TECO ELECTRIC & MACHINERY CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2015 AND 2014

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of TECO Electric & Machinery Co., Ltd. and subsidiaries as of September 30, 2015 and 2014, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the statements of changes in equity and of cash flows for the nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists primarily of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 4(3) to the consolidated financial statements, we did not review the financial statements of certain consolidated subsidiaries and investees accounted for under equity method, which statements reflect total assets (including investments accounted for under the equity method) of $33,841,241,000 and $33,366,336,000, constituting 43% and 42% of consolidated total assets as of September 30, 2015 and 2014, respectively, total liabilities (including credit balance of investments accounted for under equity method) of $4,166,225,000 and $4,494,439,000, constituting 14% and 15% of consolidated total liabilities as of September 30, 2015 and 2014, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of $436,567,000 and $333,069,000, constituting 58% and 33% of the consolidated total comprehensive income for the three-month periods ended September 30, 2015 and 2014, respectively, and $1,043,447,000 and $916,617,000, constituting 178%

and 16% of the consolidated total comprehensive income for the nine-month periods ended September 30, 2015 and 2014, respectively. These amounts and the related information disclosed in Note 13 were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

Based on our reviews, except for the effect on the consolidated financial statements and related disclosures of such adjustments, if any, as might have been determined to be necessary had the financial statements of these consolidated subsidiaries and investee companies been reviewed by independent accountants as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard No. 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

November 13, 2015

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2015, DECEMBER 31, 2014, AND SEPTEMBER 30, 2014
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2015 and 2014 are reviewed, not audited)

	Assets	Notes	September 30, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%	September 30, 2014 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1) and 8	$ 16,380,750	21	$ 17,201,690	21	$ 15,830,811	20
1110	Financial assets at fair value through profit or loss - current	6(2)	202,492	-	318,399	-	422,370	1
1125	Available-for-sale financial assets - current	6(3) and 8	1,391,464	2	1,252,111	2	1,135,472	1
1147	Bond investments without active markets - current	6(4)	117,551	-	122,540	-	119,641	-
1150	Notes receivable, net	6(5)(6) and 8	1,133,123	1	998,510	1	1,091,176	1
1160	Notes receivable - related parties	7	19,993	-	99,132	-	43,186	-
1170	Accounts receivable, net	6(6) and 8	8,896,790	11	8,333,056	10	8,778,508	11
1180	Accounts receivable - related parties	7	162,480	-	583,912	1	650,730	1
1190	Receivables from customers on construction contracts	6(8)	677,724	1	844,335	1	915,686	1
1200	Other receivables		220,420	-	256,546	-	223,004	-
1210	Other receivables - related parties	7	756,235	1	701,582	1	488,742	1
130X	Inventories, net	6(7) and 8	11,311,913	14	11,539,306	14	11,464,593	14
1410	Prepayments		347,649	1	250,509	-	469,766	1
1470	Other current assets	6(1) and 8	1,987,116	3	773,706	1	901,689	1
11XX	**Total current assets**		43,605,700	55	43,275,334	52	42,535,374	53
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(3) and 8	10,388,242	13	14,155,901	17	12,359,618	16
1550	Investments accounted for under the equity method	6(9) and 8	5,503,200	7	5,352,012	7	5,272,686	7
1600	Property, plant and equipment, net	6(10) and 8	14,571,214	19	14,569,687	18	14,403,639	18
1760	Investment property, net	6(11)	2,589,446	3	2,591,956	3	2,530,567	3
1780	Intangible assets		163,684	-	174,250	-	170,000	-
1840	Deferred income tax assets	6(30)	1,059,735	1	1,078,738	1	1,107,417	1
1900	Other non-current assets	6(12) and 8	1,326,298	2	1,515,167	2	1,420,078	2
15XX	**Total non-current assets**		35,601,819	45	39,437,711	48	37,264,005	47
1XXX	**Total assets**		$ 79,207,519	100	$ 82,713,045	100	$ 79,799,379	100

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2015, DECEMBER 31, 2014, AND SEPTEMBER 30, 2014
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2015 and 2014 are reviewed, not audited)

			September 30, 2015		December 31, 2014		September 30, 2014	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13) and 8	$ 2,314,695	3	$ 2,472,904	3	$ 2,725,103	4
2120	Financial liabilities at fair value through profit or loss - current	6(14)	51	-	-	-	196	-
2150	Notes payable		125,862	-	119,833	-	195,826	-
2160	Notes payable - related parties	7	5,480	-	8,850	-	2,814	-
2170	Accounts payable		6,623,726	9	7,461,702	9	8,121,546	10
2180	Accounts payable - related parties	7	81,426	-	87,358	-	126,547	-
2190	Payables to customers on construction contracts	6(8)	288,450	-	291,341	1	430,938	1
2200	Other payables	6(15)	4,515,789	6	5,246,997	6	4,474,083	6
2230	Current income tax liabilities	6(30)	531,233	1	393,743	1	279,849	-
2250	Provisions for liabilities - current		277,829	-	192,504	-	240,510	-
2300	Other current liabilities	6(17)	3,339,754	4	1,800,595	2	2,637,036	3
21XX	**Total current liabilities**		18,104,295	23	18,075,827	22	19,234,448	24
	Non-current liabilities							
2530	Corporate bonds payable	6(16)	3,000,000	4	1,527,600	2	1,480,200	2
2540	Long-term borrowings	6(17) and 8	3,485,801	4	5,474,646	7	4,667,520	6
2550	Provisions for liabilities - non-current		214,370	-	226,994	-	176,680	-
2570	Deferred income tax liabilities	6(30)	2,012,316	3	1,911,066	2	2,048,459	2
2600	Other non-current liabilities	6(9)	2,156,146	3	2,208,190	3	2,129,651	3
25XX	**Total non-current liabilities**		10,868,633	14	11,348,496	14	10,502,510	13
2XXX	**Total liabilities**		28,972,928	37	29,424,323	36	29,736,958	37
	Equity attributable to owners of parent							
	Share capital	6(20)						
3110	Common stock		20,026,929	25	20,026,929	24	20,026,929	25
	Capital surplus	6(21)						
3200	Capital surplus		7,606,043	9	7,600,552	8	7,611,546	9
	Retained earnings	6(22)(30)						
3310	Legal reserve		5,412,342	7	5,005,650	6	5,005,650	6
3320	Special reserve		3,640,779	5	3,737,786	5	3,737,786	5
3350	Unappropriated retained earnings		9,795,017	12	9,701,155	12	9,078,902	11
	Other equity interest	6(23)						
3400	Other equity interest		217,093	-	3,519,564	4	1,123,141	2
3500	Treasury stocks	6(20) and 8	(321,563)	-	(321,563)	-	(321,563)	-
31XX	**Equity attributable to owners of the parent**		46,376,640	58	49,270,073	59	46,262,391	58
36XX	**Non-controlling interest**		3,857,951	5	4,018,649	5	3,800,030	5
3XXX	**Total equity**		50,234,591	63	53,288,722	64	50,062,421	63
	Commitments and contingent liabilities	9						
	Subsequent events	11						
3X2X	**Total liabilities and equity**		$ 79,207,519	100	$ 82,713,045	100	$ 79,799,379	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 13, 2015.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2015		2014 (adjusted)		2015		2014 (adjusted)	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(24) and 7	$ 12,247,527	100	$ 13,430,820	100	$ 36,123,359	100	$ 41,170,970	100
5000	**Operating costs**	6(7)(18)(28)(29) and 7	(9,158,184)	(75)	(10,031,909)	(75)	(26,914,177)	(74)	(30,887,771)	(75)
5900	**Net operating margin**		3,089,343	25	3,398,911	25	9,209,182	26	10,283,199	25
5910	Unrealized profit from sales		(2,746)	-	(523)	-	(8,734)	-	(9,459)	-
5920	Realized profit from sales		-	-	-	-	10,265	-	10,330	-
5950	**Net operating margin**		3,086,597	25	3,398,388	25	9,210,713	26	10,284,070	25
	Operating expenses	6(18)(28)(29)								
6100	Selling expenses		(1,026,420)	(8)	(1,106,735)	(8)	(3,085,815)	(9)	(3,241,331)	(8)
6200	General and administrative expenses		(741,489)	(6)	(784,687)	(6)	(2,204,952)	(6)	(2,225,177)	(5)
6300	Research and development expenses		(356,263)	(3)	(415,780)	(3)	(1,067,966)	(3)	(1,179,667)	(3)
6000	**Total operating expenses**		(2,124,172)	(17)	(2,307,202)	(17)	(6,358,733)	(18)	(6,646,175)	(16)
6900	**Operating profit**		962,425	8	1,091,186	8	2,851,980	8	3,637,895	9
	Non-operating income and expenses									
7010	Other income	6(4)(11)(25) and 7	364,077	3	415,225	3	947,610	3	766,311	2
7020	Other gains and losses	6(2)(3)(10)(14)(26)(32)	24,250	-	(128,691)	(1)	(60,623)	-	293,607	1
7050	Finance costs	6(10)(27)	(56,025)	(1)	(57,504)	-	(150,209)	(1)	(175,843)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(9)	80,576	1	99,313	1	175,918	-	224,999	-
7000	**Total non-operating income and expenses**		412,878	3	328,343	3	912,696	2	1,109,074	3
7900	**Profit before income tax**		1,375,303	11	1,419,529	11	3,764,676	10	4,746,969	12
7950	Income tax expense	6(30)	(338,327)	(2)	(293,360)	(2)	(913,089)	(2)	(1,101,775)	(3)
8200	**Profit for the period**		$ 1,036,976	9	$ 1,126,169	9	$ 2,851,587	8	$ 3,645,194	9

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

			Three months ended September 30				Nine months ended September 30			
			2015		2014 (adjusted)		2015		2014 (adjusted)	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Other comprehensive income that will be reclassified to profit or loss									
8361	Currency translation differences of foreign operations	6(23)	$ 741,653	6	$ 202,425	1	($ 88,110)	-	$ 209,682	-
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)(23)	(2,468,113)	(20)	(283,651)	(2)	(3,354,449)	(10)	2,019,940	5
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under the equity method - other comprehensive income that will be reclassified to profit or loss		1,406	-	(7,643)	-	(11,448)	-	(4,576)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(30)	(69,875)	(1)	(14,452)	-	16,822	-	(18,621)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(1,794,929)	(15)	(103,321)	(1)	(3,437,185)	(10)	2,206,425	5
8300	**Other comprehensive income (loss) for the period**		($ 1,794,929)	(15)	($ 103,321)	(1)	($ 3,437,185)	(10)	$ 2,206,425	5
8500	**Total comprehensive income (loss) for the period**		($ 757,953)	(6)	$ 1,022,848	8	($ 585,598)	(2)	$ 5,851,619	14
	Profit attributable to:									
8610	Owners of the parent		$ 956,442	8	$ 1,034,208	8	$ 2,606,509	7	$ 3,365,612	8
8620	Non-controlling interest		80,534	1	91,961	1	245,078	1	279,582	1
			$ 1,036,976	9	$ 1,126,169	9	$ 2,851,587	8	$ 3,645,194	9
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		($ 790,076)	(6)	$ 889,993	7	($ 695,962)	(2)	$ 5,430,247	13
8720	Non-controlling interest		32,123	-	132,855	1	110,364	-	421,372	1
			($ 757,953)	(6)	$ 1,022,848	8	($ 585,598)	(2)	$ 5,851,619	14
	Earnings per share (in dollars)	6(31)								
9750	**Basic earnings per share**		$ 0.48		$ 0.53		$ 1.32		$ 1.71	
9850	**Diluted earnings per share**		$ 0.48		$ 0.52		$ 1.31		$ 1.70	

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 13, 2015.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent											
		Capital			Retained Earnings			Other Equity Interest					
	Notes	Share capital - common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
For the nine-month period ended September 30, 2014													
Balance at January 1, 2014		$ 19,646,374	$380,555	$ 7,493,180	$ 4,629,663	$ 3,737,786	$ 8,292,239	($ 312,141)	($ 629,353)	($321,563)	$ 42,916,740	$ 3,860,540	$ 46,777,280
Appropriations of 2013 net income	6(22)												
Legal reserve		-	-	-	375,987	-	(375,987)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(2,202,962)	-	-	-	(2,202,962)	-	(2,202,962)
Transferred from advance receipts for share capital	6(20)	380,555	(380,555)	-	-	-	-	-	-	-	-	-	-
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	-	39,923	-	-	-	-	-	-	39,923	-	39,923
Difference between the price for acquisition or disposal of subsidiaries and carrying amount		-	-	78,443	-	-	-	-	-	-	78,443	-	78,443
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	-	(481,882)	(481,882)
Other comprehensive income for the period	6(23)	-	-	-	-	-	-	182,694	1,881,941	-	2,064,635	141,790	2,206,425
Profit for the period	6(22)	-	-	-	-	-	3,365,612	-	-	-	3,365,612	279,582	3,645,194
Balance at September 30, 2014		$ 20,026,929	$ -	$ 7,611,546	$ 5,005,650	$ 3,737,786	$ 9,078,902	($ 129,447)	$ 1,252,588	($321,563)	$ 46,262,391	$ 3,800,030	$ 50,062,421
For the nine-month period ended September 30, 2015													
Balance at January 1, 2015		$ 20,026,929	$ -	$ 7,600,552	$ 5,005,650	$ 3,737,786	$ 9,701,155	$ 352,932	$ 3,166,632	($321,563)	$ 49,270,073	$ 4,018,649	$ 53,288,722
Appropriations of 2014 net income	6(22)												
Reversal of special reserve		-	-	-	-	(97,007)	97,007	-	-	-	-	-	-
Legal reserve		-	-	-	406,692	-	(406,692)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(2,202,962)	-	-	-	(2,202,962)	-	(2,202,962)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	-	(16,412)	-	-	-	-	-	-	(16,412)	-	(16,412)
Difference between the price for acquisition or disposal of subsidiaries and carrying amount		-	-	21,903	-	-	-	-	-	-	21,903	-	21,903
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	-	(271,062)	(271,062)
Other comprehensive income for the period	6(23)	-	-	-	-	-	-	(79,596)	(3,222,875)	-	(3,302,471)	(134,714)	(3,437,185)
Profit for the period	6(22)	-	-	-	-	-	2,606,509	-	-	-	2,606,509	245,078	2,851,587
Balance at September 30, 2015		$ 20,026,929	$ -	$ 7,606,043	$ 5,412,342	$ 3,640,779	$ 9,795,017	$ 273,336	($ 56,243)	($321,563)	$ 46,376,640	$ 3,857,951	$ 50,234,591

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 13, 2015.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)
(REVIEWD, NOT AUDITED)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		$ 3,764,676	$ 4,746,969
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Net gain on financial assets at fair value through profit or loss	6(2)(26)	(24,210)	(33,751)
Net loss (gain) on financial liabilities at fair value through profit or loss	6(14)(26)	51	(1,280)
Provision for allowance for doubtful accounts	6(6)	35,095	13,470
Provision for (reversal of) decline in value of inventories	6(7)	71,792	(114,507)
Interest income	6(25)	(129,314)	(116,256)
Dividend income	6(25)	(439,358)	(385,227)
Interest expense	6(27)	150,209	175,843
Depreciation and amortization	6(10)(11)(28)	954,305	965,598
Gain on disposal of investments	6(24)(26)	(169,184)	(58,794)
Loss (gain) on disposal of property, plant and equipment	6(26)	10,296	(798,071)
Impairment loss	6(10)(26)	29,370	218,128
Share of profit of associates and joint ventures accounted for under the equity method	6(9)	(175,918)	(224,999)
Foreign currency exchange loss of bonds payable	6(16)	25,200	4,500
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current	6(2)	140,117	(40,164)
Notes receivable	6(5)	(134,613)	(92,666)
Notes receivable - related parties	7	79,139	55,946
Accounts receivable	6(6)	(318,590)	(202,677)
Accounts receivable - related parties	7	434,393	79,499
Receivables from customers on construction contracts	6(8)	166,611	(36,554)
Other receivables		40,204	(20,737)
Other receivables - related parties	7	(67,586)	(61,584)
Inventories	6(7)	156,592	(179,384)
Prepayments		(95,966)	(100,229)
Other current assets		42,550	47,271
Net changes in liabilities relating to operating activities			
Notes payable		5,940	(157,046)
Notes paypale - related parties	7	(3,370)	(14,109)
Accounts payable		(989,520)	569,489
Accounts payable - related parties	7	(12,162)	46,745
Payables to customers on construction contracts	6(8)	(2,891)	187,502
Other payables	6(15)	(503,497)	(146,726)
Provisions for liabilities		72,701	(23,167)
Other current liabilities		(20,634)	(31,441)
Other non-current liabilities		(65,371)	51,238
Cash generated from operations		3,027,057	4,322,829
Interest received	6(25)	129,314	116,256
Dividends received	6(25)	615,486	551,460
Interest paid	6(27)	(150,209)	(175,843)
Income tax paid	6(30)	(638,524)	(962,773)
Net cash provided by operating activities		2,983,124	3,851,929

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)
(REVIEWD, NOT AUDITED)

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in available-for-sale financial assets - current	6(3)	($ 155,100)	($ 92,210)
Decrease (increase) in bond investments without active market	6(4)	4,989	(13,011)
Increase in pledged demand and fixed deposits	8	(1,255,960)	(25,945)
Proceeds from disposal of available-for-sale financial assets - non-current	6(3)	941,500	754,053
Acquisition of available-for-sale financial assets - non-current	6(3)	(427,868)	(451,358)
Increase in investments accounted for under the equity method	6(9)	(346,280)	(32,559)
Acquisition of property, plant and equipment	6(10)(33)	(1,068,136)	(1,740,932)
Proceeds from disposal of property, plant and equipment	6(10)	19,139	1,172,844
Acquisition of intangible assets		(58,332)	(50,266)
(Increase) decrease in restricted assets	8	(169)	10,622
Decrease (increase) in other non-current assets	6(12)	139,292	(310,834)
Net cash outflow on acquisitions of subsidiaries	6(33)	(3,108)	-
Net cash used in investing activities		(2,210,033)	(779,596)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of short-term loans	6(13)	(176,437)	(138,139)
Payments of long-term loans	6(17)	(12,810,764)	(2,420,215)
Proceeds from long-term loans	6(17)	10,828,541	2,500,000
Proceeds from issuance of bonds payable	6(16)	3,000,000	-
Cash dividends paid	6(22)	(2,202,962)	(2,202,962)
Net cash used in financing activities		(1,361,622)	(2,261,316)
Exchange rate effect		(232,409)	118,965
(Decrease) increase in cash and cash equivalents		(820,940)	929,982
Cash and cash equivalents at beginning of period		17,201,690	14,900,829
Cash and cash equivalents at end of period		$ 16,380,750	$ 15,830,811

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 13, 2015.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE-NINE MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Teco Electric & Machinery Co., Ltd. (the Company) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") primarily engages in the manufacture, installation, wholesale, retail of various types of electronic equipment, telecommunication equipment, office equipment, and home appliances.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 13, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognised immediately in other comprehensive income when incurred. Past service cost will be recognised immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans. Based on the Group's assessment, the impact of the standard is in the following table.

B.IFRS 11, 'Joint arrangements'

The standard replaces IAS 31, 'Interests in joint ventures' and eliminates the policy choice of proportionate consolidation for joint ventures. When deciding the types of joint arrangements－ joint operations or joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. Based on the Group's assessment, the impact of the standard is summarised in the following table.

C.IAS 1, ‘Presentation of financial statements’

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

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

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

E.IFRS 13, ‘Fair value measurement’

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

F.IAS 28, ‘Investments in associates and joint ventures’ (as amended in 2011)

As consequential amendments resulting from the issuance of IFRS 11, ‘Joint arrangements’, IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures. A portion of an investment in an associate or a joint venture that meets the criteria to be classified as held for sale shall be measured at fair value less costs to sell. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. When 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 entity continues to apply the equity method and does not remeasure the retained interest. Based on the Group’s assessment, the impact of the standard is summarised in the following table.

G.Disclosures - Transfers of financial assets (amendments to IFRS 7)

The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date. The Group includes qualitative and quantitative disclosures for all transferred financial assets.

Significant effects of applying the 2013 version of IFRS to the consolidated financial statements are summarized in the following table:

Consolidated balance sheet Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
January 1, 2014				
Current assets	$ 40,843,355	($ 55,226)	$ 40,788,129	2
Investments accounted for using equity method	5,019,511	150,311	5,169,822	2
Other non-current assets	31,027,187	(203,135)	30,824,052	2
Total affected assets	$ 76,890,053	($ 108,050)	$ 76,782,003	
Current liabilities	$ 19,983,776	($ 108,050)	$ 19,875,726	2
Non-current liabilities	10,182,303	(53,306)	10,128,997	1
Total affected liabilities	30,166,079	(161,356)	30,004,723	
Share capital	20,026,929	-	20,026,929	
Capital surplus	7,493,180	-	7,493,180	
Retained earnings	16,606,382	53,306	16,659,688	1
Other equity	(1,263,057)	-	(1,263,057)	
Non-controlling interests	3,860,540	-	3,860,540	
Total affected equity	46,723,974	53,306	46,777,280	
Total affected equity and liabilities	$ 76,890,053	($ 108,050)	$ 76,782,003	

Consolidated balance sheet Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
September 30, 2014				
Current assets	$ 42,537,704	($ 2,330)	$ 42,535,374	2
Investments accounted for using equity method	5,147,037	125,649	5,272,686	2
Other non-current assets	32,178,219	(186,900)	31,991,319	2
Total affected assets	$ 79,862,960	($ 63,581)	$ 79,799,379	
Current liabilities	$ 19,298,029	($ 63,581)	$ 19,234,448	2
Non-current liabilities	10,555,816	(53,306)	10,502,510	1
Total affected liabilities	29,853,845	(116,887)	29,736,958	
Share capital	20,026,929	-	20,026,929	
Capital surplus	7,611,546	-	7,611,546	
Retained earnings	17,769,032	53,306	17,822,338	1
Other equity	801,578	-	801,578	
Non-controlling interests	3,800,030	-	3,800,030	
Total affected equity	50,009,115	53,306	50,062,421	
Total affected equity and liabilites	$ 79,862,960	($ 63,581)	$ 79,799,379	

Consolidated balance sheet Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
December 31, 2014				
Current assets	$ 43,266,297	$ 9,037	$ 43,275,334	2
Investments accounted for using equity method	5,232,739	119,273	5,352,012	2
Other non-current assets	34,272,631	(186,932)	34,085,699	2
Total affected assets	$ 82,771,667	($ 58,622)	$ 82,713,045	
Current liabilities	$ 18,134,449	($ 58,622)	$ 18,075,827	2
Non-current liabilities	11,394,547	(46,051)	11,348,496	1
Total affected liabilities	29,528,996	(104,673)	29,424,323	
Share capital	20,026,929	-	20,026,929	
Capital surplus	7,600,552	-	7,600,552	
Retained earnings	18,398,540	46,051	18,444,591	1
Other equity	3,198,001	-	3,198,001	
Non-controlling interests	4,018,649	-	4,018,649	
Total affected equity	53,242,671	46,051	53,288,722	
Total affected equity and liabilities	$ 82,771,667	($ 58,622)	$ 82,713,045	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
Three-month period ended September 30, 2014				
Operating revenue	$ 13,449,780	($ 18,960)	$ 13,430,820	2
Operating costs	(10,053,807)	21,375	(10,032,432)	2
Operating profit	3,395,973	2,415	3,398,388	
Operating expenses	(2,310,598)	3,396	(2,307,202)	1、2
Operating income	1,085,375	5,811	1,091,186	
Non-operating income and expenses				
Share of profit of associates and joint ventures accounted for using equity method	106,184	(6,871)	99,313	2
Others	227,970	1,060	229,030	2
Profit before tax	1,419,529	-	1,419,529	
Income tax expense	(293,360)	-	(293,360)	
Profit for the period	1,126,169	-	1,126,169	
Other comprehensive loss (net of tax)	(103,321)	-	(103,321)	
Total comprenensive income for the period	$ 1,022,848	$ -	$ 1,022,848	
Earnings per share (in dollars):				
Basic	$ 0.53	$ -	$ 0.53	
Diluted	$ 0.52	$ -	$ 0.52	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
Nine-month period ended September 30, 2014				
Operating revenue	$ 41,224,290	($ 53,320)	$ 41,170,970	2
Operating costs	(30,949,139)	62,239	(30,886,900)	2
Operating profit	10,275,151	8,919	10,284,070	
Operating expenses	(6,658,197)	12,022	(6,646,175)	1、2
Operating income	3,616,954	20,941	3,637,895	
Non-operating income and expenses				
Share of profit of associates and joint ventures accounted for using equity method	249,870	(24,871)	224,999	2
Other	880,145	3,930	884,075	2
Profit before tax	4,746,969	-	4,746,969	
Income tax expense	(1,101,775)	-	(1,101,775)	
Profit for the period	3,645,194	-	3,645,194	
Other comprehensive income (net of tax)	2,206,425	-	2,206,425	
Total comprehensive income for the period	$ 5,851,619	$ -	$ 5,851,619	
Earnings per share (in dollars):				
Basic	$ 1.71	$ -	$ 1.71	
Diluted	$ 1.70	$ -	$ 1.70	

Descriptions:

(a) The Group recognised previously unrecognised past service cost and actuarial losses by decreasing accrued pension liabilities by $53,306, $53,306 and $46,051 and increasing retained earnings by $53,306, $53,306 and $46,051 at January 1, 2014, September 30, 2014 and December 31, 2014, respectively.

