TECO ELECTRIC & MACHINERY CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2016 AND 2015

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 March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-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 $36,119,805,000 and $33,721,186,000, constituting 40% and 43% of consolidated total assets as of March 31, 2016 and 2015, respectively, total liabilities (including credit balance of investments accounted for under equity method) of $6,721,460,000 and $3,974,708,000, constituting 19% and 15% of consolidated total liabilities as of March 31, 2016 and 2015, 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 ($20,181,000) and $281,963,000, constituting 1% and 47% of the consolidated total comprehensive income for the three-month periods then ended, 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

PricewaterhouseCoopers, Taiwan

May 11, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

	Assets	Notes	March 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%	March 31, 2015 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1) and 8	$ 13,818,921	15	$ 14,919,042	18	$ 15,089,115	19
1110	Financial assets at fair value through profit or loss - current	6(2)	218,231	-	265,984	-	323,266	-
1125	Available-for-sale financial assets - current	6(3) and 8	1,476,019	2	1,462,871	2	1,260,136	2
1147	Bond investments without active markets - current	6(4)	1,717,221	2	141,551	-	117,546	-
1150	Notes receivable, net	6(5)(6) and 8	1,053,748	1	1,006,151	1	1,085,643	1
1160	Notes receivable - related parties	7	34,793	-	14,943	-	10,218	-
1170	Accounts receivable, net	6(6) and 8	9,192,228	10	9,329,829	11	8,393,448	11
1180	Accounts receivable - related parties	7	228,787	-	194,082	-	179,525	-
1190	Receivables from customers on construction contracts	6(8)	895,849	1	805,488	1	991,612	1
1200	Other receivables		326,798	-	323,881	-	269,717	-
1210	Other receivables - related parties	7	585,540	1	692,340	1	765,596	1
130X	Inventories, net	6(7) and 8	11,672,242	13	11,755,227	14	11,346,602	14
1410	Prepayments		641,976	1	333,968	1	446,946	1
1470	Other current assets	6(1) and 8	1,269,020	2	1,047,045	1	1,128,245	2
11XX	**Total current assets**		43,131,373	48	42,292,402	50	41,407,615	52
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(3) and 8	12,023,030	13	10,905,909	13	12,796,759	16
1550	Investments accounted for under the equity method	6(9) and 8	3,951,407	4	5,464,797	6	5,244,017	7
1600	Property, plant and equipment, net	6(10) and 8	19,115,199	21	15,018,217	18	14,476,533	18
1760	Investment property, net	6(11)	2,538,643	3	2,561,444	3	2,589,678	3
1780	Intangible assets	6(12)(33)	5,939,358	7	5,541,844	7	161,377	-
1840	Deferred income tax assets	6(31)	1,128,856	1	1,183,247	1	1,088,964	2
1900	Other non-current assets	6(13) and 8	2,863,321	3	1,466,392	2	1,349,837	2
15XX	**Total non-current assets**		47,559,814	52	42,141,850	50	37,707,165	48
1XXX	**Total assets**		$ 90,691,187	100	$ 84,434,252	100	$ 79,114,780	100

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

			March 31, 2016		December 31, 2015		March 31, 2015	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(14) and 8	$ 6,471,773	7	$ 6,619,012	8	$ 2,379,151	3
2120	Financial liabilities at fair value through profit or loss - current	6(15)	23,282	-	15,043	-	-	-
2150	Notes payable		143,180	-	112,098	-	158,052	-
2160	Notes payable - related parties	7	10,049	-	1,313	-	10,230	-
2170	Accounts payable		6,274,210	7	6,628,882	8	6,427,937	8
2180	Accounts payable - related parties	7	111,749	-	95,766	-	89,208	-
2190	Payables to customers on construction contracts	6(8)	312,668	1	367,467	-	264,319	-
2200	Other payables	6(16)	4,737,745	5	4,863,815	6	4,233,868	6
2230	Current income tax liabilities	6(31)	715,643	1	555,477	1	621,383	1
2250	Provisions for liabilities - current		252,273	-	256,979	-	256,071	-
2300	Other current liabilities	6(17)(18)	3,640,785	4	3,199,186	4	1,827,363	2
21XX	**Total current liabilities**		22,693,357	25	22,715,038	27	16,267,582	20
	Non-current liabilities							
2530	Corporate bonds payable	6(17)	3,000,000	3	3,000,000	3	1,513,200	2
2540	Long-term borrowings	6(18) and 8	4,560,146	5	2,300,299	3	4,333,160	6
2550	Provisions for liabilities - non-current		264,638	-	230,265	-	167,565	-
2570	Deferred income tax liabilities	6(31)	2,339,735	3	2,317,721	3	1,894,272	2
2600	Other non-current liabilities	6(9)	2,438,328	3	2,438,425	3	2,214,188	3
25XX	**Total non-current liabilities**		12,602,847	14	10,286,710	12	10,122,385	13
2XXX	**Total liabilities**		35,296,204	39	33,001,748	39	26,389,967	33
	Equity attributable to owners of parent							
	Share capital	6(21)						
3110	Common stock		20,026,929	22	20,026,929	24	20,026,929	25
	Capital surplus	6(22)						
3200	Capital surplus		7,638,417	9	7,638,417	8	7,607,903	9
	Retained earnings	6(23)(31)						
3310	Legal reserve		5,412,342	6	5,412,342	7	5,005,650	7
3320	Special reserve		3,640,779	4	3,640,779	4	3,737,786	5
3350	Unappropriated retained earnings		10,980,810	12	10,310,158	12	10,438,261	13
	Other equity interest	6(24)						
3400	Other equity interest		2,129,692	2	756,980	1	2,161,057	3
3500	Treasury stocks	6(21) and 8	(321,563)	-	(321,563)	-	(321,563)	-
31XX	**Equity attributable to owners of the parent**		49,507,406	55	47,464,042	56	48,656,023	62
36XX	**Non-controlling interest**		5,887,577	6	3,968,462	5	4,068,790	5
3XXX	**Total equity**		55,394,983	61	51,432,504	61	52,724,813	67
	Commitments and contingent liabilities	9						
	Subsequent events	11						
3X2X	**Total liabilities and equity**		$ 90,691,187	100	$ 84,434,252	100	$ 79,114,780	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 11, 2016.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

	Items	Notes	For the three-month periods ended March 31 2016 AMOUNT	%	2015 AMOUNT	%
4000	**Sales revenue**	6(25) and 7	$ 11,678,422	100	$ 11,716,314	100
5000	**Operating costs**	6(7)(19)(29)(30) and 7	(8,507,576)	(73)	(8,665,295)	(74)
5900	**Net operating margin**		3,170,846	27	3,051,019	26
5910	Unrealized loss from sales		(5,783)	-	(4,223)	-
5920	Realized profit from sales		5,488	-	10,265	-
5950	**Net operating margin**		3,170,551	27	3,057,061	26
	Operating expenses	6(19)(29)(30)				
6100	Selling expenses		(1,060,638)	(9)	(954,399)	(8)
6200	General and administrative expenses		(728,264)	(6)	(750,043)	(7)
6300	Research and development expenses		(348,283)	(3)	(365,936)	(3)
6000	**Total operating expenses**		(2,137,185)	(18)	(2,070,378)	(18)
6900	**Operating profit**		1,033,366	9	986,683	8
	Non-operating income and expenses					
7010	Other income	6(4)(26) and 7	181,749	2	182,502	2
7020	Other gains and losses	6(2)(3)(10)(11)(15)(27)(33)	(3,251)	-	(59,340)	(1)
7050	Finance costs	6(10)(28)	(97,501)	(1)	(47,709)	-
7060	Share of (loss) profit of associates and joint ventures accounted for under the equity method	6(9)	(52,607)	(1)	46,811	-
7000	**Total non-operating income and expenses**		28,390	-	122,264	1
7900	**Profit before income tax**		1,061,756	9	1,108,947	9
7950	Income tax expense	6(31)	(270,981)	(2)	(287,384)	(2)
8200	**Profit for the period**		$ 790,775	7	$ 821,563	7

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

	Items	Notes	For the three-month periods ended March 31 2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
	Other comprehensive income (loss)					
	Other comprehensive loss that will not be reclassified to profit or loss					
8311	Other comprehensive loss, before tax, actuarial loss on defined benefit plans		($ 12,377)	-	$ -	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(7)	-	-	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(12,384)	-	-	-
	Other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(24)	126,897	1	(597,690)	(5)
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)(24)	1,294,560	11	(895,486)	(8)
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under the equity method - other comprehensive income (loss) that will be reclassified to profit or loss	6(24)	1,230	-	(952)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified	6(31)	(22,809)	-	69,861	1
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**		1,399,878	12	(1,424,267)	(12)
8300	**Other comprehensive income (loss) for the period**		$ 1,387,494	12	($ 1,424,267)	(12)
8500	**Total comprehensive income (loss) for the period**		$ 2,178,269	19	($ 602,704)	(5)
	Profit attributable to:					
8610	Owners of the parent		$ 683,036	6	$ 737,106	6
8620	Non-controlling interest		107,739	1	84,457	1
			$ 790,775	7	$ 821,563	7
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 2,043,364	18	($ 621,401)	(5)
8720	Non-controlling interest		134,905	1	18,697	-
			$ 2,178,269	19	($ 602,704)	(5)
	Earnings per share (in dollars)	6(32)				
9750	**Basic earnings per share**		$ 0.34		$ 0.37	
9850	**Diluted earnings per share**		$ 0.34		$ 0.37	

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 11, 2016.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent										
				Retained Earnings			Other Equity Interest					
	Notes	Share capital - common stock	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 three-month period ended March 31, 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
Difference between the price for acquisition or disposal of subsidiaries and carrying amount		-	(14,741)	-	-	-	-	-	-	(14,741)	-	(14,741)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	22,092	-	-	-	-	-	-	22,092	-	22,092
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	31,444	31,444
Other comprehensive loss for the period	6(24)	-	-	-	-	-	(518,197)	(840,310)	-	(1,358,507)	(65,760)	(1,424,267)
Profit for the period	6(23)	-	-	-	-	737,106	-	-	-	737,106	84,457	821,563
Balance at March 31, 2015		$ 20,026,929	$ 7,607,903	$ 5,005,650	$ 3,737,786	$ 10,438,261	($ 165,265)	$ 2,326,322	($321,563)	$ 48,656,023	$ 4,068,790	$ 52,724,813
For the three-month period ended March 31, 2016												
Balance at January 1, 2016		$ 20,026,929	$ 7,638,417	$ 5,412,342	$ 3,640,779	$ 10,310,158	$ 13,030	$ 743,950	($321,563)	$ 47,464,042	$ 3,968,462	$ 51,432,504
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	1,784,210	1,784,210
Other comprehensive income for the period	6(24)	-	-	-	-	(12,384)	111,779	1,260,933	-	1,360,328	27,166	1,387,494
Profit for the period	6(23)	-	-	-	-	683,036	-	-	-	683,036	107,739	790,775
Balance at March 31, 2016		$ 20,026,929	$ 7,638,417	$ 5,412,342	$ 3,640,779	$ 10,980,810	$ 124,809	$ 2,004,883	($321,563)	$ 49,507,406	$ 5,887,577	$ 55,394,983

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 11, 2016.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the three-month periods ended March 31 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,061,756	$ 1,108,947
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(27)	3,252	(36,373)
Net loss on financial liabilities at fair value through profit or loss	6(15)(27)	20,865	-
(Reversal of allowance) provision for doubtful accounts	6(6)	(14,180)	11,512
Provision for decline in value of inventories	6(7)	32,897	14,873
Interest income	6(26)	(60,630)	(45,244)
Impairment loss	6(3)(27)	90,323	-
Interest expense	6(28)	96,299	43,910
Depreciation and amortization	6(10)(11)(29)	379,627	307,962
Gain on disposal of investments	6(25)(27)	(330,054)	(110,887)
Loss on disposal of property, plant and equipment	6(27)	1,157	3,353
Share of profit (loss) of associates and joint ventures accounted for under the equity method	6(9)	52,607	(46,811)
Foreign currency exchange gain of bonds payable	6(17)	(6,900)	(14,400)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current	6(2)	44,501	31,506
Notes receivable	6(5)	(47,427)	(13,009)
Notes receivable - related parties	7	(19,850)	88,914
Accounts receivable	6(6)	173,445	134,267
Accounts receivable - related parties	7	(20,278)	404,359
Receivables from customers on construction contracts	6(8)	(74,004)	(147,277)
Other receivables		93,572	(9,093)
Other receivables - related parties	7	152,167	(64,014)
Inventories	6(7)	50,088	178,822
Prepayments		(282,397)	(195,263)
Other current assets		(52,753)	6,386
Changes in operating liabilities			
Notes payable		29,535	38,130
Notes paypale - related parties	7	1,994	1,380
Accounts payable		(416,569)	(1,185,309)
Accounts payable - related parties	7	15,983	(4,380)
Payables to customers on construction contracts	6(8)	(76,661)	(27,022)
Other payables	6(16)	(132,908)	(895,360)
Provisions for liabilities		29,667	4,138
Other current liabilities		28,926	118,034
Other non-current liabilities		(176,167)	5,998
Cash inflow (outflow) generated from operations		647,883	(291,951)
Interest received	6(26)	60,630	45,244
Interest paid	6(28)	(96,299)	(44,162)
Income tax paid	6(31)	(77,823)	(16,903)
Net cash flows from (used in) operating activities		534,391	(307,772)

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the three-month periods ended March 31 2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in available-for-sale financial assets - current	6(3)	$ 49,678	$ 122,261
(Increase) decrease in bond investments without active market	6(4)	(1,575,670)	4,994
Increase in pledged demand and fixed deposits	8	(6,670)	(360,925)
Proceeds from disposal of available-for-sale financial assets - non-current	6(3)	143,873	302,544
Acquisition of available-for-sale financial assets - non-current	6(3)	(21,706)	(45,090)
Increase in investments accounted for under the equity method	6(9)	(12,500)	(10,800)
Acquisition of property, plant and equipment	6(10)(34)	(214,907)	(393,174)
Proceeds from disposal of property, plant and equipment	6(10)	2,844	2,602
Acquisition of intangible assets		(51,585)	(5,715)
Decrease in restricted assets	8	-	137
(Increase) decrease in other non-current assets	6(13)	(395,701)	175,993
Net cash inflow (outflow) on acquisitions of subsidiaries	6(33)	266,268	(3,108)
Net cash flows used in investing activities		(1,816,076)	(210,281)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(14)	(147,239)	(111,981)
Increase (decrease) in long-term loans	6(18)	359,130	(1,141,486)
Net cash flows from (used in) financing activities		211,891	(1,253,467)
Exchange rate effect		(30,327)	(341,055)
Net decrease in cash and cash equivalents		(1,100,121)	(2,112,575)
Cash and cash equivalents at beginning of period		14,919,042	17,201,690
Cash and cash equivalents at end of period		$ 13,818,921	$ 15,089,115

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 11, 2016.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, NOT AUDITED)

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 authorized for issuance by the Board of Directors on May 11, 2016.

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”)

   None.

   (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	Effective date by 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)	To be determined by International Accounting Standards Board
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
Clarifications to IFRS 15, ‘Revenue from contracts with customers’ (amendments to IFRS 15)	January 1, 2018
IFRS 16, ‘Leases’	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
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

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses (‘ECL’) or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity’s risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of ‘rebalancing’; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

B. Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognized either in full or partially depending on the nature of the assets sold or contributed:

(a) If sales or contributions of assets that constitute a ‘business’, the full gain or loss is recognized;

(b) If sales or contributions of assets that do not constitute a ‘business’, the partial gain or loss is recognized only to the extent of unrelated investors’ interests in the associate or joint venture.

C. Amendments to IFRS 10, IFRS 12 and IAS 28, ‘Investment entities: Applying the consolidation exception’

The amendments clarify the following:

(a) If the ultimate parent of the Group's intermediate parent entity is an investment entity and measures it at fair value through profit or loss, and the intermediate parent entity also meets other criteria for exemption from preparing consolidated financial statements, it is not required to present consolidated financial statements.

(b) If a subsidiary of an investment entity that provides the investment-related services is itself an investment entity, the investment entity parent shall measure that subsidiary at fair value through profit or loss. If that subsidiary is not itself an investment entity and whose main purpose is providing investment-related services as an extension of the operations of the investment entity parent, the investment entity parent shall consolidate that subsidiary.

(c) If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may choose, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate’s or joint venture’s interests in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

D. Amendments to IFRS 11, ‘Accounting for acquisitions of interests in joint operations’

When an entity acquires an interest in a joint operation in which the activity of the joint

operation constitutes a ‘business’, it shall apply all of the principles on business combinations accounting in IFRS 3 except for those principles that conflict with the guidance in IFRS 11. The amendment applies to the acquisition of both the initial interest and additional interests in a joint operation. When the acquisition of an additional interest in a joint operation results in retaining joint control,
previously held interests in the same joint operation are not remeasured.

E. IFRS 14 "Regulatory deferral accounts"

An entity is permitted to continue applying its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances arising from the exemption rules on first-time adoption. However, the presentation of such amounts shall comply with the presentation requirements of this standard, which requires the balances are presented as separate line items in the balance sheet and the statement of comprehensive income.

F. IFRS 15 "Revenue from contracts with customers"

IFRS 15 "revenue from contracts with customers" replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

G. Amendments to IFRS 15, ' Clarifications to Revenue from Contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

H. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

I. Amendments to IAS 1, ‘Disclosure initiative’

This amendment clarifies the presentation of materiality, aggregation and subtotals, the framework of financial report, and the guide for accounting disclosure.

