# ALTEK CORPORATION AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

## MARCH 31, 2016 AND 2015

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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

PWCR16000006

(In Thousands of New Taiwan Dollars)

To Altek Corporation

We have reviewed the accompanying consolidated balance sheets of Altek Corporation 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 financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Except as discussed 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 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 explained in Note 4(3), we did not review the financial statements of certain insignificant consolidated subsidiaries, which statements reflect total assets of $2,427,776 and $2,703,758, constituting 16% and 18% of the consolidated total assets, and total liabilities of $345,451 and $ 342,111, constituting 6% and 6% of the consolidated total liabilities as of March 31, 2016 and 2015, respectively, and total comprehensive loss of $28,743 and $28,303, constituting 11% and 21% of the absolute values of the consolidated total comprehensive loss for the three-month periods ended March 31, 2016 and 2015, respectively. As described in Note 6(6) to the consolidated financial statements, the financial statements of investments accounted for under the equity method were not reviewed by independent accountants. Using the book value of Equity method investments in these investee companies amounted to $136,216 and $175,589 as of March 31, 2016 and 2015, respectively, and the related investment loss amounted to $0 and $1,534 for three-month periods then ended. These amounts were based solely on their unreviewed financial statements.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain subsidiaries and investee companies been reviewed by independent accountants as described 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 in order for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan
Hsinchu, Taiwan
Republic of China

May 5, 2016

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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.

ALTEK CORPORATION 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** | | | | | | | |
| Cash and cash equivalents | 6(1) | $ 5,195,491 | 35 | $ 5,741,973 | 37 | $ 4,711,132 | 31 |
| Financial assets at fair value through profit or loss - current | 6(2) | 764,601 | 5 | 427,531 | 3 | 457,859 | 3 |
| Notes receivable, net | | 9,001 | - | 17,264 | - | 79,754 | 1 |
| Accounts receivable, net | 6(3) | 1,731,610 | 12 | 2,251,748 | 15 | 2,006,630 | 13 |
| Other receivables | | 41,132 | - | 21,199 | - | 24,988 | - |
| Current income tax assets | | 4,457 | - | 2,061 | - | 2,410 | - |
| Inventories, net | 6(4) | 1,287,109 | 9 | 1,061,419 | 7 | 1,453,772 | 10 |
| Prepayments | | 108,891 | 1 | 115,452 | 1 | 186,342 | 1 |
| Other current assets | | 27,789 | - | 10,869 | - | 11,138 | - |
| **Current Assets** | | 9,170,081 | 62 | 9,649,516 | 63 | 8,934,025 | 59 |
| **Non-current assets** | | | | | | | |
| Financial assets at cost - non current | 6(5) | 143,612 | 1 | 143,995 | 1 | 151,277 | 1 |
| Investments accounted for using equity method | 6(6) | 136,216 | 1 | 138,206 | 1 | 175,589 | 1 |
| Property, plant and equipment, net | | 5,082,867 | 34 | 5,211,143 | 34 | 5,465,724 | 36 |
| Intangible assets | 6(8) | 90,215 | 1 | 93,713 | 1 | 99,185 | 1 |
| Deferred income tax assets | | 86,000 | 1 | 71,834 | - | 79,995 | 1 |
| Other non-current assets | 6(9) | 84,953 | - | 91,771 | - | 85,381 | 1 |
| **Non-current assets** | | 5,623,863 | 38 | 5,750,662 | 37 | 6,057,151 | 41 |
| **Total assets** | | $ 14,793,944 | 100 | $ 15,400,178 | 100 | $ 14,991,176 | 100 |

(Continued)

ALTEK CORPORATION 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)

| Liabilities and Equity | Notes | March 31, 2016 AMOUNT | % | December 31, 2015 AMOUNT | % | March 31, 2015 AMOUNT | % |
|---|---|---|---|---|---|---|---|
| **Current liabilities** | | | | | | | |
| Short-term borrowings | 6(10) | $ 2,154,000 | 15 | $ 1,730,000 | 11 | $ 1,673,000 | 11 |
| Accounts payable | | 1,781,661 | 12 | 2,422,069 | 16 | 2,056,374 | 14 |
| Other payables | | 461,822 | 3 | 510,923 | 3 | 432,575 | 3 |
| Current income tax liabilities | | 71,394 | 1 | 62,273 | 1 | 63,618 | - |
| Provisions for liabilities - current | 6(13) | 38,237 | - | 36,998 | - | 54,266 | - |
| Other current liabilities | | 210,514 | 1 | 362,274 | 2 | 427,300 | 3 |
| **Current Liabilities** | | 4,717,628 | 32 | 5,124,537 | 33 | 4,707,133 | 31 |
| **Non-current liabilities** | | | | | | | |
| Provisions for liabilities - noncurrent | 6(13) | 105,458 | 1 | 98,880 | 1 | 128,190 | 1 |
| Deferred income tax liabilities | | 497,406 | 3 | 528,141 | 3 | 553,878 | 4 |
| Other non-current liabilities | | 20,160 | - | 19,768 | - | 21,058 | - |
| **Non-current liabilities** | | 623,024 | 4 | 646,789 | 4 | 703,126 | 5 |
| **Total Liabilities** | | 5,340,652 | 36 | 5,771,326 | 37 | 5,410,259 | 36 |
| **Equity attributable to owners of parent** | | | | | | | |
| **Share capital** | 6(14) | | | | | | |
| Common stock | | 2,738,838 | 19 | 2,726,938 | 18 | 2,702,538 | 18 |
| **Capital surplus** | 6(15) | | | | | | |
| Capital surplus | | 1,996,879 | 13 | 1,975,772 | 13 | 2,067,468 | 14 |
| **Retained earnings** | 6(16) | | | | | | |
| Legal reserve | | 1,347,010 | 9 | 1,347,010 | 9 | 1,319,477 | 9 |
| Special reserve | | 142,456 | 1 | 142,456 | 1 | 142,456 | 1 |
| Unappropriated retained earnings | | 2,999,701 | 20 | 3,047,283 | 20 | 2,967,450 | 20 |
| **Other equity interest** | 6(17) | | | | | | |
| Other equity interest | | 261,623 | 2 | 414,647 | 2 | 374,942 | 2 |
| Treasury stocks | 6(14) | ( 129,393) | ( 1) | ( 129,393) | ( 1) | - | - |
| **Equity attributable to owners of the parent** | | 9,357,114 | 63 | 9,524,713 | 62 | 9,574,331 | 64 |
| **Non-controlling interest** | | 96,178 | 1 | 104,139 | 1 | 6,586 | - |
| **Total equity** | | 9,453,292 | 64 | 9,628,852 | 63 | 9,580,917 | 64 |
| **Significant contingent liabilities and unrecognised contract commitments** | 9 | | | | | | |
| **Significant subsequent event after the balance sheet date** | 11 | | | | | | |
| **Total liabilities and equity** | | $ 14,793,944 | 100 | $ 15,400,178 | 100 | $ 14,991,176 | 100 |

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2016.

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except (loss) earning per share amounts)
(UNAUDITED)

| Items | Notes | 2016 AMOUNT | 2016 % | 2015 AMOUNT | 2015 % |
|---|---|---|---|---|---|
| | | For the three-month period ended March 31 | | | |
| **Sales revenue** | | $ 2,424,840 | 100 | $ 2,579,178 | 100 |
| **Operating costs** | 6(21)(22) | ( 2,173,457) | ( 90) | ( 2,297,412) | ( 89) |
| **Net operating margin** | | 251,383 | 10 | 281,766 | 11 |
| **Operating expenses** | 6(21)(22) | | | | |
| Selling expenses | | ( 18,122) | ( 1) | ( 12,998) | ( 1) |
| General & administrative expenses | | ( 60,300) | ( 2) | ( 48,351) | ( 2) |
| Research and development expenses | | ( 250,246) | ( 10) | ( 243,503) | ( 9) |
| **Total operating expenses** | | ( 328,668) | ( 13) | ( 304,852) | ( 12) |
| **Operating loss** | | ( 77,285) | ( 3) | ( 23,086) | ( 1) |
| **Non-operating income and expenses** | | | | | |
| Other income | 6(18) | 18,864 | 1 | 28,829 | 1 |
| Other gains and losses | 6(19) | 5,524 | - | 3,953 | - |
| Finance costs | 6(20) | ( 6,440) | - | ( 4,958) | - |
| Share of loss of associates and joint ventures accounted for under equity method | 6(6) | - | - | ( 1,534) | - |
| **Total non-operating income and expenses** | | 17,948 | 1 | 26,290 | 1 |
| **(Loss) profit before income tax** | | ( 59,337) | ( 2) | 3,204 | - |
| Income tax benefit (expense) | 6(23) | 5,129 | - | ( 586) | - |
| **(Loss) profit for the period** | | ($ 54,208) | ( 2) | $ 2,618 | - |
| **Other comprehensive income** | | | | | |
| Currency translation differences of foreign operations | | ($ 151,437) | ( 6) | ($ 127,750) | ( 5) |
| Share of other comprehensive loss of associates and joint ventures accounted for under equity method | | ( 2,092) | - | ( 1,077) | - |
| Income tax relating to the components of other comprehensive income | | 26,023 | 1 | 21,901 | 1 |
| **Components of other comprehensive income that will be reclassified to profit or loss** | | ( 127,506) | ( 5) | ( 106,926) | ( 4) |
| **Total other comprehensive loss for the period** | | ($ 127,506) | ( 5) | ($ 106,926) | ( 4) |
| **Total comprehensive loss for the period** | | ($ 181,714) | ( 7) | ($ 104,308) | ( 4) |
| **(Loss) profit, attributable to:** | | | | | |
| Owners of the parent | | ($ 47,582) | ( 2) | $ 2,481 | - |
| Non-controlling interest | | ( 6,626) | - | 137 | - |
| **(Loss) profit for the year** | | ($ 54,208) | ( 2) | $ 2,618 | - |
| **Comprehensive (loss) income attributable to:** | | | | | |
| Owners of the parent | | ($ 174,633) | ( 7) | ($ 104,445) | ( 4) |
| Non-controlling interest | | ( 7,081) | - | 137 | - |
| **Total comprehensive loss for the period** | | ($ 181,714) | ( 7) | ($ 104,308) | ( 4) |
| **Basic (loss) earnings per share** | 6(24) | | | | |
| **Total basic (loss) earnings per share** | | ($ 0.18) | | $ 0.01 | |
| **Diluted (loss) earnings per share** | 6(24) | | | | |
| **Total diluted (loss) earnings per share** | | ($ 0.18) | | $ 0.01 | |

