MIN AIK TECHNOLOGY CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

KPMG

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F, TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei, 11049, Taiwan, R.O.C.

Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Accountants' Audit Report

To the Board of Directors
Min Aik Technology Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Min Aik Technology Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014 (restatement), and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and 2014 (restatement). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the Company's investee company, Das Technology Co., Ltd., which was accounted for under the equity method. Those financial statements were audited by other auditors, and our opinion, insofar as it relates to those investments, is based solely on the reports of the other auditors. The Company's investment in these companies amounted to $65,372 and $85,053 thousand, constituting 0.82% and 1.11% of the consolidated total assets as of December 31, 2015 and 2014, respectively; and the share of loss (profit) of these companies, recorded as "profit of associates accounted for using the equity method", amounted to $15,768 and $25,409 thousand, constituting 1.32% and 2.53% of the consolidated net profit before tax for the years ended December 31, 2015 and 2014, respectively.

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

In our opinion, based upon our audits and the reports of the other auditors, the consolidated financial statements mentioned in the first paragraph present fairly, in all material respects, the consolidated financial position of Min Aik Technology Co., Ltd. And its subsidiaries as of December 31, 2015 and 2014 (restatement), and the results of their consolidated operations and their consolidated cash flows for the years ended December 31, 2015 and 2014 (restatement), in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC.

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Min Aik Technology Co., Ltd. has prepared its annual parent-company-only financial reports as of and for the years ended December 31, 2015 and 2014 (restatement), on which we have issued a modified unqualified opinion.

KPMG

March 21, 2016

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards, International Accounting Standards, and interpretations endorsed by the Financial Supervisory Commission in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language versions of the auditors' report and financial statements, the Chinese version shall prevail.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2015 Amount	%	December 31, 2014 (Restatement) Amount	%
Current assets:				
Cash and cash equivalents (note 6(a))	$ 2,426,532	31	2,520,739	33
Accounts receivable, net (notes 6(c) and 7)	1,704,024	21	1,597,313	21
Accounts receivable from related parties, net (notes 6(c) and 7)	36,828	-	28,592	-
Other accounts receivable (notes 6(c), 7 and 8)	59,927	1	218,326	3
Inventories (note 6(d))	1,176,033	15	907,402	12
Prepayments	78,341	1	64,223	1
	5,481,685	69	5,336,595	70
Non-current assets:				
Non-current financial assets at cost, net (note 6(b))	28,959	-	56,959	1
Investments accounted for using equity method (note 6(e))	876,367	11	846,202	11
Property, plant and equipment (notes 6(f), 7 and 8)	1,425,478	18	1,263,210	16
Deferred tax assets (note 6(k))	105,971	1	49,316	1
Other non-current assets (notes 6(g))	83,100	1	76,158	1
	2,519,875	31	2,291,845	30
Total assets	$ 8,001,560	100	7,628,440	100

Liabilities and equity	December 31, 2015 Amount	%	December 31, 2014 (Restatement) Amount	%
Current liabilities:				
Accounts payable	$ 1,368,556	17	1,058,657	13
Accounts payable to related parties (note 7)	114,274	1	118,758	2
Salary and Wages Payable	148,177	2	133,128	2
Current tax liabilities	84,489	1	66,053	1
Long-term borrowings, current portion (note 6(h))	30,336	-	27,770	-
Other current liabilities, others (note 7)	375,824	5	373,568	5
	2,121,656	26	1,777,934	23
Non-current liabilities:				
Long-term borrowings (note 6(h))	178,976	2	209,310	3
Deferred tax liabilities (note 6(k))	442,055	6	360,372	5
Other non-current liabilities	29,083	-	24,142	-
	650,114	8	593,824	8
Total liabilities	2,771,770	34	2,371,758	31
Equity attributable to owners of parent (note 6(l)):				
Ordinary shares	1,742,020	22	1,742,020	23
Capital surplus	1,578,072	20	1,578,072	21
Retained earnings:				
Legal reserve	718,700	9	646,187	8
Special reserve	59,074	1	85,194	1
Unappropriated retained earnings	1,349,439	17	1,028,902	14
	2,127,213	27	1,760,283	23
Other equity interest:				
Exchange differences on translation of foreign financial statements	(445,538)	(6)	(59,074)	(1)
Total equity attributable to owners of parent	5,001,767	63	5,021,301	66
Non-controlling interests	228,023	3	235,381	3
Total equity	5,229,790	66	5,256,682	69
Total liabilities and equity	$ 8,001,560	100	7,628,440	100

See accompanying notes to consolidated financial statements.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014