J. Amendments to IAS 7, ‘Disclosure initiative’

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

K. Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealised losses’

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset’s tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits. The amendments are effective from January 1, 2017.

L. Amendments to IAS 16 and IAS 38, ‘Clarification of acceptable methods of depreciation and amortisation’

The amendments clarify that a revenue-based method of depreciation or amortization is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as other inputs and processes, selling activities and changes in sales volumes and prices.

M. Amendments to IAS 16 and IAS 41, ‘Agriculture: Bearer plants’

The amendments require biological assets that meet the definition of ‘bearer plants’ to be measured either at cost or revalued amounts, less accumulated depreciation and impairment losses in accordance with IAS 16, ‘Property, plant and equipment’.

N. Amendments to IAS 19 "Defined benefit plans: Employee contributions"

The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

O. Amendments to IAS 27, ‘Equity method in separate financial statements’

The amendment allows entities to account for investments in subsidiaries, joint ventures and associates in their separate financial statements either:

(a) at cost; or

(b) in accordance with IFRS 9; or

(c) using the equity method as described in IAS 28.

P. Amendments to IAS 36, ‘Recoverable amount disclosures for non-financial assets’

The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment. When a material impairment loss has been recognised or reversed for an individual asset, including goodwill, or a CGU, it is required to disclose the recoverable amount of the asset or CGU. If the recoverable amount is fair value less costs of disposal, it is required to disclose the level of the fair value hierarchy, the valuation techniques(s) used and key assumptions.

Q. Amendments to IAS 39, ‘Novation of derivatives and continuation of hedge accounting’

The amendments state that when the parties to a derivative being designated as a hedging instrument agree that one or more clearing counterparties replace their original counterparty tobecome the new counterparty to each of the parties, and the novated derivative comply with all of the following criteria, there would be no need to discontinue hedge accounting:

(a) Novation to a central counterparty must happen as a consequence of laws or regulations or the introduction of laws or regulations.

(b) Following the novation, a central counterparty would become the new counterparty to each of the original parties to the derivative.

(c)Any changes to the derivative are limited to those that are necessary to effect such a replacement of the counterparty. Such changes include changes in the collateral requirements, rights to offset receivables and payables balances, and charges levied. However, this does not include changes to the maturity, the payment dates, or the contractual cash flows.

R. IFRIC 21,'Levies'

This interpretation addresses the accounting for a liability to pay a levy (excluding income taxes) recognised in accordance with IAS 37, 'Provisions'. An entity recognises the liability when the obligating event occurs. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognized when the threshold is reached.

S. Annual improvements to IFRSs 2010-2012 cycle

(a) IFRS 2, 'Share-based payment'

The amendment clarifies the definition of a 'vesting condition' includes only service condition and performance condition. The amendment revises the definition of 'service condition', 'performance condition' and 'market condition'.

(b) IFRS 3, 'Business combinations' Except the contingent consideration classified as equity, all non-equity contingent consideration is measured at fair value with changes in fair value recognized in profit and loss.

(c) IFRS 8, 'Operating segments'

The standard is amended to require disclosure of judgments made by management in aggregating operating segments. This amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only when segment asset is provided to chief operating decision maker regularly.

(d) IFRS 13, 'Fair value measurement' When issuing IFRS 13 'fair value measurement', the IASB removed the guidance that an entity could measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, when the effect of not discounting is immaterial. The amendment clarifies the deletion was made by IASB noting that paragraph 8 of IAS 8 already permits entities not to apply accounting policies set out in accordance with IFRSs when the effect of applying them is immaterial. The IASB did not intend to change the aforementioned measurement requirements, thus, entities can still apply above standard.

(e)IAS 16, 'Property, plant and equipment'

The standard is amended to clarify how the accumulated depreciation of property, plant and equipment are treated to where an entity uses the revaluation model.

(f)IAS 24, 'Related party disclosures' The standard is amended to include, as a related party, an entity (or any member of a group of which it is a part) that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

(g)IAS 38, 'intangible asset'

The standard is amended to clarify how the accumulated depreciation is treated where an intangible asset uses the revaluation model.

T. Annual improvements to IFRSs 2011-2013 cycle

(a)IFRS 1, ‘First-time adoption of International Financial Reporting Standards’

This amendment clarifies paragraph BC11 in IFRS 1 is not requiring an entity to apply a more recent version of an IFRS, but only illustrates the advantages of applying a more recent version of an IFRS.

(b)IFRS 3, ‘Business combinations’

The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement.

(c)IFRS 13, ‘Fair value measurement’

The amendment clarifies that the exception of measuring the fair value of a group of financial assets and financial liabilities (portfolio exception) applies to all financial assets, financial liabilities and other contracts within the scope of IFRS 9 or IAS 39.

(d)IAS 40, ‘Investment property’

This amendment clarifies that preparers should refer to the guidance in IFRS 3 to determine whether the acquisition of a property is an asset acquisition or a business combination, and refer to the guidance in IAS 40 to distinguish between owner-occupied property and investment property.

U. Annual improvements to IFRSs 2012-2014 cycle

(a)IFRS 5, ‘Non-current assets held for sale and discontinued operations’

The amendment clarifies the accounting treatments for the situation where an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’, or vice versa and where an asset ceases to be held for distribution but is not reclassified as held for sale.

(b)IFRS 7, ‘Financial instruments: Disclosures’

The amendment provides additional guidance to determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and thus the disclosure requirement of transferred financial assets applies. And this amendment also clarifies that disclosure of offsetting is not required for all interim periods.

(c)IAS 19, ‘Employee benefits’

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds or not is based on corporate bonds in that currency, and not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

(d)IAS 34, ‘Interim financial reporting’

The amendment clarifies what is meant by the reference in the standard to “information disclosed elsewhere in the interim financial report”. The amendment further amends IAS 34 to require a cross-reference form the interim financial statements to the location of that information.

Except for the followings, the above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

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) Defined benefit liabilities recognized based on the net amount of pension fund assets 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 recognized in profit or loss. All amounts previously recognized 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.

B.Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	Ownership (%) December 31, 2015	Ownership (%) March 31, 2015	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.	Expanding the distribution of motors	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electro Devices Co., Ltd.	Manufacturing and sales of step-servo motor	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 (%) March 31, 2016	December 31, 2015	March 31, 2015	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.	Manufacturing and sales of touch-tone phone system and billing box	63.52	63.52	63.52	Note 1
Teco Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd.	Import sales, leases of franking machines and mail processing and delivery	71.3	71.3	71.3	Note 1
Teco Electric & Machinery Co., Ltd.	GD Teco Taiwan Co., Ltd.	Commissioned sales of phone cards and IC cards, and production of data storage and processing equipment	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco International Investment Co., Ltd.	Various productions, investments in securities and construction of commercial buildings	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.,	Business management consulting	73.54	73.54	73.54	Note 1
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co.,	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Delivery and logistics services	32.15	32.15	32.71	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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	December 31, 2015	March 31, 2015	Description
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
Teco Electric & Machinery Co., Ltd.	Yaskawa Teco Motor Engineering Co.	Manufacturing and sales of motors	70	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Eagle Holding Co.	Holding company	100	100	-	Note 1
Teco Electric & Machinery Co., Ltd.	Century Development Corporation	Real estate and industrial park management and development	52.75	40.63	40.63	Notes 1and 4
Century Development Corporation	Century Tech. C&M Corp.	Construction industry	100	100	100	Notes 1and 4
Eagle Holding Co.	TECO MOTOR B.V.	Holding company	100	100	-	Note 1
TECO MOTOR B.V.	TECO EMM S.R.L.	Holding company	100	100	-	Note 1
TECO EMM S.R.L.	Motovario S.p.A.	Sales of motors and reducers	100	100	-	Note 1
Motovario S.p.A.	Motovario S.A (Spain)	Sales of motors and reducers	100	100	-	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	Ownership (%) December 31, 2015	Ownership (%) March 31, 2015	Description
Motovario S.p.A.	Motovario Ltd.	Sales of motors and reducers	100	100	-	Note 1
Motovario S.p.A.	Motovario Scandinavia A/S Danimarca	Sales of motors and reducers	100	100	-	Note 1
Motovario S.p.A.	Motovario GMBH	Sales of motors and reducers	100	100	-	Note 1
Motovario S.p.A.	Motovario Corp.	Sales of motors and reducers	75	75	-	Note 1
Motovario S.p.A.	GR Genesis LLC	Management and development of real estate	75	75	-	Note 1
Motovario S.p.A.	Motovario S.A (France)	Sales of motors and reducers	100	100	-	Note 1
Motovario S.p.A.	Motovario Int. Trading Co. Ltd.	Sales of motors and reducers	100	100	-	Note 1
Motovario S.p.A.	Motovario Power Transmission Co. Ltd.	Sales of motors and reducers	100	100	-	Note 1
Motovario S.p.A.	Motovario Gear Solution Private Ltd.	Sales of motors and reducers	100	100	-	Note 1
Motovario S.p.A.	Gear Solutions ES, SL	Sales of motors and reducers	100	100	-	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	December 31, 2015	March 31, 2015	Description
Teco Holding USA Inc.	Teco Westinghouse Motor Company	Manufacturing and sales of motors and generators	100	100	100	Note 1
Teco Holding USA Inc.	Teco Westinghouse Motor Industrial Canada	Manufacturing and sales of motors and generators	100	100	100	Note 1
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	Note 1
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 (%) March 31, 2016	Ownership (%) December 31, 2015	Ownership (%) March 31, 2015	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 and neighbouring countries	87.5	87.5	87.5	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco (Thai) Co.	Sales of motors in Singapore and neighbouring countries	55	55	55	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco Electric & Machinery Sdn. Bhd.	Sales of motors in Singapore and neighbouring countries	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	Notes 1 and 3
Teco Electro Devices Co., Ltd.	Teco Electro Devices Co., Ltd.	Trading and various investments	100	100	100	Note 1
Micropac Worldwide (BVI)	An-Tai International Investment (Singapore) Co., Ltd.	Investment holdings	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	December 31, 2015	March 31, 2015	Description
Teco International Investment Co., Ltd.	Tasia (Pte) Ltd.	Various investments	100	100	100	Note 1
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	Note 1
Teco Westinghouse Motor Company	Teco Westinghouse Motor Company S. A. de C.V.	Manufacturing and sales of motors and generators	100	100	100	Note 1
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	Note 1
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 (%) March 31, 2016	Ownership (%) December 31, 2014	Ownership (%) March 31, 2015	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	Note 1
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	Note 1
Great Teco Motor (Pte) Ltd.	Jiangxi Teco Electric & Machinery Co., Ltd.	Coil-wound motors and bydroelectric power	98.07	98.07	91.67	Note 1
Great Teco Motor (Pte) Ltd.	Qingdao Teco Precision Mechatronics Co., Ltd.	Manufacturing and sales of motors	85.31	85.31	85.31	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	December 31, 2015	March 31, 2015	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 and electrical appliances	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Wuxi Teco Precision Machinery Co., Ltd.	Manufacturing and sales of motors and components	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	Note 1
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 air-conditioning equipment	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Xiamen Teco Technology Co., Ltd.	Distribution and research of motors and home appliances	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Asia Innovative Technology Co., Ltd.	Research, development, manufacturing and sales of home appliances	100	100	100	Note 1
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 (%) March 31, 2016	December 31, 2015	March 31, 2015	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.	Wuxi TECO Precision Industry Co., Ltd. (Formerly : 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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	Ownership (%) December 31, 2015	Ownership (%) March 31, 2015	Description
Tecom International Investment Co., Ltd.	WondaLink Inc.	Wired Communication equipment and apparatus, manufacturing of telecommunication equipment and apparatus, manufacturing of electronic parts and design of products	68.08	68.08	80	Note 1
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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	December 31, 2015	March 31, 2015	Description
Tecom Global Tech Investment (B.V.I.) Limited	Tecom Tech Investment (BVI) Limited	Flat panel displays, IT products, printed circuit board assembly, manufacture, testing and communication products and equipment, R & D reproduction	100	100	100	Note 1
Tecom Global Tech Investment (B.V.I.) Limited	Beijing Tecom Innovation Technology Co., Ltd.	Research, development manufacturing and sales of switching system and its components and peripherals, and commissioned sales of mobile phone related products	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 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	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	Ownership (%) December 31, 2015	Ownership (%) March 31, 2015	Description
Ching Chi International Limited	Kuen Ling Machinery Refrigerating (Shanghai) Co., Ltd.	Manufacturing and sales of water-cooled chiller, etc.	100	100	100	Note 1
Ching Chi International Limited	Suzhou KuenYuan Refrigerating Equipment Co., Ltd.	General manufacturing	100	100	100	Note 1
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	100	Note 1
Tai-An Technology (Wuxi) Co., Ltd.	Teco Sichuan Trading Co., Ltd.	Distribution 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 (%) March 31, 2016	December 31, 2015	March 31, 2015	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 three-month periods ended March 31, 2016 and 2015 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., thus 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.

Note 4: The Group acquired control over the company and the company was included in the consolidated financial statements. Please refer to Note 6(33).

We did not review the financial statements of certain consolidated subsidiaries which statements reflect total assets of $36,119,805 and $33,721,186 as March 31, 2016 and 2015, respectively, total liabilities of $6,721,460 and $3,974,708 as March 31, 2016 and 2015, respectively, and comprehensive (loss) income (including the share of other comprehensive income of associates and joint ventures accounted for under equity method) of ($20,181) and $281,963 for the three-month periods ended March 31, 2016 and 2015, respectively.

C.Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	Ownership (%) December 31, 2015	Ownership (%) March 31, 2015	Description
Teco Electric & Machinery Co., Ltd.	Teco Appliance (HK) Co., Ltd.	Sales of home appliances	99.99	99.99	99.99	Note 1
Teco Electric & Machinery Co., Ltd.	Taian Electric Co., Ltd.	Manufacturing and sales of switches	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	An-Sheng Travel Co., Ltd.	Travel Industry	96	96	96	Note 1
Teco Electric & Machinery Co., Ltd.	Taian-Jaya Electric Sdn. Bhd.	Manufacturing and sales of air-conditioning equipment	95	95	95	Note 1
Teco Electric & Machinery Co., Ltd.	Teco (PHILIPINES) 3C & APPLIANCES, INC.	Sales of air conditioning and electrical appliances	60	60	60	Note 1
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 1
Great Teco Motor (Pte) Ltd.	Nanchang Dong-Huan Management & Consulting Co., Ltd.	Various investments	100	100	100	Notes 1 and 2
An-Tai International Investment Co., Ltd.	Hubbell-Taian Co., Ltd.	Import, export and sales of electric wiring devices, lighting, explosion proofing and other accessory products	49.99	49.99	49.99	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2016	Ownership (%) December 31, 2015	Ownership (%) March 31, 2015	Description
Hubbell-Taian Co., Ltd.	Hubbell-Anmex International(s) Pte. Ltd.	Distribution of electronic products	100	100	100	Note 1
Tong-An Assets Management & Development Co., Ltd.	Grey Back International Property Inc.	Real estate management and development	100	54.83	54.83	Note 1
Tasia (Pte) Ltd.	TTMC Co., Ltd.	Engaged in a variety of investment businesses	100	100	100	Note 1
Jack Property Service & Management Company	Qingdao Jie Zheng Property Service & Management Company	Property management and related services	100	100	100	Note 1

Note 1：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.

Note 2: The company had been liquidated in 2015.

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

E.Significant restrictions: None.

F.Details of main non-controlling interests:

As of March 31, 2016, December 31, 2015 and March 31, 2015, the non-controlling interest amounted to $5,887,577, $3,968,462 and $4,068,790, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-Controlling Interest			
		March 31, 2016		December 31, 2015	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Tecom Co., Ltd.	R.O.C	$ 343,479	36.48%	$ 306,582	36.48%
Taiwan Pelican Express Co., Ltd.	R.O.C	1,163,138	67.85%	1,101,619	67.85%
Kuen Ling Machinery Refrigerating Co., Ltd.	R.O.C	1,051,707	80.02%	10,483,630	80.02%
Wuxi Teco Electric & Machinery Co., Ltd.	China	372,556	17.65%	371,059	17.65%
Jiangxi Teco Electric & Machinery Co., Ltd.	China	34,148	1.93%	34,766	1.93%
Qingdao Teco Precision Mechatronics Co., Ltd.	China	36,269	14.69%	37,141	14.69%
Century Development Corporation (Note)	R.O.C	1,899,393	47.45%	-	-

Note: A subsidiary that the Company obtained control in 2016.