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2016.

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | | Equity attributable to owners of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained Earnings | | | Other equity interest | | | | | |
| | Notes | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Currency translation differences of foreign operations | Other equity - others | Treasury stocks | Total | Non-controlling interest | Total equity |
| For the three-month period ended March 31, 2015 | | | | | | | | | | | | |
| Balance at January 1, 2015 | | $ 2,701,358 | $ 2,063,551 | $ 1,319,477 | $ 142,456 | $ 2,964,969 | $ 481,868 | $ - | $ - | $ 9,673,679 | $ 6,449 | $ 9,680,128 |
| Share-based payment transactions | 6(12)(15) | 1,180 | 3,917 | - | - | - | - | - | - | 5,097 | - | 5,097 |
| Profit for the period | 6(16) | - | - | - | - | 2,481 | - | - | - | 2,481 | 137 | 2,618 |
| Other comprehensive loss for the period | 6(17) | - | - | - | - | - | ( 106,926 ) | - | - | ( 106,926 ) | - | ( 106,926 ) |
| Balance at March 31, 2015 | | $ 2,702,538 | $ 2,067,468 | $ 1,319,477 | $ 142,456 | $ 2,967,450 | $ 374,942 | $ - | $ - | $ 9,574,331 | $ 6,586 | $ 9,580,917 |
| For the three-month period ended March 31, 2016 | | | | | | | | | | | | |
| Balance at January 1, 2016 | | $ 2,726,938 | $ 1,975,772 | $ 1,347,010 | $ 142,456 | $ 3,047,283 | $ 477,768 | ($ 63,121 ) | ($ 129,393 ) | $ 9,524,713 | $ 104,139 | $ 9,628,852 |
| Share-based payment transactions | 6(12)(15)(17) | - | 235 | - | - | - | - | 6,812 | - | 7,047 | - | 7,047 |
| Issuance of restricted shares to employees | 6(12)(15)(17) | 11,900 | 20,885 | - | - | - | - | ( 32,785 ) | - | - | - | - |
| Difference between consideration and carrying amount of subsidiaries acquired | 6(25) | - | ( 13 ) | - | - | - | - | - | - | ( 13 ) | 13 | - |
| Loss for the period | 6(16) | - | - | - | - | ( 47,582 ) | - | - | - | ( 47,582 ) | ( 6,626 ) | ( 54,208 ) |
| Other comprehensive loss for the period | 6(17) | - | - | - | - | - | ( 127,051 ) | - | - | ( 127,051 ) | ( 455 ) | ( 127,506 ) |
| Non-controlling interest | | - | - | - | - | - | - | - | - | - | ( 893 ) | ( 893 ) |
| Balance at March 31, 2016 | | $ 2,738,838 | $ 1,996,879 | $ 1,347,010 | $ 142,456 | $ 2,999,701 | $ 350,717 | ($ 89,094 ) | ($ 129,393 ) | $ 9,357,114 | $ 96,178 | $ 9,453,292 |

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2016.

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | Notes | For the three-month periods ended March 31, 2016 | 2015 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss) profit before tax | | ($ 59,337 ) | $ 3,204 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense | 6(7)(21) | 91,284 | 101,425 |
| Amortisation expense | 6(8)(21) | 3,862 | 3,840 |
| Provision for doubtful accounts | 6(3) | 1,061 | - |
| Net (gains) loss on financial assets at fair value through profit or loss | 6(2)(19) | ( 446 ) | 1,377 |
| Interest expense | 6(20) | 6,440 | 4,958 |
| Interest income | 6(18) | ( 13,123 ) | ( 14,011 ) |
| Share-based payment compensation cost | 6(12) | 7,047 | 1,026 |
| Share of loss of associates and joint ventures accounted for under equity method | | - | 1,534 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit | | ( 336,623 ) | ( 98,114 ) |
| Notes receivable | | 8,550 | ( 7,424 ) |
| Accounts receivable | | 507,287 | 352,738 |
| Other receivables | | ( 16,910 ) | ( 4,780 ) |
| Inventories | | ( 245,205 ) | ( 296,359 ) |
| Prepayments | | 5,253 | 5,890 |
| Other current assets | | ( 17,142 ) | ( 7,424 ) |
| Changes in operating liabilities | | | |
| Accounts payable | | ( 619,379 ) | ( 843,349 ) |
| Other payables | | 13,623 | ( 83,954 ) |
| Provisions for liabilities | | 7,817 | ( 2,011 ) |
| Other current liabilities | | ( 152,042 ) | ( 9,889 ) |
| Other non-current liabilities | | 392 | - |
| Cash outflow generated from operations | | ( 807,591 ) | ( 891,323 ) |
| Interest received | | 9,413 | 13,947 |
| Interest paid | | ( 6,270 ) | ( 4,859 ) |
| Income tax paid | | ( 7,079 ) | ( 10,852 ) |
| Net cash flows used in operating activities | | ( 811,527 ) | ( 893,087 ) |

(Continued)

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | Notes | For the three-month periods ended March 31, 2016 | 2015 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | | ($ 65,726 ) | ($ 17,920 ) |
| Increase in intangible assets | | ( 1,706 ) | ( 5,091 ) |
| Decrease (increase) in refundable deposits | | 6,378 | ( 143 ) |
| Net cash flows used in investing activities | | ( 61,054 ) | ( 23,154 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in short-term borrowings | 6(10) | 424,000 | 263,000 |
| Employee stock options exercised | | - | 4,071 |
| Changes in non-controlling interest | | ( 893 ) | - |
| Net cash flows from financing activities | | 423,107 | 267,071 |
| Effect of exchange rate | | ( 97,008 ) | ( 81,548 ) |
| Net decrease in cash and cash equivalents | | ( 546,482 ) | ( 730,718 ) |
| Cash and cash equivalents at beginning of period | 6(1) | 5,741,973 | 5,441,850 |
| Cash and cash equivalents at end of period | 6(1) | $ 5,195,491 | $ 4,711,132 |

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2016.

ALTEK CORPORATION 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, unless stated otherwise)
(Unaudited)

1. HISTORY AND ORGANIZATION

Altek Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the development, manufacturing and sale of digital image technology application, and related export and import trade.

The Company was listed in the Taiwan Stock Exchange on December 24, 2002, as approved by the Tai-Tz (91) Letter No. 024976 of the former Securities and Futures Commission, Ministry of Finance, R.O.C., dated September 27, 2002.

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 5, 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 ("IFRSs") 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 IFRS 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 |
| 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 (amendment to IAS 12) | January 1, 2017 |
| Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38) | January 1, 2016 |
| Defined benefit plans: employee contributions (amendments to IAS 19R) | 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 |

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.

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).

B. 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.

C.Amendments to IFRS 15, '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.

D. 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.

E. 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.

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

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) <u>Compliance statement</u>

A. 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.

B. The consolidated financial statements should be read with the consolidated financial statements for the year 2015.

(2) Basis of preparation

A. Except for the following items, the 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) Defined benefit liabilities recognised 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 Accountung Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (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:

Basis for preparation of consolidated financial statements is consistent with the consolidated financial statements for the year 2015.