(b) The Group accounted for its interest in Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd. (a joint venture) using the equity method instead of using proportionate consolidation after adopting IFRS 11. The adjustments at January 1, 2014, September 30, 2014 and December 31, 2014 are summarized in the above table.

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

None.

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

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

New Standards, Interpretations and Amendments	International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(c) Liabilities on cash-settled share-based payment arrangements measured at fair value.

(d) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised past service cost, and less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Teco Electric & Machinery Co., Ltd.	Teco Holding USA Inc.	Holding company	100	100	100	
Teco Electric & Machinery Co., Ltd.	United View Global Investment Co., Ltd.	Holding company	100	100	100	
Teco Electric & Machinery Co., Ltd.	Tesen Electric & Machinery Co., Ltd.	Manufacturing and sales of home appliances	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Assets Management & Development Co., Ltd.	Real estate business	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electric Europe Limited	Distribution of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electric & Machinery (Pte) Ltd.	Distribution of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong Dai Co., Ltd.	Distribution of motors	92.63	92.63	92.63	Note 1
Teco Electric & Machinery Co., Ltd.	Tong Tai Jung Co., Ltd.	Distribution of motors	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electro Devices Co., Ltd.	Manufacturing and sales of step motors and servomotors	64.08	64.08	64.08	Note 1
Teco Electric & Machinery Co., Ltd.	Yatec Engineering Corporation	Development and maintenance of various electric appliances	64.95	64.95	64.95	Note 1
Teco Electric & Machinery Co., Ltd.	Taian (Subic) Electric Co., Inc.	Manufacturing and sales of switches	76.7	76.7	76.7	Note 1
Teco Electric & Machinery Co., Ltd.	Taian-Etacom Technology Co., Ltd.	Manufacturing of busway and related components	84.73	84.73	84.73	Note 1
Teco Electric & Machinery Co., Ltd.	Taian (Malaysia) Electric Sdn. Bhd.	Manufacturing of switches	76.85	76.85	76.85	Note 1
Teco Electric & Machinery Co., Ltd.	Micropac Worldwide (BVI)	International trading	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	95.24	95.24	95.24	Note 1
Teco Electric & Machinery Co., Ltd.	A-Ok Technical Co., Ltd.	Repair of electric appliances	86.67	86.67	86.67	Note 1
Teco Electric & Machinery Co., Ltd.	Tecom Co., Ltd.	Touch-tone phone system and billing box	63.52	63.52	63.52	
Teco Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd.	E-business service, mailing and data management	71.30	71.30	71.30	Note 1
Teco Electric & Machinery Co., Ltd.	GD Teco Taiwan Co., Ltd.	Manufacturing of IC projects	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco International Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tecnos International Consultant Co., Ltd.	Business management consulting	73.54	73.54	73.54	Note 1
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Delivery and logistics services	32.63	33.42	33.42	Note 2
Teco Electric & Machinery Co., Ltd.	Teco Technology (Vietnam) Co., Ltd.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Nanotech Co., Ltd.	Manufacturing and sales of nanotech material products	86.83	86.83	86.83	Note 1
Teco Electric & Machinery Co., Ltd.	Kuen Ling Machinery Refrigerating Co., Ltd.	Manufacturing, installation, repair, domestic and export sales and leasing of condenser, water cooling, water-cooled chiller and freezer	19.98	19.98	19.98	Note 3

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Teco Electric & Machinery Co., Ltd.	Yaskawa Teco Motor Engineering Co.,	Manufacturing and sales of motors	60	40	40	Note 1
Teco Holding USA Inc.	Teco Westinghouse Motor Company	Manufacturing and sales of motors and generators	100	100	100	
Teco Holding USA Inc.	Teco Westinghouse Motor Industrial Canada	Manufacturing and sales of motors and generators	100	100	100	
United View Global Investment Co., Ltd.	Great Teco Motor (Pte) Ltd.	Holding company	100	100	100	Note 1
United View Global Investment Co., Ltd.	Asia Air Tech Industrial (Pte) Ltd.	Holding company	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Australia Pty. Ltd.	Manufacturing and sales of motors and home appliances	99.99	99.99	99.99	
United View Global Investment Co., Ltd.	P.T Teco Elektro Indonesia	Manufacturing and sales of motors and home appliances	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Industrial (Malaysia) Sdn. Bhd.	Manufacturing and sales of motors	100	100	100	Note 1
United View Global Investment Co., Ltd.	Tecoson Industrial Development (Pte) Ltd.	Investment in South-East Asia and Hong Kong	100	100	100	Note 1
United View Global Investment Co., Ltd.	Asia Electric & Machinery (Pte) Ltd.	Holding company	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
United View Global Investment Co., Ltd.	Great Teco, S.L.	Sales of motors	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Electric & Machinery B.V.	Sales of motors, green power and electric control products	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Elektrik Turkey A. S.	Sales of motors and home appliances	100	100	100	Note 1
Teco Electric & Machinery (Pte) Ltd.	P.T Teco Multiguna Electro	Sales of motors in Singapore	87.5	87.5	87.5	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco (Thai) Co.	Sales of motors in Singapore	55	55	55	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco Electric & Machinery Sdn. Bhd.	Sales of motors in Singapore	100	100	100	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco (Vietnam) Electric & Machinery Company Ltd.	Manufacturing of motors	60	60	60	Note 1
Teco Electric & Machinery (Pte) Ltd.	TYM Electric and Machinery Sdn. Bhd.	Distribution of motors	100	100	100	Note 1
Tong Dai Co., Ltd.	Top-Tower Enterprises Co., Ltd.	Sales of motors	40	40	40	Note 1 and 3
Teco Electro Devices Co., Ltd.	Teco Electro Devices Co., Ltd.	Trading and various investments	100	100	100	
Micropac Worldwide (BVI)	An-Tai International Investment	Investment holdings	100	100	100	Note 1
Teco International Investment Co., Ltd.	Tasia (Pte) Ltd.	Various investments	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Tong-An Investment Co., Ltd.	Jack Property Service & Management Company	Building management servicing	50	50	50	Notes 1 and 3
Tong-An Investment Co., Ltd.	Tecocapital Investment (Samoa)	Holding company	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Tecocapital Investment Co., Ltd.	Holding company	100	100	100	Note 1
Taiwan Pelican Express Co., Ltd.	Pelecanus Express Pte. Ltd.	Holding company	100	100	100	
Teco Westinghouse Motor Company	Teco Westinghouse Motor Company S. A. de C.V.	Manufacturing and sales of motors and generators	100	100	100	
Tecom Co., Ltd.	Tecom International Investment Co., Ltd.	Investments in various undertakings	100	100	100	Note 1
Tecom Co., Ltd.	Baycom Opto-Electronics Technology Co., Ltd.	Manufacturer of fiber optic communications products, providing a full range of fiber optical cables, interconnect, Transceiver/ Media converter, patch cord, LC connectors & adapter	51.19	51.19	51.19	
Tecom Co., Ltd.	Tecom Global Tech Investment (B.V.I.) Limited	Investments in various undertakings	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Tecom Co., Ltd.	Tecom Global Tech Investment Pte Limited	Investments in various undertakings	100	100	100	Note 1
Tecom Co., Ltd.	Tecom Tech Investment (B.V.I.) Limited	Investments in various undertakings	100	100	100	Note 1
Kuen Ling Machinery Refrigerating Co., Ltd.	Ching Chi International Limited	Investments in other areas	100	100	100	
Kuen Ling Machinery Refrigerating Co., Ltd.	K.A. Corp.	Commodity sales and trading business	100	100	100	Note 1
Kuen Ling Machinery Refrigerating Co., Ltd.	I Chi Industrial Co., Ltd.	General manufacturing	70	70	70	Note 1
Kuen Ling Machinery Refrigerating Co., Ltd.	Cozy Air-Conditioning Co., Ltd.	General manufacturing	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Suzhou Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of motors and generators	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Wuxi Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of motors and generators	82.35	82.35	82.35	
Great Teco Motor (Pte) Ltd.	Jiangxi Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of motors	98.07	98.07	91.67	
Great Teco Motor (Pte) Ltd.	Qingdao Teco Precision Mechatronics Co., Ltd.	Manufacturing and sales of motors	85.31	85.31	85.31	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Great Teco Motor (Pte) Ltd.	Fujian Teco Precision Co., Ltd.	Manufacturing and sales of electric components	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Shanghai Teco Electric & Machinery Co., Ltd.	Agents and sales of motors	100	100	100	Note 1
Asia Air Tech Industrial (Pte) Ltd.	Teco (Dong Guang) Air Conditioning Equipment Co., Ltd.	Manufacturing and sales of air-conditioning mechanical equipment	100	100	100	Note 1
Teco Australia Pty. Ltd.	Teco (New Zealand) Limited	Manufacturing and sales of motors and home appliances	100	100	100	
Tecoson Industrial Development (Pte) Ltd.	Tecoson HK Co., Ltd.	Various investments	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Nanchang Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of home appliances	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Xiamen Teco Technology Co., Ltd.	Distribution of motors and home appliances	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Asia Innovative Technology Co., Ltd.	Distribution of home appliances	100	100	100	
Asia Electric & Machinery (Pte) Ltd.	Tianjin Teco Technology Co., Ltd.	Operations center in Central China	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Asia Electric & Machinery (Pte) Ltd.	Jiangxi TECO Air Conditioning Equipment Co., Ltd.	Manufacturing and sales of various air-conditioning units	100	100	100	Note 1
Teco Electric & Machinery B.V.	Teco Electric & Machinery GmbH.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Electro Devices Co., Ltd.	Taichang Teco Electro Devices Co.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Westinghouse Motor Company	Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	Manufacturing and sales of motors, winding and related parts	100	100	100	Note 1
An-Tai International Investment (Singapore) Co., Ltd.	Tai-An Technology (Wuxi) Co., Ltd.	Manufacturing and sales of fiber electric equipment	100	100	100	Note 1
An-Tai International Investment (Singapore) Co., Ltd.	Hunan TECO Wind Energy Limited	Manufacturing, sales and technical services of 2.0 megawatt and above aerogenerator, wheel bay and other components	100	100	100	Note 1
Tecom International Investment Co., Ltd.	WondaLink Inc.	Wired Communication equipment and apparatus, manufacturing of telecommunication equipment and apparatus manufacturing of electronic parts	80	80	73.56	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Tecom International Investment Co., Ltd.	MOCET Networks Inc.	Sale of phones and peripherals	100	100	100	Note 1
Tecom Global Tech Investment (B.V.I.) Limited	Wuhan Tecom Co., Ltd.	Communication network information technology development, sales and technology services business	100	100	100	Note 1
Tecom Global Tech Investment Pte Limited	Tecom Tech (Wuxi) Co,. Ltd.	R & D, manufacture of broadband access network communication system equipment, asynchronous transfer mode, IP data communication systems, mobile communication handsets, base stations, switching equipment and digital trunking system equipment, high-end routers, Gigabit switch than the above network, program-controlled switchboards ; sale of products to provide technology services	100	100	100	Note 1
Tecom Global Tech Investment (B.V.I.) Limited	Tecom Tech (Xiamen) Co., Ltd.	Flat panel displays, IT products, printed circuit board assembly, manufacture, testing and communication products and equipment, R & D reproduction	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Tecom Global Tech Investment (B.V.I.) Limited	Beijing Tecom Innovation Technology Co., Ltd.	Intelligent home systems and spare parts of the internet of Things, fixed-line mobile phone multi-network integration of family related systems and spare parts, the broadband access network communication system hardware, software and accessories, wireless network communication system hardware and software, and zero communication system hardware and software and spare parts business communications telephone system, batch systems and spare parts and spare parts wholesale, import and export of goods and technology import and export, import and export agency, to provide technical advice, technical training, technology services	100	100	100	Note 1
Tasia (Pte) Ltd.	Sankyo Co., Ltd.	Sales of home appliances	100	100	100	Note 1
Tecocapital Investment (Samoa) Co., Ltd.	Qingdao TECO Innovation Co., Ltd.	Science Park development and business operations and consulting services	100	100	100	Note 1
Tecocapital Investment Co., Ltd.	Technical Information International Co., Ltd.	Development and sales of software	70	70	70	Note 1
Pelecanus Express Pte. Ltd.	Beijing Pelican Express Co., Ltd.	Storage services	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Ching Chi International Limited	Kuen Ling Machinery Refrigerating (Shanghai) Co., Ltd.	Manufacturing and sales of water-cooled chiller etc.	100	100	100	
Ching Chi International Limited	Suzhou KuenYuan Refrigerating Equipment Co., Ltd.	General manufacturing	100	100	100	
K.A. Corp.	Kuen Ling Machinery Refrigerating (Vietnam) Co., Ltd.	General manufacturing	100	100	100	Note 1
Teco Westinghouse Motor Company S.A. de c.v.	Teco Westinghouse Colombia S.A.S.	Manufacturing and sales of motors and generators	100	100	-	
Tai-An Technology (Wuxi) Co., Ltd.	Teco Sichuan Trading Co., Ltd.	Sales of motors and home appliances	100	100	100	Note 1
Information Technology Total Services Co., Ltd.	Information Technology Total Service (BVI) Co., Ltd.	Holding company	100	100	100	Note 1
Information Technology Total Services Co., Ltd.	Universal Mail Service Ltd.	Engaged in various business documents management, printing and other mail services	100	100	100	Note 1
Information Technology Total Services Co., Ltd.	Unison Service Corporation	Engaged in services related to information software, data processing and electronic information supply	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Information Technology Total Service (BVI) Co., Ltd.	Information Technology Total Service (Hang Zhou) Co., Ltd.	Engaged in services related to information software, data processing and electronic information supply	100	100	100	Note 1
Information Technology Total Service (BVI) Co., Ltd.	Information Technology (Wuxi) Co., Ltd.	Engaged in services related to information software, data processing and electronic information supply	100	100	100	Note 1
Information Technology (Wuxi) Co., Ltd.	Information Technology Total Service (Xiamen) Co, Ltd.	Engaged in services related to information software, data processing and electronic information supply	100	100	100	Note 1

Note 1:The financial statements of the entity as of and for nine-month periods ended September 30, 2015 and 2014 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2:The Company sold part of its ownership in Taiwan Pelican Express Co., Ltd. in August, 2012, and accordingly, its ownership fell below 50% of the voting shares of Taiwan Pelican Express Co., Ltd.. However, the Company still has control over the finance, operations and personnel affairs of Taiwan Pelican Express Co., Ltd., so Taiwan Pelican Express Co., Ltd. continues to be included in the consolidated financial statements.

Note 3:The Company has control over the board of directors of the subsidiary, and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.

We did not review the financial statements of certain consolidated subsidiaries which statements reflect total assets of $33,841,241 and $33,366,336 as of September 30, 2015 and 2014, respectively, total liabilities of $4,166,225 and $4,494,439 as of September 30, 2015 and 2014, respectively, and comprehensive income (including the share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method) of $436,567, $333,069, $1,043,447 and $916,617 for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

C.Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	Ownership (%) December 31, 2014	Ownership (%) September 30, 2014	Description
Teco Electric & Machinery Co., Ltd.	Teco Appliance (HK) Co., Ltd.	Sales of home appliances	99.99	99.99	99.99	Note
Teco Electric & Machinery Co., Ltd.	Taian Electric Co., Ltd.	Manufacturing and sales of switches	100	100	100	Note
Teco Electric & Machinery Co., Ltd.	An-Sheng Travel Co., Ltd.	Travel Industry	96	96	96	Note
Teco Electric & Machinery Co., Ltd.	Taian-Jaya Electric Sdn. Bhd.	Manufacturing and sales of home appliances	95	95	95	Note
Teco Electric & Machinery Co., Ltd.	Teco (PHILIPINES) 3C & APPLIANCES, INC.	Sales of air conditioning and electrical appliances	60	60	60	Note
Great Teco Motor (Pte) Ltd.	Teco Group Science-Technology (Hang Zhou) Co., Ltd.	Electrical machinery electron and automatic control technology development and consultation service	100	100	100	Note
Great Teco Motor (Pte) Ltd.	Nanchang Dong-Huan Management & Consulting Co., Ltd.	Various investments	100	100	100	Note
Tong-An Assets Management & Development	Grey Back International Property Inc.	Real estate management and development	54.83	54.83	54.83	Note

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Description
Tasia (Pte) Ltd.	TTMC Co., Ltd.	Engaged in a variety of investment businesses	100	100	100	Note
Jack Property Service & Management Company	Qingdao Jie Zheng Property Service & Management Company	Property management and related services	100	100	100	Note

Note：The above subsidiaries were not included in the consolidated financial statements as their respective total assets and operating revenues did not exceed the materiality threshold of the Company's total assets and operating revenues.

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

E.Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

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

As of September 30, 2015, December 31, 2014 and September 30, 2014, the non-controlling interest amounted to $3,857,951, $4,018,649 and $3,800,030, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-Controlling Interest			
		September 30, 2015		December 31, 2014	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Tecom Co., Ltd.	R.O.C	$ 305,842	36.48%	$ 371,939	36.48%
Taiwan Pelican Express Co., Ltd.	R.O.C	1,119,632	67.37%	1,264,481	66.58%
Kuen Ling Machinery Refrigerating Co., Ltd.	R.O.C	994,543	80.02%	1,013,237	80.02%
Wuxi Teco Electric & Machinery Co., Ltd.	China	408,131	17.65%	386,028	17.65%
Jiangxi Teco Electric & Machinery Co., Ltd.	China	96,263	1.93%	92,854	1.93%
Qingdao Teco Precision Mechatronics Co., Ltd.	China	41,327	14.69%	41,288	14.69%

Name of subsidiary	Principal place of business	Non-Controlling Interest September 30, 2014 Amount	Ownership (%)
Tecom Co., Ltd.	R.O.C	$ 389,066	36.48%
Taiwan Pelican Express Co., Ltd.	R.O.C	1,121,358	66.58%
Kuen Ling Machinery Refrigerating Co., Ltd.	R.O.C	965,725	80.02%
Wuxi Teco Electric & Machinery Co., Ltd.	China	368,225	17.65%
Jiangxi Teco Electric & Machinery Co., Ltd.	China	90,535	1.93%
Qingdao Teco Precision Mechatronics Co., Ltd.	China	47,844	14.69%

Summarised financial information of the subsidiaries:

Balance sheets

Tecom Co., Ltd.	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 2,246,751	$ 2,069,046	$ 2,780,531
Non-current assets	565,985	583,639	596,040
Current liabilities	(2,063,298)	(1,989,212)	(2,664,974)
Non-current liabilities	(332,978)	(133,319)	(134,933)
Total net assets	$ 416,460	$ 530,154	$ 576,664

Taiwan Pelican Express Co., Ltd.	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 1,406,245	$ 1,563,469	$ 1,371,402
Non-current assets	684,514	799,215	743,911
Current liabilities	(463,138)	(532,556)	(455,162)
Non-current liabilities	(17,370)	(17,165)	(15,134)
Total net assets	$ 1,610,251	$ 1,812,963	$ 1,645,017

Kuen Ling Machinery Refrigerating Co., Ltd.	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 1,486,985	$ 1,481,213	$ 1,485,268
Non-current assets	646,168	669,447	673,167
Current liabilities	(671,744)	(643,564)	(697,273)
Non-current liabilities	(151,351)	(173,454)	(185,874)
Total net assets	$ 1,310,058	$ 1,333,642	$ 1,275,288

	Wuxi Teco Electric & Machinery Co., Ltd.		
	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 3,179,715	$ 3,310,505	$ 3,150,968
Non-current assets	581,626	585,327	564,112
Current liabilities	(1,376,270)	(1,645,444)	(1,555,114)
Non-current liabilities	(72,712)	(63,269)	(73,708)
Total net assets	$ 2,312,359	$ 2,187,119	$ 2,086,258

	Jiangxi Teco Electric & Machinery Co., Ltd.		
	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 1,085,647	$ 738,922	$ 756,171
Non-current assets	1,640,184	1,691,603	1,326,350
Current liabilities	(941,097)	(709,303)	(404,098)
Non-current liabilities	(2,085)	(1,721)	(1,845)
Total net assets	$ 1,782,649	$ 1,719,501	$ 1,676,578

	Qingdao Teco Precision Mechatronic Co., Ltd.		
	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 429,167	$ 430,539	$ 430,087
Non-current assets	826,620	845,396	843,272
Current liabilities	(974,457)	(994,873)	(947,668)
Total net assets	$ 281,330	$ 281,062	$ 325,691

Statements of comprehensive income

	Tecom Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 1,293,920	$ 1,470,818
Loss before income tax	(15,841)	(35,774)
Income tax expense	1,083	(2,417)
Loss for the period	(14,758)	(38,191)
Other comprehensive loss (net of tax)	(43,867)	(16,722)
Total comprehensive loss for the period	($ 58,625)	($ 54,913)
Comprehensive (loss) income attributable to non-controlling interest	($ 20,229)	$ 13,993

	Tecom Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 3,069,856	$ 4,941,381
(Loss) profit before income tax	(59,056)	6,089
Income tax expense	(811)	(2,419)
(Loss) profit for the period	(59,867)	3,670
Other comprehensive loss (net of tax)	(17,139)	(40,678)
Total comprehensive loss for the period	($ 77,006)	($ 37,008)
Comprehensive (loss) income attributable to non-controlling interest	($ 29,135)	$ 8,531

