

BizLink Holding Inc. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
BizLink Holding Inc.

We have audited the accompanying consolidated balance sheets of BizLink Holding Inc. and its subsidiaries (collectively referred to as the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations of IFRS(IFRIC), and SIC Interpretations of IAS(SIC) endorsed by the Financial Supervisory Commission (FSC) of the Republic of China.

As disclosed in Note 3 to the financial statements, the Company has applied the 2013 version of the IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC and the related amendments made on January 1, 2015 on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and has disclosed the effects of the retrospective application of the IFRSs and the financial statement restatement resulting from the retrospective IFRS application.

Deloitte & Touche

March 15, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,194,071	17	\$ 1,200,453	18
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,079	-	3,047	-
Debt investments with no active market - current (Notes 4 and 9)	312,943	5	311,923	5
Notes receivable from unrelated parties (Notes 4 and 10)	13,035	-	5,972	-
Trade receivables from related parties (Notes 4 and 32)	2,753	-	6,673	-
Trade receivables from unrelated parties (Notes 4, 5 and 10)	1,921,161	27	1,626,906	25
Other receivables (Note 10)	25,240	-	18,337	-
Current tax assets (Notes 4 and 25)	21,480	-	5,047	-
Inventories (Notes 4, 5 and 11)	1,585,429	23	1,565,476	24
Prepayments (Notes 16, 17 and 32)	137,425	2	163,480	3
Other financial assets - current (Notes 4 and 33)	1,532	-	1,811	-
Other current assets (Note 17)	46	-	46	-
Total current assets	<u>5,217,194</u>	<u>74</u>	<u>4,909,171</u>	<u>75</u>
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4, 5 and 8)	168,072	2	149,508	3
Investments accounted for using equity method (Notes 4 and 13)	3,799	-	3,320	-
Property, plant and equipment (Notes 4, 5, 14 and 33)	1,318,067	19	1,192,576	18
Other intangible assets (Notes 4 and 15)	94,875	1	104,444	2
Deferred tax assets (Notes 4, 5 and 25)	84,432	1	64,697	1
Long-term prepayments for lease (Notes 4 and 16)	12,516	-	13,266	-
Other financial assets - non-current (Notes 4 and 33)	17,036	-	17,609	-
Other non-current assets (Notes 17 and 32)	<u>168,821</u>	<u>3</u>	<u>69,344</u>	<u>1</u>
Total non-current assets	<u>1,867,618</u>	<u>26</u>	<u>1,614,764</u>	<u>25</u>
TOTAL	<u>\$ 7,084,812</u>	<u>100</u>	<u>\$ 6,523,935</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 33)	\$ 195,872	3	\$ 78,829	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 19)	41,600	1	33,230	1
Notes payable to unrelated parties (Note 20)	21,386	-	108	-
Trade payables to unrelated parties (Note 20)	1,219,143	17	1,138,445	17
Other payables (Note 21)	637,666	9	517,652	8
Current tax liabilities (Notes 4 and 25)	101,297	2	95,838	1
Current portion of long-term borrowings (Notes 18 and 33)	14,163	-	13,667	-
Other current liabilities (Note 21)	<u>12,315</u>	<u>-</u>	<u>35,498</u>	<u>1</u>
Total current liabilities	<u>2,243,442</u>	<u>32</u>	<u>1,913,267</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 19)	150,904	2	180,836	3
Long-term borrowings (Notes 18 and 33)	291,058	4	294,539	5
Net defined benefit liabilities - non current (Notes 4 and 22)	2,809	-	1,899	-
Deferred tax liabilities (Notes 4 and 25)	7,353	-	2,101	-
Other non-current liabilities (Note 21)	<u>3,217</u>	<u>-</u>	<u>2,433</u>	<u>-</u>
Total non-current liabilities	<u>455,341</u>	<u>6</u>	<u>481,808</u>	<u>8</u>
Total liabilities	<u>2,698,783</u>	<u>38</u>	<u>2,395,075</u>	<u>37</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY (Notes 4 and 23)				
Capital stock				
Common shares	<u>918,191</u>	<u>13</u>	<u>868,690</u>	<u>13</u>
Capital surplus	<u>1,165,845</u>	<u>17</u>	<u>1,113,903</u>	<u>17</u>
Retained earnings				
Legal reserve	204,603	3	142,910	2
Special reserve	298,638	4	298,638	4
Unappropriated earnings	<u>1,696,406</u>	<u>24</u>	<u>1,476,660</u>	<u>23</u>
Total retained earnings	<u>2,199,647</u>	<u>31</u>	<u>1,918,208</u>	<u>29</u>
Other equity	<u>102,346</u>	<u>1</u>	<u>228,059</u>	<u>4</u>
Total equity	<u>4,386,029</u>	<u>62</u>	<u>4,128,860</u>	<u>63</u>
TOTAL	<u>\$ 7,084,812</u>	<u>100</u>	<u>\$ 6,523,935</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 15, 2016)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 32)				
Sales	\$ 8,416,972	100	\$ 7,482,011	100
OPERATING COSTS (Notes 11, 14, 24 and 32)				
Cost of goods sold	<u>6,175,484</u>	<u>74</u>	<u>5,398,517</u>	<u>72</u>
GROSS PROFIT	<u>2,241,488</u>	<u>26</u>	<u>2,083,494</u>	<u>28</u>
OPERATING EXPENSES (Notes 24 and 32)				
Selling and marketing expenses	427,450	5	405,492	6
General and administrative expenses	797,418	9	698,831	9
Research and development expenses	<u>230,247</u>	<u>3</u>	<u>200,437</u>	<u>3</u>
Total operating expenses	<u>1,455,115</u>	<u>17</u>	<u>1,304,760</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>786,373</u>	<u>9</u>	<u>778,734</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 24)	52,615	-	33,018	1
Other gains and losses (Notes 4, 8 and 24)	141,871	2	16,899	-
Finance costs (Notes 19 and 24)	(16,006)	-	(11,084)	-
Share of profit or loss of associates (Notes 4 and 13)	<u>347</u>	<u>-</u>	<u>(184)</u>	<u>-</u>
Total non-operating income and expenses	<u>178,827</u>	<u>2</u>	<u>38,649</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM OPERATIONS	965,200	11	817,383	11
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(205,250)</u>	<u>(2)</u>	<u>(200,449)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>759,950</u>	<u>9</u>	<u>616,934</u>	<u>8</u>

(Continued)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain and loss arising from defined benefit plans (Note 22)	\$ (880)	-	\$ (181)	-
Exchange differences arising on translation to the presentation currency (Note 23)	152,777	2	218,783	3
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>149</u>	<u>-</u>	<u>31</u>	<u>-</u>
	<u>152,046</u>	<u>2</u>	<u>218,633</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 23)	<u>(278,490)</u>	<u>(3)</u>	<u>(73,274)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(126,444)</u>	<u>(1)</u>	<u>145,359</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 633,506</u>	<u>8</u>	<u>\$ 762,293</u>	<u>10</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$8.30</u>		<u>\$6.93</u>	
Diluted	<u>\$8.26</u>		<u>\$6.80</u>	

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

(With Deloitte & Touche audit report dated March 15, 2016)

(Concluded)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	Capital Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings	Other Equity	
			Legal Reserve	Special Reserve		Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2014	\$ 797,967	\$ 833,980	\$ 86,553	\$ 298,638	\$ 1,355,115	\$ 82,550	\$ 3,454,803
Issue of ordinary shares for cash (Note 23)	25,000	254,449	-	-	-	-	279,449
Appropriation of the 2013 earnings (Note 23)	-	-	-	-	-	-	-
Legal reserve	-	-	56,357	-	(56,357)	-	-
Cash dividends distributed by BizLink	-	-	-	-	(398,984)	-	(398,984)
Share dividends distributed by BizLink	39,898	-	-	-	(39,898)	-	-
Recognition of employee share options by BizLink (Notes 4, 23 and 27)	-	5,384	-	-	-	-	5,384
Issue of common shares under employee stock options (Notes 4, 23 and 27)	5,825	20,090	-	-	-	-	25,915
Net profit for the year ended December 31, 2014	-	-	-	-	616,934	-	616,934
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(150)	145,509	145,359
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	616,784	145,509	762,293
BALANCE AT DECEMBER 31, 2014	868,690	1,113,903	142,910	298,638	1,476,660	228,059	4,128,860
Appropriation of the 2014 earnings (Note 23)	-	-	-	-	-	-	-
Legal reserve	-	-	61,693	-	(61,693)	-	-
Cash dividends distributed by BizLink	-	-	-	-	(434,345)	-	(434,345)
Share dividends distributed by BizLink	43,435	-	-	-	(43,435)	-	-
Convertible bonds converted to common shares (Notes 4, 19 and 23)	2,946	41,620	-	-	-	-	44,566
Issue of common shares under employee stock options (Notes 4, 23 and 27)	3,120	10,322	-	-	-	-	13,442
Net profit for the year ended December 31, 2015	-	-	-	-	759,950	-	759,950
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	(731)	(125,713)	(126,444)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	759,219	(125,713)	633,506
BALANCE AT DECEMBER 31, 2015	\$ 918,191	\$ 1,165,845	\$ 204,603	\$ 298,638	\$ 1,696,406	\$ 102,346	\$ 4,386,029

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

(With Deloitte & Touche audit report dated March 15, 2016)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 965,200	\$ 817,383
Adjustments for:		
Impairment loss recognized on accounts receivable	984	4,300
Depreciation expenses	171,949	145,205
Amortization expenses	18,459	16,804
Amortization of prepayments for lease	321	392
Share of loss (profit) of associates	(347)	184
Intangible assets transferred to expense	-	735
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	18,866	24,442
Interest expense	16,006	11,084
Interest income	(11,699)	(13,831)
Compensation cost of employee share options	-	5,384
Loss on disposal of property, plant and equipment	9,396	4,609
Loss on disposal of intangible assets	-	3
Impairment loss recognized on financial assets measured at cost	19,043	-
Impairment loss of non-financial assets	38,937	19,705
Net loss (gain) on foreign currency exchange	32,410	(5,038)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	12,345	11,755
(Increase) decrease in notes receivable	(7,051)	9,422
(Increase) decrease in trade receivables	(226,393)	145,817
Decrease (increase) in trade receivable - related parties	4,021	(3,675)
(Increase) decrease in other receivables	(6,025)	11,371
Increase in inventories	(19,954)	(344,422)
Decrease (increase) in prepayments	31,762	(66,063)
Decrease in other current assets	2	3
Decrease in financial liabilities held for trading	(14,923)	(1,265)
Increase in notes payable	20,553	108
Increase in trade payables	37,676	108,293
Increase in other payables	97,841	15,293
Increase in accrued pension liabilities	30	192
(Decrease) increase in other current liabilities	(23,633)	23,822
Cash generated from operations	1,185,776	942,012
Interest received	11,699	13,831
Interest paid	(9,495)	(8,149)
Income tax paid	(230,826)	(171,936)
Net cash generated from operating activities	957,154	775,758
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	-	(135,670)
Proceeds on sale of debt investments with no active market	9,942	-
Purchase of financial assets measured at cost	(31,738)	(90,895)