		Non-Controlling Interest	
		March 31, 2015	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Tecom Co., Ltd.	R.O.C	$ 385,572	36.48%
Taiwan Pelican Express Co., Ltd.	R.O.C	1,230,833	67.29%
Kuen Ling Machinery Refrigerating Co., Ltd.	R.O.C	1,027,219	80.02%
Wuxi Teco Electric & Machinery Co., Ltd.	China	381,661	17.56%
Jiangxi Teco Electric & Machinery Co., Ltd.	China	90,770	1.93%
Qingdao Teco Precision Mechatronics Co., Ltd.	China	39,850	14.69%

Summarised financial information of the subsidiaries:
<u>Balance sheets</u>

	Tecom Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 2,106,865	$ 1,975,384	$ 1,945,667
Non-current assets	645,407	557,248	610,427
Current liabilities	(1,954,869)	(1,801,728)	(1,646,976)
Non-current liabilities	(285,767)	(321,531)	(343,604)
Total net assets	$ 511,636	$ 409,373	$ 565,514

	Taiwan Pelican Express Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 1,526,886	$ 1,520,795	$ 1,510,543
Non-current assets	652,837	661,872	726,077
Current liabilities	(496,694)	(536,896)	(466,647)
Non-current liabilities	(10,836)	(22,162)	(16,918)
Total net assets	$ 1,672,193	$ 1,623,609	$ 1,753,055

	Kuen Ling Machinery Refrigerating Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 1,421,925	$ 1,551,156	$ 1,420,741
Non-current assets	642,792	647,862	662,296
Current liabilities	(536,292)	(665,641)	(565,783)
Non-current liabilities	(146,176)	(156,400)	(165,707)
Total net assets	$ 1,382,249	$ 1,376,977	$ 1,351,547

	Wuxi Teco Electric & Machinery Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 2,594,545	$ 2,768,135	$ 2,969,411
Non-current assets	562,750	566,467	564,832
Current liabilities	(973,049)	(1,162,104)	(1,300,998)
Non-current liabilities	(73,432)	(70,170)	(70,858)
Total net assets	$ 2,110,814	$ 2,102,328	$ 2,162,387

	Jiangxi Teco Electric & Machinery Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 557,998	$ 819,304	$ 979,175
Non-current assets	1,545,865	1,568,027	1,654,127
Current liabilities	(326,146)	(583,940)	(950,511)
Non-current liabilities	(8,402)	(2,047)	(1,856)
Total net assets	$ 1,769,315	$ 1,801,344	$ 1,680,935

	Qingdao Teco Precision Mechatronic Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 392,135	$ 414,007	$ 510,857
Non-current assets	768,397	786,027	840,828
Current liabilities	(913,638)	(947,202)	(1,080,411)
Total net assets	$ 246,894	$ 252,832	$ 271,274

	Century Development Corporation		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 1,052,436	$ -	$ -
Non-current assets	5,461,959	-	-
Current liabilities	(327,848)	-	-
Non-current liabilities	(2,207,894)	-	-
Total net assets	$ 3,978,653	$ -	$ -

Statements of comprehensive income

	Tecom Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 1,002,010	$ 969,708
Profit before income tax	8,050	2,436
Profit for the period	8,050	2,436
Other comprehensive income (net of tax)	94,213	32,933
Total comprehensive income	$ 102,263	$ 35,369
Comprehensive income attributable to non-controlling interest	$ 2,528	$ 23,740

	Taiwan Pelican Express Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 672,360	$ 667,320
Profit before income tax	55,682	51,327
Income tax expense	(7,642)	(8,806)
Profit for the period	48,040	42,521
Other comprehensive income (loss) (net of tax)	544	(102,429)
Total comprehensive income (loss) for the period	$ 48,584	($ 59,908)
Comprehensive income (loss) attributable to non-controlling interest	$ 33,407	($ 33,590)

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 437,132	$ 508,707
Profit before income tax	21,739	30,145
Income tax expense	(4,621)	(5,292)
Profit for the period	17,118	24,853
Other comprehensive loss (net of tax)	(11,846)	(6,650)
Total comprehensive income for the period	$ 5,272	$ 18,203
Comprehensive income attributable to non-controlling interest	$ 12,843	$ 15,376

	Wuxi Teco Electric & Machinery Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 702,296	$ 893,411
Profit (loss) before income tax	21,676	(3,330)
Income tax expense	(3,251)	(771)
Profit (loss) for the period	18,425	(4,101)
Other comprehensive income (net of tax)	-	-
Total comprehensive income (loss) for the period	$ 18,425	($ 4,101)
Comprehensive income (loss) attributable to non-controlling interest	$ 3,252	($ 724)

	Jiangxi Teco Electric & Machinery Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 53,559	$ 299,776
Loss before income tax	(24,072)	(22,890)
Loss for the period	(24,072)	(22,890)
Total comprehensive loss for the period	($ 24,072)	($ 22,890)
Comprehensive loss attributable to non-controlling interest	($ 465)	($ 1,204)

	Qingdao Teco Precision Mechatronic Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 178,169	$ 171,074
Loss before income tax	(4,841)	(7,117)
Loss for the period	(4,841)	(7,117)
Total comprehensive loss for the period	($ 4,841)	($ 7,117)
Comprehensive loss attributable to non-controlling interest	($ 711)	($ 1,046)

	Century Development Corporation	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 214,986	$ -
Profit before income tax	75,818	-
Income tax expense	(11,551)	-
Profit for the period	64,267	-
Total comprehensive income for the period	$ 64,267	- $ -
Comprehensive income attributable to non-controlling interest	$ 37,102	$ -

Statements of cash flows

	Tecom Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net cash used in operating activities	($ 44,981)	($ 164,649)
Net cash provided by (used in) investing activities	36,342	(58,125)
Net cash provided by financing activities	76,429	133,902
Increase (decrease) in cash and cash equivalents	67,790	(88,872)
Cash and cash equivalents, beginning of period	265,875	366,119
Cash and cash equivalents, end of period	$ 333,665	$ 277,247

	Taiwan Pelican Express Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net cash provided by operating activities	$ 24,297	$ 43,349
Net cash used in investing activities	(13,767)	(33,044)
Net cash used in financing activities	(54)	(300)
Effect of exchange rate on cash and cash equivalents	(122)	(285)
Increase in cash and cash equivalents	10,354	9,720
Cash and cash equivalents, beginning of period	1,005,884	1,049,303
Cash and cash equivalents, end of period	$ 1,016,238	$ 1,059,023

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net cash provided by (used in) operating activities	$ 33,203	($ 28,868)
Net cash provided by (used in) investing activities	6,554	(9,066)
Net cash used in financing activities	(30,074)	(22,950)
Effect of exchange rate on cash and cash equivalents	(5,503)	(7,831)
Increase (decrease) in cash and cash equivalents	4,180	(68,715)
Cash and cash equivalents, beginning of period	302,505	388,213
Cash and cash equivalents, end of period	$ 306,685	$ 319,498

	Wuxi Teco Electric & Machinery Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net cash (used in) provided by operating activities	($ 16,917)	$ 88,252
Net cash used in investing activities	(4,574)	(30,010)
Net cash used in financing activities	-	(382)
Effect of exchange rates on cash and cash equivalents	(10,015)	1,523
(Decrease) increase in cash and cash equivalents	(31,506)	59,383
Cash and cash equivalents, beginning of period	460,452	495,504
Cash and cash equivalents, end of period	$ 428,946	$ 554,887

	Jiangxi Teco Electric & Machinery Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net cash provided by operating activities	$ 45,050	$ 27,091
Net cash used in investing activities	(2,855)	(7,467)
Net cash used in financing activities	-	(670)
Effect of exchange rates on cash and cash equivalents	(1,262)	(2,782)
Increase in cash and cash equivalents	40,933	16,172
Cash and cash equivalents, beginning of period	145,637	329,551
Cash and cash equivalents, end of period	$ 186,570	$ 345,723

	Qingdao Teco Precision Mechatronic Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net cash provided by operating activities	$ 23,047	$ 63,570
Net cash used in investing activities	(529)	(10,475)
Net cash used in financing activities	(2,723)	(3,601)
Effect of exchange rates on cash and cash equivalents	(481)	3,918
Increase in cash and cash equivalents	19,314	53,412
Cash and cash equivalents, beginning of period	44,310	46,714
Cash and cash equivalents, end of period	$ 63,624	$ 100,126

	Century Development Corporation	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2016
Net cash provided by operating activities	$ 100,355	$ -
Net cash used in investing activities	(16,858)	-
Net cash used in financing activities	(194,257)	-
Decrease in cash and cash equivalents	(110,760)	-
Cash and cash equivalents, beginning of period	728,501	-
Cash and cash equivalents, end of period	$ 617,741	$ -

(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 recognized 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 recognized 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 recognized 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 recognized 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 joint arrangements 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 joint arrangements 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 joint arrangements entity after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements 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 recognized and derecognized using trade date accounting.

C.Financial assets at fair value through profit or loss are initially recognized 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 recognized 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 derecognized using trade date accounting.

C.Available-for-sale financial assets are initially recognized 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 recognized 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 recognized at fair value and subsequently measured at amortized 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.Investment in debt instrument 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, investment in debt instrument without active market are recognized and derecognized using trade date accounting.

(c) Investment in debt instrument 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 reorganization;

(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 amortized 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 derecognizes 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) Operating leases (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 realizable value. Net realizable 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 recognized 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 recognized 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 recognized profits (less recognized 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 recognized profits (less recognized losses) on each construction contract is presented as a liability within 'payables to customers on construction contracts'.

(15) <u>Investments accounted for under the equity method - associates</u>

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 recognized 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 recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize 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 recognized 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 recognizes 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 recognized 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. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized 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 recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Investment accounted for under the equity method-joint ventures

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 realizable value of current assets or an impairment loss, all such losses shall be recognized 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 recognize 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 capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. 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	3 ～ 5 years

(18) Leased assets/ operating 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 recognized 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 recognized 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 amortized 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 recognized 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 recognizing 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 amortized 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized 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 recognized initially at fair value and subsequently measured at amortized 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 derecognized 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(27) Financial liabilities and equity instruments

Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized 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 amortized 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 recognized 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 amortization 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 recognized 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 recognized as interest expense. Provisions are not recognized 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 recognized 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 inerest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements 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. 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 recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes 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', directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(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 recognized 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 recognized 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 recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 recognized, 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 recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

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 recognized 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 is recognized 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 recognized. 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 recognized 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 recognized 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 recognized 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 recognized under completed contract method. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognized 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 recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Group recognizes 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 recognized 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 recognized 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. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related 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 determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount of received or receivable from customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised representing commissions earned.

The following characteristics of a principal are used as indicators to determine whether Group shall recognise on gross basis:

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

(b) The Group bears inventory risk;

(c) The Group has the latitude in establishing price for goods or services, either directly or indirectly;

(d) The Group bears credit risk of customer.

(2) Critical accounting estimates and assumptions

A. 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.

B. Calculation of net defined benefit liabilities

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.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand and revolving funds	$ 13,149	$ 14,016	$ 14,739
Checking accounts and demand deposits	8,677,513	8,467,757	9,125,437
Cash equivalents	5,128,259	6,437,269	5,948,939
	$ 13,818,921	$ 14,919,042	$ 15,089,115

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 March 31, 2016, December 31, 2015 and March 31, 2015, cash and cash equivalents amounting to $420,212, $413,542 and $492,298 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	March 31, 2016	December 31, 2015	March 31, 2015
Current items:			
Financial assets held for trading			
Listed and OTC stocks	$ 160,311	$ 156,195	$ 180,252
Beneficiary certificates	72,148	92,194	101,111
Non-hedging derivatives	3,307	34,370	22,268
	235,766	282,759	303,631
Valuation adjustment of financial assets held for trading	(17,535)	(16,775)	19,635
	$ 218,231	$ 265,984	$ 323,266

A.The Group recognized net (loss) gain of ($3,252) and $36,373 on financial assets held for trading for the three-month periods ended March 31, 2016 and 2015, respectively.

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

	March 31, 2016			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
SELL EUR/BUY CAD	Oct. 4, 2016	EUR	18,000,000	$ 3,307

	December 31, 2015			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
SELL EUR/BUY USD	Oct. 4, 2016	EUR	36,000,000	$ 34,370

	March 31, 2015			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
SELL EUR/BUY USD	April 30, 2015~Aug 31, 2015	EUR	7,500,000	$ 19,839
BUY USD/SELL JPY	April 30, 2015~Aug 31, 2015	JPY	350,000,000	2,429
				$ 22,268

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:

	March 31, 2016	December 31, 2015	March 31, 2015
	Book value/Fair value	Book value/Fair value	Book value/Fair value
Listed stocks	$ 2,913	$ 2,613	$ 2,873

(b) The changes in fair value of the above listed stocks that were recognized in profit or loss and other comprehensive income were $0 and $300, respectively, for the three-month period ended March 31, 2016, and were $0 and ($80), respectively, for the three-month period ended March 31, 2015. The accumulated total changes in fair value of the above listed stocks that were recognized in profit or loss and other comprehensive income before January 1, 2015 were $11,102 and ($879), 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 three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Listed stocks	$ 300	($ 80)

(3) Available-for-sale financial assets

Items	March 31, 2016	December 31, 2015	March 31, 2015
Current items:			
Listed and OTC stocks	$ 1,153,981	$ 1,187,555	$ 974,350
Emerging stocks	66,314	75,159	46,848
Beneficiary certificates	59,531	66,790	43,638
	1,279,826	1,329,504	1,064,836
Valuation adjustment of available-for-sale financial assets	196,193	133,367	195,300
	$ 1,476,019	$ 1,462,871	$ 1,260,136
Non-current items:			
Listed and OTC stocks	$ 3,741,994	$ 3,817,465	$ 3,952,499
Emerging stocks	5,633,747	5,724,070	6,017,572
Unlisted stocks	1,215,483	1,214,897	1,152,019
	10,591,224	10,756,432	11,122,090
Valuation adjustment of available-for-sale financial assets	1,431,806	149,477	1,674,669
	$ 12,023,030	$ 10,905,909	$ 12,796,759

A. The Group recognized $1,294,560 and ($895,486) in other comprehensive income for fair value change and reclassified $116,386 and $59,281 from equity to profit or loss for the three-month periods ended March 31, 2016 and 2015, respectively.

B. Cando Co., Ltd. was reorganised due to financial difficulty and delisted from Emerging Stock market, thus, the stock has no quoted price in an active market. The Group has assessed the investment and recognised impairment loss of $90,323 for the three-month period ended March 31, 2016.

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

(4) Investments in debt instrument without active markets

Items	March 31, 2016	December 31, 2015	March 31, 2015
Current items:			
Fixed deposit	$ 1,717,221	$ 141,551	$ 117,546

A. The Group recognized interest income of $4,313 and $169 in profit or loss for amortised cost for the three-month periods ended March 31, 2016 and 2015, respectively.

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

C. As of March 31, 2016, December 31, 2015 and March 31, 2015, no investments in debt instrument without active markets held by the Group were pledged to others.

(5) Notes receivable

	March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable	$ 1,056,240	$ 1,008,716	$ 1,089,158
Less: allowance for bad debts	(2,492)	(2,565)	(3,515)
	$ 1,053,748	$ 1,006,151	$ 1,085,643

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

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable	$ 9,415,653	$ 9,571,118	$ 8,625,838
Less: allowance for bad debts	(223,425)	(241,289)	(232,390)
	$ 9,192,228	$ 9,329,829	$ 8,393,448

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:

	March 31, 2016	December 31, 2015	March 31, 2015
Group 1	$ 5,065,577	$ 4,806,655	$ 3,910,444
Group 2	1,236,644	1,571,654	1,518,742
Group 3	837,816	929,165	896,132
Group 4	372,520	289,788	363,009
Group 5	473,497	455,824	443,721
	$ 7,986,054	$ 8,053,086	$ 7,132,048

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 with the Company, which have lower transaction amounts and their management shall be continuously monitored.

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

	March 31, 2016	December 31, 2015	March 31, 2015
Up to 30 days	$ 635,907	$ 772,541	$ 723,125
31 to 90 days	668,912	598,222	876,743
91 to 180 days	351,421	363,876	318,378
Over 181 days	603,681	548,255	428,797
	$ 2,259,921	$ 2,282,894	$ 2,347,043

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 March 31, 2016, December 31, 2015 and March 31, 2015, the amounts of the Group’s accounts receivable that were impaired were $225,917, $243,854 and $235,905, respectively.