	Taiwan Pelican Express Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 647,271	$ 643,419
Profit before income tax	8,482	21,953
Income tax expense	(1,548)	(3,803)
Profit for the period	6,934	18,150
Other comprehensive (loss) income (net of tax)	(84,623)	5,604
Total comprehensive (loss) income for the period	($ 77,689)	$ 23,754
Comprehensive (loss) income attributable to non-controlling interest	($ 52,451)	$ 18,547
Dividends paid to non - controlling interest	$ 69,918	$ 95,343

	Taiwan Pelican Express Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 1,950,642	$ 1,918,958
Profit before income tax	124,371	118,608
Income tax expense	(19,764)	(20,037)
Profit for the period	104,607	98,571
Other comprehensive (loss) income (net of tax)	(202,305)	187,405
Total comprehensive (loss) income for the period	($ 97,698)	$ 285,976
Comprehensive (loss) income attributable to non-controlling interest	($ 66,052)	$ 188,949
Dividends paid to non - controlling interest	$ 69,918	$ 95,343

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 606,607	$ 736,281
Profit before income tax	54,361	61,961
Income tax expense	(10,159)	(10,450)
Profit for the period	44,202	51,511
Other comprehensive income (net of tax)	24,120	15,183
Total comprehensive income for the period	$ 68,322	$ 66,694
Comprehensive income attributable to non-controlling interest	$ 52,190	$ 51,401
Dividends paid to non - controlling interest	$ 109,687	$ 103,587

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 1,720,185	$ 1,871,291
Profit before income tax	132,823	170,183
Income tax expense	(27,142)	(30,347)
Profit for the period	105,681	139,836
Other comprehensive income (net of tax)	8,017	3,955
Total comprehensive income for the period	$ 113,698	$ 143,791
Comprehensive income attributable to non-controlling interest	$ 90,162	$ 114,935
Dividends paid to non - controlling interest	$ 109,687	$ 103,587

	Wuxi Teco Electric & Machinery Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 1,047,364	$ 1,149,355
Profit before income tax	81,962	85,308
Income tax expense	(14,011)	(25,184)
Profit for the period	67,951	60,124
Other comprehensive income (net of tax)	-	-
Total comprehensive income for the period	$ 67,951	$ 60,124
Comprehensive income attributable to non-controlling interest	$ 14,756	$ 10,612

	Wuxi Teco Electric & Machinery Co., Ltd	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 2,919,895	$ 3,035,591
Profit before income tax	105,631	266,208
Income tax expense	(19,039)	(56,501)
Profit for the period	86,592	209,707
Other comprehensive income (net of tax)	-	-
Total comprehensive income for the period	$ 86,592	$ 209,707
Comprehensive income attributable to non-controlling interest	$ 15,283	$ 37,013

	Jiangxi Teco Electric & Machinery Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 549,562	$ 162,883
Loss before income tax	(5,029)	(12,573)
Loss for the period	(5,029)	(12,573)
Other comprehensive income (net of tax)	-	-
Total comprehensive loss for the period	($ 5,029)	($ 12,573)
Comprehensive income (loss) attributable to non-controlling interest	$ 1,488	($ 1,259)

	Jiangxi Teco Electric & Machinery Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 1,246,927	$ 466,544
Profit (loss) before income tax	33,785	(28,020)
Profit (loss) for the period	33,785	(28,020)
Other comprehensive income (net of tax)	-	-
Total comprehensive income (loss) for the period	$ 33,785	($ 28,020)
Comprehensive income (loss) attributable to non-controlling interest	$ 1,824	($ 4,862)

	Qingdao Teco Precision Mechatronic Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 177,320	$ 92,759
Profit (loss) before income tax	5,595	(27,282)
Profit (loss) for the period	5,595	(27,282)
Total comprehensive income (loss) for the period	$ 5,595	($ 27,282)
Comprehensive loss attributable to non-controlling interest	($ 392)	($ 4,007)

	Qingdao Teco Precision Mechatronic Co.,Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 552,586	$ 432,044
Loss before income tax	(4,240)	(413,491)
Loss for the period	(4,240)	(413,491)
Total comprehensive loss for the period	($ 4,240)	($ 413,491)
Comprehensive loss attributable to non-controlling interest	($ 623)	($ 60,742)

Statements of cash flows

	Tecom Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Net cash (used in) provided by operating activities	($ 147,252)	$ 148,416
Net cash used in investing activities	(89,712)	(31,586)
Net cash provided by (used in) financing activities	131,764	(80,666)
(Decrease) increase in cash and cash equivalents	(105,200)	36,164
Cash and cash equivalents, beginning of period	366,119	733,283
Cash and cash equivalents, end of period	$ 260,919	$ 769,447

	Taiwan Pelican Express Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Net cash provided by operating activities	$ 110,521	$ 116,514
Net cash used in investing activities	(94,428)	(96,961)
Net cash used in financing activities	(104,853)	(142,501)
Effect of exchange rate on cash and cash equivalents	210	93
Decrease in cash and cash equivalents	(88,550)	(122,855)
Cash and cash equivalents, beginning of period	1,049,303	1,035,540
Cash and cash equivalents, end of period	$ 960,753	$ 912,685

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Net cash provided by operating activities	$ 7,140	$ 51,839
Net cash used in investing activities	(19,484)	(28,740)
Net cash used in financing activities	(103,988)	(117,825)
Effect of exchange rate on cash and cash equivalents	(1,129)	836
Decrease in cash and cash equivalents	(117,461)	(93,890)
Cash and cash equivalents, beginning of period	388,213	380,222
Cash and cash equivalents, end of period	$ 270,752	$ 286,332

	Wuxi Teco Electric & Machinery Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Net cash provided by operating activities	$ 176,307	$ 48,289
Net cash used in investing activities	(80,234)	(63,924)
Net cash used in financing activities	(1,010)	(178,128)
Effect of exchange rates on cash and cash equivalents	11,009	365
Increase (decrease) in cash and cash equivalents	106,072	(193,398)
Cash and cash equivalents, beginning of period	495,504	755,582
Cash and cash equivalents, end of period	$ 601,576	$ 562,184

	Jiangxi Teco Electric & Machinery Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Net cash provided by operating activities	$ 101,945	$ 6,418
Net cash used in investing activities	(89,908)	(910,474)
Net cash (used in) provided by financing activities	(154,931)	1,110,997
Effect of exchange rates on cash and cash equivalents	1,175	2,407
(Decrease) increase in cash and cash equivalents	(141,719)	209,348
Cash and cash equivalents, beginning of period	329,551	110,278
Cash and cash equivalents, end of period	$ 187,832	$ 319,626

	Qingdao Teco Precision Mechatronic Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Net cash (used in) provided by operating activities	($ 44,300)	$ 216,991
Net cash provided by (used in) investing activities	2,587	(6,933)
Net cash provided by (used in) financing activities	28,616	(241,317)
Effect of exchange rates on cash and cash equivalents	380	204
Decrease in cash and cash	(12,717)	(31,055)

	Jiangxi Teco Electric & Machinery Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Cash and cash equivalents, beginning of period	46,714	169,563
Cash and cash equivalents, end of period	$ 33,997	$ 138,508

(4) Foreign currency translation

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

A.Foreign currency transactions and balances

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

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

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

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

B.Translation of foreign operations

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

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

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

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

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

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

(d)Good will and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at balance sheet date.

(5) Classification of current and non-current items

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

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

(b)Assets held mainly for trading purposes;

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

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

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

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

(b)Liabilities arising mainly from trading activities;

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

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

(6) Cash and cash equivalents

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

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

A.Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

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

C.Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

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

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

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

(9) Loans and receivables

A.Accounts receivable

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

B.Bond investments without active market

(a)Bond investments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:

i. Not designated on initial recognition as at fair value through profit or loss;

ii.Not designated on initial recognition as available-for-sale;

iii.Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(b)On a regular way purchase or sale basis, bond investments without active market are recognised and derecognised using trade date accounting.

(c)Bond investments without active market are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

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

(10) Impairment of financial assets

A.The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

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

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

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

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

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

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

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

(a)Financial assets measured at amortised cost

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

(b)Available-for-sale financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(12) Lease (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Construction contracts

A. IAS 11, 'Construction Contracts', defines a construction contract as a contract specifically negotiated for the construction of an asset. If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognized as an expense as soon as such loss is probable. If the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognised only to the extent of contract costs incurred that it is probable will be recoverable.

B. Contract revenue should include the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.

C. The excess of the cumulative costs incurred plus recognised profits (less recognised losses) over the progress billings on each construction contract is presented as an asset within 'receivables from customers on construction contracts'. While, the excess of the progress billings over the cumulative costs incurred plus recognised profits (less recognised losses) on each construction contract is presented as a liability within 'payables to customers on construction contracts'.

(15) Investments accounted for under the equity method / associates

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

The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

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

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

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

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

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

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

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) <u>Investment accounted for under the equity method-joint ventures</u>

The Group accounts for its interest in joint ventures under the equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in joint venture egnal or exceeds its interest in joint venture together with any other unsecured receivables. The Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(17) Property, plant and equipment

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

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings	10 ～ 50 years
Machinery and equipment	3 ～ 15 years
Transportation equipment	3 ～ 5 years
Other equipment	2 ～ 15 years
Leasehold assets	30 years

(18) Leased assets/ leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a)A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b)The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c)Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 15 to 60 years.

(20) Intangible assets

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

B. Intangible assets except goodwill are mainly computer software, which is stated at cost and amortised on the straight-line basis over the estimated economic useful life.

(21) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

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

(22) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(23) Notes and accounts payable

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

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

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(25) Derecognition of financial liabilities

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

(26) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Financial liabilities and equity instruments

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

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

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

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

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

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

B. Ordinary corporate bonds issued by the Group are initially recognised at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the ‘finance costs’ over the period of bond circulation using the effective interest method.

(28) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognised at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortisation and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(29) Provisions for other liabilities

Provisions (including product warranties, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(30) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

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

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

iii.Past service costs are recognised immediately in profit or loss.

iv.Pension cost for interim period is calculated on a year-to-date basis by using the pension cost rate derived from the acturarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements or other significant one-off events. Also, the related information is disclosed accordingly.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense when it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates.

(31) Employee share-based payment

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

(32) Income tax

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

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

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

G. Based on the “Income Basic Tax Act”, if the regular income tax is equal or more than the basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and other relevant laws. Whereas, if the regular income tax is less than basic tax, the income tax payable shall be equal to the basic tax. The difference between the regular income tax and basic tax shall not be subject to deductions of investment tax credits granted under the provisions of other laws.

H. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period and the related information is disclosed accordingly.

(33) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

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

(34) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(35) Revenue recognition

A. Sales of goods

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

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

B. Sales of services

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

C. Construction contract

Revenue and cost from long-term construction contracts are recognised under the percentage-of-completion method when the outcome of construction contract can be estimated reliably. If the outcome of construction contract cannot be estimated reliably, it should be recognised under completed contract method. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognised as contract loss regardless of the method.

D. A sale agreement comprising of multiple components

A sale agreement offered by the Group might comprise of multiple components, including sale of goods and subsequent repair services, etc. If a sale agreement comprises of multiple identifiable components, the fair value of the consideration received or receivable in respect of the sale agreement shall be allocated between those components based on the relative fair value of each component. The amount of proceeds allocated to each component is recognized as revenue in profit or loss following the revenue recognition criteria applied to each component. The fair value of each component is determined by its market value when it is sold separately.

(36) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(37) Business combinations

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

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of any previous equity interest in the acquire over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognised and the fair value of previously held equity interest in the acquire is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(38) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

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

A. Financial assets—impairment of equity investments

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

B. Investment property

The Group uses part of the property for its own use and part to earn rentals or for capital appreciation. When the portions cannot be sold separately, the property is classified as investment property only if the own-use portion accounts for less than 20% of the property.

C. Revenue recognition on a net/gross basis

The Group determines it to be a 'consignor' or an 'agent' of a transaction based on whether the transaction exposes the Group to significant risks and rewards of ownership related to the sale of goods in terms of the type of trading and its economic substance. If the Group is determined as a consignor, the gross proceeds received or receivable from a customer is recognized as revenue; however, if as an agent, the net trading amount is recognised as commission revenue.

When the following characteristics of a 'consignor' are met, the Group recognizes revenue on a gross basis:

(a) The Group has primary responsibilities for the goods or services it provides;

(b) The Group takes inventory risk;

(c) The Group has the latitude to set the price of goods or services directly or indirectly;

(d) The Group takes credit risk of customer.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

In principle, sales revenues are recognised when the earning process is completed. The Group estimates discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

B. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future. As of September 30, 2015, the Group recognised equipment, net of impairment loss, amounting to $1,902,468.

C. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

D. Impairment assessment of investments accounted for under the equity method

The Group assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

E. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the reliability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

As of September 30, 2015, the Group recognised deferred income tax assets amounting to

$1,059,735.

F. Evaluation of inventories

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

As of September 30, 2015, the carrying amount of inventories was $11,311,913.

G. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

H. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgments and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

As of September 30, 2015, the carrying amount of unlisted stocks was $1,616,604.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2015	December 31, 2014	September 30, 2014
Cash on hand and revolving funds	$ 12,152	$ 13,259	$ 13,812
Checking accounts and demand deposits	9,384,449	10,265,834	9,736,208
Cash equivalents	6,984,149	6,922,597	6,080,791
	$ 16,380,750	$ 17,201,690	$ 15,830,811

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

B. As of September 30, 2015, December 31, 2014 and September 30, 2014, cash and cash equivalents amounting to $1,386,904, $130,944 and $264,495 as purchase loans were pledged to others as collateral (listed as other current assets). Please refer to Note 8.

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

Items	September 30, 2015	December 31, 2014	September 30, 2014
Current items:			
Financial assets held for trading			
Listed and OTC stocks	$ 149,406	$ 207,573	$ 244,064
Beneficiary certificates	68,952	81,243	143,904
Non-hedging derivatives	391	21,039	19,031
	218,749	309,855	406,999
Valuation adjustment of financial assets held for trading	(16,257)	8,544	15,371
	$ 202,492	$ 318,399	$ 422,370

A.The Group recognised net (loss) gain of ($4,278), $31,389, $24,210 and $33,751 on financial assets held for trading for the three months and nine months ended September 30, 2015 and 2014, respectively.

B.The non-hedging derivative instruments transaction and contract information are as follows:

	September 30, 2015			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
SELL AUD/BUY USD	Oct. 8, 2015	AUD	500,000	$ 391

	December 31, 2014			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
SELL EUR/BUY USD	Jan. 6, 2015~May 12, 2015	EUR	8,000,000	$ 7,702
BUY USD/SELL JPY	Jan. 14, 2015~April 30, 2015	JPY	800,000,000	13,304
BUY USD/SELL JPY	Jan. 12, 2015~Feb. 10, 2015	JPY	39,920,675	33
				$ 21,039

	September 30, 2014			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
SELL EUR/BUY USD	Nov. 17, 2014~Dec. 31, 2014	EUR	8,000,000	$ 7,691
BUY USD/SELL JPY	Oct. 31 2014~Dec. 29, 2014	JPY	600,000,000	8,176
SELL AUD/BUY USD	Oct. 31, 2014~Nov. 10, 2014	AUD	2,000	3,164
				$ 19,031

C.The Group entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

D.Due to the global financial crisis in year 2008, listed stocks amounting to $110,010 that were initially classified as ‘financial assets at fair value through profit or loss’ were reclassified to available-for-sale financial assets on July 1, 2008 in accordance with paragraph 50(c) of IAS 39. The relevant information is set forth below:

(a) The above reclassified assets that have not yet been disposed of are as follows:

	September 30, 2015 Book value/Fair value	December 31, 2014 Book value/Fair value	September 30, 2014 Book value/Fair value
Listed stocks	$ 2,152	$ 2,953	$ 2,933

(b) The changes in fair value of the above listed stocks that were recognised in profit or loss and other comprehensive income were $0 and ($801), respectively, for the nine months ended September 30, 2015, and were $0 and $190, respectively, for the nine months ended September 30, 2014. The accumulated total changes in fair value of the above listed stocks that were recognised in profit or loss and other comprehensive income before January 1, 2014 were $11,102 and ($539), respectively.

(c) If the above listed stocks had not been reclassified to available-for-sale financial assets on July 1, 2008, the gain from changes in fair value of these assets that should have been recognized in profit or loss is as follows:

	For the nine-month periods ended September 30, 2015	For the nine-month periods ended September 30, 2014
Listed stocks	($ 801)	$ 190

(3) Available-for-sale financial assets

Items	September 30, 2015	December 31, 2014	September 30, 2014
Current items:			
Listed and OTC stocks	$ 1,235,315	$ 1,039,343	$ 969,000
Emerging stocks	43,412	64,596	18,494
Beneficiary certificates	63,470	83,158	85,191
	1,342,197	1,187,097	1,072,685
Valuation adjustment of available-for-sale financial assets	49,267	65,014	62,787
	$ 1,391,464	$ 1,252,111	$ 1,135,472
Non-current items:			
Listed and OTC stocks	$ 3,799,516	$ 4,177,844	$ 3,036,317
Emerging stocks	6,029,680	6,017,572	6,886,768
Unlisted stocks	1,238,777	1,251,857	1,368,273
	11,067,973	11,447,273	11,291,358
Valuation adjustment of available-for-sale financial assets	(679,731)	2,708,628	1,068,260
	$ 10,388,242	$ 14,155,901	$ 12,359,618

A. The Group recognised ($2,394,592), ($307,114), ($3,211,427) and $1,886,517 in other comprehensive income for fair value change and reclassified ($17,371), ($112,089), $169,184 and $59,463 from equity to profit or loss for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

B. The Group has assessed its investment – FULL OCEAN TRADING LIMITED had been generating losses as the growth in the industry environment is not as expected. For the three-month and nine-month periods ended September 30, 2015 and 2014, the amount of impairment loss recognised were $25,370, $0, $29,370, and $4,000, respectively.

C. Details of the Group's available-for-sale financial assets pledged to others as collateral are provided in Note 8.

(4) Investments in bonds without active markets

Items	September 30, 2015	December 31, 2014	September 30, 2014
Current items:			
Fixed deposit	$ 117,551	$ 122,540	$ 119,641

A. The Group recognised interest income of $317, $477, $858 and $989 in profit or loss as amortised cost for the three-month and nine-month periods ended, respectively.

B. Investments in bonds without active markets that the Group held are time deposits of the bank with a good credit rating.

C. As of September 30, 2015, December 31, 2014 and September 30, 2014, no investments in bonds without active markets held by the Group were pledged to others.

(5) Notes receivable

	September 30, 2015	December 31, 2014	September 30, 2014
Notes receivable	$ 1,140,871	$ 1,002,554	$ 1,094,962
Less: allowance for bad debts	(7,748)	(4,044)	(3,786)
	$ 1,133,123	$ 998,510	$ 1,091,176

A.The credit quality information of the notes receivable of the Group was provided in Note 6(6).

B.Details of the Group's notes receivable pledged to others as collateral are provided in Note 8.

(6) Accounts receivable

	September 30, 2015	December 31, 2014	September 30, 2014
Accounts receivable	$ 9,143,338	$ 8,560,476	$ 9,006,907
Less: allowance for bad debts	(246,548)	(227,420)	(228,399)
	$ 8,896,790	$ 8,333,056	$ 8,778,508

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

	September 30, 2015	December 31, 2014	September 30, 2014
Group 1	$ 3,949,951	$ 3,592,499	$ 3,763,030
Group 2	1,603,788	1,538,187	1,540,372
Group 3	1,015,995	996,891	1,266,746
Group 4	332,917	295,293	446,111
Group 5	375,211	607,614	660,418
	$ 7,277,862	$ 7,030,484	$ 7,676,677

Note:

Group 1: Clients without substantial risk, such as government institutions and listed companies.

Group 2: Clients with extremely low risk, which have excellent reputation and prospect, as ratified by the director of credit management of the Group.

Group 3: Clients with low risk, which operate well and have had business relationships with the Group for many years with normal payment condition.

Group 4: Clients with risk at an acceptable level, where the Group shall monitor their credit condition regularly.

Group 5: Clients with fewer transactions and lower transaction amounts, which shall be kept under observation.

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Up to 30 days	$ 1,023,256	$ 819,602	$ 865,654
31 to 90 days	696,582	701,905	605,260
91 to 180 days	540,770	279,662	291,601
Over 181 days	491,443	499,913	430,492
	$ 2,752,051	$ 2,301,082	$ 2,193,007

The above ageing analysis was based on past due date.

C. Movements on the Group's provision for impairment of accounts receivable are as follows:

(a) As of September 30, 2015, December 31, 2014 and September 30, 2014, the amounts of the Group's accounts receivable that were impaired were $254,296, $231,464 and $232,185, respectively.

(b) Movement on allowance for bad debts is as follows:

	For the nine-month period ended September 30, 2015		
	Individual provision	Group provision	Total
At January 1	$ 94,818	$ 136,646	$ 231,464
Provision for impairment	7,499	27,596	35,095
Write-offs during the period	(847)	(14,588)	(15,435)
Translation adjustment of foreign exchange	2,053	1,119	3,172
At September 30	$ 103,523	$ 150,773	$ 254,296

	For the nine-month period ended September 30, 2014		
	Individual provision	Group provision	Total
At January 1	$ 42,946	$ 204,898	$ 247,844
Provision for impairment	1,776	11,694	13,470
Write-offs during the period	(12,968)	(18,084)	(31,052)
Translation adjustment of foreign exchange	(111)	2,034	1,923
At September 30	$ 31,643	$ 200,542	$ 232,185

D. The Group holds land, buildings, time deposits, letter of guarantee and letter of quality guarantee collateral as security for accounts receivable.

E. Details of the Group's accounts receivable pledged to others as collateral are provided in Note 8.

(7) Inventories

	September 30, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,947,905	($ 452,622)	$ 2,495,283
Work in process	1,485,665	(102,922)	1,382,743
Finished goods	6,631,331	(330,719)	6,300,612
Inventory in transit	859,992	-	859,992
Merchandise inventories	282,944	(9,661)	273,283
	$ 12,207,837	($ 895,924)	$ 11,311,913

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,116,785	($ 422,814)	$ 2,693,971
Work in process	1,416,720	(109,850)	1,306,870
Finished goods	6,371,386	(291,368)	6,080,018
Inventory in transit	1,078,970	-	1,078,970
Merchandise inventories	389,790	(10,313)	379,477
	$ 12,373,651	($ 834,345)	$ 11,539,306

	September 30, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,199,210	($ 469,639)	$ 2,729,571
Work in process	1,433,006	(71,205)	1,361,801
Finished goods	6,304,227	(340,866)	5,963,361
Inventory in transit	998,377	-	998,377
Merchandise inventories	422,207	(10,724)	411,483
	$ 12,357,027	($ 892,434)	$ 11,464,593

A. The cost of inventories recognised as expense for the three-month and nine-month periods ended September 30, 2015 and 2014 was $7,125,024, $7,944,645, $20,971,516 and $24,962,552, respectively, including the amounts of $6,517, ($12,709), $71,792 and ($114,507), respectively, that the Group wrote up or down from cost to net realisable value accounted for as cost of goods sold and for reversal of net present value of inventories caused by the adjustment in sales.