(Continued)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Payments for property, plant and equipment	\$ (251,531)	\$ (449,917)
Proceeds from disposal of property, plant and equipment	3,805	2,583
Payments for intangible assets	(10,910)	(10,565)
Proceeds from disposal of intangible assets	-	74
Increase in refundable deposits	(2,910)	(2,113)
Decrease in refundable deposits	1,587	3,738
Increase in other non-current assets	(9,521)	-
Increase in prepayments for equipment	<u>(117,634)</u>	<u>(39,976)</u>
Net cash used in investing activities	<u>(408,910)</u>	<u>(722,741)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	-	280,500
Proceeds from issue of convertible bonds	-	200,000
Payments for transaction costs attributable to issue of debt instruments	-	(4,872)
Payments for transaction costs attributable to issue of ordinary shares	-	(1,051)
Proceeds from short-term borrowings	318,407	-
Repayments of short-term borrowings	(205,868)	(26,107)
Proceeds from long-term borrowings	-	224,712
Repayments of long-term borrowings	(13,679)	(9,988)
Proceeds from guarantee deposits received	672	1,736
Dividends paid to owners of Bizlink	(434,345)	(398,984)
Proceeds from exercise of employee stock options	<u>13,442</u>	<u>25,915</u>
Net cash (used in) generated from financing activities	<u>(321,371)</u>	<u>291,861</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(233,255)</u>	<u>(23,395)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,382)	321,483
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,200,453</u>	<u>878,970</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,194,071</u>	<u>\$ 1,200,453</u>

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

(With Deloitte & Touche audit report dated March 15, 2016)

(Concluded)

BIZLINK HOLDING INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

1. GENERAL INFORMATION

BizLink Holding Inc. ("BizLink") was incorporated in Cayman Islands in June 2000. Major operating activities of BizLink include designing, manufacturing, and sales of cable assembly, connectors, power cord, fiber optical passive components and computer peripheral products.

BizLink's shares have been listed on the Taiwan Stock Exchange since April 2011.

The functional currency of BizLink is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since BizLink's stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 15, 2016.

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

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

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that BizLink Holding Inc. and its subsidiaries (collectively referred to as the "Company") should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

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

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

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 31 for related disclosures.

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

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

The Company retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and the functional currency of financial statement converted to the exchange differences of reported currency. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates accounted for using the equity method. However, the application of the above amendments will not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

3) Revision to IAS 19 “Employee Benefits”

The interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

The impact on current and previous periods is set out below:

Impact on Current Period of Total Comprehensive Income	For the Year Ended December 31, 2015	Explanation
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to the presentation currency	\$ 152,777	2)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	<u>(152,777)</u>	2)
Increase in other comprehensive income for the period, net of income tax	<u>-</u>	
Increase in total comprehensive income for the period	<u>\$ -</u>	

The impact in the prior year is set out below:

	As Originally Stated	Adjustment of Initial Application	Restated	Explanation
For the year ended December 31, 2014				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	\$ -	\$ 218,783	\$ 218,783	2) (Continued)

	As Originally Stated	Adjustment of Initial Application	Restated	Explanation
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 145,509	\$ (218,783)	\$ (73,274)	2)
Total effect on total comprehensive income for the period, net of income tax	\$ 145,509	\$ -	\$ 145,509	
Total effect on total comprehensive income for the period	\$ 762,293	\$ -	\$ 762,293	
				(Concluded)

b. New IFRSs in issue but not yet endorsed by the FSC

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

The Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016

(Continued)

New IFRSs	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 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.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company’s accounting policies, except for the following:

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 Company’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 above, all other financial assets are measured at fair value through profit or loss. However, the Company 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.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is 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 Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

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

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

3) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

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

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

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

4) Annual Improvements to IFRSs: 2011-2013 Cycle

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

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” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

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

- a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

6) IFRS 15 “Revenue from Contracts with Customers”

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

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

- 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 contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

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

7) 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 Company 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 Company 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 Company 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 Company as lessor.

When IFRS 16 becomes effective, the Company 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

8) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Company expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Company should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses to deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Company’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Company will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

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

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 consolidated financial statements shall prevail. However, the consolidated financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by the Financial Supervisory Commission (FSC) for their oversight purposes.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs as endorsed by the Financial Supervisory Commission of the Republic of China.

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. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of BizLink and the entities controlled by BizLink (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by BizLink.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of BizLink and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Total comprehensive income of subsidiaries is attributed to the owners of BizLink and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company and its foreign operations (including of the subsidiaries, associates or branches operating in other countries or currencies used are different from BizLink's currency) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income attributed to the owners of BizLink and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in BizLink losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, finished goods, work-in-process and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

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

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate and joint venture. The Company also recognizes the changes in the Company's share of equity of associates attributable to the Company.

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

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

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

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

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant and equipment

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

j. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

Fair value is determined in the manner described in Note 31.

ii. Available-for-sale financial assets

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, debt investments with no active market and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

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

Financial assets carried at amortized cost, such as trades receivables, debt investments with no active market or other financial assets, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

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

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liability is classified as at fair value through profit or loss when the financial liability is held for trading.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The conversion options component of the convertible bonds issued by the Company that will be settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Company's own equity instruments is classified as derivative financial liabilities.

On initial recognition, the derivative financial liabilities component of the convertible bonds is recognized at fair value, and the initial carrying amount of the component of non-derivative financial liabilities is determined by deducting the amount of derivative financial liabilities from the fair value of the hybrid instrument as a whole. In subsequent periods, the non-derivative financial liabilities component of the convertible bonds is measured at amortized cost using the effective interest method. The derivative financial liabilities component is measured at fair value and the changes in fair value are recognized in profit or loss.

Transaction costs that relate to the issue of the convertible notes are allocated to the derivative financial liabilities component and the non-derivative financial liabilities component in proportion to their relative fair values. Transaction costs relating to the derivative financial liabilities component are recognized immediately in profit or loss. Transaction costs relating to the non-derivative financial liabilities component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and foreign exchange option contracts.

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

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

I. Revenue recognition

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

1) Sale of goods

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

- a) The Company has transferred to the buyer the significant risks and rewards of ownership of goods;
- b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;

- d) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve transfer of risks and rewards of materials ownership.

2) Dividend and interest income

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

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

m. Leasing

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

The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Employee share options

Employee share options granted to employees

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

q. Taxation

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

1) Current tax

For the subsidiaries incorporated within the territory of the Republic of China, according to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Income taxes

As of December 31, 2015 and 2014, the carrying amount of the deferred tax assets in relation to unused tax losses was NT\$84,432 thousand and NT\$64,697 thousand, respectively. As of December 31, 2015 and 2014, no deferred tax asset has been recognized on the tax loss of NT\$314,299 thousand and NT\$272,679 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Estimated impairment of accounts receivable and other receivables

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

The carrying amount of trade receivables and other receivables as of December 31, 2015 and 2014 was NT\$1,921,161 thousand and NT\$1,626,906 thousand, respectively (net of allowance for impairment loss NT\$12,997 thousand and NT\$12,246 thousand, respectively).

c. Fair value of financial instruments

If some of the Company's assets and liabilities measured at fair value have no quoted prices in active markets, the Company determine whether to engage third party qualified valuers and determine the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the Company or engaged valuers would determine appropriate inputs by referring to the analyses of the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 31.

d. Impairment of property, plant and equipment

The impairment of equipment in relation to the production of fiber optical was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

e. Write-down of inventory

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Cash on hand	\$ 2,291	\$ 1,494
Checking accounts and demand deposits	929,338	1,020,939
Cash equivalent		
Time deposits with original maturities less than three months	<u>262,442</u>	<u>178,020</u>
	<u>\$ 1,194,071</u>	<u>\$ 1,200,453</u>

Interest rates for deposits in bank on the balance sheet date were as follows:

	December 31	
	2015	2014
Deposit	0.1%-6.6%	0.1%-4.24%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	2014
<u>Financial assets at FVTPL - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 302
Non-derivative financial assets		
Domestic and foreign quoted shares	<u>2,079</u>	<u>2,745</u>
	<u>\$ 2,079</u>	<u>\$ 3,047</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ 5,160	\$ 8,274
Foreign exchange options	5,785	14,176
Option of convertible bond (Note 19)	<u>30,655</u>	<u>10,780</u>
	<u>\$ 41,600</u>	<u>\$ 33,230</u>

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2015</u>			
Sell	USD/RMB	2016.01-2016.08	USD5,400/RMB35,004
<u>December 31, 2014</u>			
Sell	USD/RMB	2015.01-2015.12	USD29,900/RMB186,910

The Company entered into foreign exchange forward contracts during 2015 and 2014 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- b. At the end of the reporting period, outstanding option not under hedge accounting were as follows:

	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2015</u>		
Fubon bank - foreign exchange option	2016.01-2016.02	US\$ 2,400
<u>December 31, 2014</u>		
Fubon bank - foreign exchange option	2015.01-2016.02	US\$ 16,000
HSBC bank - foreign exchange option	2015.01-2015.12	US\$ 4,800

At the end of the reporting period, there were two foreign exchange options outstanding, and the general terms were as follows:

Fubon Bank - foreign exchange option

The duration of contract is two years from March 6, 2014 to February 3, 2016. Net settlement occurs monthly for the first 18 months, and gross settlement occurs biweekly for the last 6 months, with a total of 30 periods. According to the contract, if the fixing rate for USD-RMB (expressed as the number of RMB per one USD as displayed on Reuters Page "CNHFIX" at or around 11:15 a.m. at Hong Kong) is less than or equal to the strike rate on fixing date, the Company will receive notional amount US\$400 thousand x (strike price-fixing rate)/fixing rate from dealing bank recognized as profit of the period. If fixing Rate is greater than the barrier price, the Company will pay notional amount US\$400 thousand x 2 x (fixing rate-strike price)/fixing rate to dealing bank recognized as loss of the period. If fixing rate is less than or equal to barrier price and greater than strike price, the Company will not recognize profit or loss and the amount of net settlement is \$0. According to the contract, the strike price and the barrier price above are \$6.13 and \$6.30, respectively. When accumulated profits are up to RMB160 thousand, the contract will totally expire. Conversely, there is no termination clause in the contract when there is a loss.