(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2015		2014 (Restatement)	
	Amount	%	Amount	%
Sales revenue (notes 6(n) and 7)	$ 8,164,884	100	7,192,950	100
Cost of sales (notes 6(d), 6(j), 7 and 12)	6,687,241	82	5,738,041	80
Gross profit	1,477,643	18	1,454,909	20
Operating expenses (notes 6(j), 7 and 12):				
Selling expenses	217,862	3	222,526	3
Administrative expenses	333,467	4	309,839	4
Research and development expenses	200,565	2	177,771	3
Total operating expenses	751,894	9	710,136	10
Net operating income	725,749	9	744,773	10
Non-operating income and expenses (notes 6(b), 6(e), 6(o), and 7):				
Other income	58,675	-	59,650	1
Other gains and losses	218,321	3	10,872	-
Finance costs	(5,155)	-	(6,012)	-
Share of profit of associates accounted for using equity method	200,529	2	193,613	3
Total non-operating income and expenses	472,370	5	258,123	4
Profit before tax	1,198,119	14	1,002,896	14
Less: tax expense (note 6(k))	396,376	5	226,653	3
Profit	801,743	9	776,243	11
Other comprehensive income:				
Items that may not be reclassified subsequently to profit or loss:				
Actuarial gains on defined benefit plans (note 6(j))	(4,795)	-	(3,753)	-
Shares of other comprehensive income of associates accounted for using equity method	(114)	-	(250)	-
	(4,909)	-	(4,003)	-
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(517,816)	(6)	29,754	-
Income tax relating to components of other comprehensive income	77,334	1	(4,444)	-
	(440,482)	(5)	25,310	-
Other comprehensive income, net	(445,391)	(5)	21,307	-
Comprehensive income	**$ 356,352**	**4**	**797,550**	**11**
Profit attributable to:				
Owners of parent	$ 755,083	8	725,281	10
Non-controlling interests	46,660	1	50,962	1
	$ 801,743	**9**	**776,243**	**11**
Comprehensive income attributable to:				
Owners of parent	$ 363,710	4	747,398	10
Non-controlling interests	(7,358)	-	50,152	1
	$ 356,352	**4**	**797,550**	**11**
Basic earnings per share (NT dollars)(note 6(m))	**$**	**4.33**		**4.16**
Diluted earnings per share (NT dollars)(note 6(m))	**$**	**4.30**		**4.15**

See accompanying notes to consolidated financial statements.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of parent									
			Retained earnings				Other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2014 (Restatement)	$ 1,742,020	1,554,915	594,576	9,004	801,249	1,404,829	(85,194)	4,616,570	185,229	4,801,799
Profit for the year ended December 31, 2014	-	-	-	-	725,281	725,281	-	725,281	50,962	776,243
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	(4,003)	(4,003)	26,120	22,117	(810)	21,307
Comprehensive income for the year ended December 31, 2014	-	-	-	-	721,278	721,278	26,120	747,398	50,152	797,550
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	51,611	-	(51,611)	-	-	-	-	-
Special reserve appropriated	-	-	-	76,190	(76,190)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(365,824)	(365,824)	-	(365,824)	-	(365,824)
Changes in equity of associates accounted for using equity method	-	23,157	-	-	-	-	-	23,157	-	23,157
Balance on December 31, 2014 (Restatement)	1,742,020	1,578,072	646,187	85,194	1,028,902	1,760,283	(59,074)	5,021,301	235,381	5,256,682
Profit for the year ended December 31, 2015	-	-	-	-	755,083	755,083	-	755,083	46,660	801,743
Other comprehensive income for the year ended December 31, 2015	-	-	-	-	(4,909)	(4,909)	(386,464)	(391,373)	(54,018)	(445,391)
Comprehensive income for the year ended December 31, 2015	-	-	-	-	750,174	750,174	(386,464)	363,710	(7,358)	356,352
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	72,513	-	(72,513)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(383,244)	(383,244)	-	(383,244)	-	(383,244)
Special reserve appropriated	-	-	-	(26,120)	26,120	-	-	-	-	-
Balance on December 31, 2015	$ 1,742,020	1,580,072	718,700	59,074	1,349,439	2,127,213	(445,538)	5,001,767	228,023	5,229,790

See accompanying notes to consolidated financial statements.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

		2015	2014 (Restatement)
Cash flows from (used in) operating activities:			
Profit before tax	$	1,198,119	1,002,896
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		207,468	196,501
Amortization expense		5,742	5,519
Interest expense		5,155	6,012
Share of profit of associates accounted for using equity method		(200,529)	(193,613)
Loss (Gain) on disposal of property, plant and equipment		1,255	(1,894)
Loss on disposal of investments accounted for using equity method		-	158
Impairment loss on financial assets		28,000	130,812
Others		14,328	12,600
Total adjustments to reconcile profit		61,419	156,095
Changes in operating assets and liabilities:			
Changes in operating assets:			
Notes and accounts receivable (including due from related parties)		(116,085)	(275,032)
Other receivable		73,107	17,443
Inventories		(304,167)	(269,835)
Other current assets		(14,118)	(17,023)
Other non-current assets		(77)	415
		(361,340)	(544,032)
Changes in operating liabilities:			
Accounts payable (including due from related parties)		305,415	50,035
Other financial liabilities		19,054	83,590
Other current liabilities		(176,127)	28,053
Other non-current liabilities		146	3,815
		148,488	165,493
Total changes in operating assets and liabilities		(212,852)	(378,539)
Total adjustments		(151,433)	(222,444)
Cash inflow generated from operations		1,046,686	780,452
Dividends received		152,085	62,440
Interest paid		(5,220)	(6,017)
Income taxes paid		(188,718)	(189,424)
Net cash flows from operating activities		1,004,833	647,451
Cash flows from (used in) investing activities:			
Acquisition of property, plant and equipment		(452,399)	(152,590)
Proceeds from disposal of property, plant and equipment		9,149	10,425
Decrease (increase) other receivables		85,292	(10,137)
Other investing activities		(20,889)	(6,409)
Net cash flows used in investing activities		(378,847)	(158,711)
Cash flows from (used in) financing activities:			
Short-term borrowings		-	(59,564)
Repayments of long-term borrowings		(27,768)	(5,796)
Cash dividends paid		(383,244)	(365,824)
Net cash flows used in financing activities		(411,012)	(431,184)
Effect of exchange rate changes on cash and cash equivalents		(309,181)	14,061
Net increase in cash and cash equivalents		(94,207)	71,617
Cash and cash equivalents at beginning of period		2,520,739	2,449,122
Cash and cash equivalents at end of period	$	**2,426,532**	**2,520,739**

See accompanying notes to consolidated financial statements.