B. Details of the Group’s inventory pledged to others as collateral are provided in Note 8.

(8) Construction in progress

	September 30, 2015	December 31, 2014	September 30, 2014
Aggregate costs incurred plus recognised profits (less recognised losses)	$ 13,975,932	$ 13,664,105	$ 14,060,670
Less: progress billings	(13,586,658)	(13,111,111)	(13,575,922)
Net balance sheet position for construction in progress	$ 389,274	$ 552,994	$ 484,748
Presented as:			
Due from customers for contract work	$ 677,724	$ 844,335	$ 915,686
Due to customers for contract work	(288,450)	(291,341)	(430,938)
	$ 389,274	$ 552,994	$ 484,748

As of September 30, 2015, December 31, 2014 and September 30, 2014, cumulative gain (loss) recognised under the percentage of completion method for major contracts are summarised as follows:

September 30, 2015					
Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognised
Construction A	Dec. 2015	$ 2,242,567	$ 2,123,400	99%	$ 118,853
Construction B	Feb. 2017	1,864,762	1,784,577	1%	628
Construction C	Dec. 2016	1,283,885	1,239,966	96%	42,280
Construction D	Mar. 2016	1,181,841	1,141,644	86%	34,602
Construction E	Dec. 2015	1,064,797	1,025,856	98%	38,016
Construction F	Dec.2015	1,052,442	943,449	93%	101,020
Construction G	Dec.2017	941,452	1,536,563	96%	(595,111)
Construction H	Feb. 2018	899,048	809,143	3%	2,654
Construction I	Dec. 2015	621,282	674,470	99%	(53,188)
Construction J	Dec. 2015	611,485	619,366	93%	(7,881)
Construction K	June 2016	564,286	523,665	89%	36,352

December 31, 2014					
Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognised
Construction A	April 2015	$ 2,242,567	$ 2,123,400	99%	$ 118,741
Construction C	Dec. 2016	1,273,302	1,236,751	96%	34,960
Construction D	July 2015	1,143,973	1,091,350	64%	33,446
Construction E	Dec. 2015	1,064,797	1,025,856	95%	37,046
Construction F	Dec. 2015	1,052,442	967,609	88%	74,975
Construction G	Dec. 2017	941,452	1,536,563	96%	(595,111)
Construction H	Feb. 2018	899,048	827,124	1%	288
Construction I	Dec. 2015	621,282	674,470	99%	(53,188)
Construction J	Mar. 2015	611,485	619,366	89%	(7,881)
Construction K	April 2015	561,905	522,571	45%	39,333

September 30, 2014					
Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognised
Construction A	Dec. 2014	$ 2,242,567	$ 2,123,400	99%	$ 118,710
Construction C	Dec. 2016	1,256,103	1,280,283	92%	(24,180)
Construction D	July 2015	1,140,429	1,087,969	53%	28,040
Construction E	Dec. 2014	1,093,065	994,918	97%	95,649
Construction F	Dec. 2014	1,052,442	967,609	88%	74,527
Construction G	Dec. 2017	941,452	1,536,563	96%	(595,111)
Construction H	Feb. 2018	899,048	827,124	1%	15
Construction I	Dec. 2015	621,282	674,470	99%	(53,188)
Construction J	Mar. 2015	569,115	576,996	87%	(7,881)
Construction K	April 2015	561,905	522,571	6%	2,343
Construction L	Dec. 2014	600,432	584,464	99%	15,930

(9) Investments accounted for under the equity method

	September 30, 2015	December 31, 2014	September 30, 2014
Associates:			
1. Tung Pei Industrial Co., Ltd.	$ 1,970,287	$ 1,978,615	$ 1,940,993
2. Creative Sensor Inc.	427,083	422,602	409,543
3. Lien Chang Electronic Enterprise Co., Ltd.	574,532	566,715	560,350
4. Century Development Corporation	1,577,564	1,491,627	1,471,433
5. Others	595,196	773,180	764,718
Subtotal	5,144,662	5,232,739	5,147,037
Joint Venture:			
1.Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.	90,421	119,273	125,649
2.Senergy Wind Power Co., Ltd.	249,958	-	-
3.Others	18,159	-	-
Subtotal	358,538	119,273	125,649
	5,503,200	5,352,012	5,272,686
Less: credit balance of long-term investments, (gross amount before offset of notes receivable -related parties, accounts receivable-related parties, other receivables-related parties and other non-current liabilities)	(36,661)	(23,334)	(47,454)
	$ 5,466,539	$ 5,328,678	$ 5,225,232

The share of profit/loss of associates and joint ventures accounted for under equity method for the nine-month periods ended September 30, 2015 and 2014 are as follows:

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Associates:		
1. Tung Pei Industrial Co., Ltd.	$ 35,828	$ 52,484
2. Creative Sensor Inc.	15,584	10,403
3. Lien Chang Electronic Enterprise Co., Ltd.	7,285	27,871
4. Century Development Corporation	26,776	23,301
5. Others	8,876	(7,875)
Joint Venture:		
1.Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.	(13,028)	(6,871)
2.Senergy Wind Power Co., Ltd.	(32)	-
3.Others	(713)	-
	$ 80,576	$ 99,313

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Associates:		
1.Tung Pei Industrial Co., Ltd.	$ 109,107	$ 146,345
2.Creative Sensor Inc.	32,711	27,666
3.Lien Chang Electronic Enterprise Co., Ltd.	19,671	45,410
4.Century Development Corporation	63,152	75,855
5.Others	(18,051)	(45,406)
Joint Venture:		
1.Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.	(29,927)	(24,871)
2.Senergy Wind Power Co., Ltd.	(32)	-
3.Others	(713)	-
	$ 175,918	$ 224,999

A.Associates

(a)The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio September 30, 2015	December 31, 2014	September 30, 2014	Nature of relationship	Method of measurement
Tung Pei Industrial Co., Ltd.	R.O.C	31.14%	31.14%	31.14%	Hold more than 20% voting right	Equity method
Creative Sensor Inc.	R.O.C	11.50%	11.50%	11.35%	〃	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C	33.84%	33.84%	33.84%	〃	Equity method
Century Development Corporation	R.O.C	40.63%	39.11%	39.11%	〃	Equity method

(b)The summarised financial information of the associates that are material to the Group is shown below:

Balance sheet

	Tung Pei Industrial Co., Ltd. September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 3,104,905	$ 3,258,812	$ 3,341,103
Non-current assets	5,436,783	5,425,888	5,234,604
Current liabilities	(1,636,130)	(1,761,735)	(1,889,585)
Non-current liabilities	(217,511)	(455,116)	(452,088)
Total net assets	$ 6,688,047	$ 6,467,849	$ 6,234,034
Share in associate's net assets	$ 1,970,287	$ 1,978,615	$ 1,940,993
Goodwill	-	-	-
Carrying amount of the associate	$ 1,970,287	$ 1,978,615	$ 1,940,993

	Creative Sensor Inc.		
	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 3,238,824	$ 3,102,748	$ 3,187,187
Non-current assets	1,764,599	1,911,379	1,956,229
Current liabilities	(1,340,913)	(1,300,113)	(1,525,901)
Non-current liabilities	(61,221)	(81,913)	(83,545)
Total net assets	$ 3,601,289	$ 3,632,101	$ 3,533,970
Share in associate's net assets	$ 427,083	$ 422,602	$ 409,543
Goodwill	-	-	-
Carrying amount of the associate	$ 427,083	$ 422,602	$ 409,543

	Lien Chang Electronic Enterprise Co., Ltd.		
	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 1,903,395	$ 2,537,477	$ 2,374,038
Non-current assets	767,782	793,789	764,179
Current liabilities	(939,712)	(1,618,240)	(1,453,349)
Non-current liabilities	(33,878)	(38,536)	(29,184)
Total net assets	$ 1,697,587	$ 1,674,490	$ 1,655,684
Share in associate's net assets	$ 574,532	$ 566,715	$ 560,350
Goodwill	-	-	-
Carrying amount of the associate	$ 574,532	$ 566,715	$ 560,350

	Century Development Corporation		
	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 903,688	$ 658,417	$ 869,541
Non-current assets	5,490,917	5,693,352	5,877,980
Current liabilities	(265,812)	(532,442)	(339,563)
Non-current liabilities	(2,390,386)	(2,215,528)	(2,834,793)
Total net assets	$ 3,738,407	$ 3,603,799	$ 3,573,165
Share in associate's net assets	$ 1,472,183	$ 1,386,246	$ 1,366,052
Goodwill	105,381	105,381	105,381
Carrying amount of the associate	$ 1,577,564	$ 1,491,627	$ 1,471,433

Statement of comprehensive income

	Tung Pei Industrial Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 1,143,331	$ 1,306,289
Profit for the period from continuing operations	$ 115,131	$ 168,357
Total comprehensive income	$ 115,131	$ 168,357
Dividends received from associates	$ -	$ -

	Tung Pei Industrial Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 3,535,742	$ 3,721,921
Profit for the period from continuing operations	$ 350,342	$ 469,814
Total comprehensive income	$ 350,342	$ 469,814
Dividends received from associates	$ 117,435	$ 117,435

	Creative Sensor Inc.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 1,418,168	$ 1,513,020
Profit for the period from continuing operations	$ 140,609	$ 120,817
Other comprehensive income, net of tax	49,393	26,729
Total comprehensive income	$ 190,002	$ 147,546
Dividends received from associates	$ -	$ -

	Creative Sensor Inc.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 4,037,971	$ 4,248,549
Profit for the period from continuing operations	$ 290,397	$ 271,028
Other comprehensive loss, net of tax	(79,805)	(68,801)
Total comprehensive income	$ 210,592	$ 202,227
Dividends received from associates	$ 27,761	$ 17,305

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 806,619	$ 1,264,351
Profit for the period from continuing operations	$ 21,434	$ 82,351
Other comprehensive income (loss), net of tax	33,516	(6,578)
Total comprehensive income	$ 54,950	$ 75,773
Dividends received from associates	$ 6,758	$ -

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 2,860,507	$ 3,112,345
Profit for the period from continuing operations	$ 58,122	$ 134,174
Other comprehensive loss, net of tax	(15,058)	(8,036)
Total comprehensive income	$ 43,064	$ 126,138
Dividends received from associates	$ 6,758	$ -

	Century Development Corporation	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 245,245	$ 522,696
Profit for the period from continuing operations	$ 71,500	$ 58,332
Other comprehensive (loss) income, net of tax	($ 823)	$ 120
Total comprehensive income	$ 70,677	$ 58,452
Dividends received from associates	$ -	$ -

	Century Development Corporation	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 810,457	$ 892,237
Profit for the period from continuing operations	$ 176,266	$ 189,511
Other comprehensive (loss) income, net of tax	(823)	120
Total comprehensive income	$ 175,443	$ 189,631
Dividends received from associates	$ 16,591	$ 18,582

(c)The carrying amount of the Group’s interests in all individually immaterial associates and the Group’s share of the operating results are summarised below:

As of September 30, 2015, December 31, 2014 and September 30, 2014, the carrying amount of the Group's individually immaterial associates amounted to $595,196, $773,180 and $764,718, respectively.

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Income (loss) for the period from continuing operations	$ 8,876	($ 7,875)
Total comprehensive income (loss)	$ 8,876	($ 7,875)

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Loss for the period from continuing operations	($ 18,051)	($ 45,406)
Total comprehensive income	($ 18,051)	($ 45,406)

(d)The fair value of the Group's material associates with quoted market prices is as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
1.Lien Chang Electronic Enterprise Co., Ltd.	$ 450,506	$ 897,258	$ 775,246
2.Creative Sensor Inc.	320,356	363,411	367,322
	$ 770,862	$ 1,260,669	$ 1,142,568

B.Joint venture

(a)The basic information of the joint ventures that are material to the Group is as follows:

		Shareholding ratio (%)				
Company name	Principal place of business	September 30, 2015	December 31, 2014	September 30, 2014	Nature of relationship	Method of measurement
Qingdao Teco Centry Advanced High-tech Mechatronics Co., Ltd.	China	50.00%	50.00%	50.00%	Joint venture	Equity method
Senergy Wind Power Co., Ltd.	R.O.C	50.00%	-	-	Joint venture	Equity method

(b)The summarised financial information of the joint ventures that are material to the Group is shown below:

Balance sheet

	Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.		
	September 30, 2015	December 31, 2014	September 30, 2014
Cash and cash equivalents	$ 8,976	$ 9,442	$ 28,179
Other current assets	93,603	120,615	123,648
Current assets	102,579	130,057	151,827
Non-current assets	343,451	373,864	373,799
Total assets	446,030	503,921	525,626
Current financial liabilities (not including accounts payable, other payables and provision)	(81,782)	(99,320)	(97,224)
Other current liabilities	(183,406)	(166,056)	(177,103)
Current liabilities	(265,188)	(265,376)	(274,327)
Total liabilities	(265,188)	(265,376)	(274,327)
Total net assets	$ 180,842	$ 238,545	$ 251,299
Share in joint venture's net assets	$ 90,421	$ 119,273	$ 125,650
Goodwill	-	-	-
Carrying amount of the joint venture	$ 90,421	$ 119,273	$ 125,650

	Senergy Wind Power Co., Ltd. (Note)		
	September 30, 2015	December 31, 2014	September 30, 2014
Cash and cash equivalents	$ 448,367	$ -	$ -
Other current assets	51,630	-	-
Current assets	499,997	-	-
Non-current assets	14	-	-
Total assets	500,011	-	-
Other current liabilities	(76)	-	-
Current liabilities	(76)	-	-
Total liabilities	(76)	-	-
Total net assets	$ 499,935	$ -	$ -
Share in joint venture's net assets	$ 249,958	$ -	$ -
Goodwill	-	-	-
Carrying amount of the joint venture	$ 249,958	$ -	$ -

Note: A newly established joint venture during the period.

Statement of comprehensive income

	Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ 15,758	$ 37,921
Depreciation and amortisation	($ 11,981)	($ 11,796)
Interest income	$ 5	$ 76
Interest expense	($ 2,367)	($ 2,079)
Loss-net of tax	($ 26,055)	($ 13,742)
Total comprehensive income and loss	($ 26,055)	($ 13,742)
Dividends received from joint venture	$ -	$ -

	Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ 66,992	$ 106,641
Depreciation and amortisation	($ 35,469)	($ 35,444)
Interest income	$ 58	$ 149
Interest expense	($ 7,225)	($ 7,507)
Loss-net of tax	($ 59,853)	($ 49,742)
Total comprehensive income and loss	($ 59,853)	($ 49,742)
Dividends received from joint venture	$ -	$ -

	Senergy Wind Power Co., Ltd. (Note)	
	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Revenue	$ -	$ -
Depreciation and amortisation	$ -	$ -
Interest income	$ 208	$ -
Interest expense	$ -	$ -
Loss before income tax	($ 78)	$ -
Income tax expense	13	-
Loss-net of tax	($ 65)	$ -
Total comprehensive income and loss	($ 65)	$ -
Dividends received from joint venture	$ -	$ -

Note: A newly established joint venture during the period.

	Senergy Wind Power Co., Ltd. (Note)	
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Revenue	$ -	$ -
Depreciation and amortisation	$ -	$ -
Interest income	$ 208	$ -
Interest expense	$ -	$ -
Loss before income tax	($ 78)	$ -
Income tax expense	13	-
Loss-net of tax	($ 65)	$ -
Total comprehensive income and loss	($ 65)	$ -
Dividends received from joint venture	$ -	$ -

Note: A newly established joint venture during the period.

(c) The carrying amount of the Group’s interests in all individually immaterial associates and the Group’s share of the operating results are summarised below:

As of September 30, 2015, December 31, 2014 and September 30, 2014, the carrying amount of the Group’s individually immaterial associates amounted to $18,159, $0 and $0, respectively.

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Loss for the period from continuing operations	($ 713)	$ -
Total comprehensive loss	($ 713)	$ -

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Loss for the period from continuing operations	($ 713)	$ -
Total comprehensive loss	($ 713)	$ -

C. Information about investments accounted for using equity method that were pledged to others as collateral is provided in Note 8.

(10) Property, plant and equipment

	Land	Buildings	Machinery equipment	Transportation equipment	Leased assets	Leasehold improvements	Miscellaneous equipment	Rental assets	Total
At January 1, 2015									
Cost	$ 5,615,748	$ 9,224,940	$ 11,341,811	$ 846,710	$ 10,777	$ 547,257	$ 6,429,431	$ 879,700	$ 34,896,374
Accumulated depreciation and impairment	(34,697)	(4,031,489)	(9,441,989)	(614,000)	(10,457)	(364,679)	(5,096,920)	(732,456)	(20,326,687)
	$ 5,581,051	$ 5,193,451	$ 1,899,822	$ 232,710	$ 320	$ 182,578	$ 1,332,511	$ 147,244	$ 14,569,687
2015									
Opening net book amount	$ 5,581,051	$ 5,193,451	$ 1,899,822	$ 232,710	$ 320	$ 182,578	$ 1,332,511	$ 147,244	$ 14,569,687
Additions	-	118,259	296,857	140,325	-	16,166	268,818	-	840,425
Acquired from business combinations	-	-	41	-	-	-	35	-	76
Disposals	-	(274)	(24,179)	(1,560)	-	-	(3,422)	-	(29,435)
Reclassifications	(667)	(32,500)	(5,699)	-	-	859	(1,130)	5,970	(33,167)
Depreciation charge	-	(178,252)	(301,209)	(39,178)	(226)	(31,043)	(273,982)	(13,053)	(836,943)
Net exchange differences	2,757	11,987	36,835	(320)	-	1,169	8,100	43	60,571
Closing net book amount	$ 5,583,141	$ 5,112,671	$ 1,902,468	$ 331,977	$ 94	$ 169,729	$ 1,330,930	$ 140,204	$ 14,571,214
At September 30, 2015									
Cost	$ 5,617,838	$ 9,320,354	$ 11,615,899	$ 973,542	$ 10,777	$ 562,420	$ 6,657,452	$ 885,966	$ 35,644,248
Accumulated depreciation and impairment	(34,697)	(4,207,683)	(9,713,431)	(641,565)	(10,683)	(392,691)	(5,326,522)	(745,762)	(21,073,034)
	$ 5,583,141	$ 5,112,671	$ 1,902,468	$ 331,977	$ 94	$ 169,729	$ 1,330,930	$ 140,204	$ 14,571,214

	Land	Buildings	Machinery equipment	Transportation equipment	Leased assets	Leasehold improvements	Miscellaneous equipment	Rental assets	Total
At January 1, 2014									
Cost	$ 5,757,428	$ 8,094,046	$ 11,568,450	$ 823,820	$ 911,759	$ 527,351	$ 6,980,761	$ 1,126,832	$ 35,790,447
Accumulated depreciation and impairment	(35,000)	(3,890,295)	(9,275,478)	(576,883)	(171,542)	(315,848)	(5,613,629)	(964,639)	(20,843,314)
	$ 5,722,428	$ 4,203,751	$ 2,292,972	$ 246,937	$ 740,217	$ 211,503	$ 1,367,132	$ 162,193	$ 14,947,133
2014									
Opening net book amount	$ 5,722,428	$ 4,203,751	$ 2,292,972	$ 246,937	$ 740,217	$ 211,503	$ 1,367,132	$ 162,193	$ 14,947,133
Additions	295,604	318,912	173,267	23,875	-	19,933	307,489	-	1,139,080
Disposals	(244,681)	(45,450)	(51,037)	(1,708)	-	(2,183)	(29,714)	-	(374,773)
Reclassifications	(68,595)	515,521	(9,637)	-	(716,302)	-	(276)	4,433	(274,856)
Depreciation charge	-	(150,684)	(333,115)	(35,137)	(18,819)	(37,247)	(265,102)	(16,464)	(856,568)
Impairment loss	-	-	(178,715)	-	-	-	(35,413)	-	(214,128)
Net exchange differences	1,390	38,009	10,343	1,342	(5,096)	6,723	(14,960)	-	37,751
Closing net book amount	$ 5,706,146	$ 4,880,059	$ 1,904,078	$ 235,309	$ -	$ 198,729	$ 1,329,156	$ 150,162	$ 14,403,639
At September 30, 2014									
Cost	$ 5,741,146	$ 8,835,320	$ 11,354,250	$ 842,115	$ -	$ 561,491	$ 7,052,582	$ 1,131,024	$ 35,517,928
Accumulated depreciation and impairment	(35,000)	(3,955,261)	(9,450,172)	(606,806)	-	(362,762)	(5,723,426)	(980,862)	(21,114,289)
	$ 5,706,146	$ 4,880,059	$ 1,904,078	$ 235,309	$ -	$ 198,729	$ 1,329,156	$ 150,162	$ 14,403,639

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Amount capitalised	$ 160	$ 309
Interest rate	0.49%~1.21%	0.84%~1.41%

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Amount captalised	$ 649	$ 817
Interest rate	0.49%~1.21%	0.84%~1.41%

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

C. The Group was unable to transfer the title of certain farmland to the Group's name due to legal restrictions. The land title was registered under an individual's name. Accordingly, the Group entered into an agreement with the said individual to secure the title and the first mortgage right.

D. The Company has leased land and buildings in Nankang Software Park as offices from Industrial Development Bureau, Ministry of Economic Affairs. Because the lease meets the definition of 'Industrial area land lease preferential adjustment measures', the Company can purchase the leased land and buildings, whereby the paid rent during the lease period can be used to offset the payment for the acquisition. The Company has purchased the aforementioned buildings in the second quarter of 2014 with the total price of $631,721 (net of rent paid during the leasing period).

E. The Board of Directors of the Company's subsidiary - Tong-An Assets Management & Development Co., Ltd. has resolved to sell land and buildings in Wugu District to Unity Opto Technology, Ltd. The sales price for the said properties was $1,220,286 (based on appraisal reports), net of costs incurred and related taxes. Accordingly, the Group recognised gain on disposal of $846,280 (shown as other gains and losses).

F. The Company's subsidiary - Qingdao Teco Precision Mechatronics Co., Ltd. has assessed its assets where there is an indication that they are impaired. The Group recognised impairment loss on property, plant and equipment by $199,050 (shown as other gains and losses) in the second quarter of 2014.

G. The Company's subsidiary – Jiangxi Teco Electronic & Machinery Co., Ltd. has negotiated with the lessor during 2014 to pay $617,906 to obtain the ownership of the plant that was originally leased under a finance lease. As of September 30, 2014, the related consideration was fully paid and the Group has reclassified the related leased assets as buildings.