HSBC Bank - foreign exchange option

The duration of contract is two years from January 10, 2014 to December 10, 2015. Net settlement occurs monthly for the first 20 months, and gross settlement occurs monthly for the other 4 months. According to the contract, if the fixing rate for USD-RMB (the first 20 months expressed as the number of RMB per one USD as displayed on Reuters Page HSBCFIX01 to right of the caption "USDCNH" at or about 2:00 pm at Hong Kong, and the other 4 months expressed as the number of RMB per one USD as displayed on Bloomberg Page FBIX to right of the caption "USDCNH" at or about 3:00 pm at Tokyo) is less than or equal to the strike rate on fixing date, the Company will receive notional amount US\$200 thousand x (strike price-fixing rate)/fixing rate from dealing bank recognized as profit of the period. If fixing rate is greater than the strike price, the Company will pay notional amount US\$200 thousand x 2 x (fixing rate-strike price)/fixing rate to dealing bank recognized as loss of the period. If fixing rate is less than or equal to barrier price and greater than strike price, the Company will not recognize profit or loss and the amount of net settlement is \$0. According to the contract, the strike price above from 1st to 6th period and from 7th to 24th period are \$6.18 and \$6.15, respectively. The barrier price from 1st to 6th period and from 7th to 24th period are \$6.40 and \$6.37, respectively. When accumulated profits are up to RMB120 thousand, the contract will totally expire. Conversely, there is no termination clause in the contract when there is a loss.

The Company entered into the options during 2015 and 2014 to manage exposure to exchange rate fluctuations and price fluctuations of foreign currency denominated assets, liabilities and inventory. However, those options did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	2014
<u>Non-current</u>		
Unlisted common shares	\$ 168,072	\$ 149,508
Classified according to financial asset measurement categories		
Available-for-sale financial assets	\$ 168,072	\$ 149,508

Management believed that the fair value of the above unlisted equity investments held by the Company cannot be reliably measured due to the significant range of reasonable fair value estimates; therefore they were measured at cost at the end of reporting period.

The Company's evaluated the financial assets measured at cost by future cash flows and recognized impairment loss \$19,043 thousand and \$0 thousand during 2015 and 2014, respectively. The impairment loss had been recognized in other gains and losses in the consolidated statements of comprehensive income.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2015	2014
<u>Current</u>		
Time deposits with maturities longer than three months	\$ 261,295	\$ 311,923
Structured deposit	<u>51,648</u>	<u>-</u>
	<u>\$ 312,943</u>	<u>\$ 311,923</u>

Interest rates of time deposits on the balance sheet date December 31, 2015 and 2014 were 1.35%-4.00% and 2.65%-3.25%, respectively.

Interest rates of structured deposit on the balance sheet date December 31, 2015 were 0%-3%.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2015	2014
<u>Notes and trade receivables</u>		
Notes receivable	<u>\$ 13,035</u>	<u>\$ 5,972</u>
Trade receivable	\$ 1,934,158	\$ 1,639,152
Less: Allowance for impairment loss	<u>(12,997)</u>	<u>(12,246)</u>
	<u>\$ 1,921,161</u>	<u>\$ 1,626,906</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 15,919	\$ 10,018
Receivables from return of capital reduction	-	3,704
Others	<u>9,321</u>	<u>4,615</u>
	<u>\$ 25,240</u>	<u>\$ 18,337</u>

a. Trade receivables

The average credit period on sales of goods was 0 to 120 days after the end of the month in which sales occur. The Company recognized an allowance for impairment loss of 100% against all receivables over 365 days because historical experience had been that receivables that are past due beyond 365 days were not recoverable. Allowance for impairment loss is recognized against trade receivables between 120 days and 365 days after the end of the month based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

For the trade receivables balances that were past due at the end of the reporting period (refer to the below schedule), the Company did not recognize an allowance for impairment loss because there was no significant change in the credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or other credit enhancements for these balances.

The aging of accounts receivables was as follows:

	December 31	
	2015	2014
Not overdue	\$ 1,654,315	\$ 1,327,876
Past due 1-60 days	245,854	246,480
Past due 61-90 days	11,626	47,786
Past due over 91 days	<u>22,363</u>	<u>17,010</u>
	<u>\$ 1,934,158</u>	<u>\$ 1,639,152</u>

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2015	2014
Less than 60 days	\$ 245,854	\$ 246,480
61-90 days	11,626	47,786
More than 90 days	<u>9,366</u>	<u>4,764</u>
	<u>\$ 266,846</u>	<u>\$ 299,030</u>

The above aging schedule was based on the past due date.

Movements in the allowance for impairment loss recognized on trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	\$ 8,095	\$ -	\$ 8,095
Add: Impairment losses recognized on receivables	4,300	-	4,300
Less: Amounts written off during the period as uncollectible	(787)	-	(787)
Foreign exchange translation gains and losses	<u>638</u>	<u>-</u>	<u>638</u>
Balance at December 31, 2014	<u>\$ 12,246</u>	<u>\$ -</u>	<u>\$ 12,246</u>

(Continued)

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	\$ 12,246	\$ -	\$ 12,246
Add: Impairment losses recognized on receivables	984	-	984
Less: Amounts written off during the period as uncollectible	(482)	-	(482)
Foreign exchange translation gains and losses	<u>249</u>	<u>-</u>	<u>249</u>
Balance at December 31, 2015	<u>\$ 12,997</u>	<u>\$ -</u>	<u>\$ 12,997</u> (Concluded)

The Company recognized impairment loss on trade receivables amounting NT\$12,997 thousand and NT\$12,246 thousand as of December 31, 2015 and 2014, respectively. The Company did not hold any collateral over these balances.

b. Other receivables

For the other receivables balances that were past due at the end of the reporting period, the Company did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable.

11. INVENTORIES

	December 31	
	2015	2014
Raw materials	\$ 516,446	\$ 556,154
Work in progress	145,750	161,045
Finished goods	413,613	377,275
Merchandise	<u>509,620</u>	<u>471,002</u>
	<u>\$ 1,585,429</u>	<u>\$ 1,565,476</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 was NT\$6,175,484 thousand and NT\$5,398,517 thousand, respectively.

For the years ended December 31, 2015 and 2014, the cost of goods sold includes write-down of inventories of NT\$38,937 thousand and NT\$8,360 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2015	2014	
BizLink Holding Inc.	BizLink Technology Inc.	(1) Wholesaler and retailer of cable assembly, power cord and connectors, (2) wholesaler and retailer of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	
	OptiWorks Inc.	(1) Wholesaler and retailer of fiber optical passive components and fiber optical cables, (2) international trade, and (3) various investment activities.	100.00	100.00	
	BizLink (BVI) Corp.	(1) Wholesaler and retailer of cable assembly, connectors, power cord, (2) wholesaler and retailer of computer peripheral products and electronic materials, (3) international trade, and (4) various investment activities.	100.00	100.00	
	BizLink International Corp.	(1) Wholesaler of cable assembly, connectors and power cord, (2) international trade, and (3) financial center for BizLink's Asian operation.	100.00	100.00	
	Zellwood International Corp.	Engaging in various investment activities.	100.00	100.00	
	Oriental Rose Corp.	Engaging in various investment activities.	-	-	a.
	BizLink Technology (S.E.A.) Sdn Bhd	(1) Designing, manufacturing, and sales of cable assembly, power cord, and telecommunications equipment, (2) wholesaler and retailer of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	
	Adel Enterprises Corp.	(1) Wholesaler and retailer of cable assembly, connectors, and power cord, (2) wholesaler and retailer of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	
	BizLink Tech Inc.	(1) Designing, manufacturing, sales of cable assembly, (2) wholesaler and retailer of computer peripheral products and electronic materials, (3) fiberfil molding, and (4) international business trade.	100.00	100.00	
	Accell Corp.	(1) Wholesaler and retailer of brand name connectors, cables and telecommunications equipment, (2) wholesaler and retailer of computer peripheral products and electronic materials, and (3) promoting its own brand name.	100.00	100.00	
	BizLink Technology (Ireland) Ltd.	(1) Wholesaler and retailer of cable assembly, power cord and connectors, (2) wholesaler and retailer of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	
	ビズリンク株式会社	(1) Wholesaler and retailer of cable assembly, power cord and connectors, (2) wholesaler and retailer of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	
	Bizwide Limited	Engaging in various investment activities.	100.00	100.00	
	Bizconn Technology Inc.	(1) Wholesaler and retailer of cable assembly, power cord and connectors, (2) wholesaler and retailer of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	b.
BizLink Technology Inc.	Bac Bayside, LLC	Engaging in various lease activities.	100.00	100.00	c.
OptiWorks, Inc.	Bobt, LLC	Engaging in various lease activities.	100.00	100.00	d.
	OptiWorks (Shanghai) Limited	(1) Manufacturing, wholesaler and retailer of fiber optical passive components and fiber optical cables, and (2) international trade.	100.00	100.00	
	OptiWorks (Kun shan) Limited	(1) Manufacturing, wholesaler and retailer of fiber optical passive components and fiber optical cables, and (2) sales of its own products.	100.00	100.00	
BizLink (BVI) Corp.	OptiWorks Holding Inc.	Engaging in various investment activities.	-	-	e.
	Hwa Zhan Electronics Corp. (Shen Zhen)	Designing, manufacturing, sales and assembling of connectors, cables assembly.	100.00	100.00	
Zellwood International Corp.	Bizconn International Corp.	Engaging in various investment activities.	100.00	100.00	
	BizLink International Electronics (Shen Zhen) Co., Ltd.	Designing, manufacturing, sales and assembling of connectors, cables assembly.	100.00	100.00	
	BizLink (Kun Shan) Co., Ltd.	Designing, manufacturing and sales of cable assembly, connectors and power cord.	100.00	100.00	
Bizconn International Corp.	Bizconn International Corp. (China)	Designing, manufacturing, sales and assembling of connectors, tooling and cable assembly	100.00	100.00	
Oriental Rose Corp.	Klink Plastic Co., Ltd.	Designing, manufacturing, sales of PVC powder, power cord and connectors	-	-	f.
Adel Enterprise Corp.	BizLink Electronics (Xiamen) Co., Ltd.	Manufacturing and assembling of power cord and cable.	100.00	100.00	
	Asia Wick Ltd	Engaging in various investment activities.	100.00	100.00	