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

	2016		
	Individual provision	Group provision	Total
At January 1	$ 103,264	$ 140,590	$ 243,854
Reversal of impairment	(11,924)	(2,256)	(14,180)
Write-offs during the period	(2,176)	(34)	(2,210)
Effects of foreign exchange	(1,099)	(448)	(1,547)
At March 31	$ 88,065	$ 137,852	$ 225,917

	2015		
	Individual provision	Group provision	Total
At January 1	$ 94,818	$ 136,646	$ 231,464
Provision for impairment	151	11,361	11,512
Write-offs during the period	-	(4,603)	(4,603)
Effects of foreign exchange	(585)	(1,883)	(2,468)
At March 31	$ 94,384	$ 141,521	$ 235,905

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

	March 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,736,158	($ 394,047)	$ 2,342,111
Work in process	1,423,119	(100,922)	1,322,197
Finished goods	6,595,227	(398,051)	6,197,176
Inventory in transit	638,159	-	638,159
Merchandise inventories	1,183,223	(10,624)	1,172,599
	$ 12,575,886	($ 903,644)	$ 11,672,242

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,901,123	($ 390,690)	$ 2,510,433
Work in process	1,317,766	(101,455)	1,216,311
Finished goods	6,719,458	(367,982)	6,351,476
Inventory in transit	879,052	-	879,052
Merchandise inventories	806,842	(8,887)	797,955
	$ 12,624,241	($ 869,014)	$ 11,755,227

	March 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,010,526	($ 418,428)	$ 2,592,098
Work in process	1,397,465	(100,433)	1,297,032
Finished goods	6,356,619	(312,313)	6,044,306
Inventory in transit	1,170,952	-	1,170,952
Merchandise inventories	253,978	(11,764)	242,214
	$ 12,189,540	($ 842,938)	$ 11,346,602

A. The cost of inventories recognized as expense for the three-month periods ended March 31, 2016 and 2015 was $6,803,667 and $6,757,110, respectively, including the amounts of $32,897 and $14,873, respectively, that the Group wrote up or down from cost to net realizable 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

	March 31, 2016	December 31, 2015	March 31, 2015
Aggregate costs incurred plus recognized profits (less recognised losses)	$ 14,893,792	$ 13,888,499	$ 13,571,345
Less: progress billings	(14,310,611)	(13,450,478)	(12,844,052)
Net balance sheet position for construction in progress	$ 583,181	$ 438,021	$ 727,293
Presented as:			
Due from customers for contract work	$ 895,849	$ 805,488	$ 991,612
Due to customers for contract work	(312,668)	(367,467)	(264,319)
	$ 583,181	$ 438,021	$ 727,293

As of March 31, 2016, December 31, 2015 and March 31, 2015, cumulative gain (loss) recognized under the percentage of completion method for major contracts are summarized as follows:

March 31, 2016					
Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognized
Construction A	Dec. 2016	$ 2,242,567	$ 2,123,400	99%	$ 118,909
Construction B	June. 2017	1,864,762	1,774,577	2%	2,248
Construction C	Dec. 2016	1,358,342	1,256,360	96%	98,166
Construction D	Dec. 2016	1,181,841	1,141,644	89%	35,646
Construction E	June. 2016	1,064,797	1,025,856	98%	38,652
Construction F	Dec. 2016	1,058,366	948,729	93%	102,232
Construction G	Dec. 2017	941,452	1,536,563	96%	(595,111)
Construction H	Feb. 2018	899,048	809,143	14%	12,577
Construction I	Dec. 2016	621,282	674,470	99%	(53,188)
Construction J	June. 2016	611,485	619,366	94%	(7,881)
Construction K	May. 2016	576,417	539,295	97%	36,156
Construction L	June. 2016	564,286	523,665	97%	39,452

December 31, 2015					
Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognized
Construction A	Dec. 2017	$ 2,242,567	$ 2,123,400	99%	$ 118,909
Construction B	June. 2017	1,864,762	1,774,577	1%	1,257
Construction C	Dec. 2016	1,358,342	1,293,234	93%	60,838
Construction D	Dec. 2016	1,181,841	1,141,644	88%	35,410
Construction E	June. 2016	1,064,797	1,025,856	98%	38,016
Construction F	Dec. 2016	1,052,442	943,449	93%	101,364
Construction G	Dec. 2017	941,452	1,536,563	96%	(595,111)
Construction H	Feb. 2018	899,048	809,143	10%	9,169
Construction I	Dec. 2016	621,282	674,470	99%	(53,188)
Construction J	June. 2016	611,485	619,366	94%	(7,881)
Construction L	June. 2016	564,286	523,665	95%	38,396

March 31, 2015					
Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognized
Construction A	Dec. 2015	$ 2,242,567	$ 2,123,400	99%	$ 118,758
Construction B	Dec. 2016	1,283,885	1,239,966	96%	42,066
Construction C	July. 2015	1,179,129	1,139,026	68%	27,272
Construction D	Dec. 2015	1,064,797	1,025,856	98%	37,991
Construction E	Dec. 2015	1,052,442	967,609	89%	75,112
Construction F	Dec. 2017	941,452	1,536,563	96%	(595,111)
Construction G	Feb. 2018	899,048	827,563	1%	438
Construction H	Dec. 2015	621,282	674,470	99%	(53,188)
Construction I	Dec. 2015	611,485	619,366	91%	(78,881)
Construction J	July. 2015	572,240	532,906	64%	25,332

(9)Investments accounted for under the equity method

	March 31, 2016	December 31, 2015	March 31, 2015
Associates:			
1. Tung Pei Industrial Co., Ltd.	$ 2,005,287	$ 1,982,388	$ 2,012,766
2. Creative Sensor Inc.	420,572	416,745	431,399
3. Lien Chang Electronic Enterprise Co., Ltd.	564,151	560,558	575,327
4. Century Development Corporation	-	1,625,647	1,497,567
5. Others	659,177	545,938	621,541
Subtotal	3,649,187	5,131,276	5,138,600
Joint Venture:			
1. Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.	38,291	66,701	105,417
2. Senergy Wind Power Co., Ltd.	247,768	249,534	-
3. Others	16,161	17,286	-
Subtotal	302,220	333,521	105,417
	3,951,407	5,464,797	5,244,017
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)	(28,290)	(28,271)	(23,490)
	$ 3,923,117	$ 5,436,526	$ 5,220,527

The share of profit/loss of associates and joint ventures accounted for under equity method for the three-month periods ended March 31, 2016 and 2015 are as follows:

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
1. Tung Pei Industrial Co., Ltd.	$ 22,889	$ 34,150
2. Creative Sensor Inc.	4,310	7,432
3. Lien Chang Electronic Enterprise Co., Ltd.	3,481	11,391
4. Century Development Corporation	-	21,205
5. Others	(51,958)	(14,674)
Joint Venture:		
1. Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.	(28,503)	(12,693)
2. Senergy Wind Power Co., Ltd.	(1,766)	-
3. Others	(1,060)	-
	($ 52,607)	$ 46,811

A. Associates

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

		Shareholding ratio				
Company name	Principal place of business	March 31, 2016	December 31, 2015	March 31, 2015	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%	11.50%	〃	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%	〃	Equity method

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

Balance sheet

	Tung Pei Industrial Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 3,031,512	$ 5,776,433	$ 3,269,450
Non-current assets	6,630,572	5,442,399	5,394,688
Current liabilities	(1,424,902)	(2,764,025)	(1,622,070)
Non-current liabilities	(1,796,804)	(1,769,642)	(217,512)
Total assets	$ 6,440,378	$ 6,685,165	$ 6,824,556
Share in associate's net assets	$ 2,005,287	$ 1,982,388	$ 2,012,766
Goodwill	-	-	-
Carrying amount of the associate	$ 2,005,287	$ 1,982,388	$ 2,012,766

	Creative Sensor Inc.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 2,711,567	$ 2,886,925	$ 2,977,664
Non-current assets	1,684,251	1,713,358	1,908,825
Current liabilities	(774,076)	(970,523)	(1,106,482)
Non-current liabilities	(64,201)	(61,591)	(86,103)
Total net assets	$ 3,557,541	$ 3,568,169	$ 3,693,904
Share in associate's net assets	$ 420,572	$ 416,745	$ 431,399
Goodwill	-	-	-
Carrying amount of the associate	$ 420,572	$ 416,745	$ 431,399

	Lien Chang Electronic Enterprise Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 2,036,551	$ 1,971,176	$ 2,379,638
Non-current assets	741,929	748,594	804,108
Current liabilities	(1,075,060)	(1,025,201)	(1,450,423)
Non-current liabilities	(36,504)	(38,269)	(33,386)
Total net assets	$ 1,666,916	$ 1,656,300	$ 1,699,937
Share in associate's net assets	$ 564,151	$ 560,558	$ 575,327
Goodwill	-	-	-
Carrying amount of the associate	$ 564,151	$ 560,558	$ 575,327

	Century Development Corporation		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ -	$ 1,111,138	$ 795,457
Non-current assets	-	5,399,833	5,834,505
Current liabilities	-	(576,520)	(396,484)
Non-current liabilities	-	(2,074,553)	(2,564,699)
Total net assets	$ -	$ 3,859,898	$ 3,668,779
Share in associate's net assets	$ -	$ 1,520,266	$ 1,392,186
Goodwill	-	105,381	105,381
Carrying amount of the associate	$ -	$ 1,625,647	$ 1,497,567

Statement of comprehensive income

	Tung Pei Industrial Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 1,032,533	$ 1,180,058
Profit for the period from continuing operations	$ 73,378	$ 109,682
Total comprehensive income	$ 73,378	$ 109,682
Dividends received from associates	$ -	$ -

	Creative Sensor Inc.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 860,508	$ 1,271,678
Profit for the period from continuing operations	$ 17,603	$ 65,598
Other comprehensive loss, net of tax	(28,301)	(3,795)
Total comprehensive (loss) income	($ 10,698)	$ 61,803
Dividends received from associates	$ -	$ -

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 824,845	$ 1,211,695
Profit for the period from continuing operations	$ 10,286	$ 33,658
Other comprehensive income (loss), net of tax	330	(8,211)
Total comprehensive income	$ 10,616	$ 25,447
Dividends received from associates	$ -	$ -

	Century Development Corporation	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ -	$ 305,262
Profit for the period from continuing operations	$ -	$ 64,979
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ -	$ 64,979
Dividends received from associates	$ -	$ -

(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 March 31, 2016, December 31, 2015 and March 31, 2015, the carrying amount of the Group's individually immaterial associates amounted to $659,177, $545,938 and $621,541, respectively.

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Loss for the period from continuing operations	($ 54,337)	($ 14,674)
Total comprehensive loss	($ 54,337)	($ 14,674)

(d)For the three-month period ended March 31, 2016, the Group's shareholding ratio in Century Development Corporation was increased to 52.75%. The Group obtained the control over Century Development Corporation and included it in the Group's consolidated financial statements.

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

	March 31, 2016	December 31, 2015	March 31, 2015
1.Lien Chang Electronic Enterprise Co., Ltd.	$ 553,747	$ 563,132	$ 972,342
2.Creative Sensor Inc.	326,924	320,356	391,141
	$ 880,671	$ 883,488	$ 1,363,483

B. Joint venture

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

Company name	Principal place of business	Shareholding ratio March 31, 2016	December 31, 2015	March 31, 2015	Nature of relationship	Method of measurement
Qingdao Teco Century 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%	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.		
	March 31, 2016	December 31, 2015	March 31, 2015
Cash and cash equivalents	$ 3,187	$ 10,332	$ 14,448
Other current assets	28,004	82,046	106,246
Current assets	31,191	92,378	120,694
Non-current assets	272,021	319,689	358,411
Total assets	303,212	412,067	479,105
Current financial liabilities (not including accounts payable, other payables and provision)	(77,563)	(77,923)	(83,227)
Other current liabilities	(150,810)	(174,063)	(185,045)
Current liabilities	(228,373)	(251,986)	(268,272)
Total liabilities	(228,373)	(251,986)	(268,272)
Total net assets	$ 74,839	$ 160,081	$ 210,833
Share in joint venture's net assets	$ 37,420	$ 66,701	$ 105,417
Goodwill	-	-	-
Carrying amount of the joint venture	$ 37,420	$ 66,701	$ 105,417

	Senergy Wind Power Co., Ltd. (Note)		
	March 31, 2016	December 31, 2015	March 31, 2015
Cash and cash equivalents	$ 235,831	$ 357,978	$ -
Other current assets	148,644	30,107	-
Current assets	384,475	388,085	-
Non-current assets	111,194	111,067	-
Total assets	495,669	499,152	-
Current liabilities	(133)	(85)	-
Total liabilities	(133)	(85)	-
Total net assets	$ 495,536	$ 499,067	-
Share in joint venture's net assets	$ 247,768	$ 249,534	$ -
Goodwill	-	-	-
Carrying amount of the joint venture	$ 247,768	$ 249,534	$ -

Note: A newly established joint venture in the second quarter of 2015.

Statement of comprehensive income

	Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 5,542	$ 21,294
Depreciation and amortisation	($ 10,937)	($ 11,845)
Interest income	$ 4	$ 49
Interest expense	($ 2,172)	($ 2,459)
Loss-net of tax	($ 20,399)	($ 25,386)
Total comprehensive loss	($ 20,399)	($ 25,386)
Dividends received from joint venture	$ -	$ -

	Senergy Wind Power Co., Ltd. (Note)	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ -	$ -
Depreciation and amortisation	$ -	$ -
Interest income	$ 1,266	$ -
Interest expense	$ -	$ -
Loss-net of tax	($ 3,532)	$ -
Total comprehensive loss	($ 3,532)	$ -
Dividends received from joint venture	$ -	$ -

Note: A newly established joint venture in the second quarter of 2015.

(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 March 31, 2016, December 31, 2015 and March 31, 2015, the carrying amount of the Group’s individually immaterial associates amounted to $16,161, $17,286 and $0, respectively.

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Loss for the period from continuing operations	($ 1,060)	$ -
Total comprehensive loss	($ 1,060)	$ -

C. Details of the Group’s investments accounted for under the equity method pledqed to others as collateral are 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, 2016									
Cost	$ 5,687,882	$ 9,532,510	$ 14,926,436	$ 975,871	$ 10,777	$ 579,878	$ 7,116,897	$ 887,580	$ 39,717,831
Accumulated depreciation and impairment	(34,697)	(4,300,434)	(12,931,267)	(654,054)	(10,748)	(401,304)	(5,618,437)	(748,673)	(24,699,614)
	$ 5,653,185	$ 5,232,076	$ 1,995,169	$ 321,817	$ 29	$ 178,574	$ 1,498,460	$ 138,907	$ 15,018,217
2016									
Opening net book amount	$ 5,653,185	$ 5,232,076	$ 1,995,169	$ 321,817	$ 29	$ 178,574	$ 1,498,460	$ 138,907	$ 15,018,217
Additions	-	1,898	60,354	12,176	-	8,941	105,775	-	189,144
Acquired from business combinations	129,976	225,524	-	-	3,922,298	67	861	-	4,278,726
Disposals	-	-	(1,454)	(767)	-	-	(1,780)	-	(4,001)
Reclassifications	-	-	(576)	-	-	-	-	576	-
Depreciation charge	-	(61,085)	(110,623)	(14,192)	(45,260)	(10,572)	(101,459)	(3,990)	(347,181)
Net exchange differences	(1,237)	(11,997)	46,384	1,886	-	(1,163)	(53,566)	(13)	(19,706)
Closing net book amount	$ 5,781,924	$ 5,386,416	$ 1,989,254	$ 320,920	$ 3,877,067	$ 175,847	$ 1,448,291	$ 135,480	$ 19,115,199
At March 31, 2016									
Cost	$ 5,816,621	$ 9,752,490	$ 15,046,611	$ 983,550	$ 5,242,696	$ 603,511	$ 7,144,741	$ 888,074	$ 45,478,294
Accumulated depreciation and impairment	(34,697)	(4,366,074)	(13,057,357)	(662,630)	(1,365,629)	(427,664)	(5,696,450)	(752,594)	(26,363,095)
	$ 5,781,924	$ 5,386,416	$ 1,989,254	$ 320,920	$ 3,877,067	$ 175,847	$ 1,448,291	$ 135,480	$ 19,115,199

	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	-	109,025	71,571	23,240	-	2,565	69,256	-	275,657
Acquired from business combinations	-	-	41	-	-	-	35	-	76
Disposals	-	-	(5,486)	(322)	-	-	(147)	-	(5,955)
Reclassifications	(667)	(18,253)	(1,804)	-	-	-	(70)	1,874	(18,920)
Depreciation charge	-	(59,461)	(95,774)	(12,221)	(76)	(10,648)	(90,812)	(4,347)	(273,339)
Net exchange differences	(791)	(43,439)	(17,129)	(777)	-	(2,421)	(6,069)	(47)	(70,673)
Closing net book amount	$ 5,579,593	$ 5,181,323	$ 1,851,241	$ 242,630	$ 244	$ 172,074	$ 1,304,704	$ 144,724	$ 14,476,533
At March 31, 2015									
Cost	$ 5,614,290	$ 9,250,075	$ 11,325,078	$ 863,083	$ 10,777	$ 540,135	$ 6,452,533	$ 881,404	$ 34,937,375
Accumulated depreciation and impairment	(34,697)	(4,068,752)	(9,473,837)	(620,453)	(10,533)	(368,061)	(5,147,829)	(736,680)	(20,460,842)
	$ 5,579,593	$ 5,181,323	$ 1,851,241	$ 242,630	$ 244	$ 172,074	$ 1,304,704	$ 144,724	$ 14,476,533

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

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Amount capitalized	$ 217	$ 252
Interest rate	0.58%	1.21%

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.

(11)Investment property

	Land	Buildings	Total
At January 1, 2016			
Cost	$ 1,315,434	$ 2,279,384	$ 3,594,818
Accumulated depreciation and impairment	-	(1,033,374)	1,033,374
	$ 1,315,434	$ 1,246,010	$ 2,561,444
2016			
Opening net book amount	$ 1,315,434	$ 1,246,010	$ 2,561,444
Depreciation charge	-	(17,548)	(17,548)
Net exchange differences	(3,916)	(1,337)	(5,253)
Closing net book amount	$ 1,311,518	$ 1,227,125	$ 2,538,643
At March 31, 2016			
Cost	$ 1,311,518	$ 2,273,124	$ 3,584,642
Accumulated depreciation and impairment	-	(1,045,999)	(1,045,999)
	$ 1,311,518	$ 1,227,125	$ 2,538,643

	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		18,253		18,920
Depreciation charge		-	(	16,035)	(	16,035)
Net exchange differences	(	2,142)	(	3,021)	(	5,163)
Closing net book amount	$	1,306,101	$	1,283,577	$	2,589,678
At March 31, 2015						
Cost	$	1,306,101	$	2,241,352	$	3,547,453
Accumulated depreciation and impairment		-	(	957,775)	(	957,775)
	$	1,306,101	$	1,283,577	$	2,589,678

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 March 31, 2016		For the three-month period ended March 31, 2015	
Rental income from investment property	$	38,700	$	37,333
Direct operating expenses arising from the investment property that generated rental income during the period	$	35,120	$	22,183
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 March 31, 2016, December 31, 2015 and March 31, 2015 was $4,313,912, $4,180,969 and $4,297,931, respectively, which is categorized within Level 3 in the fair value hierarchy.