(11) Investment property

	Land	Buildings	Total
At January 1, 2015			
Cost	$ 1,307,576	$ 2,228,820	$ 3,536,396
Accumulated depreciation and impairment	-	(944,440)	(944,440)
	$ 1,307,576	$ 1,284,380	$ 2,591,956
2015			
Opening net book amount	$ 1,307,576	$ 1,284,380	$ 2,591,956
Reclassifications	667	32,500	33,167
Depreciation charge	-	(48,464)	(48,464)
Net exchange differences	7,467	5,320	12,787
Closing net book amount	$ 1,315,710	$ 1,273,736	$ 2,589,446
At September 30, 2015			
Cost	$ 1,315,710	$ 2,280,145	$ 3,595,855
Accumulated depreciation and impairment	-	(1,006,409)	(1,006,409)
	$ 1,315,710	$ 1,273,736	$ 2,589,446

	Land	Buildings	Total
At January 1, 2014			
Cost	$ 1,227,690	$ 1,899,558	$ 3,127,248
Accumulated depreciation and impairment	-	(828,097)	(828,097)
	$ 1,227,690	$ 1,071,461	$ 2,299,151
2014			
Opening net book amount	$ 1,227,690	$ 1,071,461	$ 2,299,151
Reclassifications	68,595	206,261	274,856
Depreciation charge	-	(37,404)	(37,404)
Net exchange differences	3,763	(9,799)	(6,036)
Closing net book amount	$ 1,300,048	$ 1,230,519	$ 2,530,567
At September 30, 2014			
Cost	$ 1,300,048	$ 2,101,435	$ 3,401,483
Accumulated depreciation and impairment	-	(870,916)	(870,916)
	$ 1,300,048	$ 1,230,519	$ 2,530,567

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Rental income from investment property	$ 37,495	$ 34,261
Direct operating expenses arising from the investment property that generated rental income during the period	$ 19,095	$ 14,912
Direct operating expenses arising from the investment property that did not generate rental income during the period	$ -	$ -

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Rental income from investment property	$ 111,913	$ 104,745
Direct operating expenses arising from the investment property that generated rental income during the period	$ 61,262	$ 43,123
Direct operating expenses arising from the investment property that did not generate rental income during the period	$ -	$ -

B. The fair value of the investment property held by the Group as at September 30, 2015, December 31, 2014 and September 30, 2014 was $7,137,025, $6,994,015 and $6,101,781, respectively, which is categorized within Level 3 in the fair value hierarchy.

(12) Other non-current assets

	September 30, 2015	December 31, 2014	September 30, 2014
Long-term prepaid rent	$ 569,358	$ 561,526	$ 550,772
Prepayment for equipment	316,223	449,748	391,339
Refundable deposits	213,008	183,729	214,238
Deferred expenses	134,595	172,117	175,131
Prepayment for investments	-	49,746	-
Other assets	93,114	98,301	88,598
	$ 1,326,298	$ 1,515,167	$ 1,420,078

A. The Group signed a land use right contract for the use of land. The Group recognised rental expenses of $1,980, $1,472, $7,805 and $3,478 for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

B. The Company's subsidiary – Jiangxi Teco Electronic & Machinery Co., Ltd. has acquired land use right of $284,723 from Nanchang Hi-Tech Industrial Development Zone Administration Commission during 2014. The amortisation period is 50 years.

(13) Short-term borrowings

Type of borrowings	September 30, 2015	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 408,837	1.03%～6.3%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	1,905,858	0.88%～6.3%	None
	$ 2,314,695		

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 276,296	1.51%～6.9%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	2,196,608	0.95%～6.9%	None
	$ 2,472,904		

Type of borrowings	September 30, 2014	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 614,185	1.51%～6.9%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	2,110,918	0.95%～6.9%	None
	$ 2,725,103		

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

Items	September 30, 2015	December 31, 2014	September 30, 2014
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	$ 51	$ -	$ 196

A. The Group recognised net gain (loss) of $1,262, $337, ($51) and $1,280 on financial liabilities held for trading for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

As of December 31, 2014, the Group had no non-hedging derivative instruments transactions.

	September 30, 2015		
Nature	Contract period	Contract amount (Notional principal)	Fair value
Forward exchange			
SELL EUR/BUY USD	Oct. 15, 2015~ Nov. 17, 2015	EUR 22,500,000	($ 51)

	September 30, 2014		
Nature	Contract period	Contract amount (Notional principal)	Fair value
Forward exchange			
BUY USD/SELL JPY	Nov. 10, 2014	JPY 64,990,500	($ 196)

The Group entered into forward foreign exchange contracts to sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(15) Other payables

	September 30, 2015	December 31, 2014	September 30, 2014
Payable on salary and wages	$ 1,590,559	$ 1,923,380	$ 1,721,825
Payable on employees' bonus	582,715	551,896	621,859
Payable on dealers' bonus commission	258,686	232,220	256,255
Payable on equipment	201,283	248,749	248,175
Payable on land and buildings	173,779	354,024	-
Payable on directors' and supervisors' remuneration	118,140	184,007	147,693
Others	1,590,627	1,752,721	1,478,276
	$ 4,515,789	$ 5,246,997	$ 4,474,083

(16) Bonds payable

	September 30, 2015	December 31, 2014	September 30, 2014
Issuance of bonds payable	$ 4,457,100	$ 1,457,100	$ 1,457,100
Add: Foreign exchange gain, net	95,700	70,500	23,100
Less: Corporate bonds payable -current portion	(1,552,800)	-	-
	$ 3,000,000	$ 1,527,600	$ 1,480,200

A. Domestic unsecured convertible bonds - 3

(a) The terms of domestic unsecured convertible bonds – 3 are as follows:

i. In July 2012, the Company issued 0% coupon, 3-year unsecured convertible bonds (July 12, 2012 ~ July 12, 2015) with the principal amount of $3,000,000. The bonds are repayable in full at face value at maturity. The bonds were listed on the Taiwan Over-The-Counter Securities Exchange on July 12, 2012.

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

iii. The conversion price of the bonds is $22.5 (in dollars) per share and is subject to adjustments based on the pricing model in the terms of the bonds if the condition of the anti-dilution provisions occur subsequently.

iv. The Company may repurchase all of the outstanding bonds at face value at any time after the following events, provided that the amount of the outstanding bonds is less than 10% of the initial issuance amount of bonds during the period from the day after three months after issuance of the bonds to 40 days before the maturity date of the bonds.

v. Under the terms of the convertible bonds, all bonds (redeemed, matured and converted) are retired and not to be re-issued.

(b) As of September 30, 2015, the convertible bonds with book value of $3,000,000 have been converted into common stocks and related registration was completed.

B. The terms of the first domestic unsecured and RMB-denominated ordinary corporate bonds issued by the Company in 2013 are as follows:

The Company issued $300,000,000 (in RMB dollars), 3% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on May 20, 2013. The bonds mature 3 years from the issue date (May 20, 2013 ~ May 20, 2016) and will be redeemed at face value at the maturity date.

C. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2015 are as follows:

The Company issued $300,000,000, 1.45% of the first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on June 18, 2015. The bonds mature 5 years from the issue date (June 18, 2015 ~ June 18, 2020) and will be redeemed at face value at the maturity date.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2015
Long-term bank borrowings				
Mizuho Bank	Borrowing period is from Oct. 5, 2014 to Oct. 5, 2016; payable at maturity	0.96%	None	$ 930,000
Guaranteed syndicated loans	Borrowing period is from Feb 6, 2015 to Feb. 6, 2018; principal is payable in four installments from August 6, 2016	2.79%	None	210,000
First Commercial Bank, etc.	Borrowing period is from Dec. 2017 to Jan. 2022; payable at maturity in accordance with mutual agreements	1.855%~3.39%	Note	87,802
Industrial Bank of Taiwan, etc.	Borrowing period is from July 2015 to Sep. 2016; payable at maturity in accordance with mutual agreements	1.85%~2.19%	None	6,000
				1,233,802
Less: current portion (listed as other current liabilities)				(47,363)
				1,186,439
Commercial papers payable				
China Bills Finance Corporation	Borrowing period is from Mar. 12, 2015 to Mar. 12, 2017; payable at maturity	0.63%~0.82%	None	500,000
International Bills Finance Corporation	Borrowing period is from April. 16, 2015 to April. 16, 2017; payable at maturity	0.67%	None	500,000
Mega Bills Finance Corporation	Borrowing period is from Mar. 9, 2015 to Mar. 8, 2017; payable at maturity	0.95%	None	700,000
Grand Bills Finance Corporation	Borrowing period is from Jan. 15, 2015 to Jan. 14, 2017; payable at maturity	0.85%~0.88%	None	400,000
Taiwan Finance Corporation	Borrowing period is from Mar. 9, 2015 to Mar. 8, 2017; payable at maturity	0.90%	None	200,000
				2,300,000
Less: discount on commercial paper payable				(638)
				2,299,362
				$ 3,485,801

Note: Details of the Group’s pledged assets are provided in Note 8.

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2014
Long-term bank borrowings				
Hua Nan Bank	Borrowing period is from July 16, 2014 to July 16, 2016; payable at maturity	1.23%~1.3%	None	$ 800,000
Far Eastern International Bank	Borrowing period is from April 22, 2014 to April 22, 2016; payable at maturity	1.3%~1.4%	None	200,000
First Commercial Bank	Borrowing period is from July 30, 2014 to July 30, 2016; payable at maturity	1.45%	None	1,300,000
Taishin International Bank	Borrowing period is from Nov. 12, 2014 to Nov. 12, 2017; payable at maturity	1.33%~1.5%	None	1,000,000
First Commercial Bank, etc.	Borrowing period is from Dec. 2015 to Jan. 2022; payable by installment in accordance with mutual agreements	1.855%~3.39%	Note	109,505
Industrial Bank of Taiwan, etc.	Borrowing period is from Aug. 2014 to Sep. 2016; payable by installments in accordance with mutual agrements	1.880%~2.19%	None	16,300
				3,425,805
Less: current portion (listed as other current liabilities)				(40,741)
				3,385,064
Commercial papers payable				
China Bills Finance Corporation	Borrowing period is from Feb. 12, 2014 to Mar. 11, 2016; payable at maturity	0.72%~0.74%	None	500,000
International Bills Finance Corporation	Borrowing period is from April 16, 2014 to April 16, 2016; payable at maturity	0.67%~0.70%	None	500,000
Mega Bills Finance Corporation	Borrowing period is from Mar. 9, 2014 to Mar. 8, 2016; payable at maturity	0.90%~0.95%	None	700,000
Grand Bills Finance Corporation	Borrowing period is from Jan. 15, 2014 to Jan. 14, 2016; payable at maturity	0.85%~0.87%	None	390,000
				2,090,000
Less: discount on commercial paper				(418)
				2,089,582
				$ 5,474,646

Note: Details of the Group’s pledged assets are provided in Note 8.

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2014
Long-term bank borrowings				
Hua Nan Bank	Borrowing period is from July. 16, 2014 to July. 16, 2016; payable at maturity	1.23%~1.3%	None	$ 380,000
Guaranteed syndicated loans	Borrowing period is from June. 27, 2014 to Dec. 28, 2014; payable at maturity. Principal is payable in four installments since June 18. 2013	2.997%	Note	490,000
Bank of Taiwan	Borrowing period is from Nov. 15, 2013 to Nov. 15, 2015; payable at maturity	1.33%	None	400,000
Taishin International Bank	Borrowing period is from Oct. 9, 2014 to Oct. 9, 2017; payable at maturity	1.35%	None	1,000,000
Far Easterm International Bank	Borrowing period is from April 22, 2014 to April 22, 2016; payable at maturity	1.3%~1.35%	None	500,000
First Commercial Bank, etc.	Borrowing period is from Jan. 2007 to Sep. 2018; payable at maturity	1.85%~3.39%	Note	119,736
Industrial Bank of Taiwan, etc.	Borrowing period is from Sep. 2011 to Sep. 2016; payable at maturity	1.88%~2.19%	None	19,733
				2,909,469
Less: current portion (listed as other current liabilities)				(531,589)
				2,377,880
Commercial papers payable				
China Bills Finance Corporation	Borrowing period is from Mar. 12, 2014 to Mar. 11, 2016; payable at maturity	0.77%~0.83%	None	500,000
International Bills Finance Corporation	Borrowing period is from April 16, 2014 to April 16, 2016; payable at maturity	0.9%~0.91%	None	500,000
Mega Bills Finance Corporation	Borrowing period is from March 9, 2014 to March 8, 2016; payable at maturity	0.72%~0.78%	None	700,000
Grand Bills Finance Corporation	Borrowing period is from Jan. 15, 2014 to Jan. 14, 2016; payable at maturity	0.81%~0.9%	None	390,000
Taiwan Finance Corporation	Borrowing period is from May 27, 2014 to May 26, 2016; payable at maturity	0.95%~0.98%	None	200,000
				2,290,000
Less: discount on commercial paper payable				(360)
				2,289,640
				$ 4,667,520

Note: Details of the Group's pledged assets are provided in Note 8.

A. Under the long-term contracts with certain financial institutions, the Group is required to maintain certain financial ratios and capital requirements as well as meet certain restrictions relative to significant asset acquisitions or disposals.

B. As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group has undrawn borrowing facilities of $20,943,349, $14,175,354 and $17,494,880, respectively.

(18) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) For the aforementioned pension plan, the Group recognised pension costs of $16,580, $15,995, $54,625 and $48,510 for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are $44,556.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employee's monthly salaries and wages. The contribution percentage for the nine months ended September 30, 2015 and 2014 was 20%~21.5%. Other than the monthly contributions, the Group has no further obligations.

(c) Monthly contributions to an independent fund administered by the local pension managing agency are based on a certain percentage of monthly salaries and wages of the Group's other overseas subsidiaries' employees.

(d) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2015 and 2014 were $74,935, $72,009, $263,173 and $258,623, respectively.

(19) Share-based payment

A.Share-based payment transactions of Wonda Link Inc.:

(a) For the nine-month periods ended September 30, 2015 and 2014, the company's share-based payment arrangements were as follows:

September 30, 2015					
Grant date	Quantity granted	Contract period	Vesting conditions	Actual turnover rate	Estimated future turnover rate
July 1, 2013	508,000 units	3 years	Note 1	10.05%	0%

December 31, 2014					
Grant date	Quantity granted	Contract period	Vesting conditions	Actual turnover rate	Estimated future turnover rate
July 1, 2013	508,000 units	3 years	Note 1	10.05%	0%

September 30, 2014					
Grant date	Quantity granted	Contract period	Vesting conditions	Actual turnover rate	Estimated future turnover rate
July 1, 2013	508,000 units	3 years	Note 1	10.05%	0%

Note 1：Employees can exercise 50% of shares starting from 6 months from the date the employee stock options were granted, and 100% of shares after 1 year from the date of grant.

(b) Details of the share-based payment arrangements are as follows:

	For the nine-month period ended September 30, 2015		For the nine-month period ended September 30, 2014	
	No. of shares (in thousands)	Weighted-average exercise price (in dollars)	No. of shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	-	$ -	-	$ -
Options granted	-	-	508	10.00
Options exercised	-	-	(508)	(10.00)
Options outstanding at end of the period	-	$ -	-	$ -
Options exercisable at end of the period	-		-	

(20) Share capital

A. As of September 30, 2015, the Company's authorised capital was $30,305,500, consisting of 3,030,550 thousand shares of ordinary stock, including 50 million shares reserved for employee stock options, and the paid-in capital was $20,026,929 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the Company's ordinary amount outstanding are as follows:

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
At January 1	$ 20,026,929	$ 19,646,374
Employee stock options exercised	-	48,720
Convertible bonds exercised	-	331,835
At September 30	$ 20,026,929	$ 20,026,929

B. On December 17, 1996, the Board of Directors of the Company adopted a resolution that allows certain stockholders to issue 5,540 thousand units of global depository receipts (GDRs), represented by 55,399 thousand shares of common stock. A unit of GDR represents 10 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of London, with total proceeds of US$107,644,000. The issuance of GDRs were presented by issuing common shares, therefore, there is about 7% dilutive effect on the common shares' equity. The main terms and conditions of the GDRs are as follows:

(a) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(b) Redemption of the underlying common shares represented by the GDRs

When the holders of the GDRs request the Depositary to redeem the GDRs in accordance with the relevant R.O.C. regulations and the provisions in the Depositary Agreement, the Depositary may (i) deliver the underlying common shares represented by the GDRs to the GDR holders, or (ii) sell the underlying common shares represented by the GDRs in the R.O.C. stock market on behalf of the GDR holder. The payment of proceeds from such sale shall be made subject to the relevant R.O.C. laws and regulations and the provisions in the Depositary Agreement.

(c) Distribution of dividends, preemptive rights and other rights

GDR holders own the same rights as common shareholders.

(d) There were 780 thousand units of GDRs outstanding, representing 7,769 thousand common shares as of September 30, 2015.

C. All of the shares of the Company held by the Company's subsidiaries—Tong-An Investment Co., Ltd. and An-Tai International Investment Co., Ltd. were acquired in or before 2000 for the purpose of general investment. After a regulation of the Company Act was amended in 2000 wherein the shares of the holding company shall not be purchased nor be accepted as a security as pledge by its subsidiary, the two subsidiaries did not acquire additional shares of the Company. In addition, Top-Tower Enterprises Co., Ltd. also held the Company's shares before the Company obtained control of Top-Tower Enterprises Co., Ltd. in August, 2013, and did not acquire additional shares of the Company again after the Company obtained its control. As of September 30, 2015, December 31, 2014 and September 30, 2014, book value of the shares of the Company held by the three subsidiaries amounted to $321,563.

Details are as follows:

	September 30, 2015		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	$ 14.92	$ 25.85
An-Tai International Investment Co., Ltd.	2,826	10.37	25.85
Top-Tower Enterprises Co., Ltd.	77	9.37	25.85
	22,443		

	December 31, 2014		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	$ 14.92	$ 30.15
An-Tai International Investment Co., Ltd.	2,826	10.37	30.15
Top-Tower Enterprises Co., Ltd.	77	9.37	30.15
	22,443		

	September 30, 2014				
	Shares (in thousands)	Cost (in dollars)		Market value (in dollars)	
Tong-An Investment Co., Ltd.	19,540	$	14.92	$	31.25
An-Tai International Investment Co., Ltd.	2,826		10.37		31.25
Top-Tower Enterprises Co., Ltd.	77		9.37		31.25
	22,443				

(21) Capital surplus

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

(22) Retained earnings and legal reserve

A. As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:

(a)Payment of taxes and duties.

(b)Covering prior years' accumulated deficit, if any.

(c)After deducting items (a) and (b), set aside 10% of the remaining amount as legal reserve.

(d)Set aside a certain amount as special reserve, if any.

(e)Distributing the remaining amount plus prior years' retained earnings to shareholders according to their shareholding percentage. The distribution rate is principally 80%, of which cash dividend shall account for 5% ~ 50% of the distributed amount.

(f)The Company may grant the employees of subsidiaries employee bonuses as described above if certain criteria prescribed by the Board of Directors are met.

B. The Company's dividend policy is summarised below:

The Company's operating environment is in the stable growth stage. However, investee companies are still in the growth stage. In view of the future plant expansion and investment plans, the appropriations of earnings are based on the distributable earnings and appropriate principally 80% to shareholders as dividends. Cash dividends shall account for at least 5% up to a maximum of 50% of total dividends distributed.

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

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of the 2014 and 2013 net income was resolved by the stockholders on June 11, 2015 and June 23, 2014 as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 406,692		$ 375,987	
Cash dividends	2,202,962	$ 1.1	2,202,962	$ 1.1

F. For the information relating to employees' remuneration and directors' and supervisors' remuneration, please refer to Note 6 (29).

(23) Other equity items

	Available-for-sale investment	Currency translation	Total
At January 1, 2015	$ 3,166,632	$ 352,932	$ 3,519,564
Unrealised gains and losses on financial assets:			
–Group	(3,211,427)	-	(3,211,427)
–Associates	(11,448)	-	(11,448)
Currency translation differences:			
–Group	-	(79,596)	(79,596)
At September 30, 2015	($ 56,243)	$ 273,336	$ 217,093

	Available-for-sale investment	Currency translation	Total
At January 1, 2014	($ 629,353)	($ 312,141)	($ 941,494)
Unrealised gains and losses on financial assets:			
–Group	1,886,517	-	1,886,517
–Associates	(4,576)	-	(4,576)
Currency translation differences:			
–Group	-	182,694	182,694
At September 30, 2014	$ 1,252,588	($ 129,447)	$ 1,123,141

(24) Operating revenue

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Sales reveue	$ 10,142,929	$ 11,236,881
Service revenue	1,436,549	1,415,378
Construction contract revenue	693,170	882,313
Net securities trading revenue	(25,121)	(103,752)
	$ 12,247,527	$ 13,430,820

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Sales revenue	$ 29,536,116	$ 34,399,987
Service revenue	4,338,489	4,391,777
Construction contract revenue	2,163,437	2,312,075
Net securities trading revenue	85,317	67,131
	$ 36,123,359	$ 41,170,970

(25) Other income

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Rental revenue	$ 33,068	$ 45,211
Dividend income	236,879	283,943
Interest income:		
Interest income from bank deposits	41,790	31,764
Other interest income	1,767	263
Other non-operating income	50,573	54,044
	$ 364,077	$ 415,225

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Rental revenue	$ 110,524	$ 118,187
Dividend income	439,358	385,227
Interest income:		
Interest income from bank deposits	124,011	115,628
Other interest income	5,303	628
Other non-operating income	268,414	146,641
	$ 947,610	$ 766,311

(26) Other gains and losses

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Net gain on financial liabilities at fair value through profit or loss	$ 1,262	$ 337
Net (loss) gain on financial assets at fair value through profit or loss	(4,278)	31,389
Net currency exchange gain (loss)	199,378	(54,860)
Net loss on disposal of property, plant and equipment	(4,278)	(11,342)
Gain (loss) on disposal of investments	7,750	(8,337)
Impairment loss	(25,370)	(15,078)
Non-operating expenses	(150,214)	(70,800)
	$ 24,250	($ 128,691)

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Net (loss) gain on financial liabilities at fair value through profit or loss	($ 51)	$ 1,280
Net gain on financial assets at fair value through profit or loss	24,210	33,751
Net currency exchange gain (loss)	145,085	(12,240)
Net (loss) gain on disposal of property, plant and equipment	(10,296)	798,071
Gain (loss) on disposal of investments	83,867	(7,668)
Impairment loss	(29,370)	(218,128)
Non-operating expenses	(274,068)	(301,459)
	($ 60,623)	$ 293,607

(27) Finance costs

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Interest expense:		
Bank borrowings	$ 47,555	$ 54,220
Less: capitalisation of qualifying assets	(160)	(309)
	47,395	53,911
Finance expenses	8,630	3,593
Finance costs	$ 56,025	$ 57,504

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Interest expense:		
Bank borrowings	$ 135,365	$ 165,207
Less: capitalisation of qualifying assets	(649)	(817)
Finance expenses	134,716	164,390
Finance costs	15,493	11,453
	$ 150,209	$ 175,843

(28) Expenses by nature

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Employee benefit expense	$ 2,470,388	$ 2,558,062
Depreciation charges on property, plant and equipment	296,753	246,365
Amortisation charges on intangible assets	27,472	24,236
	$ 2,794,613	$ 2,828,663

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Employee benefit expense	$ 7,456,290	$ 7,562,883
Depreciation charges on property, plant and equipment	885,407	893,972
Amortisation charges on intangible assets	68,898	71,626
	$ 8,410,595	$ 8,528,481

(29) Employee benefit expense

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Wages and salaries	$ 1,951,550	$ 2,029,946
Employees' bonus and directors' and supervisors' remuneration	131,737	151,590
Labor and health insurance fees	208,788	215,636
Pension costs	91,515	88,023
Other personnel expenses	86,798	72,867
	$ 2,470,388	$ 2,558,062

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Wages and salaries	$ 5,922,965	$ 6,046,366
Employees' bonus and directors' and supervisors' remuneration	377,696	393,424
Labor and health insurance fees	591,661	581,811
Pension costs	317,798	306,374
Other personnel expenses	246,170	234,908
	$ 7,456,290	$ 7,562,883

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for 1%~10% and 1%~5%, respectively, of the total distributed amount. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

B. For the three months and nine months ended September 30, 2015 and 2014, employees' bonus was accrued at $71,290, $85,324, $204,195 and $273,000, respectively; while directors' and supervisors' remuneration was accrued at $31,689, $37,922, $90,758 and $121,334, respectively. The aforementioned amounts were recognised in salary expenses. The expenses recognised for the year of 2015 were accrued based on the earnings of current year; the expenses recognised for the year of 2014 were accrued based on the net income of 2014 and the percentage specified in the Articles of Incorporation of the Company (9% and 4% for employees and directors/supervisors, respectively), taking into account other factors such as legal reserve. Employees' bonus and directors' and supervisors' remuneration for 2014 as resolved by the stockholders were in agreement with those amounts recognised in the 2014 financial statements. Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A.Income tax expense

(a)Components of income tax expense:

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Current tax:		
Current tax on profits for the period	$ 208,673	$ 150,282
Adjustments in respect of prior years	(54,205)	(11,398)
Total current tax	154,468	138,884
Deferred tax:		
Origination and reversal of temporary differences	183,859	154,476
Income tax expense	$ 338,327	$ 293,360

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Current tax:		
Current tax on profits for the period	$ 688,675	$ 609,905
Tax on undistributed surplus earnings	138,547	118,092
Adjustments in respect of prior years	(51,208)	3,769
Total current tax	776,014	731,766
Deferred tax:		
Origination and reversal of temporary differences	137,075	370,009
Income tax expense	$ 913,089	$ 1,101,775

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

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Currency translation differences	($ 69,875)	($ 14,452)

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Currency translation differences	$ 16,822	($ 18,621)

B.As of September 30, 2015, the Company and its subsidiaries' income tax returns through various years between 2011 and 2013, respectively, have been assessed and approved by the

Tax Authority.