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2015	2014	
Asia Wick Ltd.	Tong Ying Electronics (Shen Zhen) Ltd.	Manufacturing of wire extrusion and cable assembly.	100.00	100.00	
Bizwide Limited	Xiang Yao Electronics (Shen Zhen) Co., Ltd.	Designing, manufacturing, sales of cable assembly, power cord, and connectors	100.00	100.00	
BizLink Technology (S.E.A.) Sdn. Bhd.	BizLink Interconnect Technology (India) Private Limited	(1) Designing, manufacturing, and sales of cable assembly, power cord, and telecommunications equipment, (2) wholesaler and retailer of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	

(Concluded)

- a. Oriental Rose Corp. was dissolved in November 2014.
- b. BizConn Technology Inc. was not yet in operation.
- c. Bae Bayside, LLC was established in May 2014.
- d. Bobi, LLC was established in April 2014.
- e. OptiWorks Holding Inc. was dissolved in November 2014.
- f. Klink Plastic Co., Ltd. was liquidated in October 2014.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associate

	December 31	
	2015	2014
Non-public company		
Arise Solution Inc.	<u>\$ 3,799</u>	<u>\$ 3,320</u>

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2015	2014
The Company's share of:		
Profit (loss) from continuing operations	\$ 347	\$ (184)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 347</u>	<u>\$ (184)</u>

In April of 2013, the Company subscribed 923 shares of Arise Solution Inc. through a private placement for cash of US\$96 thousand; after the subscription, the Company's percentage of ownership in Arise Solution Inc. was 48% and the Company was able to exercise significant influence over Arise Solution Inc. Included in the cost of investment in associates was goodwill of NT\$1,210 thousand which arose from the acquisition of Arise Solution Inc.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of the investment were calculated based on the financial statements that have not been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements of Arise Solution Inc. that have not been audited.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Other Equipment	Total
<u>Cost</u>						
Balance at January 1, 2014	\$ 114,673	\$ 378,936	\$ 765,596	\$ 16,177	\$ 166,995	\$ 1,442,377
Additions	107,029	188,835	130,499	6,150	15,389	447,902
Disposals	-	-	(30,789)	(4,473)	(8,477)	(43,739)
Reclassification (a)	-	1,235	16,762	-	399	18,396
Effect of foreign currency exchange difference	8,487	27,610	47,936	811	8,830	93,674
Balance at December 31, 2014	<u>\$ 230,189</u>	<u>\$ 596,616</u>	<u>\$ 930,004</u>	<u>\$ 18,665</u>	<u>\$ 183,136</u>	<u>\$ 1,958,610</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2014	\$ -	\$ 142,938	\$ 352,883	\$ 9,035	\$ 102,798	\$ 607,654
Disposals	-	-	(25,983)	(3,014)	(7,550)	(36,547)
Reclassification	-	-	-	-	-	-
Impairment losses recognized in profit or loss	-	-	11,345	-	-	11,345
Depreciation expense	-	23,947	99,574	2,154	19,530	145,205
Effect of foreign currency exchange difference	-	8,487	23,682	310	5,898	38,377
Balance at December 31, 2014	<u>\$ -</u>	<u>\$ 175,372</u>	<u>\$ 461,501</u>	<u>\$ 8,485</u>	<u>\$ 120,676</u>	<u>\$ 766,034</u>
Carrying amounts at December 31, 2014	<u>\$ 230,189</u>	<u>\$ 421,244</u>	<u>\$ 468,503</u>	<u>\$ 10,180</u>	<u>\$ 62,460</u>	<u>\$ 1,192,576</u>
<u>Cost</u>						
Balance at January 1, 2015	\$ 230,189	\$ 596,616	\$ 930,004	\$ 18,665	\$ 183,136	\$ 1,958,610
Additions	-	23,309	185,364	2,239	40,619	251,531
Disposals	-	-	(33,535)	(1,443)	(12,191)	(47,169)
Reclassification (b)	-	11,078	42,728	533	1,609	55,948
Effect of foreign currency exchange difference	6,429	6,788	(22,700)	(730)	(3,532)	(13,745)
Balance at December 31, 2015	<u>\$ 236,618</u>	<u>\$ 637,791</u>	<u>\$ 1,101,861</u>	<u>\$ 19,264</u>	<u>\$ 209,641</u>	<u>\$ 2,205,175</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2015	\$ -	\$ 175,372	\$ 461,501	\$ 8,485	\$ 120,676	\$ 766,034
Disposals	-	-	(21,757)	(1,413)	(10,798)	(33,968)
Depreciation expense	-	25,948	120,700	3,035	22,266	171,949
Effect of foreign currency exchange difference	-	(1,821)	(12,395)	(468)	(2,223)	(16,907)
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ 199,499</u>	<u>\$ 548,049</u>	<u>\$ 9,639</u>	<u>\$ 129,921</u>	<u>\$ 887,108</u>
Carrying amounts at December 31, 2015	<u>\$ 236,618</u>	<u>\$ 438,292</u>	<u>\$ 553,812</u>	<u>\$ 9,625</u>	<u>\$ 79,720</u>	<u>\$ 1,318,067</u>

- Reclassified from other non-current asset-prepayment for equipment and inventory to property, plant and equipment NT\$11,729 thousand and NT\$6,743 thousand, respectively. Reclassified property, plant and equipment to intangible asset NT\$76 thousand, which had no significant impact on the Company's consolidated financial statements.
- Reclassified from other non-current asset-prepayment for equipment and inventory to property, plant and equipment NT\$33,188 thousand and NT\$22,760 thousand, respectively.

The cash flows of the equipment for use in the production are expected to decrease; due to poor selling of fiber-optical product, such equipment was provided with allowance for impairment losses. For the year ended December 31, 2014, the Company recognized impairment loss amounting to NT\$11,345 thousand which was related to the fiber-optics reporting segment and recognized in operating cost. The Company determined the recoverable amount of the relevant assets on the basis of their value in use. The discount rate used in measuring value in use was 15.46% per annum. No impairment assessment was performed for the year ended 2015 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Building	
Main buildings	20-55 years
Construction appurtenance	2-20 years
Machinery and equipment	3-10 years
Transportation	4-10 years
Other equipment	3-15 years

Refer to Note 33 for the carrying amount of property, plant and equipment pledged by the Company to secure borrowings granted to the Company.

15. OTHER INTANGIBLE ASSETS

	Patent	Computer Software	Trademark	Total
<u>Cost</u>				
Balance at January 1, 2014	\$ 15,066	\$ 124,940	\$ 6,055	\$ 146,061
Additions	-	10,565	-	10,565
Disposals	(86)	(89)	(5,749)	(5,924)
Reclassification*	-	8,526	(303)	8,223
Effect of foreign currency exchange difference	<u>961</u>	<u>7,677</u>	<u>60</u>	<u>8,698</u>
Balance at December 31, 2014	<u>\$ 15,941</u>	<u>\$ 151,619</u>	<u>\$ 63</u>	<u>\$ 167,623</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2014	\$ 11,596	\$ 31,632	\$ 5,651	\$ 48,879
Amortization expense	1,515	15,207	82	16,804
Disposals	(86)	(12)	(5,749)	(5,847)
Effect of foreign currency exchange difference	<u>828</u>	<u>2,458</u>	<u>57</u>	<u>3,343</u>
Balance at December 31, 2014	<u>\$ 13,853</u>	<u>\$ 49,285</u>	<u>\$ 41</u>	<u>\$ 63,179</u>
Carrying amounts at December 31, 2014	<u>\$ 2,088</u>	<u>\$ 102,334</u>	<u>\$ 22</u>	<u>\$ 104,444</u>

(Continued)

	Patent	Computer Software	Trademark	Total
<u>Cost</u>				
Balance at January 1, 2015	\$ 15,941	\$ 151,619	\$ 63	\$ 167,623
Additions	-	10,910	-	10,910
Disposals	-	(27)	-	(27)
Effect of foreign currency exchange difference	<u>489</u>	<u>(2,607)</u>	<u>-</u>	<u>(2,118)</u>
Balance at December 31, 2015	<u>\$ 16,430</u>	<u>\$ 159,895</u>	<u>\$ 63</u>	<u>\$ 176,388</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2015	\$ 13,853	\$ 49,285	\$ 41	\$ 63,179
Amortization expense	1,587	16,866	6	18,459
Disposals	-	(27)	-	(27)
Effect of foreign currency exchange difference	<u>470</u>	<u>(567)</u>	<u>(1)</u>	<u>(98)</u>
Balance at December 31, 2015	<u>\$ 15,910</u>	<u>\$ 65,557</u>	<u>\$ 46</u>	<u>\$ 81,513</u>
Carrying amounts at December 31, 2015	<u>\$ 520</u>	<u>\$ 94,338</u>	<u>\$ 17</u>	<u>\$ 94,875</u>
				(Concluded)

* Reclassified property, plant and equipment and other non-current asset - prepayment of equipment to intangible asset NT\$76 thousand and NT\$8,882 thousand, respectively. Reclassified intangible asset to expense NT\$735 thousand, which had no significant impact on the Company's consolidated financial statements.

The above items of intangible assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Patent	5 years
Computer software	5-10 years
Trademark	10 years

16. PREPAYMENTS FOR LEASE

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Current asset (included in prepayments)	\$ 527	\$ 730
Non-current asset	<u>12,516</u>	<u>13,266</u>
	<u>\$ 13,043</u>	<u>\$ 13,996</u>

As of December 31, 2015 and 2014, prepaid lease payments included land use right with carrying amount of NT\$13,043 thousand and NT\$13,996 thousand, respectively, which are located in Mainland China.