(12)Goodwill (listed as 「1780 Intangible assets」)

	2016		2015	
At January 1				
Cost	$	5,440,327	$	133,768
Accumulated amortisation and impairment		-		-
	$	5,440,327	$	133,768
Opening net book amount	$	5,440,327	$	133,768
Additions - acquired through business combinations		266,976		-
Net exchange differences		93,106	(	37)
Closing net book amount	$	5,800,409	$	133,731
At December 31				
Cost	$	5,800,409	$	133,731
Accumulated amortisation and impairment		-		-
	$	5,800,409	$	133,731

Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	March 31, 2016		December 31, 2015		March 31, 2015	
Motor division	$	5,425,634	$	5,332,528	$	25,932
Home electric appliance division		107,799		107,799		107,799
Others		266,976		-		-
	$	5,800,409	$	5,440,327	$	133,731

(13)Other non-current assets

	March 31, 2016		December 31, 2015		March 31, 2015	
Long-term prepaid rent	$	1,603,631	$	676,146	$	563,949
Prepayment for property		353,561		-		-
Prepayment for equipment		342,000		331,872		345,960
Refundable deposits		262,109		216,678		186,494
Deferred expenses		143,137		145,722		156,345
Prepayment for investments		-		-		10,800
Other assets		158,883		95,974		86,289
	$	2,863,321	$	1,466,392	$	1,349,837

A. The Group signed a land use right contract for the use of land. The Group recognised rental expenses of $9,084 and $1,229 for the three-month periods ended March 31, 2016 and 2015, respectively.

B. The Company's subsidiary – Wuxi Teco Precision Machinery Co., Ltd. has acquired land use right of $131,184 from Wuxi Land and Resources Bureau during 2015. The amortisation period is 50 years.

C. On January 14, 2005, the Group's subsidiary, Century Development Corporation completed the registration of right of superficies and paid royalties to Taipei City Government for acquiring land used for construction for phase III of the Nankang Software Park. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to Taipei City Government unconditionally upon expiry of the right of superficies. Century Development Corporation's prepaid rents are amortised over the useful life of right of superficies of 50 years.

(14)Short-term borrowings

Type of borrowings	March 31, 2016	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 287,515	1.15%～4.85%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	6,184,258	0.88%～5.58%	None
	$ 6,471,773		

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 1,531,424	1.41%～4.83%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	5,087,588	0.88%～5.58%	None
	$ 6,619,012		

Type of borrowings	March 31, 2015	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 301,787	1.61%～6.9%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	2,077,364	0.94%～6.9%	None
	$ 2,379,151		

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

Items	March 31, 2016	December 31, 2015	March 31, 2015
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	$ 23,282	$ 15,043	$ -

A. The Group recognized net (loss) gain of ($20,865) and $0 on financial liabilities held for trading for the three-month periods ended March 31, 2016 and 2015, respectively.

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

	March 31, 2016			
Nature	Contract period	Contract amount (Notional principal)		Fair value
Forward exchange				
BUY USD/SELL JPY	April 26, 2016~ May 9, 2016	JPY	250,000,000	($ 2,848)
SELL EUR/BUY USD	Oct. 4, 2016	EUR	36,000,000	(20,277)
SELL USD/BUY TWD	April 30, 2016~ June 30, 2016	USD	328,000	(157)
				($ 23,282)

	December 31, 2015			
Nature	Contract period	Contract amount (Notional principal)		Fair value
Forward exchange				
SELL USD/BUY TWD	Jan. 6, 2016	USD	2,000,000	($ 16)
BUY USD/SELL JPY	Jan. 28, 2016	JPY	200,000,000	(431)
SELL EUR/BUY USD	Feb. 25, 2016~ Mar. 7, 2016	EUR	2,000,000	(1,515)
SELL EUR/BUY CAD	Oct. 4, 2016	EUR	18,000,000	(13,081)
				($ 15,043)

As of March 31, 2015, the Group had no non-hedging derivative instruments transactions.

C. 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.

(16)Other payables

	March 31, 2016	December 31, 2015	March 31, 2015
Payable on salary and wages	$ 1,332,248	$ 1,820,898	$ 1,263,258
Payable on employees' compensation	628,223	565,546	607,079
Payable on dealers' bonus commission	245,553	211,416	265,150
Payable on equipment	96,241	122,004	141,078
Payable on land and buildings	-	-	344,178
Payable on directors' and supervisors' remuneration	186,955	150,777	212,209
Others	2,248,525	1,993,174	1,400,916
	$ 4,737,745	$ 4,863,815	$ 4,233,868

(17)Bonds payable

	March 31, 2016	December 31, 2015	March 31, 2015
Issuance of bonds payable	$ 4,457,100	$ 4,457,100	$ 1,457,100
Add: Foreign exchange gain, net	34,500	41,400	56,100
Less: Corporate bonds payable-current portion	(1,491,600)	(1,498,500)	-
	$ 3,000,000	$ 3,000,000	$ 1,513,200

A. The terms of the first domestic unsecured and RMB-denominated ordinary corporate bonds issued by the Company 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.

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

The Company issued $3,000,000, 1.45% 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.

(18)Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2016
Long-term bank borrowings				
Cathay United Bank	Borrowing period is from Mar. 23, 2011 to Mar. 16, 2022; principal is repayable every 6 months in 20 installments	1.67%	Note	1,852,655
HSBC Bank	Borrowing period is from Mar. 23, 2015 to Mar. 23, 2017; payable at maturity	1.05%	None	460,000
Mizuho Bank	Borrowing period is from Oct. 5, 2015 to Oct. 5, 2017; payable at maturity	0.96%	None	232,000
Taiwan Cooperative Bank	Borrowing period is from Jan. 26, 2015 to Jan. 16, 2035; interest is repayable monthly; principal is repayable monthly starting from the third year	1.46%	Note	240,000
Guaranteed syndicated loans	Borrowing period is from Feb. 6, 2017 to Feb. 6, 2018; principal is repayable in three installments from Mar. 31, 2016	2.46%~ 2.76%	Note	180,000
Taiwan Cooperative Bank	Borrowing period is from Dec. 2017 to Jan. 2022; payable at maturity in accordance with mutual agreements	1.175%~ 2.075%	Note	70,324
Chailease Finance Co., Ltd.	Principal is repayable from Dec. 15, 2015 to Nov. 15, 2017 every month	2.18%	Note	34,670
First Commercial Bank	Borrowing period is from Sep. 28, 2011 to Sep. 28, 2016; payable at maturity in accordance with mutual agreements	1.80%	None	3,000
				3,072,649
Less: current portion (listed as other current liabilities)				(481,974)
				2,590,675
Commercial papers payable				
China Bills Finance Corporation	Borrowing period is from Mar. 25, 2016 to Mar. 24, 2018; payable at maturity	0.76%~ 0.95%	None	500,000
International Bills Finance Corporation	Borrowing period is from April 10, 2015 to April 10, 2017; payable at maturity	0.63%~ 0.82%	None	500,000
Grand Bills Finance Corporation	Borrowing period is from Mar. 20, 2016 to April 6, 2017; payable at maturity	0.78%~ 0.88%	None	400,000
Mega Bills Finance Corporation	Borrowing period is from Mar. 30, 2016 to Mar. 28, 2018; payable at maturity	0.65%~ 0.67%	None	370,000
Taiwan Finance Corporation	Borrowing period is from May 27, 2015 to May 26, 2017; payable at maturity	0.9%	None	200,000
				1,970,000
Less: discount on commercial papers payable				(529)
				1,969,471
				$ 4,560,146

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, 2015
Long-term bank borrowings				
HSBC Bank	Borrowing period is from Mar. 23, 2015 to Mar. 23, 2017; payable at maturity	1.05%	None	$ 460,000
Mizuho Bank	Borrowing period is from Oct. 5, 2015 to Oct. 5, 2017; payable at maturity	0.96%	None	430,000
Guaranteed syndicated loans	Borrowing period is from Feb. 6, 2015 to Feb. 6, 2018; principal is payable in four installments from Mar. 31, 2016	3.73%	Note	210,000
First Commercial Bank, etc.	Borrowing period is from Dec. 2017 to Jan. 2022; payable at maturity in accordance with mutual agreements	1.79%~2.08%	Note	77,564
Chailease Finance Co., Ltd.	Principal is repayable from Dec. 15, 2015 to Nov. 15, 2017 every month	3.68%	Note	43,250
Industrial Bank of Taiwan, etc.	Borrowing period is from July 2015 to Sep. 2016; payable at maturity in accordance with mutual agreements	1.8%	None	4,500
				1,225,314
Less: current portion (listed as other current liabilities)				(94,721)
				1,130,593
Commercial papers payable				
Mega Bills Finance Corporation	Borrowing period is from Mar. 9, 2015 to Mar. 8, 2017; payable at maturity	0.76%~0.95%	None	370,000
China Bills Finance Corporation	Borrowing period is from Mar. 12, 2015 to Mar. 12, 2017; payable at maturity	0.63%~0.82%	None	200,000
Grand Bills Finance Corporation	Borrowing period is from Jan. 15, 2015 to Jan. 14, 2017; payable at maturity	0.78%~0.88%	None	200,000
International Bills Finance Corporation	Borrowing period is from April 16, 2015 to April 16, 2017; payable at maturity	0.65%~0.67%	None	200,000
Taiwan Finance Corporation	Borrowing period is from Mar. 9, 2015 to Mar. 8, 2017; payable at maturity	0.9%	None	200,000
				1,170,000
Less: discount on commercial papers payable				(294)
				1,169,706
				$ 2,300,299

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	March 31, 2015
Long-term bank borrowings				
Mizuho Bank	Borrowing period is from Oct. 15, 2014 to Oct. 15, 2016; payable at maturity	0.96%	None	$ 1,000,000
HSBC Bank Ltd.	Borrowing period is from Mar. 23, 2015 to Mar. 23, 2017; payable at maturity	1.20%	None	760,000
Guaranteed syndicated loans	Borrowing period is from April 6, 2013 to Feb. 6, 2018; principal is payable in four installments from August 6, 2016	2.63%	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	102,272
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	12,867
				2,085,139
Less: current portion (listed as other current liabilities)				(41,450)
				2,043,689
Commercial papers payable				
China Bills Finance Corporation	Borrowing period is from Mar. 12, 2015 to Mar. 12, 2017; payable at maturity	0.74%~0.82%	None	500,000
International Bills Finance Corporation	Borrowing period is from April 16, 2014 to April 16, 2016; 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	0.87%~0.88%	None	390,000
Taiwan Finance Corporation	Borrowing period is from May 27, 2014 to May. 26, 2016; payable at maturity	0.9%	None	200,000
				2,290,000
Less: discount on commercial papers payable				(529)
				2,289,471
				$ 4,333,160

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 March 31, 2016, December 31, 2015 and March 31, 2015, the Group has undrawn borrowing facilities of $16,394,657, $16,356,543 and $19,413,263, respectively.

(19)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. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employee expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognized pension costs of $15,988 and $18,064 for the three-month periods ended March 31, 2016 and 2015, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 are $43,320.

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 Company's mainland 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 employees' monthly salaries and wages. The contribution percentage for the three-month periods ended March 31, 2016 and 2015 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 periods ended March 31, 2016 and 2015 were $107,872 and $93,959, respectively.

(20)Share-based payment

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

(a) As of March 31, 2016, December 31, 2015 and March 31, 2015, the company's share-based payment arrangements were as follows:

March 31, 2016

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	6.67%	0%

December 31, 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	6.67%	0%

March 31, 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%

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) For the three-month periods ended March 31, 2016 and 2015, there were no stock options exercisable.

B. For the three-month periods ended March 31, 2016 and 2015, expense incurred on share-based payment transactions was $0.

(21)Share capital

A. As of March 31, 2016, the Company's authorized capital was $30,305,500, consisting of 3,030,550 thousand shares of ordinary stock, including 100 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.

For the three-month periods ended March 31, 2016 and 2015, there was no change to the Company's outstanding ordinary shares.

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 was 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 758 thousand units of GDRs outstanding, representing 7,577 thousand common shares as of March 31, 2016.

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 March 31, 2016, December 31, 2015 and March 31, 2015, book value of the shares of the Company held by the three subsidiaries amounted to $321,563.

Details are as follows:

	March 31, 2016		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	$ 14.92	$ 26.25
An-Tai International Investment Co., Ltd.	2,826	10.37	26.25
Top-Tower Enterprises Co., Ltd.	77	9.37	26.25
	22,443		
	December 31, 2015		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	$ 14.92	$ 26.30
An-Tai International Investment Co., Ltd.	2,826	10.37	26.30
Top-Tower Enterprises Co., Ltd.	77	9.37	26.30
	22,443		
	March 31, 2015		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	$ 14.92	$ 29.80
An-Tai International Investment Co., Ltd.	2,826	10.37	29.80
Top-Tower Enterprises Co., Ltd.	77	9.37	29.80
	22,443		

(22)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 capitalized 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.

(23)Retained earnings and legal reserve

1. 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.

2. The Company's dividend policy is summarized 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 maximum of 50% of total dividends distributed.
3. 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.
4. (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.
5. The appropriations of the 2015 net income was proposed by the Board of Directors on March 21, 2016 while the appropriations of the 2014 net income was resolved by the stockholders on June 11, 2015 as follows:

	For the year ended December 31, 2015		For the year ended December 31, 2014	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 317,729		$ 406,692	
Cash dividends	1,602,154	$ 0.8	2,202,962	$ 1.1

6. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to note 6 (30).

(24)Other equity items

	Available-for-sale investment	Currency translation	Total
At January 1, 2016	$ 743,950	$ 13,030	$ 756,980
Unrealised gains and losses on financial assets:			
–Group	1,259,703	-	1,259,703
–Associates	1,230	-	1,230
Currency translation differences:			
–Group	-	111,779	111,779
At March 31, 2016	$ 2,004,883	$ 124,809	$ 2,129,692

	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	(839,358)	-	(839,358)
–Associates	(952)	-	(952)
Currency translation differences:			
–Group	-	(518,197)	(518,197)
At March 31, 2015	$ 2,326,322	($ 165,265)	$ 2,161,057

(25)Operating revenue

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Sales reveue	$ 9,760,010	$ 9,453,842
Service revenue	1,351,154	1,415,592
Construction contract revenue	443,958	742,031
Net securities trading revenue	123,300	104,849
	$ 11,678,422	$ 11,716,314

(26) Other income

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Rental revenue	$ 47,300	$ 42,736
Interest income:		
Interest income from bank deposits	58,862	43,547
Other interest income	1,768	1,697
Other non-operating income	73,819	94,522
	$ 181,749	$ 182,502

(27) Other gains and losses

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net loss on financial liabilities at fair value through profit or loss	($ 20,865)	$ -
Net (loss) gain on financial assets at fair value through profit or loss	(3,252)	36,373
Net currency exchange loss	(7,471)	(57,288)
Net loss on disposal of property, plant and equipment	(1,157)	(3,353)
Gain on disposal of investments	206,754	6,038
Impairment loss	(90,323)	-
Non-operating expenses	(86,937)	(41,110)
	($ 3,251)	($ 59,340)

(28) Finance costs

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Interest expense:		
Bank borrowings	$ 96,516	$ 44,162
Less: capitalisation of qualifying assets	(217)	(252)
	96,299	43,910
Finance expenses	1,202	3,799
Finance costs	$ 97,501	$ 47,709

(29)Expenses by nature

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Employee benefit expense	$ 2,914,999	$ 2,446,660
Depreciation charges on property, plant and equipment	364,729	289,374
Amortisation charges on intangible assets	14,898	18,588
	$ 3,294,626	$ 2,754,622

(30)Employee benefit expense

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Wages and salaries	$ 2,364,405	$ 1,953,155
Employees' compensation and directors' and supervisors' remuneration	110,126	110,661
Labor and health insurance fees	221,105	198,131
Pension costs	123,860	112,023
Other personnel expenses	95,503	72,690
	$ 2,914,999	$ 2,446,660

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 during their 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. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on November 13, 2015. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 10% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the three-month periods ended March 31, while 2016 and 2015, employees' compensation was accrued at $58,967 and $59,820, respectively; while directors' and supervisors' remuneration was accrued at $26,207 and $26,587, respectively. The aforementioned amounts were recognised in salary expenses.

C. The employees' remuneration and directors' and supervisors' remuneration were estimated and accrued based on 7% and 3% of profit of current year distributable for the three-month period ended March 31, 2016.

The employees' remuneration and directors' and supervisors' remuneration of 2015 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2015 financial statements. As of March 31, 2016, abovementioned earnings of prior year have not been distributed.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31)Income tax

A.Income tax expense

(a)Components of income tax expense:

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Current tax:		
Current tax on profits for the period	$ 201,686	$ 242,772
Adjustments in respect of prior years	-	1,771
Total current tax	201,686	244,543
Deferred tax:		
Origination and reversal of temporary differences	69,295	42,841
Income tax expense	$ 270,981	$ 287,384

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

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Currency translation differences	($ 22,809)	$ 69,861

B.As of March 31, 2016, the Company and its subsidiaries' income tax returns through various years between 2012 and 2014, respectively, have been assessed and approved by the Tax Authority.

C.Unappropriated retained earnings:

	March 31, 2016	December 31, 2015	March 31, 2015
Earnings generated in and before 1997	$ 684,024	$ 684,024	$ 684,024
Earnings generated in and after 1998	10,296,786	9,626,134	9,754,237
	$ 10,980,810	$ 10,310,158	$ 10,438,261

D.As of March 31, 2016, December 31, 2015 and March 31, 2015, the balance of the imputation tax credit account was $692,980, $692,980 and $693,995, respectively. The creditable tax rate was 9.42% for 2014 and is estimated to be 10.06% for 2015.

(32)Earnings per share

	For the three-month period ended March 31, 2016		
	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	$ 683,036	1,980,250	$ 0.34
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,261	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 683,036	1,982,511	$ 0.34

	For the three-month period ended March 31, 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	$ 737,106	1,980,250	$ 0.37
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,957	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 737,106	1,982,207	$ 0.37

(33)Business combinations

A.(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 of the non-controlling interest at the acquisition date:

		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 $11,882,758 and profit before income tax of $1,102,306 for the three-month period ended March 31, 2015.