C.Unappropriated retained earnings:

	September 30, 2015	December 31, 2014	September 30, 2014
Earnings generated in and before 1997	$ 684,024	$ 684,024	$ 684,024
Earnings generated in and after 1998	9,110,993	9,017,131	8,394,878
	$ 9,795,017	$ 9,701,155	$ 9,078,902

D.As of September 30, 2015, December 31, 2014 and September 30, 2014, the balance of the imputation tax credit account was $631,687, $661,572 and $586,343, respectively. The creditable tax rate was 8.56% for 2014 and is estimated to be 7.83% for 2015.

(31) Earnings per share

	For the three-month period ended September 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 956,442	1,980,250	$ 0.48
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	7,331	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 956,442	1,987,581	$ 0.48

	For the three-month period ended September 30, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,034,208	1,965,616	$ 0.53
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees’ bonus	-	8,736	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,034,208	1,974,352	$ 0.52

	For the nine-month period ended September 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,606,509	1,980,250	$ 1.32
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees’ bonus	-	7,331	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,606,509	1,987,581	$ 1.31

	For the nine-month period ended September 30, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,365,612	1,965,616	$ 1.71
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	8,736	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,365,612	1,974,352	$ 1.70

(32) Business combinations

A. In March 2015, the Group acquired 20% of the share capital of YASKAWA TECO MOTOR ENGINEERING CO. ("YASKAWA TECO") for $23,667. Along with the Group's 40% of the share capital of YASKAWA TECO, the Group holds a total of 60% of share capital and obtained the control of YASKAWA TECO MOTOR ENGINEERING CO. As a result of the acquisition, the Group is expected to increase its revenue in these markets.

B. The following table summarises the consideration paid for YASKAWA TECO and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest in YASKAWA TECO:

		March 31, 2015
Purchase consideration		
Cash	$	23,667
Fair value at the acquisition date of share capital of YASKAWA TECO held before the business combination		44,924
Fair value of the non-controlling interest		42,727
		111,318
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		20,559
Notes and accounts receivable		280,267
Inventories		991
Other current assets		5,252
Property, plant and equipment		76
Bank borrowings	(	18,228)
Notes and accounts payable	(	157,863)
Other current liabilities	(	19,736)
Total identifiable net assets		111,318
Goodwill (listed as Intangible assets)	$	-

C. The Group recognised a loss of $21,548 as a result of measuring its 40% equity interest in YASKAWA TECO at fair value before the business combination.

D. Had YASKAWA TECO been consolidated from January 1, 2015, the consolidated statement of comprehensive income would show operating revenue of $36,289,803 and profit before income tax of $3,758,035 for the third quarter of 2015.

(33) Non-cash transaction

A.Investing activities with partial cash payments:

	For the nine-month period ended September 30, 2015		For the nine-month period ended September 30, 2014	
Acquisition of property, plant and equipment	$	840,425	$	1,139,080
Add:				
Payables at beginning of the period		602,773		218,260
Rent payable at beginning of the period		-		631,767
Less:				
Payables at end of the period	(	375,062)	(	248,175)
Cash paid	$	1,068,136	$	1,740,932

B.The book value of the assets and liabilities of the consolidated subsidiaries for the period is as follows:

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Cash and cash equivalents	$ 20,559	$ -
Other current assets	286,510	-
Property, plant and equipment	76	-
Other current liabilities	(195,827)	-
	$ 111,318	$ -
Proceeds from acquisition of subsidiaries	$ 23,667	$ -
Cash balance of subsidiaries	(20,559)	-
Net cash effect of consolidated subsidiaries	$ 3,108	$ -

7. RELATED PARTY TRANSACTIONS

(1)Significant related party transactions

A.Operating revenue:

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Sales of goods and services:		
Associates	$ 106,953	$ 168,131
Other related parties	24,463	301,072
	$ 131,416	$ 469,203

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Sales of goods and services		
－Associates	$ 309,656	$ 569,784
－Other related parties	61,298	916,120
	$ 370,954	$ 1,485,904

Goods and services are sold to associates and other related parties on normal commercial terms and conditions.

The sales terms, including pricing and collection, were negotiated in consideration of cost, market, competitors and other factors.

B.Purchases of goods and services:

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Purchases of goods:		
－Associates	$ 36,613	$ 81,901
－Other related parties	-	4,094
	$ 36,613	$ 85,995

	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Purchases of goods:		
－Associates	$ 120,899	$ 232,327
－Other related parties	-	13,253
	$ 120,899	$ 245,580

Goods and services are purchased from associates and other related parties on normal commercial terms and conditions.

The purchase terms, including pricing and payments, were negotiated in consideration of the general market price and other factors.

C.Receivables from related parties:

	September 30, 2015	December 31, 2014	September 30, 2014
Receivables from related parties:			
－Associates	$ 189,272	$ 540,315	$ 476,313
－Other related parties	21,895	184,356	253,149
	211,167	724,671	729,462
Less: recorded as other receivables	(28,694)	(41,627)	(35,546)
	$ 182,473	$ 683,044	$ 693,916

(a) The receivables from related parties arise mainly from sale transactions. The receivables are due 30 to 90 days after the date of sale, unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

(b) The aforementioned accounts receivable that were past due were $28,694, $41,627 and $35,546 as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively. The ageing of the past due accounts receivable is beyond 90 days.

D.Payables to related parties:

	September 30, 2015	December 31, 2014	September 30, 2014
Payables to related parties:			
－Associates	$ 86,067	$ 93,774	$ 128,553
－Other related parties	839	2,434	808
	$ 86,906	$ 96,208	$ 129,361

The payables to related parties arise mainly from purchase transactions and are due 180 days after the date of purchase. The payables bear no interest.

E.Loans to related parties:

(a)Receivables from related parties

	September 30, 2015	December 31, 2014	September 30, 2014
Associates	$ 271,571	$ 271,571	$ 88,571

(b)Interest income

	For the three-month period ended September 30, 2015	For the three-month period ended September 30, 2014
Associates	$ 1,767	$ 209
	For the nine-month period ended September 30, 2015	For the nine-month period ended September 30, 2014
Associates	$ 5,303	$ 628

The loans to associates are payable monthly over 2 years and carry interest at 1.3%~7% per annum for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

F.Other receivables:

(a)Transfer of accounts receivable that were past due

	September 30, 2015	December 31, 2014	September 30, 2014
Associates	$ 28,694	$ 41,627	$ 35,546

(b)Others

	September 30, 2015	December 31, 2014	September 30, 2014
Associates	$ 451,370	$ 385,668	$ 360,495
Other related parties	4,600	2,716	4,130
	$ 455,970	$ 388,384	$ 364,625

The above represents other receivables for rental.

G.Endorsements and guarantees provided to related parties:

	September 30, 2015	December 31, 2014	September 30, 2014
Associates	$ 172,693	$ 227,069	$ 223,314

(2)Key management compensation

	For the three-month period ended September 30, 2015		For the three-month period ended September 30, 2014	
Salaries and other short-term employee benefits	$	100,053	$	141,067
Post-employment benefits		698		775
	$	100,751	$	141,842

	For the nine-month period ended September 30, 2015		For the nine-month period ended September 30, 2014	
Salaries and other short-term employee benefits	$	357,626	$	398,224
Post-employment benefits		2,157		2,115
	$	359,783	$	400,339

8. PLEDGED ASSETS

Pledged asset	Book value September 30, 2015	Book value December 31, 2014	Book value September 30, 2014	Purpose
Available-for-sale financial assets - current				
Innolux Corporation	$ 10,715	$ 16,099	$ 13,747	Commercial papers payable and short-term loans
Notes receivable	47,026	43,023	41,780	Short-term loans
Accounts receivable	840,490	913,182	925,735	〃
Inventories	829,206	633,777	515,715	〃
Other current assets				
Demand deposits	40,314	45,164	189,867	Short-term loans, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, and tariff guarantee
Time deposits	66,118	84,780	73,628	Merchandise loans, long-term and short-term loans, engineering guarantees, customs security deposit, warranty margin and exercise guarantee for construction
Certificates of deposit	-	1,000	1,000	Exercise guarantee for construction
Cash and bank deposits	542,072	-	-	Engineering bond, tariff guarantee seizure guarantee and long guarantee
Bank deposits	738,400	-	-	Exercise guarantee for investments
Available-for-sale financial assets-non -current				
Teco Image System Co., Ltd.	12,900	17,700	17,580	Commercial papers payable and short-term loans
Far Eastone Telecommunications Co., Ltd.	213,000	219,000	174,900	〃
Innolux Corporation	22,297	33,499	28,605	Long-term loans
Taiwan High Speed Rail Corporation	163,437	158,976	173,982	〃
Investments accounted for under the equity method				
Creative Sensor Inc.	122,115	153,262	141,864	Short-term loans
Century Development Corporation	98,219	108,962	98,651	〃

Pledged asset	Book value September 30, 2015	Book value December 31, 2014	Book value September 30, 2014	Purpose
Property, plant, and equipment				
Land	$ 119,377	$ 113,560	$ 119,377	Long-term loans, short-term loans
Buildings	241,428	248,353	253,119	〃
Other non-current assets				
Refundable deposits	94,542	48,188	59,506	Exercise guarantee for construction and customs security deposit and warranty margin
Restricted assets	461	292	294	False compensation seizure guarantee, sinking fund
Long-term prepaid rent	18,512	18,671	18,054	Short-term loans, long-term loans and endorsements and guarantees to others
Treasury stock	247,091	247,091	247,091	Short-term loans and quality assurance for product sales
	$ 4,467,720	$ 3,104,579	$ 3,094,495	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1)Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

(2)Commitments

A.Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2015		December 31, 2014		September 30, 2014	
Property, plant and equipment	$	27,052	$	54,759	$	79,298

B.Operating lease commitments

The Company leases offices, factory and warehouse under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2015		December 31, 2014		September 30, 2014	
Not later than one year	$	396,570	$	340,422	$	256,382
Later than one year but not later than five years		816,843		876,904		745,455
Later than five years		193,882		82,829		-
	$	1,407,295	$	1,300,155	$	1,001,837

C.As of September 30, 2015, the outstanding usance L/C used for acquiring raw materials and equipment was $366,582.

D.On September 30, 2011, the Company's subsidiary—Tecom Co., Ltd. (Tecom) applied with the court for a provisional seizure on the property of PointRed Limited ("PointRed") within a limit of $30,000, because PointRed failed to fulfill the payment for its purchase of radio frequency remote equipment from Tecom. Subsequently, the application was approved by the court. In addition, Tecom filed a lawsuit on December 19, 2011 requesting for a compensation of US$7,238,270 from PointRed for this case. However, the compensation had been revised to US$5,637,909 after the court had formulated the issues, and both the plaintiff and defendant had presented their evidences. As of November 13, 2015, these two cases are still pending in court.

E.The Company's subsidiary—Tecom Co., Ltd. had filed a lawsuit against Vee Telecom Multimedia Co., Ltd. ("Vee Telecom") with the Taiwan Taoyuan District Court on July 26, 2012 for Vee Telecom's failure to fulfill a purchase contract and a supplement contract by paying the last payment of $16,352 to Tecom Co., Ltd. for the sale of VMAX Telecom Inc. As of September 22, 2015, both companies have reached a settlement wherein Vee Telecom paid $16,352 to Tecom. As of November 2, 2015, the case will be closed after the court's judgement of settlement is received.

F. Vee Telecom had also filed a lawsuit against the Company's subsidiary—Tecom Co., Ltd. (Tecom) with the Taiwan Taoyuan District Court on July 10, 2013 alleging that Tecom International failed to fulfill a purchase contract on shares of Vmax Telecom Co., Ltd. and request for a compensation of $3,674. As of September 22, 2015, both companies have reached a settlement and Vee Telecom withdrew the appeal. The case will be closed when the Court withdraws the notice of judgements. Tecom has no need to make any payment to Vee Telecom.

G. In August, 2012, Rullingnet Corporation Limited ("Rullingnet") filed a lawsuit against Tecom with the court requesting for termination of all the purchase contracts of certain products signed with Tecom and a compensation of $50,492, since the products it commissioned Tecom to design and manufacture were defective and Tecom did not fulfill its obligations to fix the defects. As of November 13, 2015, this case is still pending in court.

H. On September 12, 2012, the Company's indirect subsidiary—Baycom Opto-Electronics Technology Company Limited received a notice from Taiwan Hsinchu District Court regarding a claim by UPC Cablecom Holdings GmbH for selling defective optical fiber from the Swedish Supplies Windsor Co., Ltd. on September 29, 2000. The court has judged this case as 'format problem' on January 14, 2014 and appointed experts from Yen Tjing Ling Industrial Research Institute to give opinion. On July 21, 2014, Taiwan High Court has ruled that Baycom Opto-Electronics Technology Company Limited won the case.

I. Intel Capital Corporation ("Intel") has acquired the amount of $386 million of Vmax Telecom Co., Ltd. ("Vmax Telecom") when Vmax Telecom increased its capital. Vmax Telecom, VIBO Telecom Inc. and Tecom International have signed investment agreement that under certain circumstances, Intel has to dispose its shares in Vmax Telecom, or acquire back shares when Vmax Telecom dissolves. If Intel cannot compensate the loss incurred when disposing shares, contracting companies including Tecom International shall be liable jointly and severally for the loss. Furthermore, Vee Telecom Multimedia Co., Ltd. ("Vee Telecom") plans to acquire Vmax Telecom, and in accordance with the co-sale in the investment agreement, Tecom International has signed a share transfer contract with Vee Telecom to sell all its shares in Vmax Telecom in September 2011, and has signed a supplementary agreement to have Vee Telecom to complete the acquisition of Intel's shareholding in February 2012. Intel has also a share transfer contract with Vee Telecom in October 2011. However, Vee Telecom did not complete the acquisition. In accordance with the contract, VIBO Telecom Inc.'s appointed lawyers have sent out letters to summon Vee Telecom to perform its duty and Intel shall actively negotiate with Vee Telecom to complete the abovementioned transactions. If Intel claimed for compensation from Tecom International in accordance with investment agreement, Tecom International could ask Vee Telecom for the compensation according to the supplementary agreement. As of November 13, 2015, as the above cases were not filed under formal legal procedures, the Company could not reasonably assess the impact to Tecom International's financial position and operations.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. On October 15, 2015, the Group acquired 100% of the share capital of Motovario S.p.A. and its subsidiaries for $3,989,850 (EUR€108,214 thousand) and obtained the control of Motovario S.p.A. and its subsidiaries. The company has its headquarters in Italy and is primarily engaged in production and sale of gear reducers, motors and power transmission related products. The Group expects to extend the range of Teco motor products to power transmission system after the acquisition, as well to provide a more complete solution for drivers to customers and to expand its products to global market and its customer base.

B. The following table summarises the consideration paid for Motovario S .p .A. and its subsidiaries and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	October 15, 2015
Purchase consideration	
Cash paid	$ 3,989,850
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	84,085
Available-for-sale financial assets	63,699
Accounts receivable	1,315,993
Inventories	1,293,987
Other current assets	74,459
Property, plant and equipment	502,344
Other non-current assets	96,713
Short-term borrowings	(750,853)
Accounts payable	(910,380)
Other payables	(142,444)
Other current liabilities	(84,262)
Long-term borrowings	(2,265,248)
Other non-current liabilities	(675,268)
Total identifiable net assets	(1,397,175)
Goodwill	$ 5,387,025

C. The fair value of the acquired identifiable intangible assets of $5,387,025 is provisional pending receipt of the final valuations for those assets.

D. The operating revenue and profit before income tax contributed by Motovario S .p. A. and its subsidiaries were included in the consolidated statement since the acquisition date. Had Motovario S .p. A. and its subsidiaries been consolidated from January 1, 2015, the consolidated statement of comprehensive income would show operating revenue of $39,453,043 and profit before tax of $4,157,029.

12. OTHERS

(1)Capital risk management

The Group's objectives when managing capital are based on the industrial scale, considering industrial future growth and product development, and setting appropriate market share, as well as plan of corresponding capital expenditure, calculation of operating capital needed for financial operations, and considering operating profit and cash inflows arising from product competitiveness, to determine appropriate capital structure.

(2)Financial instruments

A.Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, bond investments without active market, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable and other payables, bonds payable and long-term borrowings) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	September 30, 2015	
	Book value	Fair value
Financial assets:		
Cash and cash equivalents	$ 16,380,750	$ 16,380,750
Investments in bonds without active markets	117,551	117,551
Notes receivable	1,153,116	1,153,116
Accounts receivable	9,059,270	9,059,270
Other receivables	976,655	976,655
	$ 27,687,342	$ 27,687,342

	December 31, 2014	
	Book value	Fair value
Financial assets:		
Cash and cash equivalents	$ 17,201,690	$ 17,201,690
Investments in bonds without active markets	122,540	122,540
Notes receivable	1,097,642	1,097,642
Accounts receivable	8,916,968	8,916,968
Other receivables	958,128	958,128
	$ 28,296,968	$ 28,296,968

	September 30, 2014	
	Book value	Fair value
Financial assets:		
Cash and cash equivalents	$ 15,830,811	$ 15,830,811
Investments in bonds without active markets	119,641	119,641
Notes receivable	1,134,362	1,134,362
Accounts receivable	9,429,238	9,429,238
Other receivables	711,746	711,746
	$ 27,225,798	$ 27,225,798

	September 30, 2015	
	Book value	Fair value
Financial liabilities:		
Short-term borrowings	$ 2,314,695	$ 2,314,695
Notes payable	131,342	131,342
Accounts payable	6,705,152	6,705,152
Other payables	4,515,789	4,515,789
Bonds payable (including current portion)	4,552,800	4,552,800
Long-term borrowings (including current portion)	3,533,164	3,533,164
	$ 21,752,942	$ 21,752,942

	December 31, 2014	
	Book value	Fair value
Financial liabilities:		
Short-term borrowings	$ 2,472,904	$ 2,472,904
Notes payable	128,683	128,683
Accounts payable	7,549,060	7,549,060
Other payables	5,246,997	5,246,997
Bonds payable	1,527,600	1,527,600
Long-term borrowings (including current portion)	5,515,387	5,515,387
	$ 22,440,631	$ 22,440,631

	September 30, 2014	
	Book value	Fair value
Financial liabilities:		
Short-term borrowings	$ 2,725,103	$ 2,725,103
Notes payable	198,640	198,640
Accounts payable	8,248,093	8,248,093
Other payables	4,474,083	4,474,083
Bonds payable	1,480,200	1,480,200
Long-term borrowings (including current portion)	5,199,109	5,199,109
	$ 22,325,228	$ 22,325,228

B.Financial risk management policies

(a)The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(14)).

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

C.Significant financial risks and degrees of financial risks

(a)Market risk

Foreign exchange risk

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

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

iii. The Group uses forward exchange contracts / forward exchange traded derivatives transactions that hedge the recognised foreign asset or liability due to exchange rate fluctuations.

iv. The Group’s businesses involve some non-functional currency operations (the Company’s and certain subsidiaries’ functional currency: NTD; other certain subsidiaries’ functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

		September 30, 2015					
					Sensitivity Analysis		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	111,639	32.8700	$ 3,669,586	1%	$ 36,696	$ -
EUR:NTD	EUR	61,212	36.9200	2,259,940	1%	22,599	-
USD:RMB	USD	45,874	6.3505	1,507,884	1%	15,079	-
USD:SGD	USD	22,834	1.4229	750,553	1%	7,506	-
RMB:NTD	RMB	144,524	5.1760	748,058	1%	7,481	-
JPY:NTD	JPY	1,972,576	0.2739	540,289	1%	5,403	-
EUR:USD	EUR	8,063	1.1232	297,703	1%	2,977	-
CAD:USD	CAD	6,673	0.7457	163,551	1%	1,636	-
USD:MYR	USD	4,169	4.3920	137,043	1%	1,370	-
MYR:SGD	MYR	14,936	0.3240	111,785	1%	1,118	-
AUD:NTD	AUD	4,303	23.0250	99,072	1%	991	-
RMB:USD	RMB	6,714	0.1575	34,753	1%	348	-
Non-monetary items							
USD:NTD	USD	582,888	32.8700	19,159,532			
SGD:NTD	SGD	118,901	23.1000	2,746,617			
VND:NTD	VND	105,355,640	0.0015	158,033			
MYR:NTD	MYR	14,828	7.4841	110,974			
Financial liabilities							
Monetary items							
USD:NTD	USD	67,344	32.8700	2,213,608	1%	22,136	-
RMB:NTD	RMB	304,177	5.1760	1,574,421	1%	15,744	-
USD:RMB	USD	8,824	6.3505	290,052	1%	2,901	-
EUR:NTD	EUR	6,897	36.9200	254,636	1%	2,546	-
USD:SGD	USD	6,183	1.4229	203,326	1%	2,033	-

		December 31, 2014					
					Sensitivity Analysis		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	110,172	31.6500	$ 3,486,943	1%	$ 34,869	$ -
EUR:NTD	EUR	14,901	38.4700	573,241	1%	5,732	-
USD:RMB	USD	53,418	6.2156	1,690,695	1%	16,907	-
USD:SGD	USD	10,216	1.3221	323,342	1%	3,233	-
RMB:NTD	RMB	111,093	5.0920	565,686	1%	5,657	-
JPY:NTD	JPY	1,285,317	0.2646	340,095	1%	3,401	-
EUR:USD	EUR	7,192	1.2155	276,664	1%	2,767	-
CAD:USD	CAD	8,245	0.8616	224,846	1%	2,248	-
USD:MYR	USD	4,674	3.4950	147,927	1%	1,479	-
MYR:SGD	MYR	16,050	0.3783	145,350	1%	1,454	-
AUD:NTD	AUD	2,212	25.9050	57,311	1%	573	-
RMB:USD	RMB	43,532	0.1609	221,667	1%	2,217	-
Non-monetary items							
USD:NTD	USD	579,260	31.6500	18,333,579			
SGD:NTD	SGD	120,633	23.9400	2,887,954			
VND:NTD	VND	93,492,358	0.0015	140,239			
MYR:NTD	MYR	14,301	9.0558	129,507			
Financial liabilities							
Monetary items							
USD:NTD	USD	71,187	31.6500	2,253,069	1%	22,531	-
RMB:NTD	RMB	305,546	5.0920	1,555,840	1%	15,558	-
USD:RMB	USD	8,457	6.2156	267,662	1%	2,677	-
EUR:NTD	EUR	6,665	38.4700	256,403	1%	2,564	-
USD:SGD	USD	5,903	1.3221	186,828	1%	1,868	-

		June 30, 2014					
					Sensitivity Analysis		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	107,103	30.4200	$ 3,258,073	1%	$ 32,581	$ -
EUR:NTD	EUR	12,073	38.5900	465,897	1%	4,659	-
USD:RMB	USD	44,707	6.1654	1,359,987	1%	13,600	-
USD:SGD	USD	10,156	1.2728	308,946	1%	3,089	-
RMB:NTD	RMB	106,821	4.9340	527,055	1%	5,271	-
JPY:NTD	JPY	1,037,849	0.2780	288,552	1%	2,886	-
EUR:USD	EUR	7,177	1.2686	276,960	1%	2,770	-
CAD:USD	CAD	22,128	0.8971	603,873	1%	6,039	-
RMB:USD	RMB	45,297	0.1622	223,495	1%	2,235	-
Non-monetary items							
USD:NTD	USD	584,924	30.4200	17,793,388			
SGD:NTD	SGD	114,858	23.9000	2,745,106			
VND:NTD	VND	99,191,591	0.0014	138,868			
MYR:NTD	MYR	14,089	9.2813	130,764			
Financial liabilities							
Monetary items							
USD:NTD	USD	84,530	30.4200	2,571,403	1%	25,714	-
USD:RMB	USD	10,500	6.1654	319,410	1%	3,194	-
EUR:NTD	EUR	6,876	38.5900	265,345	1%	2,653	-
USD:SGD	USD	9,120	1.2728	277,430	1%	2,774	-

v. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2015 and 2014 amounted to $199,378, ($54,860), $145,085 and ($12,240), respectively.