17. OTHER ASSETS

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Prepayment (include prepayments for lease)	\$ 137,425	\$ 163,480
Others	<u>46</u>	<u>46</u>
	<u>\$ 137,471</u>	<u>\$ 163,526</u>
<u>Non-current</u>		
Prepayment for equipment	\$ 134,617	\$ 45,535
Long-term notes receivable	9,856	-
Refundable deposits	<u>24,348</u>	<u>23,809</u>
	<u>\$ 168,821</u>	<u>\$ 69,344</u>

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Secured borrowings (Note 33)</u>		
Bank loans	\$ 64,500	\$ 64,950
<u>Unsecured borrowings</u>		
Bank loans	<u>131,372</u>	<u>13,879</u>
	<u>\$ 195,872</u>	<u>\$ 78,829</u>

The range of interest rate on bank loans was 1.05%-1.65% and 1.22%-2.75% per annum as of December 31, 2015 and 2014, respectively.

b. Long-term borrowings and current portion of long-term borrowings

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Secured borrowings (Note 33)</u>		
Bank loans	\$ 305,221	\$ 308,206
Less: Current portion (due in one year)	<u>(14,163)</u>	<u>(13,667)</u>
Long-term borrowings	<u>\$ 291,058</u>	<u>\$ 294,539</u>

In April 2014, May 2014 and May 2013, the long-term secured borrowings were provided with collaterals in the form of freehold land and buildings valued at US\$1,600 thousand, US\$5,800 thousand and US\$2,700 thousand, respectively. Such loans are due in April 2019, May 2021 and June 2020, respectively. As of December 31, 2015 and 2014, the annual effective interest rate was 2.1%-2.75% and 2.256%-2.75%, respectively, per annum.

19. BONDS PAYABLE

	December 31	
	2015	2014
Overseas unsecured bonds II	\$ 160,500	\$ 200,000
Less: Unamortized bond discount	<u>(9,596)</u>	<u>(19,164)</u>
	<u>\$ 150,904</u>	<u>\$ 180,836</u>

On July 30, 2014, BizLink issued the second three-year unsecured, zero-coupon overseas convertible bonds with NT\$100 thousand par value, in an aggregate principal amount of NT\$200,000 thousand.

Following items are primary clauses in the prospectus:

a. Term

From July 30, 2014 to July 30, 2017

b. Redemption

- 1) Between one month after issue date and 40 days prior to maturity date, if the closing price of BizLink's shares reaches 30% of the conversion price for 30 consecutive trading days, BizLink may redeem the remaining bonds at fair value with cash in advance.
- 2) Between one month after issue date and 40 days prior to maturity date, if the bonds outstanding amounted to less than NT\$20,000 thousand (10% of original principal amount), BizLink may redeem the remaining bonds at fair value with cash in advance.

c. Conversion

Conversion period

Bondholders may request BizLink to convert the bonds into BizLink's common shares between August 31, 2014 (one month after issue date) and July 30, 2017 (maturity date), barring the year in which registration of share transfer is suspended.

Conversion price and adjustments

The price used by BizLink in determining the number of ordinary shares to be issued upon conversion is initially NT\$134.5 per share. The conversion price will be subject to adjustment, according to a formula stated in prospectus, due to any change in issuance of ordinary shares. The conversion price as of December 31, 2015 was NT\$124.1 per share.

- d. The convertible bond has two components: The main debt contract instrument and the derivative convertible option. The main debt contract has the effective rate 3.91%. The derivative convertible option instrument was fair value through profit and loss (FVTPL) (Note 7).

- e. For the year ended December 31, 2015, converted amount of convertible bond was NT\$39,500 thousand, reclassified to common share NT\$2,946 thousand and capital surplus-options NT\$36,554 thousand. Bond payable discount and financial liabilities at FVTPL-current on converted date amounted NT\$(3,057) thousand and NT\$8,123 thousand, respectively, was also reclassified to capital surplus-options. For the years ended December 31, 2015 and 2014, amortization of discount on bonds payable was NT\$6,511 thousand and NT\$2,935 thousand, included in financial cost.

20. NOTE PAYABLE AND TRADE PAYABLES

	December 31	
	2015	2014
<u>Notes payable</u>		
Operating	\$ 21,386	\$ 108
<u>Trade payable</u>		
Operating	\$ 1,219,143	\$ 1,138,445

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	December 31	
	2015	2014
<u>Current</u>		
Other payables		
Salaries or bonus	\$ 323,629	\$ 280,758
Welfare funds	21,028	32,698
Payable for taxes	32,529	35,659
Payable for employee bonus	38,086	-
Payable for remuneration to directors and supervisors	8,887	8,879
Payable for shipping	14,467	20,375
Payable for commission	55,428	29,777
Others	143,612	109,506
	<u>\$ 637,666</u>	<u>\$ 517,652</u>
Other liabilities		
Advance receipts	\$ 5,825	\$ 33,790
Receipts under custody	6,490	1,708
	<u>\$ 12,315</u>	<u>\$ 35,498</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	\$ 3,217	\$ 2,433

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The subsidiary of the Company - BizLink International Corp. adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Company in China are members of state-managed retirement benefit plans operated by the government of China. The subsidiaries are required to contribute amounts calculated at a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

- b. The defined benefit plan adopted by BizLink International Corp. of the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. BizLink International Corp. contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2015	2014
Present value of defined benefit obligation	\$ 8,809	\$ 7,534
Fair value of plan assets	<u>(6,000)</u>	<u>(5,635)</u>
Net defined benefit liability	<u>\$ 2,809</u>	<u>\$ 1,899</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2014	\$ 7,004	\$ (5,297)	\$ 1,707
Service cost			
Current service cost	209	-	209
Net interest expense (income)	<u>123</u>	<u>(108)</u>	<u>15</u>
Recognized in profit or loss	<u>332</u>	<u>(108)</u>	<u>224</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (17)	\$ (30)
Actuarial gain - changes in demographic assumptions	(87)	-	(87)
Actuarial gain - experience adjustments	<u>285</u>	<u>-</u>	<u>285</u>
Recognized in other comprehensive income	<u>198</u>	<u>(17)</u>	<u>181</u>
Contributions from the employer	-	(213)	(213)
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2014	<u>\$ 7,534</u>	<u>\$ (5,635)</u>	<u>\$ 1,899</u>
Balance at January 1, 2015	<u>\$ 7,534</u>	<u>\$ (5,635)</u>	<u>\$ 1,899</u>
Service cost			
Current service cost	216	-	216
Net interest expense (income)	<u>122</u>	<u>(93)</u>	<u>29</u>
Recognized in profit or loss	<u>338</u>	<u>(93)</u>	<u>245</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(57)	(57)
Actuarial loss - changes in demographic assumptions	468	-	468
Actuarial loss - experience adjustments	187	-	187
Others	<u>282</u>	<u>-</u>	<u>282</u>
Recognized in other comprehensive income	<u>937</u>	<u>(57)</u>	<u>880</u>
Contributions from the employer	-	(215)	(215)
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2015	<u>\$ 8,809</u>	<u>\$ (6,000)</u>	<u>\$ 2,809</u>

(Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2015	2014
Discount rate(s)	1.375%	1.625%
Expected rate(s) of salary increase	2.250%	2.250%

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

	December 31	
	2015	2014
Discount rate(s)		
0.25% increase	\$ (198)	\$ (178)
0.25% decrease	\$ 204	\$ 183
Expected rate(s) of salary increase		
0.25% increase	\$ 199	\$ 179
0.25% decrease	\$ (194)	\$ (175)

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

	December 31	
	2015	2014
The expected contributions to the plan for the next year	\$ 219	\$ 212
The average duration of the defined benefit obligation	9.3 years	9.8 years

23. EQUITY

a. Capital stock

1) Common shares

	December 31	
	2015	2014
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	\$ 5,000,000	\$ 5,000,000
Number of shares issued and fully paid (in thousands)	91,819	86,869
Shares issued	\$ 918,191	\$ 868,690

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

A reconciliation of the number of shares outstanding was as follows:

	Number of Shares (In Thousands of Shares)	Share Capital	Share Premium
Balance at January 1, 2014	79,797	\$ 797,967	\$ 810,816
Share issuance for cash	2,500	25,000	257,459
Stock dividends	3,990	39,898	-
Arising from employee share options	<u>582</u>	<u>5,825</u>	<u>30,756</u>
Balance at December 31, 2014	86,869	868,690	1,099,031
Arising from employee share options	312	3,120	16,034
Stock dividends	4,344	43,435	-
Arising from conversion of bonds	<u>294</u>	<u>2,946</u>	<u>41,620</u>
Balance at December 31, 2015	<u>91,819</u>	<u>\$ 918,191</u>	<u>\$ 1,156,685</u>

On May 8, 2014, the BizLink's board of directors resolved to issue 2,500 thousand ordinary shares, with a par value of NT\$10 each, for consideration of NT\$112.2 per share. On July 10, 2014, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors at September 11, 2014.

b. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Arising from issuance of common shares	\$ 867,272	\$ 851,238
Arising from conversion of bonds	289,413	247,793
Others - expired stock option	<u>4,619</u>	<u>4,619</u>
	<u>\$ 1,161,304</u>	<u>\$ 1,103,650</u>
May not be used for any purpose		
Recognized on employee share options	<u>\$ 4,541</u>	<u>\$ 10,253</u>

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

A reconciliation of the carrying amount for each class of capital surplus was as follows:

	Share Premium	Conversion of Bonds	Employee Share Options	Other	Total
Balance at January 1, 2014	563,023	247,793	18,974	4,190	833,980
Recognition of employee share options by BizLink	-	-	2,374	-	2,374
Forfeited employee share option	-	-	(429)	429	-
Issue of ordinary shares for cash	257,459	-	-	-	257,459
Issue of common share stock options	<u>30,756</u>	<u>-</u>	<u>(10,666)</u>	<u>-</u>	<u>20,090</u>
Balance at December 31, 2014	851,238	247,793	10,253	4,619	1,113,903
Convertible bonds converted to common stock	-	41,620	-	-	41,620
Issue of common share stock options	<u>16,034</u>	<u>-</u>	<u>(5,712)</u>	<u>-</u>	<u>10,322</u>
Balance at December 31, 2015	<u>\$ 867,272</u>	<u>\$ 289,413</u>	<u>\$ 4,541</u>	<u>\$ 4,619</u>	<u>\$ 1,165,845</u>

c. Retained earnings and dividend policy

Under the Bizlink's Articles of Incorporation, BizLink may distribute profits in accordance with a proposal for distribution of profits prepared by the board of directors and approved by the annual stockholders' meeting. (1) The proposal shall begin with BizLink's Annual Net Income and offset its losses in previous years that have not been previously offset, then set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled to total capital of BizLink, (2) then set aside a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as requested by the authorities in charge; (3) and then may set aside up to 0%-3% of the balance as bonus to Directors and up to 0%-5% of the balance as bonus to employees. The board of directors shall specify the exact percentages or amounts to be distributed as bonuses to the board of directors and employees in preparing the proposal for distribution of profits, and the stockholders may amend such proposal prior to its approval. A Director who also serves as an executive officer of the Company may receive a bonus in his capacity as a Director and a bonus in his capacity as an employee. Any balance left over may be distributed as dividends (including cash dividends or stock dividends) or bonuses in accordance with the Statute and the Applicable Public Company Rules and after taking into consideration financial, business and operational factors with the amount of profits distributed to Members not lower than 10% of profits (after tax) of the then current year and the amount of cash dividends distributed thereupon shall not be less than 10 % of the profits proposed to be distributed of the then current year.