(1) Organization and business

Min Aik Technology Co., Ltd. (the "Company") was incorporated on October 3, 1979, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F.-1, No. 492-1, Sec. 1, Wanshou Rd., Guishan District, Taoyuan City. The Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") primarily is involved in the design, manufacture, and sale of hard disk drive components, plastic camera components, CD ROM drive components, and mechanical components for optical devices, the assembly of high-cleanliness products, precision plastic injection tooling, and injection molding tooling, and trading activities.

(2) Approval date and procedures of the financial statements

These consolidated financial statements were authorized for issuance by the board of directors on March 21, 2016.

(3) New standards and interpretations not yet adopted

(a) Impact of the 2013 version of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The Group has adopted the 2013 version of the IFRSs endorsed by the FSC (excluding IFRS 9 "Financial Instruments") in preparing its 2015 financial statements. The new standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") are as follows:

New standards, amendments and interpretations	Effective date per IASB
Amended IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amended IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amended IFRS 1 "Government Loans"	January 1, 2013
Amended IFRS 7 "Disclosure – Transfers of Financial Assets"	July 1, 2011
Amended IFRS 7 "Disclosure – Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
IFRS 10 "Consolidated Financial Statements"	January 1, 2013 (with January 1, 2014, as the effective date for investment entities)

(Continued)

New standards, amendments and interpretations	Effective date per IASB
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amended IAS 1 "Presentation of Items of Other Comprehensive Income"	July 1, 2012
Amended IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
Amended IAS 19 "Employee Benefits"	January 1, 2013
Amended IAS 27 "Separate Financial Statements"	January 1, 2013
Amended IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"	January 1, 2013

The Group had assessed that the 2013 version of the IFRSs may not have any significant impact on the consolidated financial statements, the important items were as follows:

1. IFRS 10, Consolidated Financial Statements

   The standard is a replacement for the requirements of consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements", which was renamed "Separate Financial Statements". In addition, SIC 12 "Consolidation – Special Purpose Entities" was repealed. The definition of control was revised that the Group will have control over an entity only when it meets the three elements of control.

2. IAS 1, Presentation of Financial Statements

   This amendment changes the presentation of other comprehensive income statements and requires items of other comprehensive income to be separated into "item that might be reclassified to profit or loss in subsequent periods" and "items that will not be reclassified to profit or loss in subsequent periods." All items under other comprehensive income shall be presented in pre-tax amounts. The related tax affects shall be disclosed separately based on the aforesaid grouping method. The Group has changed the presentation of other comprehensive income to conform with the amendment, and the comprehensive information has been restated accordingly.

3. IFRS 12, Disclosure of Interests in Other Entities

   The Group will disclose any additional information about its interests in the associates accordingly, please refer to note 6(e).

(Continued)

4. IAS 19, Employee Benefits

   The amendments to IAS 19 require the Group to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on plan assets used in the current IAS 19. In addition, the amendments eliminate the accounting treatment of either the corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when they occur, and instead require companies to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it is incurred and no longer be amortized over the average period before meeting vesting conditions on a straight-line basis.

   An entity is required to recognize termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs, rather than at the date when the termination of employment happens. This standard also increases the requirement for disclosures of defined benefit plans.

   The Group has changed its valuation and presentation of accrued pension liabilities, pension cost, and actuarial gains or losses in accordance with this standard.

5. IFRS 13, Fair Value Measurement

   IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurement. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The Group assessed that the adoption of IFRS 13 will have no significant impact on its financial position and results of operation. The Group will include the required disclosures.

6. The Group had assessed that the 2013 version of the IFRSs may have an impact on its consolidated financial statements, which are as follows:

		The amount of accounting policy change		
Consolidated Balance Sheets	Amounts before restatement	Investment accounted for using equity method	Defined benefit plans	Accounts after restatement
December 31, 2014				
Investments accounted for using equity method	$ 849,900	(3,698)	-	846,202
Other non-current assets	$ 80,728	-	(4,570)	76,158
Other non-current liabilities	$ 20,390	-	3,752	24,142
Unappropriated retained earnings	$ 1,040,922	(3,698)	(8,322)	1,028,902

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Consolidated Balance Sheets	Amounts before restatement	The amount of accounting policy change: Investment accounted for using equity method	The amount of accounting policy change: Defined benefit plans	Accounts after restatement
January 1, 2014				
Investments accounted for using equity method	$ 706,520	(3,599)	-	702,921
Other non-current assets	$ 82,039	-	(4,569)	77,470
Unappropriated retained earnings	$ 809,417	(3,599)	(4,569)	801,249

Consolidated Statements of Comprehensive income	Amounts before restatement	The amount of accounting policy change: Investment accounted for using equity method	The amount of accounting policy change: Defined benefit plans	Accounts after restatement
2014				
Sales revenue	$ 7,192,950	-	-	7,192,950
Cost of sales	5,738,041	-	-	5,738,041
Gross profit	1,454,909	-	-	1,454,909
Operating expenses	710,136	-	-	710,136
Net operating income	744,773	-	-	744,773
Non-operating income and expenses				
Other income	59,650	-	-	59,650
Other gains and losses	10,872	-	-	10,872
Finance cost	(6,012)	-	-	(6,012)
Share of profit of associates accounted for using equity method	193,462	151	-	193,613
Total non-operating income and expenses	257,972	151	-	258,123
Profit before tax	1,002,745	151	-	1,002,896
Less: tax expense	266,653	-	-	266,653
Profit	776,092	151	-	776,243
Other comprehensive income				
Actuarial gains on defined benefit plans	-	-	(3,753)	(3,753)
Share of other comprehensive income of associates accounted for using equity method	-	(250)	-	(250)
Foreign currency translation differences for foreign operations	25,310	-	-	25,310
Other comprehensive income, net	25,310	(250)	(3,753)	21,307
Comprehensive income	$ 801,402	(99)	(3,753)	797,550