B. Subsidiaries included in the consolidated financial statements:

| Name of Investor | Name of Subsidiaries | Main Business Activities | Ownership (%) | | | Note |
|---|---|---|---|---|---|---|
| | | | March 31, 2016 | December 31, 2015 | March 31, 2015 | |
| Altek Corporation | Altek International Investment Co., Ltd. | Investments and general business operations | 100% | 100% | 100% | |
| " | Altek Japan Corporation | Sales and design of optical instruments | 100% | 100% | 100% | Note 5 |
| " | Altek Investment Co., Ltd. | Investments | 100% | 100% | 100% | Note 5 |
| " | Altek Autotronics Corporation | Research design, manufacture and sales of car electronic components | 99.84% | 99.59% | 98.02% | Note 1<br>Note 5 |
| " | Altek Biotechnology Corporation | Research and development, manufacture and sales of biotechnology | 100% | 100% | 100% | |
| Altek International Investment Co., Ltd. | Altek Lab Inc. | Design service | 100% | 100% | 100% | Note 5 |
| " | Altek Optical (Cayman) Co., Ltd. | Investments and general business operations | 100% | 100% | 100% | Note 5 |
| " | Altek Semiconductor (Cayman) Co., Ltd. | Investments and general business operations | 71.43% | 71.43% | 100% | Note 2<br>Note 5 |
| Note 3 | Altek (Kunshan) Co., Ltd. | Manufacture and sales of digital still camera and its accessories | 100% | 100% | 100% | |
| Note 3 | Altek EMS (Kunshan) Co., Ltd. | Manufacture and sales of related engineering services | 100% | 100% | 100% | Note 5 |
| Note 3 | Altek Imaging Technology (Shanghai) Limited | Manufacture and sales of optical components | - | - | 100% | Note 4<br>Note 5 |
| Note 3 | Altek Precision (Kunshan) Co., Ltd. | Manufacture and sales of digital camera parts | 100% | 100% | 100% | Note 5 |
| Note 3 | Altek Trading (Shanghai) Limited | Wholesale, import and export of related electronic and their associated accessories | 100% | 100% | 100% | Note 5 |
| Altek Semiconductor (Cayman) Co., Ltd. | Altek Semiconductor Corporation | Research design and sales of ASIC | 100% | 100% | 100% | Note 5 |
| Altek Trading (Shanghai) Limited | Beijing Altek Image Communication Technology Co., Ltd. | Sales of electronic and their related accessories | - | - | 100% | Note 4<br>Note 5 |
| Note 3 | Altek Optical Technology (Kunshan) Co., Ltd. | Manufacture and sales of related electronic services and its accessories and optical components | 100% | 100% | 100% | Note 5 |

Note 1: Ownership increased due to subsidiary's continued repurchase of shares of Altek Autotronics Corporation.

Note 2: The Group did not participate in the subsidiary's capital increase, thus, the share ownership was decreased.

Note 3: Altek International Investment Co., Ltd.'s wholly- owned subsidiaries - Leading Tech. Co., Ltd. 、Toptek Investment Cayman Co., Ltd. 、 Altek Imaging Technology (Cayman) Co., Ltd. 、 Altek Trading (Cayman) Co., Ltd. 、Altek Optical Technology (Cayman) Co., Ltd. which Altek International Investment Co., Ltd. invests other subsidiaries through.

Note 4: Altek Imaging Technology (Shanghai) Limited and Beijing Altek Image Communication Technology Co., Ltd. have completed the liquidation in the fourth quarter of 2015.

Note 5: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as of March 31, 2016 and 2015 were not reviewed by independent accountants.

C. Subsidiaries not included in the consolidated financial statements: None.

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

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

(5) Income tax

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.

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

The preparation of these consolidated financial statements requires management to make critical judgements 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 judgements in applying the Group's accounting policies: None.

(2) Critical accounting estimates and assumptions:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of obsolete inventories on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of March 31, 2016, the carrying amount of inventories was $1,287,109.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|---|---|---|---|
| Cash on hand | $ 1,261 | $ 1,139 | $ 1,243 |
| Checking accounts and demand deposits | 332,394 | 282,049 | 220,401 |
| Time deposits | 4,861,836 | 5,458,785 | 4,489,488 |
| Total | $ 5,195,491 | $ 5,741,973 | $ 4,711,132 |

A. The Group transacts 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. The Group has no cash and cash equivalents pledged to others.

### (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 | $ 761,656 | $ 425,032 | $ 366,671 |
| Listed stocks | - | - | 91,002 |
| Listed warrants | - | - | 1,049 |
| Valuation adjustment | 2,945 | 2,499 | ( 863) |
| Total | $ 764,601 | $ 427,531 | $ 457,859 |

The Group recognized net gain (loss) of $698 and ($1,187) for the three-month periods ended March 31, 2016 and 2015, respectively.

### (3) Accounts receivable

| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|---|---|---|---|
| Accounts receivable | $ 1,733,185 | $ 2,252,282 | $ 2,006,667 |
| Less: allowance for bad debts | ( 1,575) | ( 534) | ( 37) |
| | $ 1,731,610 | $ 2,251,748 | $ 2,006,630 |

A. The credit quality of 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 | $ 1,696,665 | $ 2,156,195 | $ 1,924,816 |
| Group 2 | 22,149 | 91,433 | 2,366 |
| | $ 1,718,814 | $ 2,247,628 | $ 1,927,182 |

Note:

Group 1: Including domestic and foreign listed companies and their affiliated companies.

Group 2: Others.

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 | $ 11,407 | $ 565 | $ 75,671 |
| 31 to 90 days | 371 | 3,312 | 3,777 |
| 91 to 180 days | 1,018 | 243 | - |
| | $ 12,796 | $ 4,120 | $ 79,448 |

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:

| | 2016 | | |
|---|---|---|---|
| | Individual provision | Group provision | Total |
| At January 1 | $ 534 | $ - | $ 534 |
| Provision for impairment | 1,061 | - | 1,061 |
| Effects of foreign exchange | ( 20) | - | ( 20) |
| At March 31 | $ 1,575 | $ - | $ 1,575 |

| | 2015 | | |
|---|---|---|---|
| | Individual provision | Group provision | Total |
| At January 1 / March 31 | $ 37 | $ - | $ 37 |

D.The Group does not hold any collateral as security.

(4) Inventories

| | March 31, 2016 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 667,853 | ($ 87,799) | $ 580,054 |
| Work-in-process | 242,017 | ( 26,346) | 215,671 |
| Finished goods | 572,160 | ( 80,776) | 491,384 |
| Total | $ 1,482,030 | ($ 194,921) | $ 1,287,109 |

| | December 31, 2015 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 586,514 | ($ 125,289) | $ 461,225 |
| Work-in-process | 145,078 | ( 25,569) | 119,509 |
| Finished goods | 591,776 | ( 111,091) | 480,685 |
| Total | $ 1,323,368 | ($ 261,949) | $ 1,061,419 |

| | March 31, 2015 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 675,218 | ($ 68,405) | $ 606,813 |
| Work-in-process | 242,765 | ( 23,219) | 219,546 |
| Finished goods | 651,582 | ( 24,169) | 627,413 |
| Total | $ 1,569,565 | ($ 115,793) | $ 1,453,772 |

The cost of inventories recognised as expense for the periods:

| | Three-month period ended March 31, 2016 | Three-month period ended March 31, 2015 |
|---|---|---|
| Cost of goods sold | $ 2,079,135 | $ 2,293,546 |
| Loss on decline in market value | 94,322 | 3,866 |
| Total | $ 2,173,457 | $ 2,297,412 |

(5) Financial assets measured at cost

| Items | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|---|---|---|---|
| Non-current items: | | | |
| Unlisted stocks | $ 156,208 | $ 156,591 | $ 241,310 |
| Less: Accumulated impairment | ( 12,596) | ( 12,596) | ( 90,033) |
| Total | $ 143,612 | $ 143,995 | $ 151,277 |

A. As the Group’s investment in unlisted stocks are not traded in an active market, and no sufficient industry information of companies similar to these stocks financial information can be obtained, the fair value of the investment in unlisted stocks cannot be measured reliably. The Group classified those stocks as ‘financial assets measured at cost’.

B. Financial assets measured at cost – Pac-line Opportunity Fund has completed the liquidation on December 23, 2015. The Company recognised disposal of financial assets at Pac-line Opportunity Fund’s carrying amount of $21,647. The actual amount recovered was $32,480 and gain on disposal of investments of $10,833 was recognised.

C. No impairment loss was recognized for the financial assets measured at cost for the three-month periods ended March 31, 2016 and 2015.

D. As of March 31, 2016, December 31, 2015 and March 31, 2015, no financial assets measured at cost held by the Group were pledged to others.