Price risk

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

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the nine months ended September 30, 2015 and 2014 would have increased/decreased by $10,105 and $20,167, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $588,985 and $674,754 as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is floating rate. During the nine months ended September 30, 2015 and 2014, the Group's borrowings at variable rates were denominated in the NTD, USD and RMB.

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

iii. At September 30, 2015 and 2014, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the nine months ended September 30, 2015 and 2014 would have been $9,101 and $11,580 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

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

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

iii.The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6(6).

(c)Liquidity risk

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

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

Non-derivative financial liabilities:

September 30, 2015	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 2,314,695	$ -	$ -	$ -	$ -
Notes payable	131,342	-	-	-	-
Accounts payable	6,705,152	-	-	-	-
Other payables	4,515,789	-	-	-	-
Bonds payable (including current portion)	1,552,800	-	-	3,000,000	-
Long-term borrowings (including current portion)	3,279,669	57,466	212,905	-	2,200

December 31, 2014	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 2,472,904	$ -	$ -	$ -	$ -
Notes payable	128,683	-	-	-	-
Accounts payable	7,549,060	-	-	-	-
Other payables	5,246,997	-	-	-	-
Bonds payable	-	1,527,600	-	-	-
Long-term borrowings (including current portion)	5,465,677	-	46,269	-	3,441

September 30, 2014	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 2,725,103	$ -	$ -	$ -	$ -
Notes payable	198,640	-	-	-	-
Accounts payable	8,248,093	-	-	-	-
Other payables	4,474,083	-	-	-	-
Bonds payable	-	1,480,200	-	-	-
Long-term borrowings (including current portion)	5,101,229	-	97,880	-	-

iii.As of September 30, 2015, December 31, 2014 and September 30, 2014, the derivative financial liabilities which are executed by the Group were all due within one year.

iv.The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3)Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(11).

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in derivative instruments is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2015, December 31, 2014 and September 30, 2014 is as follows:

September 30, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 202,101	$ -	$ -	$ 202,101
Forward exchange contracts	-	391	-	391
Available-for-sale financial assets				
Equity securities	10,163,102	-	1,616,604	11,779,706
	$ 10,365,203	$ 391	$ 1,616,604	$ 11,982,198

September 30, 2015	Level 1	Level 2	Level 3	Total
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 51	$ -	$ 51

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 297,360	$ -	$ -	$ 297,360
Forward exchange contracts	-	21,039	-	21,039
Available-for-sale financial assets				
Equity securities	13,783,030	-	1,624,982	15,408,012
	$ 14,080,390	$ 21,039	$ 1,624,982	$ 15,726,411

September 30, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 403,340	$ -	$ -	$ 403,340
Forward exchange contracts	-	19,031	-	19,031
Available-for-sale financial assets				
Equity securities	11,811,281	-	1,683,808	13,495,089
	$ 12,214,621	$ 19,031	$ 1,683,808	$ 13,917,460
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 196	$ -	$ 196

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

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

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the nine months ended September 30, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments as at September 30, 2015 and 2014.

	Non-derivative equity	
	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Beginning balance	$ 1,624,982	$ 3,936,198
Gain and loss recognised in other comprehensive income (NOTE)	43,522	1,418,580
Acquired in the year	104,774	48,925
Sold of in the year	(118,294)	(53,167)
Impairment loss	(29,370)	-
Transfers out from level 3	(9,010)	(3,666,728)
Ending balance	$ 1,616,604	$ 1,683,808

Note: Recorded as unrealized valuation gain or loss on available-for-sale financial assets.

G. As the transaction volume of Fubon Multimedia Technology Co., Ltd. in the market has steadily increased from January 2014 and there is sufficient observable market information available, the Group has transferred the fair value from Level 3 into Level 1 at the end of month when the event occurred.

H. Finance and Accounting Department segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$1,616,604	Market comparable companies	Price to earnings ratio multiple	1.51~2.53	The higher the multiple and control premium, the higher the fair value
Private equity fund			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

	September 30, 2015					
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	$ -	$ -	$ 80,830	($ 80,830)

	December 31, 2014					
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	$ -	$ -	$ 81,249	($ 81,249)

	September 30, 2014					
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	$ -	$ -	$ 84,190	($ 84,190)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative financial instruments undertaken during the reporting periods ended: Please refer to Notes 6(2) and 6(14).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third party, transactions with the investee companies in Mainland Area:
Please refer to table 9.

14. SEGMENT FINANCIAL INFORMATION

(1) General information

The Group operates and makes decisions on the basis of products and service line, which the Group uses to identify reportable segments.

The Group's reportable segments include motor division and the home appliance division. The motor division primarily engages in the manufacturing and sales of motors and generators. The home appliance division primarily engages in the manufacturing, installation, sales and service of home appliances.

(2) Segment performance

The Group uses the operating income as the basis for segment performance assessment. The operating income excludes non-recurring expenditures, unrealized gain or loss on financial instruments, interest income and interest expense.

(3) Financial information by industry

The segment information of the reportable segments provided to the chief operating decision-maker for the nine-month periods ended September 30, 2015 and 2014 is as follows:

	For the nine-month period ended September 30, 2015				
	Motor division	Home electric appliance division	Others	Adjustments and elimination	Total
Operating revenues					
Operating revenues from external customers	$ 22,552,040	$ 6,258,741	$ 7,312,578	$ -	$ 36,123,359
Operating revenues from internal segments	13,822,797	3,125,677	625,180	(17,573,654)	-
Total operating revenues	$ 36,374,837	$ 9,384,418	$ 7,937,758	($ 17,573,654)	$ 36,123,359
Segment profits and losses	$ 2,937,259	$ 22,583	($ 107,862)	$ -	$ 2,851,980
Segment profits and losses including:					
Depreciation and amortisation	$ 569,459	$ 176,811	$ 208,035	$ -	$ 954,305
Not included in segment profit, but regularly provided to the chief operating decision-maker :					
Segment assets					
Identifiable assets	$ 30,367,149	$ 6,674,090	$ 15,105,298	($ 7,990,025)	$ 44,156,512
Capital expenditures	$ 459,618	$ 75,196	$ 305,611	$ -	$ 840,425
Segment liabilities	$ 14,987,165	$ 3,739,340	$ 5,274,938	($ 7,972,774)	$ 16,028,669

	For the nine-month period ended September 30, 2014				
	Motor division	Home electric appliance division	Others	Adjustments and elimination	Total
Operating revenues					
Operating revenues from external customers	$ 24,979,855	$ 6,610,102	$ 9,581,013	$ -	$ 41,170,970
Operating revenues from internal segments	13,515,012	2,867,708	545,041	(16,927,761)	-
Total operating revenues	$ 38,494,867	$ 9,477,810	$ 10,126,054	($ 16,927,761)	$ 41,170,970
Segment profits and losses	$ 3,633,987	$ 53,947	($ 50,039)	$ -	$ 3,637,895
Segment profits and losses including:					
Depreciation and amortisation	$ 568,401	$ 165,522	$ 231,675	$ -	$ 965,598
Not included in segment profit, but regularly provided to the chief operating decision-maker :					
Segment assets					
Identifiable assets	$ 30,447,251	$ 6,306,907	$ 14,328,316	($ 7,603,513)	$ 43,478,961
Capital expenditures	$ 389,194	$ 58,453	$ 691,433	$ -	$ 1,139,080
Segment liabilities	$ 16,577,103	$ 3,642,767	$ 5,382,724	($ 7,546,428)	$ 18,056,166

(4) Reconciliation for segment profit (loss), assets and liabilities

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the nine-month periods ended September 30, 2015 and 2014 is provided as follows:

	For the nine-month periods ended September 30,	
	2015	2014
Adjusted operating income of reportable segments	$ 2,959,842	$ 3,687,934
Adjusted operating income of other operating segments	(107,862)	(50,039)
Total segments	2,851,980	3,637,895
Interest income	129,314	116,310
Unrealised profit on financial instruments	24,159	35,031
Financial cost	(50,209)	(175,843)
Associates' and joint ventures' profit and loss accounted for under the equity method	175,918	224,999
Impairment loss	(29,370)	(218,128)
Others	762,884	1,126,705
Income before income tax	$ 3,864,676	$ 4,746,969

The total assets amount reported to the chief operating decision-maker is measured in a manner consistent with that in the financial statements.

TECO ELECTRIC & MACHINERY CO., LTD.

Loans to others

For the nine-month period ended September 30, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine months ended September 30, 2015	Balance at September 30, 2015 (Note 11)	Actual amount drawn down	Interest rate (%)	Nature of loans	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	TECO ELECTRIC & MACHINERY CO., LTD.	Xiamen An-Tai	Other receivables	Yes	$ 121,880	$ 101,002	$ 101,002	3.25	Short-term financing	$ -	For operating capital	$ -	-	$ -	$ 1,391,299	$ 4,637,664	Note 2
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	〃	〃	150,127	150,127	150,127	3.5	Short-term financing	-	For operating capital	-	-	-	1,391,299	4,637,664	Note 2
1	Tong-an Investment	Le-Li Co., Ltd.	〃	〃	33,500	33,500	33,500	2.5	Short-term financing	-	For operating capital	-	Commercial paper	5,000	50,000	200,000	Note 10
2	U.V.G.	Teco Netherlands	〃	〃	269,290	258,440	258,440	1.54	Short-term financing	-	For operating capital	-	-	-	506,216	843,693	Note 3
2	U.V.G.	Teco Century	〃	〃	55,071	55,071	55,071	7	Short-term financing	-	For operating capital	-	-	-	506,216	843,693	Note 3
2	U.V.G.	TECO ELECTRIC & MACHINERY CO., LTD.	〃	〃	363,480	-	-	1.05	Short-term financing	-	For operating capital	-	-	-	506,216	843,693	Note 3
3	Tai-An Wuxi	Fujian Teco	〃	〃	46,784	25,880	25,880	5.6	Short-term financing	-	For operating capital	-	-	-	69,437	138,874	Note 4
4	Teco Westinghouse	TWMM	〃	〃	66,458	59,166	59,166	2.55~3.68	Short-term financing	-	For operating capital	-	-	-	868,823	1,737,646	Note 5
5	Tong-An Assets	TECO ELECTRIC & MACHINERY CO., LTD.	〃	〃	280,000	280,000	280,000	1.05	Short-term financing	-	For operating capital	-	-	-	515,482	515,482	Note 6
5	Tong-An Assets	Le-Li Co., Ltd.	〃	〃	183,000	183,000	183,000	1.3	Short-term financing	-	For operating capital	-	Real estate	219,600	515,482	515,482	Note 6
6	Baycom	Tecom	〃	〃	60,000	55,000	60,000	2.13	Short-term financing	-	For operating capital	-	-	-	56,254	112,507	Note 7
7	Kuen Ling	Kuen Ling (Vietnam)	〃	〃	39,384	39,384	13,128	2.64~2.87	Short-term financing	-	For operating capital	-	-	-	121,051	484,204	Note 8

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine months ended September 30, 2015	Balance at September 30, 2015 (Note 11)	Actual amount drawn down	Interest rate (%)	Nature of loans	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
7	Kuen Ling	K.A. Corp.	Other receivables	Yes	$ 32,820	$ 32,820	$ 14,769	2.12	Short-term financing	-	For operating capital	-	-	-	$ 121,051	$ 484,204	Note 8
8	Kuen Ling (Shanghai)	Kuen Yuan (Suzhou)	〃	〃	25,202	-	-	-	Short-term financing	-	For operating capital	-	-	-	52,118	52,118	Note 9

Note 1：The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2：In accordance with the Company's policy, limit on total loans shall not exceed 10% of the Company's net assets based on the latest financial statements (September 30, 2015), and limit on loans to a single party shall not exceed 3% of the Company's net assets based on the latest financial statements (September 30,2015).

Note 3：In accordance with U.V.G.' s policy, limit on total loans shall not exceed 10% of U.V.G.' s net assets based on the latest financial statements (September 30, 2015), and limit on loans to a single party shall not exceed 6% of U.V.G.' s net assets based on the latest financial statements (September 30, 2015).

Note 4：In accordance with Tai-An Wuxi' s policy, limit on total loans shall not exceed 10% of Tai-An Wuxi' s net assets based on the latest financial statements (September 30, 2015), and limit on loans to a single party shall not exceed 5% of Tai-An Wuxi' s net assets based on the latest financial statements (September 30, 2015).

Note 5：In accordance with Teco Westinghouse' s policy, limit on total loans shall not exceed 20% of Teco Westinghouse' s net assets based on the latest financial statements (September 30, 2015), and limit on loans to a single party shall not 10% of Teco Westinghouse' s net assets based on the latest financial statements (September 30, 2015).

Note 6：In accordance with Tong-An Assets' policy, limit on total loans shall not exceed 10% of Tong-An Assets' net assets based on the latest audited financial statement (September 30, 2015), and limit on loans to a single party shall not exceed 10% of Tong-An Assets' net assets based on the latest audited financial statement (September 30, 2015).

Note 7：In accordance with the "Procedures for Provision of Loans" of the Tecom's subsidiaries, limit on loans to Baycom is 20% of the granting company's net assets based on the latest audited financial statements (September 30, 2015); limit on loans to a single party is 10% of the granting company's net assets based on the latest audited financial statements (September 30, 2015).

Note 8：In accordance with the KUEN LING' s policy, limit on total loans shall not exceed 40% of the KUEN LING' s net assets based on the latest audited financial statements (September 30, 2015) and limit on loans to a single party or group exceed 10% of the KUEN LING' s net assets based on the latest audited financial statements (September 30, 2015), where an inter-company or inter-firm financing facility is necessary provided that the amount of such financing facility.

Note 9：According to the policy of the KUEN LING's subsidiaries, limit on total loans to a single party or group shall not exceed 20% of the KUEN LING's net assets based on the latest audited financial statements (September 30, 2015).

Note 10：In accordance with Tong-an Investment's limit on total loans shall not exceed $200 million, and limit on loans to a single party shall not exceed $50 million.

Note 11：The credit line approved by the Board of Directors.

TECO ELECTRIC & MACHINERY CO., LTD.

Provision of endorsements and guarantees to others

For the nine-month period ended September 30, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2015	Outstanding endorsement/ guarantee amount at September 30, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TECO ELECTRIC & MACHINERY CO., LTD.	GD TECO	1	$ 9,275,328	$ 100,000	$ 100,000	$ 100,000	$ -	0.22	$ 27,825,984	Y	N	N	Note 3
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco International	1	9,275,328	100,000	100,000	100,000	-	0.22	27,825,984	Y	N	N	〃
0	TECO ELECTRIC & MACHINERY CO., LTD.	Straits	3	9,275,328	218,367	218,367	218,367	-	0.47	27,825,984	N	N	Y	〃
0	TECO ELECTRIC & MACHINERY CO., LTD.	Others	1,2,4	9,275,328	160,441	119,184	119,184	-	0.26	27,825,984	Y	N	N	〃
1	Tong-An Assets	GREYBACK INTERNATIONAL	1	515,482	12,344	-	-	-	-	1,030,963	Y	N	N	Note 4
2	Teco Westinghouse	TWMM	1	868,823	91,858	91,356	91,356	-	1.05	1,737,646	Y	N	N	Note 5

Number (Note 1）	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2015	Outstanding endorsement/ guarantee amount at September 30, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
3	Teco Australia	Ejoy Australia	1	$ 256,001	$ 1,148	$ 667	$ 667	-	0.05	$ 768,004	Y	N	N	Note 6
3	Teco Australia	MOS Burger Australia Pty Ltd.	5	256,001	1,489	1,323	1,323	-	0.1	768,004	N	N	N	〃
4	Tong-an Investment	TG Teco Vacuum Insulated Glass Corp.	4	126,000	126,000	126,000	126,000	-	1.52	200,000	N	N	N	Note 7
5	Kuen Ling	I Chi Industrial	1	363,153	8,000	8,000	3,000	-	0.6	484,204	Y	N	N	Note 8

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following five categories:
(1)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(2)The endorser/guarantor parent company directly or indirectly through its subsidiaries owns more than 50% voting shares of the endorsed/guaranteed company.
(3)Having business relationship.
(4)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(5)An investee accounted for under the equity method

Note 3: In accordance with the Company's policy, the total guarantee amount shall not exceed 60% of Company's net assets based on the latest financial statements (September 30, 2015), and the guarantee to a single party shall not exceed 20% of the Company's net assets.

Note 4: In accordance with Tong-An Assets' policy, the total guarantee amount shall not exceed 20% of Tong-An Assets' net assets based on the latest financial statements (September 30, 2015), and the guarantee to a single party shall not exce 10% of Tong-An Assets' net assets.

Note 5: In accordance with the Teco Westinghouse's policy, the total guarantee amount shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (September 30, 2015), and the guarantee to a single party s exceed 10% of Teco Westinghouse's net assets.

Note 6: In accordance with the Teco Australia's policy, the total guarantee amount shall not exceed 60% of Teco Australia's net assets based on the latest financial statements (September 30, 2015), and the guarantee to a single party shall not e 20% of Teco Australia's net assets.

Note 7: In accordance with Tong-An Investment' s policy, the total guarantee amount shall not exceed $200 million, and the guarantee to a single party shall not exceed $50 million.

Note 8: In accordance with Kuen Ling' s policy, the total guarantee amount shall not exceed 40% of Tong-An Assets' net assets based on the latest financial statements (September 30, 2015), and the guarantee to a single party shall not exceed 30% of Kuen Ling's net assets.

TECO ELECTRIC & MACHINERY CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2015						Footnote
				Number of shares	Book value		Ownership (%)	Fair value		
TECO ELECTRIC & MACHINERY CO., LTD.	Stock 1	None	Note 1	10,084	$	108,911	0.08	$	108,911	
	Stock 2	〃	〃	15,000		153,752	0.15		153,752	
	Stock 3	The Company is a supervisor of the investee	〃	11,527		243,229	1.96		243,229	
	Stock 4	The Company is a director of the investee	〃	475,151		1,914,860	7.3		1,914,860	
	Stock 5	None	〃	51,924		406,564	2.17		406,564	
	Stock 6	〃	〃	24,715		236,523	0.64		236,523	
	Stock 7	The Company is a director of the investee	〃	70,907		308,552	-		308,552	
	Stock 8	None	〃	7,500		314,775	-		314,775	
	Stock 9, etc.	The Company is a director of the investee	〃	-		438,585	-		438,585	
Teco International	Stock 10	None	〃	574		111,930	0.4		111,930	
	Stock 11, etc.	〃	〃	16,274		272,544	-		272,544	
	Stock 12, etc.	〃	Note 3	4,338		316,772	-		316,772	
	Stock 20, etc.	〃	Note 2	627		27,565	-		27,565	
Tong-an Investment	Stock 14	Subsidiary of the Company	Note 1	19,540		505,110	0.98		505,110	
	Stock 15	Related party in substance	〃	9,197		98,862	8.17		98,862	
	Stock 16, etc.	〃	〃	14,518		300,004	-		300,004	
	Stock 17	None	〃	10,433		740,740	0.32		740,740	
	Stock 18	〃	〃	2,270		228,135	0.07		228,135	
	Stock 10	〃	〃	15,855		3,091,725	11.16		3,091,725	
	Stock 19	〃	〃	892		87,675	4.35		87,675	
	Stock 28	〃	Note 2	2,307		97,318	-		97,318	
	Stock 12, etc.	〃	Note 3	613		106,302	0.55		106,302	
	Stock 29, etc.	〃	〃	16,746		765,112	-		765,112	
	Fund 1, etc.	〃	〃	4,340		63,482	-		63,482	
	Fund 2	〃	Note 1	1,938		61,380	-		61,380	
U.V.G	Stock 21, etc.	〃	〃	118		6,241	-		6,241	
An-Tai International	Stock 14	Subsidiary of the Company	〃	2,826		73,046	0.14		73,046	
	Stock 15	Related party in substance	〃	1,266		13,611	1.13		13,611	
	Stock 16	〃	〃	2,836		165,887	8.75		165,887	
	Stock 22, etc.	None	〃	489		7,115	-		7,115	
	Stock 20, etc.	〃	Note 2	236		9,336	-		9,336	
	Stock 12, etc.	〃	Note 3	1,302		110,924	-		110,924	
Tong-An Assets	Stock 23	〃	Note 1	-		304,010	10		304,010	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2015 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Jack Property	Fund 5	None	Note 3	2,773	$ 35,478	-	$ 35,478	
Teco Electro	Stock 15	Related party in substance	Note 1	200	2,152	0.18	2,152	
Information Technology Total Service	Stock 24	None	〃	31	47	1.43	47	
Teco Singapore	Stock 10	〃	〃	845	164,697	0.59	164,697	
Taiwan Pelican Express	Stock 10, etc.	〃	〃	1,968	247,631	-	247,631	
Teco Australia	Stock 10	〃	〃	460	89,778	0.32	89,778	
Teco Nanotech	Stock 15	Related party in substance	Note 1	81	866	0.07	866	
	Fund 4	None	Note 2	156	27,402	-	27,402	
Sankyo	Stock 25	〃	Note 3	-	9,760	0.54	9,760	
Kuen Ling	Stock 26	〃	〃	1,000	3,983	9	3,983	
	Stock 27	〃	〃	157,500	4,039	15	4,039	
	Stock 30	〃	〃	-	5,720	18	5,720	
Tecom	Stock 2	〃	〃	2,175	22,297	18	22,297	
	Stock 4	The Company is a corporate director of the investee	〃	40,555	163,437	0.02	163,437	

Note 1: Available-for-sale financial assets - non-current
Note 2: Financial assets at fair value through profit or loss - current
Note 3: Available-for-sale financial assets - current

TECO ELECTRIC & MACHINERY CO., LTD.