(Continued)

(b) New standards, amendments and interpretations not yet endorsed by the FSC

The following IFRSs have been issued by the IASB but not yet endorsed by the FSC:

New standards, amendments and interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amended IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Not yet decided
Amended IFRS 10, IFRS 12 and IAS 28 "Application of the Consolidation Exception"	January 1, 2016
Amended IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Lease"	January 1, 2019
Amended IAS 1 "Disclosure Initiative"	January 1, 2016
Amended IAS 7 "Disclosure Initiative"	January 1, 2017
Amended IAS 12 "Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amended IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amended IAS 16 and IAS 41 "Bearer Plants"	January 1, 2016
Amended IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amended IAS 27 "Equity Method as an Accounting Option in an Entity's Separate Financial Statements"	January 1, 2016
Amended IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amended IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements: 2010-2012 and 2011-2013 cycles	July 1, 2014
Annual Improvements to IFRS: 2012-2014 cycles	January 1, 2016
Amended IFRIC 21 "Levies"	January 1, 2014

As the standards and amendments above have not been endorsed by the FSC, the Group is in the process of assessing the impact on the financial position and the results of operations. The related impact will be disclosed following the completion of its assessments.

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically mentioned, the following accounting policies were applied consistently to the periods presented in the financial statements.

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

1. Basis of measurement

Except for the defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less the present value of the defined benefit obligation, the consolidated financial statements have been prepared on a historical cost basis.

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

1. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(Continued)

2. List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding	
			December 31,2015	December 31, 2014
The Company	Min Aik Technology USA Inc. (MAUS)	Researching hard disk drive components	100%	100%
〃	Min Aik International Development Pte. Ltd. (MAS)	Investment holding, researching hard disk drive components, and providing sales and marketing support	100%	100%
〃	Synergy Technology Industrial Co., Ltd. (Synergy)	Holding company	100%	100%
〃	Min Aik Technology (Thailand) Co., Ltd. (MATH)	Manufacture and sale of hard disk drive components	100%	100%
〃	Good Master Holding Co., Ltd. (Good Master)	Holding company	100%	100%
〃	Green Far Company Ltd. (Green Far)	Sale of electricity produced by curvature module	100%	100%
MAS	Min Aik Technology (M) Sdn. Bhd. (MAM)	Manufacture and sale of hard disk drive components	100%	100%
Synergy	Min Aik Technology (Suzhou) Co., Ltd. (MAY)	Manufacture and sale of hard disk drive components	100%	100%
〃	MATC Technology (M) Sdn. Bhd. (MATC)	Manufacture and sale of hard disk drive components	80%	80%
MATH	MU-Technology Pte. Ltd. (MUS)	Holding company	69.41%	69.41%
MUS	MU Technology (M) Sdn. Bhd. (MUM)	Manufacture and sale of hard disk drive components	100%	100%

(d) Foreign currencies

1. Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

(Continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the translation of foreign currency financial statements into the Group's functional currency which are recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

1. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

2. It holds the asset primarily for the purpose of trading;

3. It expects to realize the asset within twelve months after the reporting period; or

4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

1. It expects to settle the liability in its normal operating cycle;

2. It holds the liability primarily for the purpose of trading;

3. The liability is due to be settled within twelve months after the reporting period; or

4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

The time deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used for the purpose of meeting short-term commitments, are reclassified as cash equivalents.

(g) Financial instruments

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

1. Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets at cost, and loans and receivables.

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

A financial asset is classified in this category if it is classified as held for trading or is designated as such on initial recognition. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than ones classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A. Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

B. Performance of the financial asset is evaluated on a fair value basis;

C. A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

(ii) Financial assets at cost

Investments in equity instruments that do not have a quoted price in an active market and whose fair values cannot be reliably measured are measured at their cost, less, impairment loss, and are included in financial assets at cost.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and investment in debt security with no active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

(Continued)

(iv) Impairment of financial assets

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of a receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

(Continued)

Impairment losses and recoveries of accounts receivable are recognized in profit or loss, and impairment losses and recoveries of other financial assets are recognized in non-operating income and expense.

(v) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity – unrealized gains or losses on available-for-sale financial assets in profit or loss is included in non-operating income and expenses.

The Group separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss.

2. Financial liabilities and equity instruments

(i) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, and it is included in non-operating income and expenses. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

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

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. The Group designates all other financial liabilities as at fair through profit or loss at initial recognition under one of the following situations:

A. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;

B. Performance of the financial liabilities is evaluated on a fair value basis;

C. A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income and expenses.

(iii) Other financial liabilities

Financial liabilities not classified or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expense.

(iv) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

(Continued)

(v) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Group from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, including any long-term interest that forms part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(Continued)

(j) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless, the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non-operating income and expense.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

3. Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and the depreciable amount shall be allocated on a systematic basis over the asset's useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

(Continued)

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

(i) Buildings: 8 ~ 50 years

(ii) Machinery: 2 ~20 years

(iii) Leasehold improvement: 3 ~15 years

(iv) Office and other equipment: 2 ~ 10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Lease

Operating leases are not recognized in the Group's balance sheet.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense on a straight-line basis over the term of the lease.

(l) Research & development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(ii) The intention to complete the intangible asset and use or sell it.

(iii) The ability to use or sell the intangible asset.

(iv) How the intangible asset will generate probable future economic benefits.

(v) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.

(vi) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

(m) Impairment – non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets, and assets arising from employee benefits are assessed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value, less, cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less, costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(n) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognized under "capital reserve – treasury share transactions"; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

(Continued)

During the cancellation of treasury shares, "capital reserve – share premiums" and "share capital" should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(o) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For international shipments, transfer occurs upon loading the goods onto the relevant carrier at the client's designated location. Generally for such products, the customer has no right of return.