(6) Investments accounted for under the equity method

| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|---|---|---|---|
| JinJing Optical Technology Co., Ltd. | $ 44,028 | $ 44,028 | $ 58,852 |
| Phoenix Optical (Shanghai) Co., Ltd. | 149,430 | 151,420 | 153,538 |
| | 193,458 | 195,448 | 212,390 |
| Less: accumulated impairment loss | ( 57,242) | ( 57,242) | ( 36,801) |
| | $ 136,216 | $ 138,206 | $ 175,589 |

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized 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 $136,216, $138,206 and $175,589, respectively.

| | Three-month period ended March 31, 2016 | Three-month period ended March 31, 2015 |
|---|---|---|
| Loss for the period from continuing operations | ($ 15,006) | ($ 28,006) |
| Other comprehensive income (loss)-net of tax | 1,569 | ( 1,415) |
| Total comprehensive loss | ($ 13,437) | ($ 29,421) |

(7) Property, plant and equipment

| | Land | Buildings | Machinery | Test equipment | Construction in progress and prepayment for equipment | Others | Total |
|---|---|---|---|---|---|---|---|
| At January 1, 2016 | | | | | | | |
| Cost | $ 1,042,216 | $ 3,717,659 | $ 1,868,136 | $ 201,217 | $ 15,343 | $ 740,695 | $ 7,585,266 |
| Accumulated depreciation | - | ( 584,318) | ( 1,063,689) | ( 177,229) | - | ( 548,887) | ( 2,374,123) |
| | $ 1,042,216 | $ 3,133,341 | $ 804,447 | $ 23,988 | $ 15,343 | $ 191,808 | $ 5,211,143 |
| For the three-month period ended March 31, 2016 | | | | | | | |
| Opening net book amount | $ 1,042,216 | $ 3,133,341 | $ 804,447 | $ 23,988 | $ 15,343 | $ 191,808 | $ 5,211,143 |
| Additions | - | - | - | 60 | 1,482 | 3,863 | 5,405 |
| Depreciation charge | - | ( 23,719) | ( 35,350) | ( 4,217) | - | ( 27,998) | ( 91,284) |
| Net exchange differences | - | ( 29,572) | ( 11,019) | ( 224) | ( 157) | ( 1,425) | ( 42,397) |
| Closing net book amount | $ 1,042,216 | $ 3,080,050 | $ 758,078 | $ 19,607 | $ 16,668 | $ 166,248 | $ 5,082,867 |
| At March 31, 2016 | | | | | | | |
| Cost | $ 1,042,216 | $ 3,682,225 | $ 1,838,770 | $ 198,224 | $ 16,668 | $ 736,061 | $ 7,514,164 |
| Accumulated depreciation | - | ( 602,175) | ( 1,080,692) | ( 178,617) | - | ( 569,813) | ( 2,431,297) |
| | $ 1,042,216 | $ 3,080,050 | $ 758,078 | $ 19,607 | $ 16,668 | $ 166,248 | $ 5,082,867 |

| | Land | Buildings | Machinery | Test equipment | Construction in progress and prepayment for equipment | Others | Total |
|---|---|---|---|---|---|---|---|
| At January 1, 2015 | | | | | | | |
| Cost | $ 1,042,216 | $ 3,774,021 | $ 1,914,467 | $ 221,421 | $ 2,695 | $ 711,759 | $ 7,666,579 |
| Accumulated depreciation | - | ( 496,859) | ( 920,394) | ( 178,466) | - | ( 467,168) | ( 2,062,887) |
| | $ 1,042,216 | $ 3,277,162 | $ 994,073 | $ 42,955 | $ 2,695 | $ 244,591 | $ 5,603,692 |
| For the three-month period ended March 31, 2015 | | | | | | | |
| Opening net book amount | $ 1,042,216 | $ 3,277,162 | $ 994,073 | $ 42,955 | $ 2,695 | $ 244,591 | $ 5,603,692 |
| Additions | - | - | 174 | 1,395 | 6,982 | 4,010 | 12,561 |
| Depreciation charge | - | ( 24,025) | ( 44,042) | ( 6,832) | - | ( 26,526) | ( 101,425) |
| Net exchange differences | - | ( 31,682) | ( 14,310) | ( 510) | ( 35) | ( 2,567) | ( 49,104) |
| Closing net book amount | $ 1,042,216 | $ 3,221,455 | $ 935,895 | $ 37,008 | $ 9,642 | $ 219,508 | $ 5,465,724 |
| At March 31, 2015 | | | | | | | |
| Cost | $ 1,042,216 | $ 3,737,233 | $ 1,887,449 | $ 220,677 | $ 9,642 | $ 707,027 | $ 7,604,244 |
| Accumulated depreciation | - | ( 515,778) | ( 951,554) | ( 183,669) | - | ( 487,519) | ( 2,138,520) |
| | $ 1,042,216 | $ 3,221,455 | $ 935,895 | $ 37,008 | $ 9,642 | $ 219,508 | $ 5,465,724 |

For the three-month periods ended March 31, 2016 and 2015, there was no capitalisation of borrowing interests attributable to the property, plant and equipment and the Group did not pledge any fixed asset as collateral.

(8) Intangible assets

| | 2016 | 2015 |
|---|---|---|
| At January 1 | | |
| Cost | $ 130,369 | $ 138,662 |
| Accumulated amortisation and impairment | ( 36,656) | ( 35,215) |
| | $ 93,713 | $ 103,447 |
| For the three-month period ended March 31 | | |
| Opening net book amount | $ 93,713 | $ 103,447 |
| Additions | 1,706 | 427 |
| Amortisation charge | ( 3,604) | ( 3,580) |
| Net exchange differences | ( 1,600) | ( 1,109) |
| Closing net book amount | $ 90,215 | $ 99,185 |
| At March 31 | | |
| Cost | $ 129,821 | $ 125,477 |
| Accumulated amortisation and impairment | ( 39,606) | ( 26,292) |
| | $ 90,215 | $ 99,185 |

A. Details of amortisation on intangible assets are as follows:

| | For the three-month period ended March 31, 2016 | For the three-month period ended March 31, 2015 |
|---|---|---|
| Operating costs | $ 1,884 | $ 1,939 |
| Operating expense | 1,720 | 1,641 |
| | $ 3,604 | $ 3,580 |

B.The Group has no intangible assets pledged to others.

(9) Long-term prepaid rents ( shown as 'Other non-current assets')

| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|---|---|---|---|
| Land-use right | $ 38,182 | $ 39,003 | $ 40,093 |

The Group recognized amortisation expenses for the three-month periods ended March 31, 2016 and 2015 amounting to $258 and $260, respectively.

(10) Short-term borrowings

| Type of borrowings | March 31, 2016 | Interest rate range | Collateral |
|---|---|---|---|
| Bank borrowings | | | |
| Unsecured borrowings | $ 2,154,000 | 1.08%~1.30% | None |

| Type of borrowings | December 31, 2015 | Interest rate range | Collateral |
|---|---|---|---|
| Bank borrowings | | | |
| Unsecured borrowings | $ 1,730,000 | 1.14%~1.3% | None |

| Type of borrowings | March 31, 2015 | Interest rate range | Collateral |
|---|---|---|---|
| Bank borrowings | | | |
| Unsecured borrowings | $ 1,673,000 | 1.21%~1.32% | None |

(11) Pensions

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

(b) For the aforementioned pension plan, the Group recognized pension costs of $395 and $3 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 amounts to $12.

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 and 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. For the three-month periods ended March 31, 2016 and

2015, the Group had recognized pension costs of $9,453 and $8,834, respectively, under the above pension scheme.

(b) The subsidiaries provided defined contribution plans for its employees. Pursuant to local regulations, such employees and the subsidiaries each make contributions based on a certain percentage based of the salaries and wages to the pension funds. The subsidiaries had recognized pension costs of $11,470 and $9,030 for the three-month periods ended March 31, 2016 and 2015, respectively.

(12) Share-based payment

A.As of March 31, 2016 and 2015, the Company's share-based payment arrangements were as follows:

| Type of arrangement | Grant date | Quantity granted | Contract period | Vesting conditions |
|---|---|---|---|---|
| Employee stock options | June 13, 2008 | 8,000 | 9.6 years | Note 1 |
| " | October 31, 2008 | 1,000 | 9.2 years | Note 1 |
| " | March 23, 2009 | 3,000 | 8.8 years | Note 1 |
| " | October 28, 2011 | 3,000 | 9.2 years | Note 1 |
| " | March 21, 2012 | 3,000 | 8.9 yesrs | Note 1 |
| First time issuance of restricted shares to employees | November 13, 2015 | 2,440 | 3 years | Note 2、Note 3 |
| " | March 18, 2016 | 1,190 | 3 years | Note 2、Note 3 |

Note 1:2 years' service vest 40%, 3 years' service vest 70%, 4 years' service vest 100%.

Note 2:The restricted shares were issued at no consideration to the Company's existing employees whose service years have reached 2 years and 3 years and who achieved the performance requirement. The vested ratio is 50% and 50%, respectively. If employees who are entitled to receive restricted stocks do not meet the vesting conditions, the Company will redeem at no consideration and retire those shares.

Note 3:The stocks and dividends distributed to employees during the vesting period shall be given by the Company at no consideration. Employees are not required to return the stocks and dividends if they resign during the vesting period.