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2015

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 2）
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	$ 2,031,417	16%	30 days	Note	Note	($ 15,465)	-	
	Taian Subic	〃	〃	163,351	1%	75 days	〃	〃	(57,656)	(1%)	
	Kuen Ling	〃	〃	174,937	1%	〃	〃	〃	(147,681)	(3%)	
	Wuxi Teco	An indirect investee accounted for under the equity method	〃	1,101,896	8%	〃	〃	〃	(666,319)	(15%)	
	Teco Malaysia	〃	〃	431,985	3%	〃	〃	〃	(87,695)	(2%)	
	Tai-An Wuxi	〃	〃	374,406	3%	〃	〃	〃	(56,446)	(1%)	
	QingDao Teco	〃	〃	198,762	2%	〃	〃	〃	(35,331)	(1%)	
	Jianxi Teco	〃	〃	165,736	1%	〃	〃	〃	(23,492)	(1%)	
	Fujian Teco	〃	〃	113,146	1%	〃	〃	〃	(18,548)	-	
	Teco Singapore	An investee accounted for under the equity method	Sales	(793,860)	(5%)	90 days	〃	〃	130,377	3%	
	Tong Dai	〃	〃	(677,967)	(4%)	〃	〃	〃	227,507	5%	
	Tong Tai Jung	〃	〃	(497,627)	(3%)	〃	〃	〃	170,980	4%	
	Taisan	〃	〃	(165,961)	(1%)	〃	〃	〃	25,397	1%	
	Teco Westinghouse	An indirect investee accounted for under the equity method	〃	(2,670,720)	(16%)	〃	〃	〃	506,693	12%	
	Teco Westinghouse Canada	〃	〃	(871,250)	(5%)	〃	〃	〃	170,470	4%	
	Teco Australia	〃	〃	(733,547)	(4%)	〃	〃	〃	192,051	5%	
	Top-Tower	〃	〃	(310,711)	(2%)	〃	〃	〃	78,376	2%	
	Teco Netherlands	〃	〃	(281,606)	(2%)	〃	〃	〃	123,074	3%	
	Sankyo	〃	〃	(209,676)	(1%)	〃	〃	〃	122,301	3%	
	Teco Mexico	〃	〃	(103,833)	(1%)	〃	〃	〃	37,024	1%	

Note : Comparable with other types of transactions, trading conditions are handled in accordance with the agreement of the conditions.

TECO ELECTRIC & MACHINERY CO., LTD.

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

September 30, 2015

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2015	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Tai Jung	An investee accounted for under the equity method	$ 171,053	3.49	$ -	-	$ 58,949	$ -
〃	Tong Dai	〃	227,507	3.77	-	-	53,291	-
〃	Teco Westinghouse	An indirect investee accounted for under the equity method	507,015	6.92	-	-	251,077	-
〃	Teco Australia	〃	193,311	4.74	-	-	753	-
〃	Sankyo	〃	329,431	0.87	184,199	In the process of collection	8,718	-
〃	Teco Netherlands	〃	430,387	0.82	307,309	"	4,650	-
〃	QingDao Teco	〃	178,368	0.02	-	-	-	-
〃	TecoWestinghouse Canada	〃	170,957	7.24	165	In the process of collection	57,809	-
〃	Teco Singapore	〃	130,377	7.28	-	-	71,594	-
〃	Xiamen An-Tai	〃	101,002	-	-	-	-	-
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	Subsidiary of the Company	666,319	2.05	-	-	2,181	-
Kuen Ling	〃	〃	147,681	1.50	-	-	-	-
Tong-An-Assets	〃	〃	280,000	-	-	-	-	-
〃	Le-Li Co., Ltd.	An investee accounted for under the equity method	183,000	-	-	-	-	-
U.V.G.	Teco Netherlands	Subsidiary accounted for under the equity method	258,440	-	-	-	-	Total amount was $12,545

TECO ELECTRIC & MACHINERY CO., LTD.

Significant inter-company transactions during the reporting periods

For the nine-month period ended September 30, 2015

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues of total assets (Note 3)
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Tai Jung	1	Notes receivable, accounts receivable and other receivables	$ 171,053	Because there is no transaction in same type which can be compared with, it is based on the condition and the period as specified in the agreement between the parties.	-
0	"	Tong Dai	"	Accounts receivable and other receivables	227,507	"	-
0	"	Teco Westinghouse	"	Accounts receivable	507,015	"	1%
0	"	Teco Singapore	"	"	130,377	"	-
0	"	Teco Australia	"	Accounts receivable and other receivables	193,311	"	-
0	"	TecoWestinghouse Canada	"	"	170,957	"	-
0	"	Teco Netherlands	"	"	430,387	"	1%
0	"	Sankyo	"	"	329,431	"	-
0	"	QingDao Teco	"	"	178,368	"	-
0	"	Xiamen An-Tai	"	Other receivables	101,002	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	2	Accounts receivable	666,319	"	1%
2	Kuen Ling	"	"	Notes receivable and accounts receivable	147,970	"	-
3	Tong-An-Assets	"	"	Other receivables	280,000	"	-
4	U.V.G	Teco Netherlands	3	"	258,440	"	-
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Singapore	1	Sales	793,860	"	2%
0	"	Tong Dai	"	"	677,967	"	2%
0	"	Tong Tai Jung	"	"	497,627	"	1%
0	"	Teco Westinghouse	"	"	2,670,720	"	7%
0	"	TecoWestinghouse Canada	"	"	871,250	"	2%
0	"	Teco Australia	"	"	733,547	"	2%
0	"	Top-Tower	"	"	310,711	"	1%
0	"	Teco Netherlands	"	"	281,606	"	1%
0	"	Sankyo	"	"	209,676	"	1%
12	"	Teco Mexico	"	"	103,833	"	-

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues of total assets (Note 3)
5	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	2	Sales	$ 2,031,417	Because there is no transaction in same type which can be compared with, it is based on the condition and the period as specified in the agreement between the parties.	6%
6	Taian Subic	"	"	"	163,351	"	-
2	Kuen Ling	"	"	"	174,937	"	-
1	Wuxi Teco	"	"	"	1,101,896	"	3%
7	Teco Malaysia	"	"	"	431,985	"	1%
8	Tai-An Wuxi	"	"	"	374,406	"	1%
9	QingDao Teco	"	"	"	198,762	"	1%
10	Jianxi Teco	"	"	"	165,736	"	-
11	Fujian Teco	"	"	"	113,146	"	-

Note 1: The numbers filled in for the loans provided by TECO ELECTRIC & MACHINERY CO., LTD. or subsidiaries are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship with the transaction company:

(1)The parent company to the subsidiary

(2)The subsidiary to the parent company.

(3)The subsidiary to the subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

TECO ELECTRIC & MACHINERY CO., LTD.

Information on investees

For the nine-month period ended September 30, 2015

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2015	Initial investment amount: Balance as at September 30, 2014	Shares held as at September 30, 2015: Number of shares	Shares held as at September 30, 2015: Ownership (%)	Shares held as at September 30, 2015: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2015	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Footnote
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	$ 12,293	$ 12,293	39,145,044	31.14	$ 1,970,287	$ 350,342	$ 109,107	None
	Tecom	Taiwan	Manufacturing of key telephone system and non-key service unit telephone system	631,410	631,410	400,602,050	63.52	46,362	(58,607)	(36,907)	None
	Teco International	Taiwan	Investment holdings	100,013	100,013	50,562,000	100	1,074,909	63,641	63,641	None
	Teco Holdings and its subsidiaries	U.S.A	Manufacturing and distribution of motors and generators, and investment and trading in USA	726,428	726,428	1,680	100	8,941,933	658,655	657,351	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90	2,735,859	220,103	198,092	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	406,105,007	99.6	7,765,188	310,569	309,326	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	128,496	128,496	15,386,949	62.57	240,810	12,166	7,655	None
	UVG and its subsidiaries	Cayman Islands	Manufacturing and distribution of the Company's motor products and home appliances, and investment holdings	8,505,434	8,505,434	265,778,948	100	8,433,940	87,350	86,075	None

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2015	Initial investment amount: Balance as at September 30, 2014	Shares held as at September 30, 2015: Number of shares	Shares held as at September 30, 2015: Ownership (%)	Shares held as at September 30, 2015: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2015	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Footnote
TECO ELECTRIC & MACHINERY CO., LTD.	Information Technology Total Service	Taiwan	E-business service, mailing and data management	$ 121,232	$ 121,232	12,123,248	60.62	$ 148,065	$ 26,463	$ 16,042	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100	219,111	20,047	22,240	None
	Lien Chang	Taiwan	Manufacturing of color flybacks transformers, mono flyback transformers and mono deflection yokes	117,744	117,744	37,542,159	33.84	574,532	58,122	19,671	None
	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	22,444	22,444	5,290,800	92.63	221,334	53,960	49,981	None
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	264,111	264,111	13,772,799	100	147,498	7,265	7,259	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95	137,715	9,428	6,044	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	147,323,399	100	5,154,815	42,143	42,143	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.7	156,925	3,813	3,345	None
	Micropac (BVI) and its subsidiaries	British Virgin Islands	International trading	454,923	454,923	14,883,591	100	1,624,309	61,778	62,031	None
	Century Development	Taiwan	Development and management of industrial park	673,801	673,801	61,619,450	21.39	905,174	176,266	38,932	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	20,827,579	100	444,357	32,662	32,662	None
	Pelican	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27	406,863	104,607	26,431	None

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2015	Initial investment amount: Balance as at September 30, 2014	Shares held as at September 30, 2015: Number of shares	Shares held as at September 30, 2015: Ownership (%)	Shares held as at September 30, 2015: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2015	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Footnote
TECO ELECTRIC & MACHINERY CO., LTD.	Kuen Ling	Taiwan	Manufacturing, installation, repair, domestic and export sales and leasing of condenser, water cooling, water-cooled chiller and freezer	$ 296,003	$ 296,003	15,218,642	19.98	$ 315,463	$ 102,988	$ 21,149	None
	Senergy Wind Power	Taiwan	Manufacturing machinery for electricity generation, transmission and distribution	249,990	-	24,999,000	50	249,958	(65)	(32)	None
Tung Pei	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings	646,343	646,343	23,031,065	100	1,706,430	36,891	36,891	None
Tecom	Tecom International	Taiwan	Investment holdings	100,000	100,000	12,000,000	100	259,139	23,759	23,759	None
	Baycom	Taiwan	Manufacturing and sales of optical telecom products	359,656	359,656	12,483,600	28.64	151,269	(1,686)	(208)	None
Tong-An Investments	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	87,464	87,464	7,913,310	6.23	220,781	290,397	17,815	None
	Century Development	Taiwan	Development and management of industrial park	420,646	371,107	37,939,014	13.17	481,956	176,266	24,220	None
	Pelican	Taiwan	Logistics and distribution services	49,892	76,949	6,718,468	7.04	128,366	104,607	7,442	None
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	11,720,000	100	115,110	4,794	4,794	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,505,354	84.97	616,730	30,381	5,625	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	98,170	98,170	10,000,000	100	158,373	2,157	3,021	None

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2015	Initial investment amount: Balance as at September 30, 2014	Shares held as at September 30, 2015: Number of shares	Shares held as at September 30, 2015: Ownership (%)	Shares held as at September 30, 2015: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2015	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Footnote
Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	$ 88,108	$ 88,108	2,510,000	100	$ 132,949	($ 24,078)	($ 24,078)	None
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	16,498,992	6.06	190,444	176,266	10,682	None
Teco International	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	52,560	52,560	4,326,447	3.41	120,562	290,397	9,532	None
Kuen LING	Ching Chi	British Virgin Islands	Investment holdings	201,467	201,467	6,200,000	83	461,384	10,513	8,035	None

TECO ELECTRIC & MACHINERY CO., LTD.

Information on investments in Mainland China

For the nine-month period ended September 30, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015	Net income of investee for the nine months ended September 30, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Book value of investments in Mainland China as of September 30, 2015	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Teco (Dong Guan)	Manufacturing and sales of air conditioners mechanical equipment	$ 268,799	Note 2	$ 188,139	$ -	$ -	$ 188,139	($ 4,179)	100	($ 4,179)	$ 177,944	$ -	Note 16
Suzhou Teco	Manufacturing and sales of motors	143,255	Note 1	143,255	-	-	143,255	(12,591)	100	(12,591)	236,737	-	Note 16
Wuxi Teco	Manufacturing and sales of motors	977,616	Note 1	768,259	-	-	768,259	86,592	82	71,308	1,904,239	-	Note 15
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 12	205,551	-	-	205,551	69,005	100	69,005	1,388,736	-	Note 16
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	(5,514)	100	(5,514)	(5,424)	-	Note 16
Hang Zhou Xizi-Iuk	Manufacturing and sales of parking equipment	129,840	Note 1	19,117	-	-	19,117	165,984	15	-	18,780	-	None
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	33,785	98.07	33,133	1,748,254	-	Note 15
QingDao Teco	Manufacturing and sales of dyes	1,764,453	Note 1	1,505,255	-	-	1,505,255	(4,240)	85.31	(3,617)	240,004	-	Note 15
Xiamen Teco	Sales of motors and home appliances	20,590	Note 3	20,590	-	-	20,590	330	100	330	29,238	-	Note 16
Xiamen An-Tai	Distribution of LCD	678,681	Note 3	467,577	-	-	467,577	(22,147)	100	(22,147)	407,127	-	Note 15
Teco Han Zou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	9,140	100	9,140	35,103	-	Note 16

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015	Net income of investee for the nine months ended September 30, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Book value of investments in Mainland China as of September 30, 2015	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Nanchang Dong-Huan	Business management consulting	$ 3,222	Note 1	$ 3,222	$ -	$ -	$ 3,222	($ 48)	100	($ 48)	($ 8,116)	$ -	Note 16
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	(59,853)	50	(29,927)	90,421	-	Note 16
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	(14,724)	100	(14,724)	137,345	-	Note 16
Ecolectric International	Distribution of air conditioner	24,004	Note 2	-	-	-	-	(3,021)	39.90	(1,206)	6,842	-	Note 16
Teco (Tianjin) Innovation	Central China area Operation center	15,990	Note 3	15,990	-	-	15,990	1,187	100	1,187	16,403	-	Note 16
Teco (Jiang Xi)	Manufacturing and sales of air-conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	2,841	100	2,841	133,963	-	Note 16
Teco Sichuan Trading	Sales of home appliances	26,522	Note 12	-	-	-	-	(3,884)	100.00	(3,884)	10,439	-	Note 16
Jiangxi Teco-Lead	Manufacturing and sales of wind generator	141,079	Note 1	62,865	-	-	62,865	(337)	45	(152)	24,147	-	Note 16
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 14	59,444	-	-	59,444	(11,108)	100	(11,108)	44,031	-	Note 16

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2015: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2015: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015	Net income of investee for the nine months ended September 30, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Book value of investments in Mainland China as of September 30, 2015	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2015	Footnote
Shanghai Teco	Sales of home appliances	$ 23,829	Note 1	$ 23,829	$ -	$ -	$ 23,829	$ 2,761	100	$ 2,761	($ 7,295)	$ -	Note 16
Hunan TECO Wind Energy Limited	Manufacturing, sales and technical services of 2.0 megawatt and above aerogenerator, wheel bay and other components	240,818	Note 12	240,818	-	-	240,818	(7,176)	100	(7,176)	229,717	-	Note 16
Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 13	-	-	-	-	1,416	100	1,416	129,162	-	Note 16
Beijing Pelican Express	Storage services	27,940	Note 4	27,940	-	-	27,940	1,289	100	1,289	15,639	-	Note 15
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	1,190,480	Note 5	-	26,757	-	26,757	-	2.16	-	26,757	-	Note 16
Kuen Ling (Shanghai)	Manufacturing of air conditioners	181,713	Note 6	155,593	-	-	155,593	3,356	100	3,356	260,592	31,922	Note 15
Kuen Yuan (Suzhou)	Manufacturing and sales of air-conditioning mechanical equipment	233,952	Note 6	70,661	-	-	70,661	8,641	100	8,641	281,714	-	Note 15
Firm Precision Industrial (Shanghai)	Manufacturing and sales of metal carton	31,764	Note 6	11,157	-	-	11,157	(340)	9	-	4,237	-	None
Suzhou Firm Precision Industrial	Manufacturing and sales of metal carton	255,459	Note 6	21,173	-	-	21,173	(16,255)	9	-	19,062	-	None
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 7	6,950	-	-	6,950	1,602	100	1,602	5,803	-	Note 15

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015	Net income of investee for the nine months ended September 30, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Book value of investments in Mainland China as of September 30, 2015	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Tecom Tech (Wuxi)	R & D, manufacture of broadband access network communication system equipment, asynchronous transfer mode, IP data communication systems, mobile communication handsets, base stations, switching equipment and digital trunking system equipment, high-end routers, Gigabit switch for the above network, program-controlled switchboards; sale of products to provide technology services	$ 485,455	Note 8	$ 485,455	$ -	$ -	$ 485,455	($ 493)	100	($ 493)	$ 5,617	$ -	Note 15
Tecom TechInvestment (BVI)	Flat panel displays, IT products, printed circuit board assembly, manufacture, testing and communication products and equipment R &	34,990	Note 9	34,990	-	-	34,990	(54)	100	(54)	4,008	-	Note 15

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2015 Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015	Net income of investee for the nine months ended September 30, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Book value of investments in Mainland China as of September 30, 2015	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2015	Footnote
Beijing Tecom Innovation Technology Co., Ltd.	Intelligent home systems and spare parts of the Internet, fixed-line mobile phone multi-network integration of family related systems and spare parts, the broadband access network communication system hardware, software and accessories, wireless network communication system hardware and software, and zero communication system hardware and software and spare parts business communications telephone system, batch systems and spare parts and spare parts	$ 14,566	Note 9	$ 14,566	$ -	$ -	$ 14,566	($ 2,961)	100	($ 2,961)	($ 5,447)	$ -	Note 15
Information Technology (Wuxi)	Engaged in services related to information software, data processing and electronic information supply	10,167	Note 10	10,167	-	-	10,167	1,141	100	1,141	18,832	-	Note 16

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2015: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015	Net income of investee for the nine months ended September 30, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2015	Book value of investments in Mainland China as of September 30, 2015	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2015	Footnote
Information Technology Total Service (Hang Zhou)	Engaged in services related to information software, data processing and electronic information supply	$ 2,257	Note 10	$ 2,257	$ -	$ -	$ 2,257	($ 107)	100	($ 107)	$ 674	$ -	Note 16
Information Technology Total Service (Xiamen)	Engaged in services related to information software, data processing and electronic information supply	5,092	Note 10	-	-	-	-	(992)	100	(992)	4,479	-	Note 16
Taichang Teco Electro Devices	Manufacturing and sales of motors	115,225	Note 11	86,101	-	-	86,101	(24,078)	100	(24,078)	132,949	43,266	Note 15

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Great Teco Motor (Pte) Ltd. and then invest in Mainland China.

Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Asia Air Tech Industrial (Pte) Ltd. and then invest in Mainland China.

Note 3: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Asia Electric & Machinery (Pte) Ltd. and then invest in Mainland China.

Note 4: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Pelecanus Express Pte. Ltd., and then invest in Mainland China.

Note 5: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Asian Crown International Co., Ltd., Fortune Kingdom Corporation and Hong Kong Fubon Multimedia Technology Co., Ltd. and then invest in Mainland China.

Note 6: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Ching Chi International Limited and Full Ocean Trading Limited and then invest in Mainland China.

Note 7: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Tecom Global Tech Investment (B.V.I) Limited and then invest in Mainland China.

Note 8: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Tecom Global Tech Investment Pte Limited and then invest in Mainland China.

Note 9: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Tecom Investment (B.V.I) Limited and then invest in Mainland China.

Note 10: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Information Technology Total Service (BVI) Co., Ltd. and then invest in Mainland China.

Note 11: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Teco Electro Devices Co., Ltd. and then invest in Mainland China.

Note 12: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Micropac Worldwide (B.V.I) and An-Tai International Investment (Pte) Ltd. and then invest in Mainland China.

Note 13: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Teco Holding USA Inc. and Teco Westinghouse Motor Company and then invest in Mainland China.

Note 14: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invested through Tecocapital Investment (Samoa) Co., Ltd. and then invest in Mainland China.

Note 15: The amount recognised was based on the reviewed financial statements.

Note 16: The amount recognised was based on the unreviewed financial statements.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
TECO Electric & Machinery Co., Ltd.	$ 6,487,880	$ 7,774,487	$ 30,140,755
Taiwan Pelican Express Co., Ltd.	54,697	54,697	966,151
Kuen Ling Machinery Regrigerating Co., Ltd.	207,047	353,944	786,035
Tecom Co., Ltd.	541,961	754,000	249,876
Information Technology Total Services Co., Ltd.	12,424	12,424	146,550
Teco Electro Devices Co., Ltd.	86,101	104,259	231,245

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Transactions denominated in foreign currencies are translated into New Taiwan dollars at the spot exchange rates prevailing at the transaction dates.

Note 2: The amount disclosed was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

TECO ELECTRIC & MACHINERY CO., LTD.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2015

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at September 30, 2015	%	Balance at September 30, 2015	Purpose	Maximum balance during the nine months ended September 30, 2015	Balance at September 30, 2015	Interest rate	Interest during the nine months ended September 30, 2015	Others
Wuxi Teco	$ 15,726		$ -	-	$ 8,407	-	$ -	-	$ -	$ -	-	$ -	
Taian (Wuxi)	47,814		-	-	14,760	-	-	-	-	-	-	-	
Jiangxi Teco	28,351		-	-	9,645	-	-	-	-	-	-	-	
QingDao Teco	1,979	-	-	-	1,802	-	-	-	150,127	150,127	3.50%	3,941	
Xiamen An-Tai	47,465	-	-	-	4,555	-	-	-	101,002	101,002	3.25%	2,462	
Shanghai Teco	4,064	-	-	-	557	-	-	-	-	-	-	-	
Kuen Ling (Shanghai)	1,628	-	-	-	-	-	-	-	-	-	-	-	
Wuxi Teco	(1,101,896)	-	-	-	(666,319)	-	-	-	-	-	-	-	
Taian (Wuxi)	(374,406)	-	-	-	(56,446)	-	-	-	-	-	-	-	
Jiangxi Teco	(165,736)	-	-	-	(23,492)	-	-	-	-	-	-	-	
QingDao Teco	(198,762)	-	-	-	(35,331)	-	-	-	-	-	-	-	
Xiamen An-Tai	(98,182)	-	-	-	(1,110)	-	-	-	-	-	-	-	
Fujian Teco	(113,146)	-	-	-	(18,548)	-	-	-	-	-	-	-	
Teco (Jang Xi)	(45,604)	-	-	-	(9,745)	-	-	-	-	-	-	-	
Suzhou Kuenyuan	(44,933)	-	-	-	(10,653)	-	-	-	-	-	-	-	