(p) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(Continued)

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group reclassify the amounts recognized in other comprehensive income to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(Continued)

(r) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

1. Assets and liabilities that are initially recognized but are not related to a business combination and have no effect on net income or taxable gains (losses) during the transaction.

2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and

2. The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

   i) levied by the same taxing authority; or

   ii) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(s) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee stock options and employee bonuses not yet resolved by the shareholders.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Major sources of significant accounting assumptions, judgments, and estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continuously monitors the accounting assumptions, estimates, and judgments. Management recognizes any changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

There is no information about critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements.

(Continued)

There is no information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand, checking accounts, and demand deposits	$ 2,274,006	2,368,340
Time deposits	152,526	152,399
	$ 2,426,532	2,520,739

Please refer to note 6(p) for the exchange rate risk, the interest rate risk, and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities

	December 31, 2015	December 31, 2014
Non-current financial assets at cost, net	$ 28,959	56,959

(i) Please refer to note 6(p) for the fair value hierarchy of the financial assets and liabilities of the Group.

(ii) The aforementioned investments held by the Group are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably.

For the years ended December 31, 2015 and 2014, the Group recognized an impairment loss of $28,000 and $130,812, respectively.

(iii) The above financial instruments were not used as collateral as of December 31, 2015 and 2014.

(c) Notes and accounts receivable and other receivables

	December 31, 2015	December 31, 2014
Accounts receivable (including related parties)	$ 1,746,239	1,630,154
Other receivables	59,927	218,326
Less: allowance for uncollectible accounts	(5,387)	(4,249)
	$ 1,800,779	1,844,231

(Continued)

As of December 31, 2015 and 2014, the Group did not provide any of the aforementioned notes and accounts receivable and other receivables as collateral for its loans. Please refer to note 8.

The aging analysis of accounts receivable and other receivables which were past due but not impaired was as follows:

	December 31, 2015	December 31, 2014
Past due 0-90 days	$ 419,369	247,095
Past due 91-180 days	856	768
	$ **420,225**	**247,863**

Based on the historical payment behavior, the Group believed that the overdue receivables, of which no allowances for uncollectible amounts were set against, are still collectible.

The Group recognized impairment loss on notes and accounts receivable using individual and collective assessment methods. The movement in the allowance for notes and accounts receivable and other receivables was as follows:

	2015	2014
Balance on January 1	$ 4,249	1,866
Recognized of impairment loss	1,138	2,383
Balance on December 31	$ **5,387**	**4,249**

(d) Inventories

	December 31, 2015	December 31, 2014
Raw materials	$ 575,455	477,021
Work in progress	148,456	123,882
Finished goods	452,122	306,499
	$ **1,176,033**	**907,402**

(Continued)

(i) For the years ended December 31, 2015 and 2014, the Group recognized the following items as cost of goods sold:

	2015	2014
Cost of goods sold	$ 6,533,345	5,621,345
Additional losses on inventory valuation and obsolescence	43,626	15,625
Unallocated fixed manufacturing overhead resulting from the actual production being lower than the normal capacity	104,809	103,015
Others	5,461	(1,944)
	$ 6,687,241	5,738,041

(ii) As of December 31, 2015 and 2014, the Group did not provide any inventories as collateral for its loans.

(e) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2015	December 31,2014 (Restatement)
Associates	$ 876,367	846,202

(i) The information on material associates

Name of Associates	Main business activities	Country	Ownership (%) December 31, 2015	Ownership (%) December 31, 2014
MAP	mechanical components for optical devices	Taiwan	39.75%	39.75%

A summary of financial information on investments in associates is as follows (prior to being adjusted to the Group's proportionate share):

	December 31, 2015	December 31,2014 (Restatement)
Current Assets	$ 1,979,841	1,898,074
Non-Current Assets	777,805	651,474
Current Liabilities	(1,076,768)	(1,178,999)
Non-Current Liabilities	(124,297)	(43,855)
Net Assets	$ 1,556,581	1,326,694

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

	December 31, 2015	December 31,2014 (Restatement)
The net assets belong to owners	$ 1,429,588	1,326,694

	December 31, 2015	December 31,2014 (Restatement)
Gross sales	$ 3,322,622	3,119,183
Net income	511,381	494,572
Other comprehensive income(loss)	(25,885)	11,176
Total comprehensive income	$ 485,496	505,748
Comprehensive income attributable to owners of the invested company	$ 485,496	505,748

	December 31, 2015	December 31,2014 (Restatement)
The equity of associates attributable to the consolidated company on January 1	$ 527,361	388,765
Other comprehensive income attributable to the consolidated company	192,985	201,036
Dividends received from the associates	(152,085)	(62,440)
The equity of associates attributable to the consolidated company on December 31	568,261	527,361
Add: the differences of equity attributable to owners	29,486	29,486
Less: Unrealized profit in ending inventory	(8,136)	(6,773)
The equity of associates belongs to the consolidated Company	$ 589,611	550,074

(ii) The information on immaterial associates

	December 31, 2015	December 31, 2014
The equity of associates belongs to the consolidated company	$ 286,756	296,128

	2015	2014
Comprehensive income attributable to owners of the invested company	$ (1,382)	(480)
Net loss Other comprehensive loss	(4,076)	(1,426)
Total comprehensive loss	$ (5,458)	(1,906)

(Continued)

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2015 and 2014 were as follows:

	Land	Buildings and construction	Machinery and equipment	Other facilities	Prepayment for purchase of equipment	Total
Cost or deemed cost:						
Balance on January 1, 2015	$ 25,935	286,863	1,847,144	769,364	39,903	2,969,209
Additions	-	-	116,839	45,064	327,407	489,310
Disposal	-	-	(28,031)	(49,383)	-	(77,414)
Reclassification	-	-	137,389	147,464	(284,853)	-
Transfer from inventory	-	-	21,856	506	-	22,362
Transfer to patent or expense	-	-	-	-	(26,662)	(26,662)
Effect of movements in exchange rates	(1,405)	(41,536)	(165,522)	(53,500)	(5,407)	(267,370)
Balance on December 31, 2015	**$ 24,530**	**245,327**	**1,929,675**	**859,515**	**50,388**	**3,109,435**
Balance on January 1, 2014	$ 24,500	286,547	1,791,584	725,291	12,187	2,840,109
Additions	-	-	52,576	25,616	94,898	173,090
Disposal	-	-	(76,125)	(13,860)	-	(89,985)
Reclassification	-	-	43,678	17,188	(60,866)	-
Transfer from inventory	-	-	26,371	2,462	-	28,833
Transfer to patent or expense	-	-	-	-	(7,519)	(7,519)
Effect of movements in exchange rates	1,435	316	9,060	12,667	1,203	24,681
Balance on December 31, 2014	**$ 25,935**	**286,863**	**1,847,144**	**769,364**	**39,903**	**2,969,209**
Depreciation and impairments loss:						
Balance on January 1, 2015	$ -	40,224	1,064,884	600,891	-	1,705,999
Depreciation for the year	-	8,668	146,365	52,435	-	207,468
Disposal	-	-	(22,725)	(44,285)	-	(67,010)
Effect of movements in exchange rates	-	(6,439)	(113,848)	(42,213)	-	(162,500)
Balance on December 31, 2015	**$ -**	**42,453**	**1,074,676**	**566,828**	**-**	**1,683,957**
Balance on January 1, 2014	$ -	29,375	997,159	549,348	-	1,575,882
Depreciation for the year	-	11,100	132,320	53,081	-	196,501
Disposal	-	-	(70,330)	(12,685)	-	(83,015)
Effect of movements in exchange rates	-	(251)	5,735	11,147	-	16,631
Balance on December 31, 2014	**$ -**	**40,224**	**1,064,884**	**600,891**	**-**	**1,705,999**
Carrying amounts:						
Balance on December 31, 2015	**$ 24,530**	**202,874**	**854,999**	**292,687**	**50,388**	**1,425,478**
Balance on December 31, 2014	**$ 25,935**	**246,639**	**782,260**	**168,473**	**39,903**	**1,263,210**

As of December 31, 2015 and 2014, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(Continued)

(g) Other non-current assets

The following are the other non-current assets of the Group:

	December 31, 2015	December 31,2014 (Restatement)
Long-term prepaid rent	$ 44,326	53,070
Others	38,774	23,088
	$ 83,100	**76,158**

The Group signed an agreement with an estate company in Malaysia to acquire the right to the use land for a factory and office from 2003 to 2096.

(h) Long-term borrowings

The details were as follows:

	December 31, 2015			
	Currency	Interest rate	Maturity year	Amount
Bank loans	NTD	2.11%~2.25%	2023	$ 209,259
Secured bank loans	USD	1.93%	2016	53
				209,312
Less: current portion				(30,336)
Total				**$ 178,976**

	December 31, 2014			
	Currency	Interest rate	Maturity year	Amount
Secured bank loans	NTD	2.375%	2023	$ 236,731
Secured bank loans	USD	1.93%	2016	349
				237,080
Less: current portion				(27,770)
Total				**$ 209,310**

(i) Operating lease

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2015	December 31, 2014
Less than one year	$ 69,921	58,941
Between two and five years	98,806	111,846
Over six years	32,480	34,510
	$ 201,207	**205,297**

(Continued)

The Group leased office space, warehouses, and equipment under operating leases with lease terms of 1 to 20 years and had an option to renew the leases. During the years 2015 and 2014, an amount of $68,926 and $66,554, respectively, was recognized as an expense in profit or loss in respect of operating leases. There was no contingent rent recognized as an expense.

The Group does not participate in the residual value of the land and buildings.

(j) Employee benefits

1. Defined benefit plans

The present value of the defined benefit obligations and the fair value of the plan assets of the Company were as follows:

		December 31, 2015	December 31,2014 (Restatement)
Present value of defined benefit obligations	$	71,465	65,698
Fair value of plan assets		(64,010)	(61,946)
Recognized assets for defined benefit obligations	$	7,455	3,752

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(i) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.
The Group's Bank of Taiwan labor pension reserve account balance amounted to NT$64,010 thousand as of December 31, 2015. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(ii) Movements in the present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations of the Group were as follows:

		2015	2014
Defined benefit obligation at January 1	$	65,698	61,357
Current service costs and interest		1,910	1,659
Remeasurement of the net defined benefit liability (asset)			
- Return on plan assets		(706)	4,149
- Actuarial gains and losses on the change of assumption of population statistics		976	-
-Actuarial gains and losses on the change of assumption of financial statistics		4,880	-
Paid for employee benefit plan		(1,293)	(1,467)
Defined benefit obligation on December 31	$	**71,465**	**65,698**

(iii) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2015	2014
Fair value of plan assets on January 1	$	61,946	61,896
Interest revenue		1,316	1,121
Remeasurement of the net defined benefit liability (asset)			
- Return on plan assets		355	396
Contribution to employee benefit plan		1,686	-
Benefits paid from the plan assets		(1,293)	(1,467)
Fair value of plan assets at December 31	$	**64,010**	**61,946**

(iv) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2015	2014
Service cost	$	514	549
Net interest on net defined benefit asset		80	(11)
	$	**594**	**538**
Administrative expenses	$	**594**	**538**

(Continued)

(v) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2015 and 2014, was as follows:

		2015	2014
Accumulated amount at January 1	$	(3,753)	-
Recognized during the period		(4,795)	(3,753)
Accumulated amount at December 31	$	**(8,548)**	**(3,753)**

(vi) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2015	2014
Discount rate	1.750%	2.125%
Future salary increase rate	1.625%	1.625%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is NT$2,023 thousand.