B. Details of the share-based payment arrangements are as follows:

a) For the three-month periods ended March 31, 2016 and 2015, the information on the share options and the weighted number of average exercise price of compensation plan employee stock options are as follows:

| | For the three-month period March 31, 2016 | | For the three-month period March 31, 2015 | |
|---|---|---|---|---|
| | No. of options | Weighted-average exercise price (in dollars)(Note) | No. of options | Weighted-average exercise price (in dollars)(Note) |
| Options outstanding at beginning of the period | 5,155 | $ 32.80 | 6,561 | $ 33.60 |
| Options forfeited | - | - | - | - |
| Options exercised | - | - | ( 118) | 34.50 |
| Options outstanding at end of the period | 5,155 | 32.80 | 6,443 | 33.60 |
| Options exercisable at end of the period | 5,155 | 32.80 | 4,763 | 33.20 |
| Approved and not yet issued options at the end of the period | - | | - | |

Note: The exercise price of stock options was adjusted based on the cash dividends, stock dividends and cash capital reduction per share distributed.

b) No stock options were exercised during the three-month period ended March 31, 2016. The weighted-average stock price of stock options at exercise dates for the three-month period ended March 31, 2015 amounted to $37.48 (in dollars).

c) The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

| Issue date approved | Expiry date | March 31, 2016 No. of shares (in thousands) | March 31, 2016 Exercise price (in dollars) (Note) | December 31, 2015 No. of shares (in thousands) | December 31, 2015 Exercise price (in dollars) (Note) | March 31, 2015 No. of shares (in thousands) | March 31, 2015 Exercise price (in dollars) (Note) |
|---|---|---|---|---|---|---|---|
| June 13, 2008 | December 31, 2017 | 1,400 | $ 32.00 | 1,400 | $ 32.00 | 1,555 | $ 33.40 |
| October 31, 2008 | December 31, 2017 | 30 | 26.80 | 30 | 26.80 | 256 | 28.00 |
| March 23, 2009 | December 31, 2017 | - | - | - | - | 366 | 26.40 |
| October 28, 2011 | December 31, 2020 | 2,320 | 33.20 | 2,320 | 33.20 | 2,320 | 34.70 |
| March 21, 2012 | December 31, 2020 | 1,405 | 33.00 | 1,405 | 33.00 | 1,946 | 34.50 |

Note: The exercise price of stock options was adjusted based on the cash dividends, stock dividends and cash capital reduction per share distributed.

d) The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

| Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (Note) (in dollars) | Expected price volatility | Expected option life | Expected dividends | Risk-free interest rate | Fair value per unit (in dollars) |
|---|---|---|---|---|---|---|---|---|
| Employee stock options | June 13, 2008 | $ 45.50 | $ 33.40 | 24.45% | 6 years | 1.5% | 2.40% | 10.56 |
| " | October 31, 2008 | 32.60 | 28.00 | 22.11% | 6 years | 1.5% | 1.88% | 6.54 |
| " | March 23, 2009 | 30.90 | 26.40 | 22.63% | 6 years | 1.5% | 0.96% | 5.73 |
| " | October 28, 2011 | 30.65 | 34.70 | 30.27% | 5 years | 1.4% | 1.18% | 7.42 |
| " | March 21, 2012 | 27.85 | 34.50 | 33.54% | 4.9 years | 1.4% | 1.08% | 7.35 |

Note : The exercise price of stock options was adjusted based on the cash dividends, stock dividends and cash capital reduction per share distributed.

C.The information of restricted shares to employees is as follows:

| | For the three-month period ended March 31, 2016 (share in thousands) |
|---|---|
| Outstanding beginning balance | 2,440 |
| Shares granted | 1,190 |
| Outstanding ending balance | 3,630 |

D.Expenses incurred on share-based payment transactions are shown below:

| | For the three-month period ended March 31, 2016 | For the three-month period ended March 31, 2015 |
|---|---|---|
| Equity-settled | $ 7,047 | $ 1,026 |

(13) Provisions

| | Warranty |
|---|---|
| At January 1, 2016 | $ 135,878 |
| Additional provisions | 7,817 |
| At March 31, 2016 | $ 143,695 |

| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|---|---|---|---|
| Current | $ 38,237 | $ 36,998 | $ 54,266 |
| Non-current | $ 105,458 | $ 98,880 | $ 128,190 |

The Group gives warranties on digital image technology application products sold. Provision for warranty is estimated based on historical warranty data of digital image technology application products.

(14) Share capital

A.As of March 31, 2016, the Company's authorized capital was $5,000,000, consisting of 500,000 thousand shares of ordinary stock, and the paid-in capital was $2,738,383 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in thousands of shares)

| | 2016 | 2015 |
|---|---|---|
| At January 1 | 268,280 | 270,136 |
| Employee stock options exercised | - | 118 |
| Issuance of restricted stocks | 1,190 | - |
| At March 31 | 269,470 | 270,254 |

B. Treasury shares

a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

| | | March 31, 2016 (in thousands of shares) | | |
|---|---|---|---|---|
| Shares held by | Reason for reacquisition | Number of shares | | Book value |
| Altek Corporation | Repurchase shares under the R.O.C Company Law section 186 and the Enterprises Mergers and Acquisitions Act section 12 | 981 | $ | 33,255 |
| Altek Corporation | To be reissued to employees | 3,433 | | 96,138 |
| | | 4,414 | $ | 129,393 |

| | | December 31, 2015 (in thousands of shares) | | |
|---|---|---|---|---|
| Shares held by | Reason for reacquisition | Number of shares | | Book value |
| Altek Corporation | Repurchase shares under the R.O.C Company Law section 186 and the Enterprises Mergers and Acquisitions Act section 12 | 981 | $ | 33,255 |
| Altek Corporation | To be reissued to employees | 3,433 | | 96,138 |
| | | 4,414 | $ | 129,393 |

March 31, 2015：None.

b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

c) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

C. For the three-month period ended March 31, 2015, the Company issued 118 thousand shares for employee stock options exercised and the registration for issuance had been completed.

D. Under the Enterprise Merger and Acquisition Act, in consideration of business strategies and division of services to increase competitiveness and operational performance, the Company decided to spin-off its medical electronics segment amounting to $400,000 to swap for common shares of Altek Biotechnology Corporation at $10 per share and obtained 40 million shares. The split was resolved by the shareholders on June 2, 2015. On September 8, 2015, the Board of Directors has proposed to set the spin-off date as January 4, 2016. Below are assets of the segment spun off.

| Asset | | January 4, 2016 |
|---|---|---|
| Bank savings | $ | 399,272 |
| Other prepaid expenses | | 501 |
| Property, plant and equipment | | 227 |
| | $ | 400,000 |

E. The Board of Directors' meeting on April 20, 2015 and the stockholders' meeting on June 2, 2015 adopted a resolution to issue employee restricted ordinary shares amounting to 4,000 thousands shares to be issued once or by installments within one year from the receiving date of the effectiveness notification from the authorities. The shares are subscribed at no cost to employees. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(15) Capital surplus

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

| | Share premium | Employee stock options | Difference between proceeds from disposal of subsidiary and book value | Restricted shares to employees | Total |
|---|---|---|---|---|---|
| At January 1, 2016 | $ 1,880,706 | $ 52,493 | $ 1,581 | $ 40,992 | $ 1,975,772 |
| Employee stock options expense | - | 235 | - | - | 235 |
| Issuance of restricted shares to employees | - | - | - | 20,885 | 20,885 |
| Acquisition of ownership interests in subsidiaries | - | - | ( 13) | - | ( 13) |
| At March 31, 2016 | $ 1,880,706 | $ 52,728 | $ 1,568 | $ 61,877 | $ 1,996,879 |

| | Share premium | Employee stock options | Difference between proceeds from disposal of subsidiary and book value | Restricted shares to employees | Total |
|---|---|---|---|---|---|
| At January 1, 2015 | $ 2,012,075 | $ 50,518 | $ 958 | $ - | $ 2,063,551 |
| Employee stock options expense | - | 1,026 | - | - | 1,026 |
| Employee stock options exercised | 3,758 | ( 867) | - | - | 2,891 |
| At March 31, 2015 | $ 2,015,833 | $ 50,677 | $ 958 | $ - | $ 2,067,468 |

(16) Retained earnings

A. According to the Company's Articles of Incorporation, the annual earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall be set aside in accordance with the rules set forth in the Securities and Exchange Law, and distributing the remaining amount as common stockholders' dividends in accordance with the resolution adopted by the Board of Directors and approved at the stockholders' meeting.

B. The amount of dividends appropriated is based on the Company's current year's net income and prior years' retained earnings, taking into account the Company's financial structure and future operating plans. The distribution ratio of cash dividends to stock dividends is based on the Company's funding status, diluted earnings per share and other factors. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 20% of the total dividends distributed. Dividends appropriation shall be resolved by the stockholders at the stockholders' meeting.

