(JPY:HKD)	74,202
JPY	951,055	0.0647	(JPY:RMB)	298,917
SGD	2,178	7.7408	(SGD:USD)	52,090
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
RMB	88,353	5.0554	(RMB:NTD)	446,666
JPY	1,805,630	0.2727	(JPY:NTD)	492,395
JPY	302,398	0.0644	(JPY:HKD)	82,464
JPY	612,761	0.0083	(JPY:USD)	167,100
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
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
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	0.71	(SGD:USD)	75,727

(Continued)

June 30, 2015	Foreign Currency Amount	Exchange Rate		Carrying Amount
Monetary financial assets				
USD	$ 162,969	30.86	(USD:NTD)	$ 5,029,238
USD	31,888	7.8	(USD:HKD)	984,056
USD	24,284	6.2004	(USD:RMB)	749,414
RMB	53,887	4.9771	(RMB:NTD)	268,202
RMB	13,775	1.2505	(RMB:HKD)	68,559
JPY	1,233,184	0.2524	(JPY:NTD)	311,256
JPY	299,642	0.0634	(JPY:HKD)	75,630
JPY	589,158	0.0507	(JPY:RMB)	148,703
Nonmonetary financial assets				
Investment accounted for using equity method				
USD	7,082	30.86	(USD:NTD)	218,536
RMB	120,077	4.9771	(RMB:NTD)	597,633
RMB	582,104	1.2505	(RMB:HKD)	2,897,187
JPY	1,053,672	0.2524	(JPY:NTD)	265,947
HKD	982,832	3.98	(HKD:NTD)	2,697,926
Available-for-sale financial assets				
USD	4,608	30.86	(USD:NTD)	142,199
RMB	4,349	4.9771	(RMB:NTD)	21,646
JPY	86,344	0.2524	(JPY:NTD)	21,793
Monetary financial liabilities				
USD	154,294	30.86	(USD:NTD)	4,761,502
USD	12,120	7.8	(USD:HKD)	374,031
USD	78,846	6.2004	(USD:RMB)	2,433,199
RMB	41	4.9771	(RMB:NTD)	206
RMB	3,612	1.2505	(RMB:HKD)	17,979
JPY	1,402,518	0.2524	(JPY:NTD)	353,996
JPY	340,525	0.0634	(JPY:HKD)	85,948
JPY	634,688	0.0507	(JPY:RMB)	160,195

(Concluded)

For the six months ended June 30, 2016 and 2015, realized and unrealized net foreign exchange losses were $39,092 thousand and $3,939 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.

32. 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:

a. 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.

b. Raycong Industrial (H.K.) Ltd. and its subsidiary Dong Guan Hua Gang International Trading Co., Ltd. and Huarying Supply China Management (Shenzhen) Co., Ltd. (“Raycong”) are mainly engaged in the trade of engineering plastic, composite materials and equipment.

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

d. 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

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 Eliminated	Total
For the six months ended June 30, 2016						
Revenues from external customers	$ 9,817,401	$ 4,167,639	$ 4,322,957	$ 730,374	$ -	$ 19,038,371
Inter-segment revenues	2,211,336	114,201	93,906	230,447	(2,649,890)	-
Segment revenues	$ 12,028,737	$ 4,281,840	$ 4,416,863	$ 960,821	$ (2,649,890)	$ 19,038,371
Segment operating income	$ 207,990	$ 224,393	$ 202,441	$ 37,982	$ -	$ 672,806
Other income	33,447	4,606	16,026	4,827	-	58,906
Other gains and losses	(8,842)	(19,600)	(23,041)	11,324	-	(40,159)
Financial costs	(35,163)	(7,836)	(1,625)	(9,086)	-	(53,710)
Profit before income tax	197,432	201,563	193,801	45,047	-	637,843
Income tax expense	(144,938)	(35,879)	(44,598)	(5,053)	-	(230,468)
Net profit after tax	$ 52,494	$ 165,684	$ 149,203	$ 39,994	$ -	407,375
Share of profit or loss of associates						170,572
Consolidated net profit						$ 577,947
Identifiable assets	$ 11,444,193	$ 4,928,538	$ 4,690,956	$ 2,373,661	$ (1,548,218)	$ 21,889,130
Goodwill						58,592
Investment accounted for using equity method						4,350,700
Total assets						$ 26,298,422
For the six months ended June 30, 2015						
Revenues from external customers	$ 10,820,623	$ 3,192,550	$ 3,824,526	$ 599,482	$ -	$ 18,437,181
Inter-segment revenues	1,920,262	54,736	67,346	213,682	(2,256,026)	-
Segment revenues	$ 12,740,885	$ 3,247,286	$ 3,891,872	$ 813,164	$ (2,256,026)	$ 18,437,181
Segment operating income	$ 207,873	$ 158,427	$ 212,534	$ 10,478	$ -	$ 589,312
Other income	20,203	12,418	22,630	964	-	56,215

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Eliminated	Total
Other gains and losses	$ (98,541)	$ 157	$ (3,486)	$ 4,392	$ -	$ (97,478)
Financial costs	(30,811)	(9,101)	(6,038)	(4,666)	-	(50,616)
Profit before income tax	98,724	161,901	225,640	11,168	-	497,433
Income tax expense	(119,291)	(32,494)	(54,059)	(2,692)	-	(208,536)
Net profit (loss) after tax	$ (20,567)	$ 129,407	$ 171,581	$ 8,476	$ -	288,897
Share of profit or loss of associates						280,851
Consolidated net profit						$ 569,748
Identifiable assets	$ 11,724,418	$ 4,223,603	$ 4,847,483	$ 1,588,815	$ (1,661,570)	$ 20,722,749
Goodwill						32,322
Investment accounted for using equity method						4,411,683
Total assets						$ 25,166,754

(Concluded)

Segment profit represented the profit earned by each segment. This was the measurement reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.