B.(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 control over them. Motovario S.p.A. 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 motor products to power transmission system after the acquisition, as well as 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	$ 3,989,850
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	98,922
Available-for-sale financial assets	64,006
Accounts receivable	1,308,848
Inventories	1,333,735
Other current assets	71,933
Property, plant and equipment	516,364
Other non-current assets	122,998
Short-term borrowings	(401,219)
Accounts payable	(873,450)
Other payables	(161,122)
Other current liabilities	(116,435)
Long-term borrowings	(2,672,928)
Other non-current liabilities	(690,538)
Total identifiable net assets	(1,398,886)
Goodwill (listed as intangible assets)	$ 5,388,736

(c) The fair value of the acquired identifiable intangible assets is provisional pending receipt of the final valuation for those assets.

(d) The operating revenue and profit before tax contributed by Motovario S.p.A. and its subsidiaries were included in the consolidated statements since the acquisition data.

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 $12,861,565 and profit before income tax of $1,172,719 for the three-month period ended March 31, 2015.

C.(a) On February 5, 2016, the Group acquired 12.12% of the share capital of Century Development Corporation for $462,233. Along with 40.63% of share capital originally held, the Group collectively holds 52.75% of the share capital in Century Development Corporation and exercises control over Century Development Corporation, which is engaged in designing, developing and managing parks in Taiwan. As a result of the acquisition, the Group is expected to strengthen its ability to develop and manage real estate.

(b) The following table summarises the consideration paid for Century Development Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition of the non-controlling interest in Century Development Corporation:

		February 5, 2016
Purchase consideration		
Cash	$	462,233
Fair value at the acquisition date of share capital of the company held before the business combination		1,841,807
Fair value of the non-controlling interest		1,824,817
		4,128,857
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		728,501
Notes and accounts receivable		36,261
Other current assets		346,376
Property, plant and equipment		4,278,726
Other non-current assets		1,123,485
Notes and accounts payable	(	70,186)
Other current liabilities	(	506,374)
Long-term borrowings	(	1,897,782)
Other non-current liabilities	(	177,126)
Total identifiable net assets		3,861,881
Goodwill (listed as intangible assets)	$	266,976

(c) The fair value of identifiable net assets acquired in the investment is still pending the final valuation.

(d) The Group recognized a gain of $216,160 as a result of measuring at fair value its 40.63% equity interest in Century Development Corporation held before the business combination.

(34) Supplemental cash flow information

A. Investing activities with partial cash payments:

		For the three-month period ended March 31, 2016		For the three-month period ended March 31, 2015
Acquisition of property, plant and equipment	$	189,144	$	275,657
Add:				
Payables at beginning of the period		122,004		602,773
Less:				
Payables at end of the period	(	96,241)	(	485,256)
Cash paid	$	214,907	$	393,174

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

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Cash and cash equivalents	$ 728,501	$ 20,559
Other current assets	382,637	286,510
Property, plant and equipment	4,278,726	76
Goodwill	266,976	-
Other non-current assets	1,123,485	-
Other current liabilities	(576,560)	(195,827)
Other non-current liabilites	(2,074,908)	-
	$ 4,128,857	$ 111,318
Proceeds from acquisition of subsidiaries	$ 462,233	$ 23,667
Cash balance of subsidiaries	(728,501)	(20,559)
Net cash effect of consolidated subsidiaries	($ 266,268)	$ 3,108

7. RELATED PARTY TRANSACTIONS

(1)Significant related party transactions

A.Operating revenue:

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Sales of goods and services:		
Associates	$ 74,386	$ 116,315
Other related parties	18,960	15,415
	$ 93,346	$ 131,730

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 March 31, 2016	For the three-month period ended March 31, 2015
Purchases of goods:		
Associates	$ 27,162	$ 41,691

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:

	March 31, 2016	December 31, 2015	March 31, 2015
Receivables from related parties:			
Associates	$ 229,618	$ 197,013	$ 200,054
Other related parties	41,135	20,715	18,723
Less: recorded as other receivables	(7,173)	(8,703)	(29,034)
	263,580	209,025	189,743
Other receivables - transfer of accounts receivable that were past due			
Other related parties	7,173	8,703	29,034
Other receivables - others			
Associates	573,561	680,156	731,782
Other related parties	4,806	3,481	4,780
	578,367	683,637	736,562
	585,540	692,340	765,596
	$ 849,120	$ 901,365	$ 955,339

(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 $7,173, $8,703 and $29,034 as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively. The ageing of the past due accounts receivable is beyond 90 days.

(c)The other receivables arise mainly from other receivables for rental.

D.Payables to related parties:

	March 31, 2016	December 31, 2015	March 31, 2015
Payables to related parties:			
Associates	$ 120,743	$ 96,240	$ 98,599
Other related parties	1,055	839	839
	$ 121,798	$ 97,079	$ 99,438

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

	March 31, 2016	December 31, 2015	March 31, 2015
Associates	$ 271,571	$ 271,571	$ 271,571

(b)Interest income

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Associates	$ 1,768	$ 1,768

The loans to associates are payable monthly over 2 years and carry interest at 1.3%~7% per annum for the three-month periods ended March 31, 2016 and 2015, respectively.

F.Endorsements and guarantees provided to related parties:

	March 31, 2016	December 31, 2015	March 31, 2015
Associates	$ 178,150	$ 175,109	$ 179,757

(2)Key management compensation

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Salaries and other short-term employee benefits	$ 137,445	$ 140,446
Post-employment benefits	832	725
	$ 138,277	$ 141,171

8. PLEDGED ASSETS

Pledged asset	Book value March 31, 2016	Book value December 31, 2015	Book value March 31, 2015	Purpose
Available-for-sale financial assets - current				
Innolux Corporation	$ 11,761	$ 10,391	$ 16,360	Commercial papers payable and short-term loans
Notes receivable	42,249	46,044	48,075	Short-term loans
Accounts receivable	804,044	755,554	818,117	〃
Inventories	754,222	829,867	709,625	〃
Other current assets				
Demand deposits	58,943	64,329	36,245	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	25,795	22,658	150,844	Merchandise loans, long-term and short-term loans, engineering guarantees, customs security deposit, warranty margin and exercise guarantee for construction
Cash and bank deposits	335,474	326,555	305,209	Engineering bond, tariff guarantee seizure guarantee long guarantee, and quality assurance for product sales
Available-for-sale financial assets - non-current				
Teco Image System Co., Ltd.	17,460	15,660	17,220	Commercial papers payable and short-term loans
Far Eastone Telecommunications Co., Ltd.	216,300	202,800	226,500	〃
Innolux Corporation	24,472	21,622	34,043	Long-term loans
Taiwan High Speed Rail Corporation	258,904	168,547	193,043	〃
Investments accounted for under the equity method				
Creative Sensor Inc.	124,618	122,115	149,097	Short-term loans
Century Development Corporation	96,561	94,248	95,624	〃

Pledged asset	Book value March 31, 2016	December 31, 2015	March 31, 2015	Purpose
Property, plant, and equipment				
Land	$ 243,537	$ 113,561	$ 119,377	Long-term loans, short-term loans
Buildings	4,384,427	245,584	246,277	〃
Other non-current assets				
Refundable deposits	87,209	56,384	48,460	Exercise guarantee for construction and customs security deposit and warranty margin
Restricted assets	-	-	429	False compensation seizure guarantee, sinking fund
Long-term prepaid rent	1,011,009	18,374	18,222	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
	$ 8,744,076	$ 3,361,384	$ 3,479,858	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1)Contingencies

A.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 May 11, 2016, the case is still pending in court.

B.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 May 11, 2016, this case is still pending in court.

C.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 May 11, 2016, 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. Considering that postponing the due process of this case might result in excess personnel costs and legal cost, a negotiation with Intel is currently underway. The negotiation between the Company and Intel has not been finished till

May 11, 2016.

(2) Commitments

1. Capital commitments

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

	March 31, 2016	December 31, 2015	March 31, 2015
Property, plant and equipment	$ 206,277	$ 187,819	$ 45,565
Intangible assets	-	644	-
	$ 206,277	$ 188,463	$ 45,565

2. 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:

	March 31, 2016	December 31, 2015	March 31, 2015
Not later than one year	$ 382,136	$ 426,028	$ 286,341
Later than one year but not later than five years	954,220	782,399	842,233
Later than five years	2,609,798	181,929	80,269
	$ 3,946,154	$ 1,390,356	$ 1,208,843

3. As of March 31, 2016, the outstanding usance L/C used for acquiring raw materials and equipment was $475,969.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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 markets, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, 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).

	March 31, 2016	
	Book value	Fair value
Financial assets:		
Cash and cash equivalents	$ 13,818,921	$ 13,818,921
Investments in bonds without active markets	1,717,221	1,717,221
Notes receivable	1,088,541	1,088,541
Accounts receivable	9,421,015	9,421,015
Other receivables	972,872	972,872
	$ 27,018,570	$ 27,018,570

	December 31, 2015	
	Book value	Fair value
Financial assets:		
Cash and cash equivalents	$ 14,919,042	$ 14,919,042
Investments in bonds without active markets	141,551	141,551
Notes receivable	1,021,094	1,021,094
Accounts receivable	9,523,911	9,523,911
Other receivables	1,016,221	1,016,221
	$ 26,621,819	$ 26,621,819

	March 31, 2015	
	Book value	Fair value
Financial assets:		
Cash and cash equivalents	$ 15,089,115	$ 15,089,115
Investments in bonds without active markets	117,546	117,546
Notes receivable	1,095,861	1,095,861
Accounts receivable	8,572,973	8,572,973
Other receivables	1,035,313	1,035,313
	$ 25,910,808	$ 25,910,808

	March 31, 2016	
	Book value	Fair value
Financial liabilities:		
Short-term borrowings	$ 6,471,773	$ 6,471,773
Notes payable	153,229	153,229
Accounts payable	6,385,959	6,385,959
Other payables	4,737,745	4,737,745
Bonds payable (including current portion)	4,491,600	4,491,600
Long-term borrowings (including current portion)	5,042,120	5,042,120
	$ 27,282,426	$ 27,282,426

	December 31, 2015	
	Book value	Fair value
Financial liabilities:		
Short-term borrowings	$ 6,619,012	$ 6,619,012
Notes payable	113,411	113,411
Accounts payable	6,724,648	6,724,648
Other payables	4,863,815	4,863,815
Bonds payable (including current portion)	4,498,500	4,498,500
Long-term borrowings (including current portion)	2,395,020	2,395,020
	$ 25,214,406	$ 25,214,406

	March 31, 2015	
	Book value	Fair value
Financial liabilities:		
Short-term borrowings	$ 2,379,151	$ 2,379,151
Notes payable	168,282	168,282
Accounts payable	6,517,145	6,517,145
Other payables	4,233,868	4,233,868
Bonds payable	1,513,200	1,513,200
Long-term borrowings (including current portion)	4,374,610	4,374,610
	$ 19,186,256	$ 19,186,256

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 minimize 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(15)).

(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, recognized 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 recognized 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 recognized 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 recognized 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:

		March 31, 2016					
					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:RMB	USD	$ 63,999	6.4733	$ 2,059,805	1%	$ 20,598	$ -
USD:NTD	USD	43,738	32.1850	1,407,707	1%	14,077	-
EUR:NTD	EUR	34,987	36.5100	1,277,391	1%	12,774	-
RMB:NTD	RMB	210,955	4.9720	1,048,870	1%	10,489	-
USD:EUR	USD	30,983	0.8815	997,185	1%	9,972	-
USD:SGD	USD	20,486	1.3495	659,333	1%	6,593	-
JPY:NTD	JPY	1,928,596	0.2863	552,157	1%	5,522	-
EUR:USD	EUR	7,240	1.1344	264,319	1%	2,643	-
USD:MYR	USD	5,106	3.9053	164,322	1%	1,643	-
CAD:USD	CAD	5,758	0.7702	142,742	1%	1,427	-
MYR:SGD	MYR	13,217	0.3456	108,926	1%	1,089	-
Non-monetary items							
USD:NTD	USD	594,847	32.1850	19,145,154			
EUR:NTD	EUR	105,151	36.5100	3,839,059			
SGD:NTD	SGD	127,284	23.8500	3,035,726			
VND:NTD	VND	104,152,143	0.0014	145,813			
MYR:NTD	MYR	15,687	8.2414	129,282			
Financial liabilities							
Monetary items							
USD:NTD	USD	54,369	32.1850	1,749,854	1%	17,499	-
RMB:NTD	RMB	308,147	4.9720	1,532,108	1%	15,321	-
USD:RMB	USD	8,284	6.4733	266,620	1%	2,666	-
USD:SGD	USD	6,082	1.3495	195,760	1%	1,958	-
USD:VND	USD	3,421	22,989.2857	110,089	1%	1,101	

		December 31, 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	87,602	32.8250	$ 2,875,529	1%	$ 28,755	$ -
USD:RMB	USD	45,049	6.5716	1,478,718	1%	14,787	-
EUR:NTD	EUR	36,135	35.8800	1,296,515	1%	12,965	-
USD:SGD	USD	33,826	1.4118	1,110,327	1%	11,103	-
RMB:NTD	RMB	162,454	4.9950	811,455	1%	8,115	-
JPY:NTD	JPY	1,897,852	0.2727	517,544	1%	5,175	-
EUR:USD	EUR	7,873	1.0931	282,480	1%	2,825	-
AUD:NTD	AUD	6,579	23.9850	157,787	1%	1,578	-
USD:MYR	USD	4,009	4.2880	131,593	1%	1,316	-
CAD:USD	CAD	5,283	0.7202	124,889	1%	1,249	-
USD:EUR	USD	3,273	0.9149	107,425	1%	1,074	-
Non-monetary items							
USD:NTD	USD	582,932	32.8250	19,134,729			
EUR:NTD	EUR	103,744	35.8800	3,722,317			
SGD:NTD	SGD	120,876	23.2500	2,810,374			
VND:NTD	VND	105,655,714	0.0014	147,918			
MYR:NTD	MYR	15,427	7.6551	118,099			
Financial liabilities							
Monetary items							
USD:NTD	USD	82,720	32.8250	2,715,289	1%	27,153	-
RMB:NTD	RMB	305,672	4.9950	1,526,832	1%	15,268	-
EUR:NTD	EUR	11,734	35.8800	421,006	1%	4,210	-
USD:RMB	USD	12,280	6.5716	403,097	1%	4,031	-
USD:SGD	USD	7,056	1.4118	231,613	1%	2,316	-

		March 31, 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	115,367	31.3000	$ 3,619,432	1%	$ 36,194	$ -
USD:RMB	USD	48,008	6.2054	1,502,645	1%	15,026	-
EUR:NTD	EUR	13,547	33.6500	455,866	1%	4,559	-
RMB:NTD	RMB	180,596	5.0440	910,925	1%	9,109	-
JPY:NTD	JPY	1,383,786	0.2604	360,338	1%	3,603	-
USD:SGD	USD	6,524	1.3752	204,211	1%	2,042	-
EUR:USD	EUR	8,120	1.0751	273,253	1%	2,733	-
CAD:USD	CAD	9,610	0.7850	236,107	1%	2,361	-
RMB:USD	RMB	13,228	0.1612	66,720	1%	667	-
USD:MYR	USD	4,362	3.7204	136,518	1%	1,365	-
MYR:SGD	MYR	15,852	0.3696	133,365	1%	1,334	-
AUD:NTD	AUD	5,632	23.8150	134,126	1%	1,341	-
Non-monetary items							
USD:NTD	USD	576,390	31.3000	18,041,007			
SGD:NTD	SGD	118,670	22.7600	2,700,929			
VND:NTD	VND	99,900,436	0.0015	149,851			
MYR:NTD	MYR	14,365	8.4130	120,853			
Financial liabilities							
Monetary items							
USD:NTD	USD	45,539	31.3000	1,425,373	1%	14,254	-
RMB:NTD	RMB	307,750	5.0440	1,552,291	1%	15,523	-
USD:RMB	USD	3,819	6.2054	119,521	1%	1,195	-
EUR:NTD	EUR	6,585	33.6500	221,597	1%	2,216	-

v. Total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2016 and 2015 amounted to ($7,471) and ($57,288), 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 three-month periods ended March 31, 2016 and 2015 would have increased/decreased by $10,746 and $15,050, 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 $674,951and $702,845 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 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 three-month periods ended March 31, 2016 and 2015, 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 March 31, 2016 and 2015, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2016 and 2015 would have been $5,973 and $3,504 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 analyzing 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 utilization 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:

March 31, 2016	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	$ 6,471,773	$ -	$ -	$ -	$ -
Notes payable	153,229	-	-	-	-
Accounts payable	6,385,959	-	-	-	-
Other payables	4,737,745	-	-	-	-
Bonds payable (including current portion)	1,491,600	-	-	3,000,000	-
Long-term borrowings (including current portion)	2,661,471	1,285,568	430,506	722,366	185,819

December 31, 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	$ 6,619,012	$ -	$ -	$ -	$ -
Notes payable	113,411	-	-	-	-
Accounts payable	6,724,648	-	-	-	-
Other payables	4,863,815	-	-	-	-
Bonds payable (including current portion)	1,498,500	-	-	3,000,000	-
Long-term borrowings (including current portion)	2,130,069	67,613	179,694	18,202	1,787

March 31, 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	$ 2,379,151	$ -	$ -	$ -	$ -
Notes payable	168,282	-	-	-	-
Accounts payable	6,517,145	-	-	-	-
Other payables	4,233,868	-	-	-	-
Bonds payable	-	1,513,200	-	-	-
Long-term borrowings (including current portion)	4,090,921	241,455	39,206	-	3,028

iii. As of March 31, 2016, December 31, 2015 and March 31, 2015, 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 March 31, 2016, December 31, 2015 and March 31, 2015 is as follows:

March 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 214,924	$ -	$ -	$ 214,924
Forward exchange contracts	-	3,307	-	3,307
Available-for-sale financial assets				
Equity securities	11,838,365	-	1,660,684	13,499,049
	$ 12,053,289	$ 3,307	$ 1,660,684	$ 13,717,280
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 23,282	$ -	$ 23,282

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 231,614	$ -	$ -	$ 231,614
Forward exchange contracts	-	34,370	-	34,370
Available-for-sale financial assets				
Equity securities	10,706,154	-	1,662,626	12,368,780
	$ 10,937,768	$ 34,370	$ 1,662,626	$ 12,634,764
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 15,043	$ -	$ 15,043

March 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 300,998	$ -	$ -	$ 300,998
Forward exchange contracts	-	22,268	-	22,268
Available-for-sale financial assets				
Equity securities	12,369,071	-	1,687,824	14,056,895
	$ 12,670,069	$ 22,268	$ 1,687,824	$ 14,380,161

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 three-month periods ended March 31, 2016 and 2015, there was no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments as at March 31, 2016 and 2015.