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

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

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

E. The appropriation of 2015 earnings had been resolved at the Board of Directors' meeting on March 18, 2016. The appropriation of 2014 earnings had been resolved at the stockholders' meeting on June 2, 2015. Details are summarized below:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Amount | Dividends per share (in NT dollars) | Amount | Dividends per share (in NT dollars) |
| Legal reserve | $ 27,364 | - | $ 27,533 | - |
| Cash dividends | 134,140 | 0.5 | 135,127 | 0.5 |
| | $ 161,504 | | $ 162,660 | |

The Board of Directors has proposed to return the capital surplus in the nature of capital contribution amounting to $134,140 (about 0.5 dollars per share) to shareholders on March 18, 2016. Abovementioned appropriation of 2015 earnings and cash distribution with capital surplus has yet to be resolved by the shareholders. Furthermore, on June 2, 2015, the shareholders resolved to return capital surplus of $135,127 (approximately $ 0.5 per share) to shareholders in the nature of capital contribution. Furthermore, the appropriation of 2014 earnings was the same as that approved by the Board of Directors on April 20, 2015

F. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(22).

(17) Other equity items

| | Foreign currency translation adjustment | Unearned compensation | Total |
|---|---|---|---|
| At January 1, 2016 | $ 477,768 | ($ 63,121) | $ 414,647 |
| Currency translation differences: | | | |
| Group | ( 125,314) | - | ( 125,314) |
| Associates | ( 1,737) | - | ( 1,737) |
| Issuance of restricted shares to employees | - | ( 32,785) | ( 32,785) |
| Share-based payment transactions | - | 6,812 | 6,812 |
| At March 31, 2016 | $ 350,717 | ($ 89,094) | $ 261,623 |

| | Foreign currency translation adjustment | Unearned compensation | Total |
|---|---|---|---|
| At January 1, 2015 | $ 481,868 | $ - | $ 481,868 |
| Currency translation differences: | | | |
| Group | ( 106,032) | - | ( 106,032) |
| Associates | ( 894) | - | ( 894) |
| At March 31, 2015 | $ 374,942 | $ - | $ 374,942 |

(18) Other income

| | For the three-month period ended March 31, 2016 | For the three-month period ended March 31, 2015 |
|---|---|---|
| Rental revenue | $ - | $ 2,910 |
| Interest income: | | |
| Interest income from bank deposits | 13,108 | 13,994 |
| Others | 15 | 17 |
| Other income - others (Note) | 5,741 | 11,908 |
| Total | $ 18,864 | $ 28,829 |

Note: The Company was allotted shares and warrants of Kodak US, due to the property distribution plan of Kodak US. The Company recognized this transaction as other income for the three-month period ended March 31, 2015.

(19) Other gains and losses

| | For the three-month period ended March 31, 2016 | For the three-month period ended March 31, 2015 |
|---|---|---|
| Net gain (losses) on financial assets at fair value through profit or loss | $ 698 | ($ 1,187) |
| Net currency exchange gains | 4,826 | 5,221 |
| Other expenses | - | ( 81) |
| Total | $ 5,524 | $ 3,953 |

(20) Finance costs

| | For the three-month period ended March 31, 2016 | For the three-month period ended March 31, 2015 |
|---|---|---|
| Interest expense: | | |
| Bank borrowings | $ 6,440 | $ 4,958 |

(21) Expenses by nature

| | For the three-month period ended March 31, 2016 | For the three-month period ended March 31, 2015 |
|---|---|---|
| Employee benefit expenses | $ 384,976 | $ 378,295 |
| Depreciation charges on property, plant and equipment | 91,284 | 101,425 |
| Amortisation charges on intangible assets | 3,604 | 3,580 |
| Total | $ 479,864 | $ 483,300 |

(22) Employee benefit expenses

| | For the three-month period ended March 31, 2016 | For the three-month period ended March 31, 2015 |
|---|---|---|
| Wages and salaries | $ 323,512 | $ 326,249 |
| Employee stock options | 7,047 | 1,026 |
| Labor and health insurance fees | 19,615 | 19,313 |
| Pension costs | 21,318 | 17,867 |
| Other personnel expenses | 13,484 | 13,840 |
| Total | $ 384,976 | $ 378,295 |

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 10%~20% and 2%, respectively, of the total distributed amount. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on March 18, 2016. According to the amended articles, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 10%~20% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.
B. For the three-month period ended March 31, 2016 and 2015, employees' compensation was accrued at $0 and $335, respectively; directors' and supervisors' remuneration was accrued at $0 and $45, respectively. The aforementioned amounts were recognized in salary expenses.
C. For the years ended December 31, 2015 and 2014, employees' remuneration (bonus) was accrued at $45,124 and $37,170, respectively; while directors' and supervisors' remuneration was accrued at $6,017 and $4,956, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognised for the year 2015 were accrued based on the earnings of current year; the expenses recognised for the year 2014 were accrued based on the net income for 2014 and the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve.
D. The 2014 employees' cash bonus and directors' and supervisors' remuneration as appropriated during the stockholders' meeting on June 2, 2015 were $37,170 and $4,956, respectively. Employees' bonus and directors' and supervisor' remuneration for 2014 as resolved by the stockholders were in agreement with those amounts recognised in the 2014 financial

statements.

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

(23) Income tax

A. Income tax (benefit) expense

a) Components of income tax (benefit) 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 | $ 13,593 | $ 2,199 |
| Adjustments in respect of prior years | 158 | 851 |
| Total current tax | 13,751 | 3,050 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | ( 18,880) | ( 2,464) |
| Total deferred tax | ( 18,880) | ( 2,464) |
| Income tax (benefit) expense | ($ 5,129) | $ 586 |

b) The income tax charged to equity during the period is as follows:

| | For the three-month period ended March 31, 2016 | For the three-month period ended March 31, 2015 |
|---|---|---|
| Translation differences of foreign operations | ($ 26,023) | ($ 21,901) |

B. As of March 31, 2016, the Company's income tax returns through 2014 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 after 1998 | $ 2,999,701 | $ 3,047,283 | $ 2,967,450 |

D. As of March 31, 2016, December 31, 2015 and March 31, 2015, the balance of the imputation tax credit account was $258,916, $258,916 and $245,051, respectively. The creditable tax rate is estimated to be 8.50% for the year ended December 31, 2015 and was 9.24% for the year ended December 31, 2014.

(24) Earnings (losses) per share

| | For the three-month period ended March 31, 2016 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (share in thousands) | Loss per share (in dollars) |
| Basic losses per share | | | |
| Loss attributable to ordinary shareholders of the parent | ($ 47,582) | 265,840 | ($ 0.18) |

For the three-month period ended March 31, 2016, the Group's stock options, restricted the rights of new employee shares and reward employees have anti-dilution effect. It will not calculate diluted earnings per share.

| | For the three-month period ended March 31, 2015 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (share in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 2,481 | 270,140 | $ 0.01 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 2,481 | | |
| Assumed conversion of all dilutive potential ordinary shares | | 323 | |
| Employees' bonus | - | 1,026 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 2,481 | 271,489 | $ 0.01 |

(25) Operating leases

The Group's Taipei building is for operating use. However, this building is still under a certain unexpired lease agreement. Contingent rents of $5,736 was recognized for this leases in profit or loss for the three-month period ended March 31, 2015. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

March 31, 2016 and December 31, 2015: None

| | March 31, 2015 |
|---|---|
| Not more than 1 year | $ 6,022 |

The Group leases office buildings for operational needs under non-cancellable operating lease agreements. These lease terms are between 2016 and 2027. Most of the lease agreements are renewable at the market price at the end of the lease period. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

| | March 31, 2016 | | December 31, 2015 | | March 31, 2015 | |
|---|---|---|---|---|---|---|
| Not more than 1 year | $ | 14,692 | $ | 16,963 | $ | 20,026 |
| More than 1 year but not more than 5 years | | 21,350 | | 22,285 | | 23,411 |
| Over 5 years | | 24,950 | | 25,874 | | 28,646 |
| | $ | 60,992 | $ | 65,122 | $ | 72,083 |

(26) Non-cash transactions

Investing activities with partial cash payments

| | For the three-month period ended March 31, 2016 | | For the three-month period ended March 31, 2015 | |
|---|---|---|---|---|
| Acquisitions of property, plant, and equipment | $ | 5,405 | $ | 12,561 |
| Add:property and equipment and construction billings payable at beginning of period | | 61,027 | | 8,332 |
| Less: property and equipment and construction billings payable at end of period | ( | 706) | ( | 2,973) |
| Cash paid | $ | 65,726 | $ | 17,920 |

| | For the three-month period ended March 31, 2016 | | For the three-month period ended March 31, 2015 | |
|---|---|---|---|---|
| Acquisitions of intangible assets | $ | 1,706 | $ | 427 |
| Add: Payable at beginning of period | | - | | 6,163 |
| Less: Payable at end of period | | - | ( | 1,499) |
| Cash paid | $ | 1,706 | $ | 5,091 |

(27) Transactions with non-controlling interest

For the three-month period ended March 31, 2016, the Group acquired an additional 0.25% shares of its subsidiary –Altek Autotronics Corporation for a total cash consideration of $893. This transaction resulted in a decrease in the non-controlling interest by $880 and a decrease in the equity attributable to owners of the parent by $13. The effect of the change in ownership interests in Altek Autotronics Corporation on the equity attributable to owners of the parent for the three-month period ended March 31, 2016 is shown below:

| | March 31, 2016 |
|---|---|
| Carrying amount of non-controlling interest acquired | $ 880 |
| Consideration paid to non-controlling interest | ( 893) |
| Capital surplus | |
| -difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount | ($ 13) |

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties:

No significant related party transactions.