The weighted-average lifetime of the defined benefits plans is 12 years.

(vii) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2015, the sensitivity analysis of the Company's accrued pension liabilities was as follows:

Actuarial assumptions		Increase of 0.5%	Decrease of 0.5%
Discount rate 1.75%	$	**(3,202)**	**3,424**
Future salary increase rate 1.625%	$	**3,323**	**(3,139)**

Reasonably possible changes at the reporting date to one of the relevant actuarial

(Continued)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2015 and 2014.

2. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group recognized pension costs under the defined contribution method amounting to $40,606 and $41,307 for the years ended December 31, 2015 and 2014, respectively.

(k) Income taxes

1. The components of income tax in the years 2015 and 2014 were as follows:

	2015	2014
Current tax expense	$ 290,379	176,625
Deferred tax expense	105,997	50,028
Income tax expense	$ **396,376**	**226,653**

2. The amount of income tax recognized in other comprehensive income for 2015 and 2014 was as follows:

	2015	2014
Foreign currency translation differences for foreign operations	$ **(77,334)**	**4,444**

3. Reconciliation of income tax and profit before tax for 2015 and 2014 was as follows:

	2015	2014
Profit excluding income tax	$ 1,198,119	1,002,896
Income tax using the Company's domestic tax rate	304,994	274,840
Effect of tax rates in foreign jurisdiction	65,296	59,145
10% surtax on unappropriated earnings	29,549	2,721
Variation of unrecognized deferred tax assets	(4,927)	(41,671)
Tax exemption	(22,056)	(27,506)
Others	(23,520)	(40,876)
	$ 396,376	**226,653**

4. Deferred tax assets and liabilities

(i) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2015	December 31, 2014
Tax losses	$ 78,089	83,016
Deductible temporary differences	34,304	28,879
	$ 112,393	**111,895**

Deferred tax assets have not been recognized in respect of these items because future taxable profit will not be available against which the unused tax credits and deductible temporary differences can be utilized.

As of December 31, 2015, the tax losses carried forward of MAY, and MATH amounted to $315,424. Based on their respective effective tax rates, the maximum deductible tax amount was $78,089.

(Continued)

(ii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2015 and 2014 were as follows:

	Investment income recognized under the equity method	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2015	$ 306,859	53,513	360,372
Recognized in profit or loss	93,820	(5,660)	88,160
Foreign currency translation adjustment	-	(6,477)	(6,477)
Balance on December 31, 2015	**$ 400,679**	**41,376**	**442,055**
Balance on January 1, 2014	$ 271,057	36,079	307,136
Recognized in profit or loss	35,802	17,932	53,734
Foreign currency translation adjustment	-	(498)	(498)
Balance on December 31, 2014	**$ 306,859**	**53,513**	**360,372**

	Additional loss on inventory valuation	Investment income recognized under the equity method	Exchange differences on translation of foreign financial statements	Others	Total
Deferred tax assets:					
Balance on January 1, 2015	$ (2,034)	(6)	(7,686)	(39,590)	(49,316)
Recognized in profit or loss	(88)	-	-	17,925	17,837
Recognized in other comprehensive income	-	-	(77,334)	-	(77,334)
Exchange rate translation differences	-	-	-	2,842	2,842
Balance on December 31, 2015	**$ (2,122)**	**(6)**	**(85,020)**	**(18,823)**	**(105,971)**
Balance on January 1, 2014	$ (3,189)	(19,569)	(12,130)	(14,945)	(49,833)
Recognized in profit or loss	1,155	19,563	-	(24,424)	(3,706)
Recognized in other comprehensive income	-	-	4,444	-	4,444
Exchange rate translation differences	-	-	-	(221)	(221)
Balance on December 31, 2014	**$ (2,034)**	**(6)**	**(7,686)**	**(39,590)**	**(49,316)**

(Continued)

5. Examination and approval

The ROC tax authorities have examined the Min Aik Technology Co., LTD and Green Far income tax returns through 2013.

6. Information related to the unappropriated earnings and tax deduction ratio is summarized below:

	December 31, 2015	December 31, 2014
Unappropriated earnings of 1998 and after	$ 1,349,439	1,028,902
Balance of imputation credit account	$ 177,255	85,649

	2015 (Estimated)	2014 (Actual)
Creditable ratio for earnings distribution to ROC residents	17.85%	14.87%

The abovestated information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance of the ROC on October 17, 2013.

(l)Capital and other equity

As of December 31, 2015 and 2014, the authorized common stock was $4,000,000 (including employee stock options for 7.5 million shares).

The total common stock outstanding in 2014 and 2015 all amounted to $1,742,020. The par value of the Company's common stock is $10 (NT dollars) per share.

1. Capital surplus

The balances of capital surplus as of December 31, 2015 and 2014, were as follows:

	December 31, 2015	December 31, 2014
Additional paid-in capital	$ 1,443,485	1,443,485
Treasury share transactions	80,675	80,675
Gain on disposal of assets	7	7
Change of equity of associates accounted for using equity method	53,905	53,905
	$ 1,578,072	1,578,072

(Continued)

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase common stock or be distributed as dividends in cash. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock, and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of total common stock outstanding. In addition, capital increases by transferring paid-in capital in excess of par value can only commence in the following year.