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 Company's Articles of Incorporation had been proposed by the BizLink's board of directors on March 15, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 15, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to e. Employee benefits expense in Note 24.

BizLink appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Distribution can be made out of any subsequent reversal of the debit to other equity items.

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

The appropriations of earnings for 2014 and 2013 had been approved in the annual stockholders' meetings on June 24, 2015 and June 11, 2014, respectively. The appropriations and remuneration to directors and supervisors were as follows:

	Appropriation of Earnings		Dividends Per Share	
	2014	2013	2014	2013
Legal reserve	\$ 61,693	\$ 56,357	\$ -	\$ -
Cash dividend	434,345	398,984	5.0	5.0
Stock dividend	43,435	39,898	0.5	0.5

The appropriations of earnings for 2015 had been proposed by BizLink's board of directors on March 15, 2016. The appropriation and dividends per share were as follows:

	Appropriations of Earnings	Dividends Per Share
Legal reserve	\$ 75,995	\$ -
Cash dividends	505,005	5.5
Share dividends	45,910	0.5

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2014 are subject to the resolution of the shareholders' meeting to be held on June 15, 2016.

d. Other equity items

Exchange differences on translating foreign operations:

	For the Year Ended December 31	
	2015	2014
Balance at January 1	\$ 228,059	\$ 82,550
Exchange differences on translating foreign operations	(278,490)	(73,274)
Exchange differences arising on translation to presentation	<u>152,777</u>	<u>218,783</u>
Balance at December 31	<u>\$ 102,346</u>	<u>\$ 228,059</u>

24. NET PROFIT (LOSS) FROM OPERATIONS

a. Other income

	For the Year Ended December 31	
	2015	2014
Interest income		
Bank deposits	\$ 11,699	\$ 13,831
Government grants revenue	8,355	10,166
Others	<u>32,561</u>	<u>9,021</u>
	<u>\$ 52,615</u>	<u>\$ 33,018</u>

b. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Loss on disposal of property, plant and equipment	\$ (9,396)	\$ (4,609)
Loss on disposal of intangible asset	-	(3)
Net foreign exchange gains	193,790	51,004
Net (loss)/gain arising on financial assets classified as held for trading	11,304	(8,995)
Net loss arising on financial liabilities classified as held for trading	(30,170)	(15,447)
Impairment loss recognized on financial assets measured at cost (Note 8)	(19,043)	-
Others	<u>(4,614)</u>	<u>(5,051)</u>
	<u>\$ 141,871</u>	<u>\$ 16,899</u>

c. Finance costs

	For the Year Ended December 31	
	2015	2014
Interest on bank loans	\$ (9,495)	\$ (8,149)
Interest on convertible bonds	<u>(6,511)</u>	<u>(2,935)</u>
	<u>\$ (16,006)</u>	<u>\$ (11,084)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	\$ 171,949	\$ 145,205
Intangible assets	<u>18,459</u>	<u>16,804</u>
	<u>\$ 190,408</u>	<u>\$ 162,009</u>
(
An analysis of depreciation by function		
Operating costs	\$ 125,695	\$ 109,015
Operating expenses	<u>46,254</u>	<u>36,190</u>
	<u>\$ 171,949</u>	<u>\$ 145,205</u>
An analysis of amortization by function		
Operating costs	\$ 885	\$ 872
Selling and marketing expenses	79	510
General and administrative expenses	15,090	13,440
Research and development expenses	<u>2,405</u>	<u>1,982</u>
	<u>\$ 18,459</u>	<u>\$ 16,804</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2015	2014
Salary expense	<u>\$ 1,738,814</u>	<u>\$ 1,690,217</u>
Other employee benefits	<u>144,957</u>	<u>101,905</u>
Post-employment benefits (Note 22)		
Defined contribution plans	89,943	71,837
Defined benefit plans	<u>245</u>	<u>224</u>
	<u>90,188</u>	<u>72,061</u>
Share-based payments		
Equity-settled share-based payments	<u>-</u>	<u>5,384</u>
Total employee benefits expense	<u>\$ 1,973,959</u>	<u>\$ 1,869,567</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,074,102	\$ 1,091,407
Operating expenses	<u>899,857</u>	<u>778,160</u>
	<u>\$ 1,973,959</u>	<u>\$ 1,869,567</u>

The current Articles of Incorporation of the Company stipulate the distribution of bonus to employees and remuneration to directors and supervisors at no less than 0% and no higher than 3%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to the remuneration to directors and supervisors were \$8,879 thousand, based on historical experience.

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company will stipulate the distribution of employees' compensation at no less than 1% and no higher than 10%, and remuneration to directors and supervisors at no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were estimated at \$38,086 thousand and \$8,887 thousand, respectively, representing 3.76% and 0.88%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 were proposed by the Company's board of directors on March 15, 2016 and are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the shareholders in their meeting to be held on June 15, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

For material differences between these estimates and the amounts proposed by the Board of Directors in the following year, adjustments of the bonus and remuneration are made in the year of the proposal. If the actual amounts subsequently approved at the shareholders' meeting differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

The bonuses to employees and remuneration to directors and supervisors for 2014 and 2013, which were approved in the shareholders' meetings on June 24, 2015 and June 11, 2014, respectively, were as follows:

	For the Year Ended December 31			
	2014		2013	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Bonus to employees	\$ -	\$ -	\$ -	\$ -
Remuneration of directors and supervisors	8,879	-	8,389	-

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 24, 2015 and June 11, 2014 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014 and 2013, respectively.

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

25. INCOME TAXES RELATING TO OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	\$ 220,064	\$ 205,382
Income tax on unappropriated earnings	713	4,117
Adjustments for prior periods	<u>(3,723)</u>	<u>(1,037)</u>
	<u>217,054</u>	<u>208,462</u>
Deferred tax		
In respect of the current year	<u>(11,804)</u>	<u>(8,013)</u>
Income tax expense recognized in profit or loss	<u>\$ 205,250</u>	<u>\$ 200,449</u>

A reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2015	2014
Profit before tax from operations	<u>\$ 965,200</u>	<u>\$ 817,383</u>
Income tax expense calculated at the statutory rate	\$ 247,109	\$ 168,930
Nondeductible expenses in determining taxable income	2,113	4,385
Tax-exempt income	(189)	-
Additional income tax under the Alternative Minimum Tax Act	1,592	1,345
Income tax on unappropriated earnings	713	4,117
Unrecognized loss carryforwards/deductible temporary differences	(42,365)	22,709
Adjustments to prior years' tax	<u>(3,723)</u>	<u>(1,037)</u>
Income tax expense recognized in profit or loss	<u>\$ 205,250</u>	<u>\$ 200,449</u>

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC. The applicable tax rate used by subsidiaries in China is 25% except for BizLink (Kun shan) Co., Ltd., BizConn International Corp. (China) in 2015 and 2014 and for Xiang Yao Electronics (Shen Zhen) Co., Ltd. in 2015 which used tax rate of 15% due to their status as holders and for of high-tech enterprise certificate. The applicable tax rates used by the subsidiaries in the US are 34% for Federal tax and 8.84% for California State tax. The applicable tax rate used by the subsidiaries in Ireland is 12.5% according to local law. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
<u>Deferred tax</u>		
In respect of the current year:		
Actuarial gains and losses on defined benefit plan	<u>\$ (149)</u>	<u>\$ (31)</u>

c. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable	<u>\$ 21,480</u>	<u>\$ 5,047</u>
Current tax liabilities		
Income tax payable	<u>\$ 101,297</u>	<u>\$ 95,838</u>

d. Deferred tax assets and liabilities

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

For the Year Ended December 31, 2015					
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Property, plant and equipment	\$ 718	\$ 1,636	\$ -	\$ 83	\$ 2,437
Payable for annual leave	10,909	1,732	-	280	12,921
Write-down on inventories	14,012	(1,890)	-	112	12,234
Defined benefit obligation	317	(71)	149	-	395
Unrealized profit	35,143	15,064	-	1,808	52,015
Others	<u>3,598</u>	<u>678</u>	<u>-</u>	<u>154</u>	<u>4,430</u>
	<u>\$ 64,697</u>	<u>\$ 17,149</u>	<u>\$ 149</u>	<u>\$ 2,437</u>	<u>\$ 84,432</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Others	<u>\$ 2,101</u>	<u>\$ 5,345</u>	<u>\$ -</u>	<u>\$ (93)</u>	<u>\$ 7,353</u>
For the Year Ended December 31, 2014					
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Property, plant and equipment	\$ 1,135	\$ (461)	\$ -	\$ 44	\$ 718
Payable for annual leave	9,634	1,004	-	271	10,909
Write-down on inventories	11,006	2,368	-	638	14,012
Defined benefit obligation	294	(8)	31	-	317
Unrealized profit	28,006	5,257	-	1,880	35,143
Others	<u>3,164</u>	<u>233</u>	<u>-</u>	<u>201</u>	<u>3,598</u>
	<u>\$ 53,239</u>	<u>\$ 8,393</u>	<u>\$ 31</u>	<u>\$ 3,034</u>	<u>\$ 64,697</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Others	<u>\$ 1,729</u>	<u>\$ 380</u>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ 2,101</u>

- e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets.

December 31		
	2015	2014
Loss carryforwards		
Expire in 2015	\$ -	\$ 13,445
Expire in 2016	11,264	19,359
Expire in 2017	22,643	22,870
Expire in 2018	20,356	24,684
Expire in 2019	20,860	220
		(Continued)

	December 31	
	2015	2014
Expire in 2020	\$ 3,719	\$ 138
Expire in 2021	52,439	54,106
Expire in 2022	37,123	35,823
Expire in 2023	30,255	29,197
Expire in 2024	9,933	9,585
Expire in 2025	809	781
Expire in 2035	<u>1,207</u>	<u>-</u>
	<u>\$ 210,608</u>	<u>\$ 210,208</u>
Investment credits	<u>\$ 11,518</u>	<u>\$ 11,115</u>
Deductible temporary differences	<u>\$ 92,173</u>	<u>\$ 51,356</u>
		(Concluded)

f. Information about unused investment credits, unused loss carryforward and tax-exemption

As of December 31, 2015, investment tax credits comprised of:

Tax Credit Source	Remaining Creditable Amount	Expiry Year
Research and development expenditures	\$ 792	2020
	5,229	2021
	3,749	2022
	<u>1,748</u>	2023
	<u>\$ 11,518</u>	

Loss carryforwards as of December 31, 2015 comprised of:

Unused Amount	Expiry Year
\$ 11,264	2016
22,643	2017
20,356	2018
20,860	2019
3,719	2020
52,439	2021
37,123	2022
30,255	2023
9,933	2024
809	2025
<u>1,207</u>	2035
<u>\$ 210,608</u>	

g. Income tax assessment

As of December 31, 2015, the Company has no unsettled lawsuit.

26. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Basic earnings per share		
Net income	\$ 759,950	\$ 616,934
Weighted average number of ordinary shares in computation of basic earnings per share	<u>91,573</u>	<u>88,964</u>
Basic earnings per share	<u>\$ 8.30</u>	<u>\$ 6.93</u>
Diluted earnings per share		
Net income	\$ 759,950	\$ 616,934
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	-	2,935
Gain on valuation of converted bonds	<u>-</u>	<u>(6,469)</u>
Earnings used in the computation of diluted earnings per share from continuing operation	<u>\$ 759,950</u>	<u>\$ 613,400</u>
Weighted average number of ordinary shares in computation of basic earnings per share	91,573	88,964
Effect of potentially dilutive ordinary shares:		
Convertible bonds	-	663
Bonus to employees	261	-
Employee share option	<u>191</u>	<u>626</u>
Weighted average number of ordinary shares in computation of basic earnings per share	<u>92,025</u>	<u>90,253</u>
Diluted earnings per share	<u>\$ 8.26</u>	<u>\$ 6.80</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 4, 2015. This adjustment caused the basic and diluted after-tax earnings per share for the year ended December 31, 2014 to decrease from NT\$7.28 to NT\$6.93 and from NT\$7.14 to NT\$6.80, respectively.

BizLink offered to settle bonuses paid to employees in cash or shares, BizLink assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were 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 was 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.

The outstanding convertible bonds issued by BizLink on July 30, 2014 were converted to ordinary shares in 2015, they were anti-dilutive and excluded from the computation of diluted earnings per share.

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

Qualified employees of BizLink and its subsidiaries were granted 3,922,000 options on October 15, 2010. Each option entitles the holder to subscribe for one common share of BizLink. The options granted are valid for 6 years and exercisable at certain percentages after the first anniversary from the grant date. According to the regulations of stock option, the option should be granted at an exercise price no less than the net asset value per share on the grant date stated in the latest audited or reviewed consolidated financial statement. For any subsequent changes in BizLink's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2015		2014	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Balance at January 1	508,500	\$ 43.7	1,104,500	\$ 47.60
Options granted	-	-	-	-
Options forfeited	(10,000)	-	(13,500)	-
Options exercised	<u>(312,000)</u>	43.08	<u>(582,500)</u>	44.49
Balance at December 31	<u>186,500</u>	40.5	<u>508,500</u>	43.70
Options exercisable, end of period	<u>186,500</u>	40.5*	<u>508,500</u>	43.70*
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

* BizLink adjusted weighted-average share price of employee share options by prescribed formula, due to the issuance of share dividends and common stock for cash.

The weighted-average share prices at the date of exercise of share options for the years ended December 31, 2015 and 2014 were NT\$126.67 and NT\$119.35, respectively.

Information about outstanding options as of December 31, 2015 and 2014 was as follows:

	December 31	
	2015	2014
Range of exercise price (NT\$)	\$ 40.50	\$ 43.70
Weighted-average remaining contractual life (years)	-	0.04

Options granted in October 2010 were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	October 2010
Grant-date share price (\$)*	60
Exercise price (\$)	60
Expected volatility	37.19%-38.12%
Expected life (years)	4.25
Expected dividend yield	-
Risk-free interest rate	0.75%-1.07%

* Grant-date share price was based on the fair value per share of enterprise appraisal report issued by the actuary in September 2010.

Compensation cost recognized was NT\$0 and NT\$2,374 thousand for the years ended December 31, 2015 and 2014, respectively. Forfeited employee share option reclassified to other capital surplus was NT\$0 thousand and NT\$429 thousand for the years ended December 31, 2015 and 2014, respectively.

28. NON-CASH TRANSACTIONS

The amount of convertible bonds converted to ordinary shares and capital surplus was NT\$44,566 thousand and NT\$0 thousand in the years ended December 31, 2015 and 2014, respectively (refer to Notes 19 and 23).

29. OPERATING LEASE ARRANGEMENTS

The Company as Lessee

Operating leases relate to leases of buildings with lease terms between 1 and 15 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Company does not have a bargain purchase option to acquire the leased buildings at the expiration of the lease periods.

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

	December 31	
	2015	2014
Not later than 1 year	\$ 28,679	\$ 94,548
Later than 1 year and not later than 5 years	60,420	315,955
Later than 5 years	<u>37,065</u>	<u>378,118</u>
	<u>\$ 126,164</u>	<u>\$ 788,621</u>

30. CAPITAL MANAGEMENT

Bizlink manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

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

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, or the amount of new debt issued or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Convertible bonds	<u>\$ 150,904</u>	<u>\$ 189,920</u>	<u>\$ 180,836</u>	<u>\$ 209,000</u>

2) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Convertible bonds	<u>\$ 189,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,920</u>

December 31, 2014

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Convertible bonds	<u>\$ 209,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,000</u>

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

1) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	\$ 2,079	\$ -	\$ -	\$ 2,079
	<u>\$ 2,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,079</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 10,945	\$ -	\$ 10,945
Convertible bonds	-	-	30,655	30,655
	<u>\$ -</u>	<u>\$ 10,945</u>	<u>\$ 30,655</u>	<u>\$ 41,600</u>

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 302	\$ -	\$ 302
Non-derivative financial assets held for trading	2,745	-	-	2,745
	<u>\$ 2,745</u>	<u>\$ 302</u>	<u>\$ -</u>	<u>\$ 3,047</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 22,450	\$ -	\$ 22,450
Convertible bonds	-	-	10,780	10,780
	<u>\$ -</u>	<u>\$ 22,450</u>	<u>\$ 10,780</u>	<u>\$ 33,230</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

For the year ended December 31, 2014

	Convertible Bonds
<u>Financial liabilities</u>	
Balance at January 1, 2014	\$ -
Recognized in profit or loss (included in other gains and losses)	
Unrealized	<u>10,780</u>
Balance at December 31, 2014	<u>\$ 10,780</u>

For the year ended December 31, 2015

	Convertible Bonds
<u>Financial liabilities</u>	
Balance at January 1, 2015	\$ 10,780
Recognized in profit or loss (included in other gains and losses)	
Unrealized	27,998
Reclassified to capital surplus	<u>(8,123)</u>
Balance at December 31, 2015	<u>\$ 30,655</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts and foreign exchange options	Discounted cash flow. 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.

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bonds option	The binomial tree evaluation model of convertible bonds: Consider the duration, the stock price and its volatility of the convertible bond objection, conversion price, risk-free rate of interest, risk discount rate, and liquidity risk of the convertible bonds and other factors. The significant unobservable input is the stock volatility.

c. Categories of financial instruments

	<u>December 31</u>	
	2015	2014
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 2,079	\$ 3,047
Loans and receivables (1)	3,496,200	3,203,475
Financial assets measured at cost	168,072	149,508
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	41,600	33,230
Amortized cost (2)	2,109,250	1,868,515

- 1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes and trade receivables (including related parties), other receivables, other financial assets and refundable deposits (included in other non-current asset).
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and trade payables, other payables, current portion of long-term borrowings, bonds payable, long-term borrowings, and guarantee deposit received (included in other non-current liabilities).

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, trade receivables, trade payables, bonds payable and borrowings. The Company's Corporate Treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company'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 is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the board of directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on the export.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the subsidiaries using the non-U.S. dollar functional currency sensitivity to a 1% increase and decrease in U.S. dollars. A sensitivity rate of 1% is 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 only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit when U.S. dollars weakens by 1% against the relevant currency. For a 1% strengthening of U.S. dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2015	2014
Profit or loss	\$ 22,963	\$ 11,103

This was mainly attributable to the exposure outstanding on U.S. dollar receivables and payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to foreign currency increased during the current period mainly due to increase in foreign currency trade receivables.

The following table details the Company's sensitivity to a 1% increase and decrease in RMB against the option contract. The sensitivity analysis included only the option contracts of the financial assets and liabilities at FVTPL, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in post-tax profit when RMB strengthens by 1% against U.S. dollar. For a 1% weakening of RMB against U.S. dollar, there would be an equal and opposite impact on post-tax profit and the balances below would be negative.

	RMB Strengthen 1%		RMB Weaken 1%	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2015	2014	2015	2014
Profit or loss	\$ 801	\$ 4,800	\$ (890)	\$ (7,608)

This was mainly attributable to the option contracts of unrealized financial assets and liabilities at FVTPL (see Note 7).

b) Interest rate risk

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

	December 31	
	2015	2014
Interest rate risk on fair value		
Financial assets	\$ 576,917	\$ 509,363
Financial liabilities	346,776	245,786
Interest rate risk on cash flow		
Financial assets	915,108	937,063
Financial liabilities	305,221	322,085

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates of 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 whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by NT\$6,099 thousand and NT\$6,150 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposit and bank borrowings.