(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 | $ 11,309 | $ 11,008 |
| Post-employment benefits | 188 | 216 |
| Share-based payments | - | 291 |
| Total | $ 11,497 | $ 11,515 |

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Contingencies

a) The GUC (General Unsecured Creditor Trustee) of Eastman Kodak Company (hereunder 'Kodak') filed a lawsuit against the Company in the United States Bankruptcy Court for the Southern District of New York, asserting certain payments in 49.2 million transactions prior to Kodak's bankruptcy were out of ordinary course of business. The Company vigorously disputed GUC's claim, and insists that the transactions had always been made in the ordinary course of business with Kodak. According to the press release, GUC has sued over 700 of Kodak's suppliers, trying to require marginal settlement fees from the suppliers, as it is a regular ploy of US bankruptcy lawyers in bankruptcy cases. For the protection of shareholders' interests, the Company did not accept GUC's settlement proposal. The GUC's assertion has now been heard by the court, and this incident did not have a significantly impact on the Company's business and financial performance.

b) On December 22, 2015, the Company filed a civil complaint against the HTC Corporation at the Taiwan Taipei District Court, alleging HTC Corporation's default in the agreed upon Manufacturing and Supply Agreement and claiming damage of USD 11,126 thousand against HTC Corporation. As of May 5, 2016, the case is still under trial.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

A. On May 5, 2016, the Board of Directors has resolved to reorganize the investment structure of the group, the share holding of Altek Biotechnology Corporation will be transferred to the subsidiary of Altek International Holding (BVI) CO., Ltd (provisional), Altek Biotechnology Holding (Cayman) CO., Ltd (provisional). Altek International Holding (BVI) CO., Ltd (provisional) is the subsidiary of the Company. Altek Biotechnology Corporation will be fully owned by Altek Biotechnology Holding (Cayman) CO., Ltd (provisional). The total number of shares trading was 40,100 in thousand shares. The total transactions was $415,376 thousands, and average transaction price was $ 10.3585 per share.

B. On May 5, 2016, the Board of Directors of the Company has resolved to issue employee restricted shares of 370,000 shares for no consideration with a par value of NT$10 per share, amounting to NT$ 3,700,000.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure. The Group may adjust the amount of dividends, return capital or issue new shares to achieve the optimal capital structure.

(2) Financial instruments

C. Fair value information of financial instruments

The carrying amounts of financial instruments (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits (shown as non-current assets), short-term borrowings, notes payable, accounts payable, other payables, and guarantee deposits received (shown as non-current liabilities)) are approximate to their fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B.Financial risk management policies

a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

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 co-operation with the Group's operating units, as well as provides written principles for overall risk management and 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

<u>Foreign exchange risk</u>

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

ii.Management has set up a policy to require that group companies hedge their entire foreign exchange risk exposure with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii.The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through transactions denominated in the relevant foreign currencies.

iv.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 (Loss) |
| (Foreign currency: functional currency) | | | | | | | |
| Financial assets | | | | | | | |
| Monetary items | | | | | | | |
| USD:NTD | USD | 86,895 | 32.185 | $ 2,797,716 | 1% | $ 27,967 | $ - |
| USD:RMB | USD | 56,355 | 6.4612 | 1,813,786 | 1% | 18,138 | - |
| Non-monetary items | | | | | | | |
| USD:NTD | USD | 4,232 | 32.185 | $ 136,216 | 1% | $ - | $ 1,362 |
| Financial liabilities | | | | | | | |
| Monetary items | | | | | | | |
| USD:NTD | USD | 81,636 | 32.185 | $ 2,627,455 | 1% | ($ 26,275) | $ - |
| USD:RMB | USD | 51,034 | 6.4612 | 1,642,529 | 1% | ( 16,425) | - |

| | 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 (Loss) |
| (Foreign currency: functional currency) | | | | | | | |
| Financial assets | | | | | | | |
| Monetary items | | | | | | | |
| USD:NTD | USD | 100,781 | 32.825 | $ 3,308,136 | 1% | $ 33,081 | $ - |
| USD:RMB | USD | 80,924 | 6.4936 | 2,656,330 | 1% | 26,563 | - |
| Non-monetary items | | | | | | | |
| USD:NTD | USD | 4,210 | 32.825 | $ 138,206 | 1% | $ - | $ 1,382 |
| Financial liabilities | | | | | | | |
| Monetary items | | | | | | | |
| USD:NTD | USD | 92,778 | 32.825 | $ 3,045,438 | 1% | ($ 30,454) | $ - |
| USD:RMB | USD | 67,843 | 6.4936 | 2,226,946 | 1% | ( 22,269) | - |

| | 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 (Loss) | |
| (Foreign currency: functional currency) | | | | | | | | |
| Financial assets | | | | | | | | |
| Monetary items | | | | | | | | |
| USD:NTD | USD | 98,066 | 31.300 | $ 3,069,466 | 1% | $ 30,695 | $ | - |
| USD:RMB | USD | 67,236 | 6.1422 | 2,104,487 | 1% | 21,045 | | - |
| Non-monetary items | | | | | | | | |
| USD:NTD | USD | 5,610 | 31.300 | $ 175,589 | 1% | $ - | $ | 1,756 |
| Financial liabilities | | | | | | | | |
| Monetary items | | | | | | | | |
| USD:NTD | USD | 95,855 | 31.300 | $ 3,000,262 | 1% | ($ 30,003) | $ | - |
| USD:RMB | USD | 63,864 | 6.1422 | 1,998,943 | 1% | ( 19,989) | | - |

v. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2016 and 2015 amounted to $4,826 and $5,221, respectively.

Interest rate risk

Interest risk arises from the changes of market interest rate causing fluctuation in financial instruments' fair value or cash received and paid in the future.

The Group raised short-term borrowings at fixed rates during the three-month period ended March 31, 2016 and 2015, and thus had no significant cash flow interest rate risk.

Price risk

The Group is exposed to price risk because of investments held by the Group. The Group sets limits to control the transaction volume and stop-loss amount to reduce it's market risk.

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, the utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

ii No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties for the three-month periods ended March 31, 2016 and 2015.

iii.The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

iv.The credit quality information of financial assets that are neither past due nor impaired or past due and not impaired is provided in the statement in Note 6(3).

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. Such forecasting takes into consideration the Group's debt financing plans, and compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Group's non-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. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Non-derivative financial liabilities: | | |
|---|---|---|
| March 31, 2016 | Less than 1 year | Over 1 year |
| Short-term borrowings | $ 2,154,000 | $ - |
| Accounts payable | 1,781,661 | - |
| Other payables | 461,822 | - |

| Non-derivative financial liabilities: | | |
|---|---|---|
| December 31, 2015 | Less than 1 year | Over 1 year |
| Short-term borrowings | $ 1,730,000 | $ - |
| Accounts payable | 2,422,069 | - |
| Other payables | 510,923 | - |

| Non-derivative financial liabilities: | | |
|---|---|---|
| March 31, 2015 | Less than 1 year | Over 1 year |
| Short-term borrowings | $ 1,673,000 | $ - |
| Accounts payable | 2,056,374 | - |
| Other payables | 432,575 | - |
| Guarantee deposits received | 6,023 | - |

(3) Fair value estimation

A. 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 beneficiary certificates, on-the-run derivative instruments with quoted market prices 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.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. 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 | | | | |
| Beneficiary certificate | $ 764,601 | $ - | $ - | $ 764,601 |

| December 31, 2015 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value though profit or loss | | | | |
| Beneficiary certificate | $ 427,531 | $ - | $ - | $ 427,531 |

| March 31, 2015 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value though profit or loss | | | | |
| Beneficiary certificate | $ 457,859 | $ - | $ - | $ 457,859 |

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

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

| | Open-end fund |
|---|---|
| Market quoted price | Net asset value |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures) : Please refer to table 1.

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

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China ): Please refer to table 5.

(3) Information on investments in Mainland China

A. The related information of investments in Mainland China: Please refer to table 6.

B. Significant transactions, either directly or indirectly throught a third area, with investee companies in the Mainland Area:

For the significant purchases, sales, accounts payable and accounts receivable transactions between the Company and the investee companies in Mainland China through its subsidiaries, please refer to table 2 and table 4.