	Non-derivative equity	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Beginning balance	$ 1,662,626	$ 1,624,982
Gain and loss recognised in other comprehensive income (NOTE)	(1,942)	133,892
Acquired during the period	-	12,748
Sold during the period	-	(83,798)
Ending balance	$ 1,660,684	$ 1,687,824

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

G. Finance and Accounting Department 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 March 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 1,660,684	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

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 1,662,626	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

	Fair value at March 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 1,687,824	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 different 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:

	March 31, 2016					
			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%	$ -	$ -	$ 83,034	($ 83,034)

	December 31, 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%	$ -	$ -	$ 83,131	($ 83,131)

	March 31, 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%	$ -	$ -	$ 84,931	($ 84,931)

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(15).

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 three-month periods ended March 31, 2016 and 2015 is as follows:

	For the three-month period ended March 31, 2016				
	Motor division	Home electric appliance division	Others	Adjustment and elimination	Total
Operating revenues					
Operating revenues from external customers	$ 7,071,274	$ 1,871,137	$ 2,736,011	$ -	$ 11,678,422
Operating revenues from internal segments	3,323,027	860,633	225,246	(4,408,906)	-
Total operating revenues	$ 10,394,301	$ 2,731,770	$ 2,961,257	($ 4,408,906)	$ 11,678,422
Segment profits and losses	$ 803,425	($ 50,277)	$ 280,218	$ -	$ 1,033,366
Segment profits and losses including:					
Depreciation and amortization	$ 208,115	$ 56,685	$ 114,827	$ -	$ 379,627
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
Segment assets					
Identifiable assets	$ 38,746,545	$ 6,007,686	$ 19,871,027	($ 8,210,156)	$ 56,415,102
Capital expenditures	$ 156,455	$ 7,202	$ 25,487	$ -	$ 189,144
Segment liabilities	$ 16,259,857	$ 3,234,666	$ 5,382,481	($ 8,664,954)	$ 16,212,050

	For the three-month period ended March 31, 2015				
	Motor division	Home electric appliance division	Others	Adjustment and elimination	Total
Operating revenues					
Operating revenues from external customers	$ 7,333,425	$ 1,842,593	$ 2,540,296	$ -	$ 11,716,314
Operating revenues from internal segments	4,575,058	998,598	181,801	(5,755,457)	-
Total operating revenues	$ 11,908,483	$ 2,841,191	$ 2,722,097	($ 5,755,457)	$ 11,716,314
Segment profits and losses	$ 884,511	($ 32,328)	$ 134,500	$ -	$ 986,683
Segment profits and losses including:					
Depreciation and amortization	$ 180,512	$ 55,470	$ 71,980	$ -	$ 307,962
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
Segment assets					
Identifiable assets	$ 29,672,756	$ 6,854,278	$ 13,918,093	($ 7,250,151)	$ 43,194,976
Capital expenditures	$ 110,270	$ 23,342	$ 142,045	$ -	$ 275,657
Segment liabilities	$ 14,424,420	$ 3,611,598	$ 4,682,636	($ 7,156,787)	$ 15,561,867

(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 three-month periods ended March 31, 2016 and 2015 is provided as follows:

	For the three-month periods ended March 31,	
	2016	2015
Adjusted operating income of reportable segments	$ 753,148	$ 852,183
Adjusted operating income of other operating segments	280,218	134,500
Total segments	1,033,366	986,683
Interest income	60,630	45,244
Unrealized (loss) profit on financial instruments	(24,117)	36,373
Financial cost	(97,501)	(47,709)
Associates' and joint ventures' profit and loss accounted for under the equity method	(52,607)	46,811
Impairment loss	(90,323)	-
Others	232,308	41,545
Income before income tax	$ 1,061,756	$ 1,108,947

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. AND SUBSIDIARIES

Loans to others

For the three-month period ended March 31, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

													Collateral				
Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the three-month period ended March 31, 2016	Balance at March 31, 2016 (Note 14)	Actual amount drawn down	Interest rate (%)	Nature of loans	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Item	Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	TECO ELECTRIC & MACHINERY CO., LTD.	Xiamen An-Tai	Other receivables	Yes	$ 101,002	$ 101,002	$ 100,981	3.25	Short-term financing	$ -	For operating capital	$ -	-	$ -	$ 1,485,222	$ 4,950,741	Note 2
0	TECO ELECTRIC & MACHINERY CO., LTD.	Qingdao Teco	〃	〃	150,127	150,127	148,514	3.5	Short-term financing	-	For operating capital	-	-	-	1,485,222	4,950,741	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 3
2	U.V.G.	Teco Netherlands	〃	〃	257,460	255,570	255,570	1.54	Short-term financing	-	For operating capital	-	-	-	495,970	826,616	Note 4
2	U.V.G.	Teco Century	〃	〃	55,071	55,071	55,071	7	Short-term financing	-	For operating capital	-	-	-	495,970	826,616	Note 4
3	Tai-An Wuxi	Fujian Teco	〃	〃	12,710	12,430	12,430	5.6	Short-term financing	-	For operating capital	-	-	-	68,157	136,314	Note 5
4	Teco Westinghouse	TWMM	〃	〃	34,119	32,829	32,829	2.55~3.68	Short-term financing	-	For operating capital	-	-	-	704,517	1,409,034	Note 6
4	Teco Westinghouse	TECO EMM S.R.L.	〃	〃	1,283,760	1,283,760	1,283,760	1.00	Short-term financing	-	For operating capital	-	-	-	1,314,360	1,314,360	Note 7
5	TecoWestinghouse Canada	TECO EMM S.R.L.	〃	〃	641,880	641,880	641,880	1.00	Short-term financing	-	For operating capital	-	-	-	657,180	657,180	Note 8
6	Tong-An Assets	TECO ELECTRIC & MACHINERY CO., LTD.	〃	〃	280,000	280,000	280,000	1.05	Short-term financing	-	For operating capital	-	-	-	518,161	518,161	Note 9
6	Tong-An Assets	Le-Li Co., Ltd.	〃	〃	183,000	183,000	183,000	1.30	Short-term financing	-	For operating capital	-	Real estate	219,600	518,161	518,161	Note 9

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the three-month period ended March 31, 2016	Balance at March 31, 2016 (Note 14)	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	Motovario S.p.A.	GEAR SOLUTIONS ES	Other receivables	Yes	$ 154,660	$ 153,525	$ 153,525	4.00	Short-term financing	$ -	For operating capital	$ -	-	$ -	191,864	383,727	Note 10
7	Motovario S.p.A.	GR GENESIS	〃	〃	93,681	90,139	90,139	4.00	Short-term financing	-	For operating capital	-	-	-	191,864	383,727	Note 10
8	TECO EMM	Motovario S.p.A.	〃	〃	2,666,387	2,646,813	2,646,813	1.10	Short-term financing	-	For operating capital	-	-	-	3,103,350	3,103,350	Note 11
9	Baycom	Tecom	〃	〃	55,000	55,000	55,000	2.13	Short-term financing	-	For operating capital	-	-	-	56,058	112,116	Note 12
10	Kuen Ling	Kuen Ling (Vietnam)	〃	〃	39,336	38,568	6,428	2.64	Short-term financing	-	For operating capital	-	-	-	128,591	514,363	Note 13
10	Kuen Ling	K.A. Corp.	〃	〃	32,140	32,140	16,070	2.72	Short-term financing	-	For operating capital	-	-	-	128,591	514,363	Note 13

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 (March 31, 2016), and limit on loans to a single party shall not exceed 3% of the Company's net assets based on the latest financial statements (March 31, 2016).

Note 3： 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 4： 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 (March 31, 2016), 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 (March 31, 2016).

Note 5： 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 (March 31, 2016), 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 (March 31, 2016).

Note 6： 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 (March 31, 2016), and limit on loans to a single party shall not 10% of Teco Westinghouse' s net assets based on the latest financial statements (March 31, 2016).

Note 7： Limit on Teco Westinghouse’ loans to TECO EMM S.R.L. shall not exceed EUR 36,000 thousand.

Note 8： Limit on TecoWestinghouse Canada’s loans to TECO EMM S.R.L. shall not exceed EUR 18,000 thousand.

Note 9： 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 (March 31, 2016), 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 (March 31, 2016).

Note 10：In accordance with Motovario S.p.A.' s policy, limit on total loans shall not exceed 10% of Motovario S.p.A.' s net assets based on the latest financial statements (March 31, 2016), and limit on loans to a single party shall not exceed 5% of Motovario S.p.A.' s net assets based on the latest financial statements (March 31, 2016).

Note 11：Limit on TECO EMMA’s loans to Motovario S.p.A. shall not exceed EUR 85,000 thousand.

Note 12：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 (March 31, 2016); limit on loans to a single party is 10% of the granting company's net assets based on the latest audited financial statements (March 31, 2016).

Note 13：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 (March 31, 2016) 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 (March 31, 2016), where an inter-company or inter-firm financing facility is necessary provided that the amount of such financing facility

Note 14：The credit line approved by the Board of Directors.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the three-month period ended March 31, 2016

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: 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 March 31, 2016	Outstanding endorsement/ guarantee amount at March 31, 2016	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
0	TECO ELECTRIC & MACHINERY CO., LTD.	GD TECO	(1)	$ 9,901,481	$ 100,000	$ 100,000	$ 100,000	$ -	0.20	$ 29,704,444	Y	N	N	Note 3
0	〃	Teco International	(1)	9,901,481	100,000	100,000	100,000	-	0.20	29,704,444	Y	N	N	〃
0	〃	Straits	(3)	9,901,481	218,367	-	-	-	-	29,704,444	N	N	Y	〃
0	〃	TECO EMM	(2)	9,901,481	1,250,520	1,241,340	1,241,340	-	2.51	29,704,444	Y	N	N	〃
0	〃	Others	(1)、(2)、(4)	9,901,481	125,946	121,961	121,961	-	0.25	29,704,444	Y	N	N	〃
1	Teco Westinghouse	TWMM	(1)	704,517	45,360	43,257	43,257	-	0.61	1,409,034	Y	N	N	Note 4
2	Teco Australia	Ejoy Australia	(1)	275,155	713	713	713	-	0.05	825,465	Y	N	N	Note 5
2	Teco Australia	MOS Burger Australia Pty Ltd.	(5)	275,155	1,413	1,413	1,413	-	0.10	825,465	N	N	N	〃
3	Tong-An Investment	TG Teco Vacuum Insulated Glass Corp.	(4)	126,000	126,000	126,000	126,000	-	1.42	200,000	N	N	N	Note 6
4	Motovario S.p.A.	TECNOFIB SRL	(3)	744,137	2,416	2,234	2,234	-	0.06	2,302,364	N	N	N	Note 7

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 (March 31, 2016), and the guarantee to a single party shall not exceed 20% of the Company's net assets.

Note 4: 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 (March 31, 2016), and the guarantee to a single party shall not exceed 10% of Teco Westinghouse's net assets.

Note 5: 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 (March 31, 2016), and the guarantee to a single party shall not exceed 20% of Teco Australia's net assets.

Note 6: 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 7: In accordance with Motovario S.p.A.' s policy, the total guarantee amount shall not exceed 60% of Motovario S.p.A.' s net assets based on the latest financial statements (March 31, 2016), and the guarantee to a single party shall not exceed 20% of Motovario S.p.A.'s net assets.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the three-month period ended March 31, 2016

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 March 31, 2016 Number of shares	Book value	Ownership (%)	Fair value	Footnote
TECO ELECTRIC & MACHINERY CO., LTD.	Stock 1	None	Note 1	10,084	$ 134,121	0.08	$ 134,121	
	Stock 2	〃	〃	15,000	168,752	0.15	168,752	
	Stock 3	The Company is a supervisor of the investee	〃	11,527	278,387	1.96	278,387	
	Stock 4	The Company is a director of the investee	〃	190,061	3,033,367	3.39	3,033,367	
	Stock 5	None	〃	51,924	376,448	2.17	376,448	
	Stock 6	〃	〃	24,715	273,101	0.57	273,101	
	Stock 7	The Company is a director of the investee	〃	70,907	308,553	10.99	308,553	
	Stock 8	None	〃	7,500	314,775	5	314,775	
	Stock 9, etc.	The Company is a director of the investee	〃	-	381,406	0	381,406	
Teco International	Stock 10	None	〃	407	87,098	0.29	87,098	
	Stock 11, etc.	〃	〃	16,485	295,461	0	295,461	
	Stock 12, etc.	〃	Note 3	3,912	340,665	0	340,665	
	Stock 13, etc.	〃	Note 2	814	32,121	0	32,121	
Tong-An Investment	Stock 14	Subsidiary of the Company	Note 1	19,540	512,926	0.98	512,926	
	Stock 15	Related party in substance	〃	9,197	133,809	8.17	133,809	
	Stock 16, etc.	〃	〃	26,911	299,518	0	299,518	
	Stock 17	None	〃	10,603	764,473	0.33	764,473	
	Stock 18	〃	〃	2,000	209,000	0.06	209,000	
	Stock 10	〃	〃	15,497	3,316,358	10.91	3,316,358	
	Stock 19	〃	〃	892	120,230	3.97	120,230	
	Stock 20	〃	Note 2	2,631	103,119	0	103,119	
	Stock 12	〃	Note 3	627	143,333	0.53	143,333	
	Stock 21, etc.	〃	〃	16,415	774,443	0	774,443	
	Fund 1, etc.	〃	〃	3,953	57,853	0	57,853	
	Fund 2	〃	Note 1	1,938	61,380	0	61,380	
U.V.G	Stock 22, etc.	〃	〃	118	5,400	0	5,400	
An-Tai International	Stock 14	Subsidiary of the Company	〃	2,826	74,176	0.14	74,176	
	Stock 15	Related party in substance	〃	1,270	18,481	1.13	18,481	
	Stock 16	〃	〃	2,786	198,062	8.6	198,062	
	Stock 22, etc.	None	〃	489	7,663	0	7,663	
	Stock 13	〃	Note 2	236	9,495	0.19	9,495	
	Stock 12, etc.	〃	Note 3	1,186	122,612	0	122,612	
Tong-An Assets	Stock 23	〃	Note 1	-	304,010	10	304,010	
Jack Property	Fund 3	〃	Note 2	-	49,241	0	49,241	
Teco Electro	Stock 15	Related party in substance	Note 1	200	2,913	0.18	2,913	
Information Technology	Stock 24	None	〃	31	47	0	47	
Teco Singapore	Stock 10	〃	〃	845	180,744	0.59	180,744	
Taiwan Pelican Express	Stock 10, etc.	〃	〃	1,968	246,273	0	246,273	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2016 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Teco Australia	Stock 10	None	Note 1	460	$ 98,526	0.32	$ 98,526	
Teco Nanotech	Stock 15	Related party in substance	Note 1	81	1,172	0.07	1,172	
	Fund 4	None	Note 2	137	21,555	0	21,555	
Sankyo	Stock 25	None	Note 3	-	6,269	0.54	6,269	
Kuen Ling	Stock 26	〃	Note 1	1,000	-	9	-	
	Stock 27	〃	〃	158	4,039	15	4,039	
	Stock 28	〃	〃	-	5,720	18	5,720	
Tecom	Stock 2	〃	〃	2,175	24,472	0.02	24,472	
	Stock 4	The Company is a corporate director of the investee	〃	16,222	258,904	0.29	258,904	
Top-Tower	Stock 14	Subsidiary of the Company	Note 3	77	2,301	0	2,301	
	Stock 29, etc.	None	〃	3	84	0	84	

Note 1：Non-current available-for-sale financial assets

Note 2：Current financial assets at fair value through profit or loss

Note 3：Current available-for-sale financial assets

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the three-month period ended March 31, 2016

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
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	$ 635,027	20%	30 days	Note	Note	($ 67,841)	(2%)	
	Wuxi Teco	An indirect investee accounted for under the equity method	〃	270,523	8%	75 days	〃	〃	(561,404)	(15%)	
	Teco Malaysia	〃	〃	100,332	3%	〃	〃	〃	(68,057)	(2%)	
	Tai-An Wuxi	〃	〃	122,974	4%	〃	〃	〃	(41,850)	(1%)	
	Teco Singapore	An investee accounted for under the equity method	Sales	(187,562)	(4%)	90 days	〃	〃	112,895	3%	
	Tong Dai	〃	〃	(186,329)	(4%)	〃	〃	〃	183,430	5%	
	Tong Tai Jung	〃	〃	(148,758)	(3%)	〃	〃	〃	145,263	4%	
	Teco Westinghouse	An indirect investee accounted for under the equity method	〃	(625,342)	(14%)	〃	〃	〃	415,325	12%	
	Teco Westinghouse Canada	〃	〃	(227,036)	(5%)	〃	〃	〃	144,240	4%	
	Teco Australia	〃	〃	(181,957)	(4%)	〃	〃	〃	123,919	3%	
	Teco Netherlands	〃	〃	(104,869)	(2%)	〃	〃	〃	210,441	6%	