The Company's sensitivity to interest rates decreased during the current period mainly due to the decrease in variable rate debt instruments.

c) Other price risk

The Company did not have significant risk exposed to equity price risk through its investments in listed equity securities, because the amounts of investment were considered immaterial.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation would arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company's concentration of credit risk of 22% and 23% of total trade receivables as of December 31, 2015 and 2014, respectively, was related to the Company's three largest customers.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2015 and 2014, the Company had available unutilized short-term bank loan facilities set out below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables show details of the Company'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 Company 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 of other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2015

(Amount in Thousands of New Taiwan Dollars)

	Less Than 3 Month	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,407,295	\$ 49,958	\$ -	\$ -
Borrowing at floating interest	5,529	16,446	173,747	141,937
Borrowing at fixed interest	<u>196,045</u>	<u>-</u>	<u>160,500</u>	<u>-</u>
	<u>\$ 1,608,869</u>	<u>\$ 66,404</u>	<u>\$ 334,247</u>	<u>\$ 141,937</u>

December 31, 2014

(Amount in Thousands of New Taiwan Dollars)

	Less Than 3 Month	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,148,215	\$ 152,429	\$ -	\$ -
Borrowing at floating interest	19,786	17,057	121,067	206,568
Borrowing at fixed interest	<u>65,137</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
	<u>\$ 1,233,138</u>	<u>\$ 169,486</u>	<u>\$ 321,067</u>	<u>\$ 206,568</u>

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31 2015

	On Demand or Less than 3 Months	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts	\$ (952)	\$ (1,167)	\$ (3,041)	\$ -	\$ -
Foreign exchange options	<u>(3,857)</u>	<u>(1,928)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (4,809)</u>	<u>\$ (3,095)</u>	<u>\$ (3,041)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2014

	On Demand or Less than 3 Months	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts	\$ (1,573)	\$ (2,955)	\$ (3,444)	\$ -	\$ -
Foreign exchange options	<u>(778)</u>	<u>(1,556)</u>	<u>(10,027)</u>	<u>(1,815)</u>	<u>-</u>
	<u>\$ (2,351)</u>	<u>\$ (4,511)</u>	<u>\$ (13,471)</u>	<u>\$ (1,815)</u>	<u>\$ -</u>

c) Financing facilities

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Ssecured bank loan facilities:		
Amount used	\$ 369,721	\$ 373,156
Amount unused	<u>27,166</u>	<u>50</u>
	<u>\$ 396,887</u>	<u>\$ 373,206</u>
Unsecured bank loan facilities:		
Amount used	\$ 131,372	\$ 13,879
Amount unused	<u>1,314,376</u>	<u>1,212,478</u>
	<u>\$ 1,445,748</u>	<u>\$ 1,226,357</u>

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between BizLink and its subsidiaries, which were related parties of BizLink, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

a. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31	
		2015	2014
Sales	Associates	<u>\$ 36,937</u>	<u>\$ 38,975</u>

The selling price for related is set with agreement between both parties. The credit period for related parties was 30 days after the end of the month. The credit period for third parties was 0 to 120 days after the end of the month.

b. Trade receivables from related parties

Line Items	Related Party Categories	For the Year Ended December 31	
		2015	2014
Trade receivables from related parties	Associates	<u>\$ 2,753</u>	<u>\$ 6,673</u>

The outstanding trade receivables from related parties are unsecured and will be settled in cash. For the years ended December 31, 2015 and 2014, no impairment loss was recognized for trade receivables from related parties.

c. Prepayments

Line Items	Related Party Categories	December 31	
		2015	2014
Prepayments	Other related parties	<u>\$ -</u>	<u>\$ 40,987</u>

d. Other transactions with related parties

Line Items	Related Party Categories	December 31	
		2015	2014
Refundable deposits (included in other - current asset)	Other related parties	<u>\$ 15,681</u>	<u>\$ 13,828</u>
Rental expenses (recorded as cost of goods sold - manufacturing expenses)*	Other related parties	<u>\$ 36,827</u>	<u>\$ 33,800</u>
Rental expenses (recorded as operating expenses)*	Other related parties	<u>\$ 23,830</u>	<u>\$ 22,000</u>

* The rental expenses were based on active market price, paid quarterly.

e. Compensation of key management personnel

For the years ended December 31, 2015 and 2014, the types and amounts of the remuneration of directors and other members of key management personnel were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Short-term employee benefits	\$ 45,359	\$ 42,945
Share-based payments	<u>-</u>	<u>1,360</u>
	<u>\$ 45,359</u>	<u>\$ 44,305</u>

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Pledged deposit (classified as other financial assets - current)	\$ 1,532	\$ 1,811
Bank deposits (classified as other financial assets - non-current)	17,036	17,609
Freehold land	213,654	208,028
Buildings	<u>316,733</u>	<u>302,859</u>
	<u>\$ 548,955</u>	<u>\$ 530,307</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2015 and 2014 were as follows:

Significant commitments

Unrecognized commitments are as follows:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Acquisition of property, plant and equipment	<u>\$ 15,912</u>	<u>\$ 19,639</u>

35. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- The Company completed the pricing and closing of convertible bonds at January 27, 2016 and March 4, 2016, respectively. The issue amount of the convertible bond is US\$60,000 thousand (with an option of upto US\$20,000 thousand), for a total price US\$80,000 thousand.
- The subsidiary of the Company-BizLink International Corp. acquired a building for their own use in January 2016, for a total purchase price of NT\$339,980 thousand.

- c. In the meeting on March 15, 2016, the Board of directors approved a restricted stock plan of 1,500 thousand shares with a par value of NT\$10.
- d. From January 1, 2016 to March 15, 2016, the amount of convertible bonds converted by the owner of the Bonds was NT\$26,500 thousand, reclassified to 214 thousand shares.

36. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

In Thousands of U.S. Dollars and Foreign Currencies			
December 31, 2015			
Foreign Currencies		Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 93,463	6.4893 (USD:RMB)	\$ 3,071,194
HKD	3,436	0.8373 (HKD:RMB)	14,568
USD	7,197	7.7502 (USD:HKD)	236,493
USD	8,157	0.9143 (USD:EUR)	268,039
USD	3,785	4.2900 (USD:MYR)	124,375
HKD	34,592	0.1290 (HKD:USD)	146,666
RMB	33,593	0.1541 (RMB:USD)	170,100
<u>Financial liabilities</u>			
Monetary items			
USD	34,085	6.4893 (USD:RMB)	1,120,033
HKD	27,173	0.8373 (HKD:RMB)	115,211
USD	1,575	7.7502 (USD:HKD)	51,755
HKD	2,976	0.1290 (HKD:USD)	12,618

In Thousands of U.S. Dollars and Foreign Currencies			
December 31, 2014			
Foreign Currencies		Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 85,170	6.1224 (USD:RMB)	\$ 2,700,741
HKD	4,051	0.7892 (HKD:RMB)	16,556
USD	9,598	7.7580 (USD:HKD)	304,353
USD	6,583	0.8222 (USD:EUR)	208,747
USD	4,641	3.5015 (USD:MYR)	147,166
HKD	74,695	0.1289 (HKD:USD)	305,278
RMB	31,525	0.1633 (RMB:USD)	160,620

(Continued)

December 31, 2014			
	Foreign Currencies	Exchange Rate	Carrying Amount (NT\$)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 35,184	6.1224 (USD:RMB)	\$ 1,115,685
HKD	50,341	0.7892 (HKD:RMB)	205,744
USD	2,094	7.7580 (USD:HKD)	66,401
HKD	17,186	0.1289 (HKD:USD)	70,239
			(Concluded)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company's reportable segment is computer related segment, fiber optic segment and other segment. The related information was as follows:

a. Information of reportable segment's gain or loss and assets

For the Year Ended December 31, 2015				
	Computer Related	Fiber Optic	Others	Total
Revenues from external customers	\$ 8,105,506	\$ 288,573	\$ 22,893	\$ 8,416,972
Intersegment revenues	<u>12,225,743</u>	<u>383,868</u>	<u>219,952</u>	<u>12,829,563</u>
Segment revenues	<u>20,331,249</u>	<u>672,441</u>	<u>242,845</u>	<u>21,246,535</u>
Eliminations				<u>(12,829,563)</u>
Consolidated revenues				<u>8,416,972</u>
Segment income	<u>\$ 775,880</u>	<u>\$ 50,681</u>	<u>\$ 5,171</u>	<u>\$ 831,732</u>
Reportable segment other income				\$ 52,615
Reportable segment other gains and losses				141,871
Reportable segment compensation of management personnel				(45,359)
Reportable segment financial cost				(16,006)
Share of profits of associates accounted for using the equity method				<u>347</u>
Reportable segment income before income tax				<u>\$ 965,200</u>

For the Year Ended December 31, 2014				
	Computer Related	Fiber Optic	Others	Total
Revenues from external customers	\$ 7,267,731	\$ 153,922	\$ 60,358	\$ 7,482,011
Intersegment revenues	<u>11,011,331</u>	<u>100,421</u>	<u>318,913</u>	<u>11,430,665</u>
Segment revenues	<u>18,279,062</u>	<u>254,343</u>	<u>379,271</u>	<u>18,912,676</u>
Eliminations				<u>(11,430,665)</u>
Consolidated revenues				<u>7,482,011</u>
Segment income	<u>\$ 841,231</u>	<u>\$ (41,557)</u>	<u>\$ 23,365</u>	<u>\$ 823,039</u>
Reportable segment other income				\$ 33,018
Reportable segment other gains and losses				16,899
Reportable segment compensation of management personnel				(44,305)
Reportable segment financial cost				(11,084)
Share of profits of associates accounted for using the equity method				<u>(184)</u>
Reportable segment income before income tax				<u>\$ 817,383</u>

Segment income represented income from operations earned by each segment without allocation of central administration costs and directors' salaries, in the amount of NT\$45,359 thousand and NT\$44,305 thousand in 2015 and 2014, respectively. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products and services

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

	For the Year Ended December 31	
	2015	2014
Computer related	\$ 8,105,506	\$ 7,267,731
Fiber optic	288,573	153,922
Others	<u>22,893</u>	<u>60,358</u>
	<u>\$ 8,416,972</u>	<u>\$ 7,482,011</u>

c. Geographical information

The Company operates in two principal geographical areas - the United States (USA) and China.

The Company's revenue from operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2015	2014	2015	2014
United States	\$ 3,363,841	\$ 2,731,909	\$ 629,291	\$ 513,246
China	2,323,344	2,138,085	847,920	779,800
Germany	1,168,122	947,650	-	-
Taiwan	362,724	420,210	103,122	95,322
Others	<u>1,198,941</u>	<u>1,244,157</u>	<u>30,982</u>	<u>8,871</u>
	<u>\$ 8,416,972</u>	<u>\$ 7,482,011</u>	<u>\$ 1,611,315</u>	<u>\$ 1,397,239</u>

Non-current assets exclude non-current assets classified as deferred tax assets, financial assets measured at cost - non-current and investment accounted for using equity method.

d. Information about major customers

The information on customer who contributed 10% or more to the Company's revenue is as follows:

	For the Year Ended December 31	
	2015	2014
Customer A*	\$ -**	\$ 731,735
Customer B*	<u>-**</u>	<u>727,679</u>
	<u>\$ -**</u>	<u>\$ 1,459,414</u>

*: Revenues from computer related.

** : Less than 10% of the Company's revenue.