14. SEGMENT INFORMATION

(1) General information

The Group mainly operates in one segment. The chief operating decision-maker reviews the Group's reporting to assess performance and allocate resources. The Group mainly has a single reportable segment.

(2) Measurement of segment information

The Group has a single reportable segment. The revenue from external customers, the related gain or loss, and the assets correspond with the consolidated revenue, consolidated operating income, and consolidated assets.

(3) Information about segment profit or loss, assets and liabilities

None.

(Blank below)

Altek Corporation and subsidiaries

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

March 31, 2016

Table 1

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 |
|---|---|---|---|---|---|---|---|
| Altek Corporation | Gianta Co., Ltd. - Common stock | Director | Financial assets carried at cost - non-current | 762,876 | $ 10,312 | 14.55% | $ 10,312 |
| " | Yung Li Investments Inc. - Common stock | None | " | 1,999,355 | 13,947 | 4.84% | 13,947 |
| " | Hua-chuang Automobile Information Technical Center Co., Ltd. - Common stock | None | " | 10,000,000 | 93,450 | 2.00% | 93,450 |
| Altek (Kunshan) Co., Ltd. | Guangdong Kingding Optical Machine Co., Ltd. | None | " | N/A | 5,978 | (Note 1) | 5,978 |
| " | CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Portnership) | None | " | N/A | 19,925 | (Note 2) | 19,925 |
| Altek Investment Co., Ltd. | Money Market Fund | None | Financial assets at fair value through profit or loss-current | 434,074 | 6,923 | N/A | 6,923 |
| Altek Autotronics Corporation | Money Market Fund | None | " | 24,751,232 | 326,667 | N/A | 326,667 |
| Altek Semiconductor Corporation | Money Market Fund | None | " | 4,667,173 | 69,276 | N/A | 69,276 |
| Altek Biotechnology Corporation | Money Market Fund | None | " | 17,318,289 | 361,735 | N/A | 361,735 |

Note 1: 8% of Guangdong kingding Optical Machine Co.,Ltd.'s capital contribution.
Note 2: 1% of Guangdong kingding Optical Machine Co.,Ltd.'s capital contribution.

Altek Corporation and subsidiaries

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

For the three-month period ended March 31, 2016

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| | | | Transaction | | | | Differences in transaction terms 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) |
| Altek Corporation | Altek International Investment Co., Ltd. | Parent and affiliated company | Purchases | $ 700,827 | 100% | Net 120 days | Approximately the same price with third parties | Note | ($ 2,311,159) | 100% |
| Altek International Investment Co., Ltd. | Altek (Kunshan) Co., Ltd. | " | Purchases | 1,001,931 | 100% | Net 75 days | " | " | ( 366,592) | 89% |

Note: The payment term with third parties was net 60~120 days.

Altek Corporation and subsidiaries

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

March 31, 2016

Table 3

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 | | |
| Altek International Investment Co., Ltd. | Altek Corporation | Parent company | $ 2,311,159 | 2.02 | $ - | N/A | $ 221,332 | $ - |
| Altek (Kunshan) Co., Ltd. | Altek International Investment Co., Ltd. | Parent company | 366,592 | 9.02 | - | N/A | 134,737 | - |

Altek Corporation and subsidiaries

Significant inter-company transactions during the reporting periods

For the three-month period ended March 31, 2016

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

| | | | Transaction | | | |
|---|---|---|---|---|---|---|
| Company name | Counterparty | Relationship (Note 1) | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 2) |
| Altek Corporation | Altek International Investment Co., Ltd. | (1) | Purchases | $ 700,827 | Net 120 days | 29% |
| " | " | (1) | Accounts payable | 2,311,159 | " | 16% |
| Altek International Investment Co., Ltd. | Altek (Kunshan) Co., Ltd. | (3) | Purchases | 1,001,931 | Net 75 days | 41% |
| " | " | (3) | Accounts payable | 366,592 | " | 2% |

Note 1: Relationship between transaction and counterparty is classified into the following categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 2: 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.

Note 3: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Altek Corporation and subsidiaries

Information on investees

For the three-month period ended March 31, 2016

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount: Balance as at Marcch 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 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Altek Corporation | Altek International Investment Co., Ltd. | British Virgin Islands | Investment and general business operations | $ 3,033,618 | $ 3,033,618 | 92,726,249 | 100% | $ 9,376,523 | ($ 122,272) | ($ 122,272) | |
| " | Altek Japan Corporation | Japan | Sale and design of optical instruments | 2,869 | 2,869 | 1,000 | 100% | 12,609 | 315 | 315 | |
| " | Altek Investment Co., Ltd. | Republic of China | Investment | 50,000 | 50,000 | 5,000,000 | 100% | 26,256 | ( 19) | ( 19) | |
| " | Altek Autotronics Corporation | Republic of China | Research design, manufacture and sales of car electronic components | 183,490 | 182,597 | 21,735,600 | 99.84% | 332,365 | ( 5,175) | ( 5,154) | Note 1 |
| " | Altek Biotechnology Corporation | Republic of China | Research and development, manufacture and sales of biotechnology | 401,000 | 1,000 | 40,100,000 | 100% | 415,376 | 14,421 | 14,421 | |
| Altek International Investment Co., Ltd. | Altek Lab Inc. | U.S.A. | Design service | 118,432 | 118,432 | 11,311,875 | 100% | 60,577 | ( 441) | ( 441) | Note 2 |
| " | JinJing Optical Technology Co., ltd. | Samoa | Investment and general business operations | 112,648 | 112,648 | 3,500,000 | 23.33% | - | ( 13,096) | - | |
| Altek Semiconductor (Cayman) Co., Ltd. | Altek Semiconductor Corporation | Republic of China | Research design and sales of ASIC | 200,000 | 200,000 | 20,000,000 | 100% | 254,600 | ( 23,105) | ( 16,501) | |

Note 1: Ownership (%) on Altek Autotronics Corporation held by Altek Corporation and Altek Investment Co., Ltd. are 90.57% and 9.27%, respectively.
Note 2: Common stock of 9,311,875 shares and preferred stock of 2,000,000 shares.

Table 6

Altek Corporation and subsidiaries

Information on investments in Mainland China

For the three-month period ended March 31, 2016

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method ( Note 1 ) | 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 toMainland China as of March 31, 2016 | Net profit (loss) 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| Altek (Kunshan) Co., Ltd. (Note 2) | Manufacture and sale of digital still cameras and its accessories | $ 1,596,376 | 2 | $ 1,448,325 | $ - | $ - | $ 1,448,325 | ($ 84,707) | 100 | ($ 84,707) | $ 4,057,396 | $ - |
| Altek EMS (Kunshan) Co., Ltd. (Note 3) | Manufacture and sale of related engineering services | 160,925 | 2 | 292,336 | - | - | 292,336 | 1,778 | 100 | 1,778 | 810,086 | - |
| Altek Trading (Shanghai) Limited | Wholesale, import and export of digital cameras, digital video cameras and their associated accessories | 273,573 | 2 | 273,573 | - | - | 273,573 | ( 7,650) | 100 | ( 7,650) | 307,583 | - |
| Kinko Optical (Suzhou) Co., Ltd. | Manufacture and sale of optical components | 482,775 | 2 | 112,648 | - | - | 112,648 | ( 12,426) | 23.33 | - | - | - |
| Phoenix Optical (Shanghai) Co., Ltd. | Manufacturing and marketing of digital cameras and its key components, photo sensor and optoelectronic equipment | 509,263 | 2 | 285,302 | - | - | 285,302 | ( 1,910) | 40 | - | 136,216 | - |
| Altek Precision (Kunshan) Co., Ltd. | Design, manufacture and sales of digital camera parts | 444,153 | 2 | 444,153 | - | - | 444,153 | ( 1,871) | 100 | ( 1,871) | 166,119 | - |
| Altek Optical Technology (Kunshan) Co., Ltd. | Manufacture and sales of digital camera and its accessories and optical components | 482,775 | 2 | 482,775 | - | - | 482,775 | ( 424) | 100 | ( 424) | 149,388 | - |

Note 1: Investment methods are classified into the following three categories:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area,which then investeed in the investee in Mainland China.

(3)Others.

Note 2: Including retained earnings capitalized of US$4,600 (In thousand of US dollars).

Note 3: Including retained earnings capitalized of US$3,600 (In thousand of US dollars).

| 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 |
|---|---|---|---|
| Altek Corporation | $ 3,380,707 | $ 4,600,974 | $ - |

Note:According to "REGULATIONS COVERNING THE APPROVAL OF INVESTMENT OR TECHNICAL IN MAINLAND CHINA"on August 29, 2008, Altek Corporation obtained the approval from the Industrial Development Bureau of Ministry of Economics Affairs issued to Headquarters, so there is no need to compute the ceiling amount of the Company.