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the three-month period ended March 31, 2016

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2016	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	An investee accounted for under the equity method	$ 183,430	3.97	$ -	-	$ 107,636	
〃	TECO Westinghouse	An indirect investee accounted for under the equity method	415,358	6.06	-	-	202,707	
〃	Teco Australia	〃	123,919	4.17	-	-	-	
〃	Sankyo	〃	265,146	0.60	189,540	In the process of collection	5,375	
〃	TECO Netherlands	〃	478,926	0.87	268,485	〃	40,493	
〃	Qingdao TECO	〃	180,597	0.01	-	-	-	
〃	Teco Westinghouse Canada	〃	144,273	6.46	-	-	45,713	
〃	Teco Singapore	〃	112,895	5.23	-	-	1,703	
〃	Xiamen An-Tai	〃	101,002	-	-	-	-	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	Subsidiary of the Company	561,404	0.45	-	-	195,499	
Tong-An Assets	Le-Li Co., Ltd.	An investee accounted for under the equity method	183,000	-	-	-	-	
Teco Westinghouse	TECO EMM S.R.L	〃	1,283,760	-	-	-	-	
Teco Westinghouse Canada	"	〃	641,880	-	-	-	-	
U.V.G.	Teco Netherlands	〃	255,570	-	-	-	-	
Motovario S.p.A.	GEAR SOLUTIONS ES	〃	153,525	-	-	-	-	
TECO EMM	Motovario S.P.A.	〃	2,646,813	-	-	-	-	Total amount was$19,671

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the three-month period ended March 31, 2016

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable and accounts receivable	$ 183,430	Because there is no transaction in same type which can be compared with, it is based on the condition and the period of both side’s agreement.	-
0	"	Teco Westinghouse	"	Accounts receivable and other receivables	415,358	"	-
0	"	Teco Singapore	"	Accounts receivable	112,895	"	-
0	"	Teco Australia	"	"	123,919	"	-
0	"	Teco Westinghouse Canada	"	Accounts receivable and other receivables	144,273	"	-
0	"	Teco Netherlands	"	"	478,926	"	1%
0	"	Sankyo	"	"	265,146	"	-
0	"	Qingdao Teco	"	"	180,597	"	-
0	"	Xiamen An-Tai	"	Other receivables	101,002	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Accounts receivable	561,404	"	1%
2	Tong-An Assets	Le-Li Co., Ltd.	(3)	Other receivables	183,000	"	-
3	Teco Westinghouse	TECO EMM S.R.L	"	"	1,283,760	"	1%
4	Teco Westinghouse Canada	"	"	"	641,880	"	1%
5	U.V.G	Teco Netherlands	"	"	255,570	"	-
6	Motovario S.p.A.	GEAR SOLUTIONS ES	"	"	153,525	"	-
7	TECO EMM	Motovario S.P.A.	"	"	2,646,813	"	3%
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Singapore	(1)	Sales	187,562	"	2%
0	"	Tong Dai	"	"	186,329	"	2%
0	"	Tong Tai Jung	"	"	148,758	"	1%
0	"	Teco Westinghouse	"	"	625,342	"	5%
0	"	Teco Westinghouse Canada	"	"	227,036	"	2%
0	"	Teco Australia	"	"	181,957	"	2%
0	"	Teco Netherlands	"	"	104,869	"	1%

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
8	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Sales	$ 635,027	Because there is no transaction in same type which can be compared with, it is based on the condition and the period of both side's agreement.	5%
1	Wuxi Teco	"	"	"	270,523	"	2%
9	Teco Malaysia	"	"	"	100,332	"	1%
10	Tai-An Wuxi	"	"	"	122,974	"	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to 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. AND SUBSIDIARIES

Information on investees

For the three-month period ended March 31, 2016

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2016	Initial investment amount: Balance as at December 31, 2015	Shares held as at March 31, 2016: Number of shares	Shares held as at March 31, 2016: Ownership (%)	Shares held as at March 31, 2016: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2016	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016 （Note 2(3)）	Footnote
Teco Electric & Machinery C0., Ltd.	Tung Pei	Taiwan	Manufacturing of bearings	$ 12,293	$ 12,293	39,145,044	31.14	$ 2,005,287	$ 73,378	$ 22,899	None
	Tecom	Taiwan	Manufacturing of key telephone system and non-key service unit telephone system	631,410	631,410	400,602,050	63.52	76,353	8,731	(22,968)	None
	Teco International	Taiwan	Investment holdings	100,013	100,013	50,562,000	100	1,147,558	20,823	20,783	None
	Teco Holding 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	9,125,375	100,096	105,506	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90	3,023,743	132,808	119,527	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	406,105,007	99.6	8,312,376	170,512	169,063	None
	Teco Electro	Taiwan	Manufacturing of stepservo motors	128,496	128,496	15,386,949	62.57	229,167	(5,238)	(2,871)	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	8,284,794	(40,875)	(40,875)	None
	Information Technology Total Service	Taiwan	E-business service, mailing and data management	121,232	121,232	12,123,248	60.62	163,983	10,004	5,743	None
	Tesen	Taiwan	Manufacturing and sales of home appliances	200,000	200,000	20,000,000	100	216,830	(1,488)	2,469	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	564,151	10,286	3,481	None
	Tong Dai	Taiwan	Distribution of the Company’s motor products in Taichung	22,444	22,444	5,290,800	92.63	252,777	12,824	11,879	None

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2016	Initial investment amount: Balance as at December 31, 2015	Shares held as at March 31, 2016: Number of shares	Shares held as at March 31, 2016: Ownership (%)	Shares held as at March 31, 2016: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2016	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016 (Note 2(3))	Footnote
TECO ELECTRIC & MACHINERY CO., LTD.	Teco Vietnam	Vietnam	Manufacturing and sales of motors	$ 264,111	$ 264,111	$ 13,772,799	100	$ 145,813	($ 1,828)	($ 2,105)	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95	146,510	4,852	3,510	None
	Tong-An-Assets	Taiwan	Real estate business	2,111,889	2,111,889	147,323,399	100	5,181,607	15,186	15,186	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.7	160,749	3,072	2,939	None
	Micropac (BVI) and its subsidiaries	British Virgin Islands	International trading	454,923	454,923	14,883,591	100	1,572,084	(1,619)	3,375	None
	Century Development	Taiwan	Development and management of industrial park	951,141	673,801	82,566,570	28.67	1,265,958	63,345	18,704	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	20,827,579	100	509,750	8,063	8,206	None
	Pelican	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27	422,514	48,040	12,138	None
	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	330,541	21,393	4,275	None
	Senergy Wind Power	Taiwan	Manufacturing machinery for electricity generation, transmission and distribution	249,990	249,990	24,999,000	50	247,758	(3,532)	(1,766)	None
	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100	3,839,059	63,760	63,760	None
Eagle Holding Co.	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100	3,839,059	63,760	63,760	None
TECO MOTOR B.V.	TECO EMM S.R.L.	Italy	Investment holdings	3,691,723	3,691,723	1	100	3,839,059	63,760	63,760	None
TECO EMM S.R.L.	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100	4,141,986	64,404	64,404	None
Tung Pei	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings	646,343	646,343	23,031,065	100	1,605,803	(15,497)	(15,497)	None
Tecom	Tecom International	Taiwan	Investment holdings	100,000	100,000	12,000,000	100	272,501	3,958	3,958	None
	Baycom	Taiwan	Manufacturing and sales of optical telecom products	359,656	359,656	12,483,600	28.64	76,353	(4,491)	(22,968)	None
Tong-An Investments	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	87,464	87,464	7,913,310	6.23	216,603	17,673	1,101	None
	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	37,939,014	13.94	596,155	63,345	8,828	None

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2016	Initial investment amount: Balance as at December 31, 2015	Shares held as at March 31, 2016: Number of shares	Shares held as at March 31, 2016: Ownership (%)	Shares held as at March 31, 2016: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2016	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016 (Note 2(3))	Footnote
Tong-An Investments	Pelican	Taiwan	Logistics and distribution services	$ 54,874	$ 54,874	$ 6,474,468	6.78	$ 110,811	$ 48,040	$ 3,258	None
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	11,720,000	100	118,652	6,456	6,456	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,354	84.97	624,042	43,062	28,823	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	98,170	98,170	10,000,000	100	159,879	(1,694)	(1,384)	None
Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100	117,958	(6,140)	(6,140)	None
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	16,498,992	6.06	241,106	63,345	3,839	None
Teco International	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	52,560	52,560	4,326,447	3.14	118,484	17,673	602	None
Kuen LING	CHING CHI INTERNATIONAL LIMITED	British Virgin Islands	Investment holdings	201,467	201,467	6,200,000	83	444,469	(27,288)	(22,332)	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the three-month period ended March 31, 2016

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, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2016: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2016: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee for the three-month period ended March 31, 2016	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	Footnote
Teco (Dong Guan)	Manufacturing and sales of air conditioners mechanical equipment	$ 268,799	Note 2	$ 188,139	$ -	$ -	$ 188,139	($ 2,152)	100	($ 2,152)	$ 169,680	$ -	Note 17
Suzhou Teco	Manufacturing and sales of motors	143,255	Note 1	143,255	-	-	143,255	788	100	788	231,746	-	Note 17
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	18,425	82.35	15,173	1,742,350	-	Note 16
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 12	205,551	-	-	205,551	4,678	100	4,678	1,363,144	-	Note 17
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	(2,116)	100	(2,116)	(6,847)	-	Note 17
Hang Zhou Xizi-Iuk	Manufacturing and sales of parking equipment	129,840	Note 1	19,117	-	-	19,117	55,328	15	-	18,780	-	Note 18
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	(23,891)	98.07	(23,430)	1,735,167	-	Note 16
Qingdao Teco	Manufacturing and sales of dyes	804,076	Note 1	1,505,255	-	-	1,505,255	(4,841)	85.31	(4,130)	210,625	-	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, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee for the three-month period ended March 31, 2016	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Xiamen Teco	Sales of motors and home appliances	$ 20,590	Note 3	$ 20,590	$ -	$ -	$ 20,590	($ 333)	100	($ 333)	$ 27,304	$ -	Note 17
Xiamen An-Tai	Distribution of LCD	678,681	Note 3	467,577	-	-	467,577	(6,105)	100	(6,105)	379,306	-	Note 16
Teco Han Zou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	(3,061)	100	(3,061)	24,330	-	Note 17
Nanchang Dong-Huan	Business management consulting	3,222	Note 1	3,222	-	-	3,222	-	100	-	1,262	-	Note 20
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	(20,399)	50	(10,200)	37,420	-	Note 17
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	(3,795)	100	(3,795)	122,978	-	Note 17
Ecolectric International	Distribution of air conditioner	24,004	Note 2	-	-	-	-	(1,810)	39.90	(722)	8,773	-	Note 17
Teco (Tianjin) Innovation	Central China area Operation center	15,990	Note 3	15,990	-	-	15,990	40	100	40	15,791	-	Note 17
Teco (Jiang Xi)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	(1,565)	100	(1,565)	124,131	-	Note 17
Teco Sichuan Trading	Sales of home appliances	26,522	Note 12	-	-	-	-	(1,289)	100	(1,289)	7,524	-	Note 17
Jiangxi Teco-Lead	Manufacturing and sales of wind generator	141,079	Note 1	62,865	-	-	62,865	(16)	45	(7)	3,938	-	Note 17
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 14	59,444	-	-	59,444	(899)	100	(899)	42,046	-	Note 17
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	23,829	(8,195)	100	(8,195)	(23,371)	-	Note 16

					Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2016								
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, 2016	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee for the three-month period ended March 31, 2016	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	Footnote
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	($ 6,523)	100	($ 6,523)	$ 208,741	$ -	Note 17
Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 13	-	-	-	-	(328)	100	(328)	124,367	-	Note 17
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 15	-	-	-	-	(3,906)	100	(3,906)	636,409	-	Note 17
Beijing Pelican Express	Storage services	27,901	Note 4	27,901	-	-	27,901	(636)	100	(636)	11,402	-	Note 16
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	1,152,070	Note 5	24,746	-	-	24,746	-	2.16	-	1,671	-	Note 18、19
Kuen Ling (Shanghai)	Manufacturing of air conditioners	181,713	Note 6	116,068	-	-	116,068	(26,755)	100	(22,207)	202,502	31,922	Note 16
Kuen Yuan (Suzhou)	Manufacturing and sales of air conditioning mechanical equipment	233,952	Note 6	58,649	-	-	58,649	(488)	100	(405)	229,577	-	Note 16
Firm Precision Industrial (Shanghai)	Manufacturing and sales of metal carton	31,764	Note 6	11,157	-	-	11,157	(145)	9	-	4,066	-	Note 16
Suzhou Firm Precision Industrial	Manufacturing and sales of metal carton	255,459	Note 6	21,173	-	-	21,173	(3,055)	9	-	17,338	-	Note 16
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 7	6,950	-	-	6,950	179	100	179	3,686	-	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, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee for the three-month period ended March 31, 2016	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	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	($ 90)	100	($ 90)	$ 5,202	-	Note 16
Tecom Tech Investment (BVI)	Flat panel displays, IT products, printed circuit board assembly, manufacture, testing and communication products and equipment R & D reproduction	34,990	Note 9	34,990	-	-	34,990	28	100	28	3,497	-	Note 16
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	14,566	Note 9	$ 14,566	-	-	$ 14,566	-$ 776	100	($ 776)	($ 8,933)	-	Note 16
Information Technology (Wuxi)	Engaged in services related to information software, data processing and electronic information supply	10,167	Note 10	10,167	-	-	10,167	546	100	546	18,477	-	Note 17
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	(31)	100	(31)	390	-	Note 17

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, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee for the three-month period ended March 31, 2016	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Information Technology Total Service (Xiamen)	Engaged in services related to information software, data processing and electronic information supply	$ 1,000	Note 10	$ -	$ -	$ -	$ -	($ 31)	100	($ 31)	$ 3,644	-	Note 17
Wuxi TECO Precision Industry Co. Ltd. (Formerly: Taichang Teco Electro Devices)	Manufacturing and sales of motors	115,225	Note 11	86,101	-	-	86,101	(6,140)	100	(6,140)	111,796	43,266	Note 17

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 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:Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Great Teco Motor (Pte) Ltd., Teco Australia Pty. Ltd. and Teco Electric & Machinery (Pte) Ltd. and then invest in Mainland China.

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

Note 17:The amount recognised was based on the unreviewed financial statements.

Note 18:Listed as available-for-sale financial assets - non-current.

Note 19:As of March 31, 2016, accumulated impairment of $23,075 was accrued.

Note 20:The company has been liquidated in 2015.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	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
TECO Electric & Machinery Co., Ltd.	$ 6,487,880	$ 8,713,487	$ 33,236,990
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,003,315
Kuen Ling Machinery Refrigerating Co., Ltd.	207,047	353,944	829,349
Tecom Co., Ltd.	541,961	754,000	306,982
Information Technology Total Services Co., Ltd.	12,424	12,424	162,306
Teco Electro Devices Co., Ltd.	86,101	104,259	219,688

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. AND SUBSIDIARIES
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the three-month period ended March 31, 2016

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase) Amount	Sale (purchase) %	Property transaction Amount	Property transaction %	Accounts receivable (payable) Balance at March 31, 2016	Accounts receivable (payable) %	Provision of endorsements and guarantees Balance at March 31, 2016	Provision of endorsements and guarantees Purpose	Financing Maximum balance during the three-month period ended March 31, 2016	Financing Balance at March 31, 2016	Financing Interest rate	Financing Interest during the three-month period ended March 31, 2016	Others
Wuxi Teco	$ 5,688	-	$ -	-	$ 5,884	-	$ -	-	$ -	$ -	-	$ -	
Taian (Wuxi)	14,579	-	-	-	13,967	-	-	-	-	-	-	-	
Jiangxi Teco	3,463	-	-	-	6,583	-	-	-	-	-	-	-	
Qingdao Teco	430	-	-	-	741	-	-	-	150,127	150,127	3.50%	1,314	
Xiamen An-Tai	-	-	-	-	-	-	-	-	101,002	101,002	3.25%	821	
Shanghai Teco	5,279	-	-	-	-	-	-	-	-	-	-	-	
Kuen Ling (Shanghai)	1,312	-	-	-	846	-	-	-	-	-	-	-	
Wuxi Teco	(270,523)	(2%)	-	-	(561,404)	(8%)	-	-	-	-	-	-	
Taian (Wuxi)	(122,974)	(1%)	-	-	(41,850)	(1%)	-	-	-	-	-	-	
Jiangxi Teco	(30,688)	-	-	-	(34,487)	(1%)	-	-	-	-	-	-	
Qingdao Teco	(66,156)	(1%)	-	-	(39,714)	(1%)	-	-	-	-	-	-	
Xiamen An-Tai	(949)	-	-	-	(964)	-	-	-	-	-	-	-	
Fujian Teco	(31,306)	-	-	-	(24,337)	-	-	-	-	-	-	-	
Teco (Jang Xi)	(12,502)	-	-	-	(2,326)	-	-	-	-	-	-	-	