2. Retained earnings

Based on the Company's articles of incorporation, 10% of the annual net income after offsetting prior years' deficits and tax payment is to be set aside as a legal reserve. The remainder, if any, shall be distributed as follows:

a. Directors' and supervisors' remuneration should not exceed 3%.
b. Employee bonus, more than 1%.
c. The remaining balance, if any, is to be distributed as dividends based on the proposal provided by a board of directors' meeting and approved at a stockholders' meeting.

(i) Legal reserve

According to the amendment of ROC Company Act amended in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

(ii) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (and is not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2015 and 2014, the amount of special reserve are $59,074 and $85,194 respectively.

(Continued)

(iii) Earnings distribution

The Company recognized employees' bonus of $45,683, and directors' and supervisors' remuneration of $13,052 for the years ended December 31, 2015. The above distributions of retained earnings did not differ from the resolutions made by the meetings of the board of directors and the estimated amount that had been recognized as salaries in the Company's 2014 financial statement. The related information can be accessed in the Market Observation Post System (MOPS) after the above meetings are held by the Company.

Based on the tentative resolution of the stockholders' meetings held on July 7 and June 6, 2015, the information on dividends, employees' bonus, and directors' and supervisors' remuneration appropriated from the distributable retained earnings of 2014; and based on the resolution of the stockholders' meeting held on June 18, 2014, the information on dividends, employees' bonus, and directors' and supervisors' remuneration appropriated from the distributable retained earnings of 2013, was as follows:

	2014	2013
Dividends per share (NT dollars)		
Cash from unappropriated retained earnings	$ 2.2	2.1

(m) Earnings per share

1. Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2015 and 2014, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	2015	2014
Profit attributable to ordinary shareholders of the Company	$ 755,083	725,281
Weighted-average number of ordinary shares (thousands) shares	174,202	174,202

2. Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2015 and 2014, was based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

(Continued)

(i) Profit attributable to ordinary shareholders of the Company (diluted)

		2015	2014
Profit attributable to ordinary shareholders of the Company (basic=diluted)	$	755,083	725,281

(ii) Weighted-average number of ordinary shares (diluted)

	2015	2014
Weighted-average number of ordinary shares (basic) (thousands shares)	174,202	174,202
Effect of employee stock bonuses not yet authorized by the shareholders' meeting	1,358	371
Weighted-average number of ordinary shares (diluted) at December 31 (thousands shares)	175,560	174,573

(n) Revenue

The revenue for the years ended December 31, 2015 and 2014, was as follows:

		2015	2014
Sales of goods	$	7,849,090	6,921,535
Sales of molds		292,403	223,564
Others		23,391	47,851
	$	8,164,884	7,192,950

(o) Non-operating income and expenses

1. Other income

The other income for the years ended December 31, 2015 and 2014, was as follows:

		2015	2014
Interest income	$	7,922	9,113
Investment income		-	4,618
Others		50,753	45,919
	$	58,675	59,650

(Continued)

2. Other gains and losses

The other gains and losses for the years ended December 31, 2015 and 2014, were as follows:

	2015	2014
Foreign currency exchange gains, net	$ 324,504	161,357
Impairment loss on financial assets	(28,000)	(130,812)
Gain (loss) on disposal of investment	-	(158)
Compensation Paid	(72,565)	-
Others	(5,618)	(19,515)
	$ 218,321	10,872

(p) Financial instruments

1. Credit risk

(i) Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2015 and 2014, the maximum amount exposed to credit risk was $4,256,270 and $4,421,929, respectively. The Group controls its exposure to each individual financial institution and anticipates no significant concentration of risk related to cash accounts.

(ii) As of December 31, 2015 and 2014, 86% and 89% of the ending balance of trade notes and accounts receivable arose from sales to individual customers constituting the top three for the years ended December 31, 2015 and 2014. Therefore, the concentration of credit risk related to accounts receivable was significant.

(Continued)

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1 ~ 2 years	2 ~ 5 years	Over 5 years
December 31, 2015						
Non-derivative financial liabilities:						
Short-term and long-term borrowings	$ 209,312	224,721	34,451	33,760	97,445	59,065
Accounts payable	1,368,556	1,368,556	1,368,556	-	-	-
Accounts payable–related parties	114,274	114,274	114,274	-	-	-
Other financial liabilities	222,317	222,317	222,317	-	-	-
	$ 1,914,459	**1,929,868**	**1,739,598**	**33,760**	**97,445**	**59,065**
December 31, 2014						
Non-derivative financial liabilities:						
Short-term and long-term borrowings	$ 237,080	259,769	33,114	34,967	100,431	91,258
Accounts payable	1,058,657	1,058,657	1,058,657	-	-	-
Accounts payable–related parties	118,758	118,758	118,758	-	-	-
Other financial liabilities	225,960	225,960	225,960	-	-	-
	$ 1,640,455	**1,663,144**	**1,436,489**	**34,967**	**100,431**	**91,258**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

3. Market risk

(i) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2015			December 31, 2014		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 106,051	32.825	3,481,133	109,858	31.650	3,477,008
SGD	10,698	23.250	248,735	6,584	23.940	157,618
CHF	627	33.185	20,812	3,394	31.975	108,530
Financial liabilities						
Monetary items						
USD	39,486	32.825	1,296,114	30,431	31.650	963,132
SGD	519	23.250	12,059	368	23.940	8,811
CHF	-	-	-	43	31.975	1,369

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the TWD against the foreign currency as of December 31, 2015 and 2014, would have increased or decreased the net profit before tax by $24,425 and $27,698, respectively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. In 2015 and 2014, the foreign exchange gain, including both realized and unrealized, amounted to $324,504 and $161,357, respectively.

(Continued)

(ii) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2015	December 31, 2014
Fixed-rate instruments:		
Financial assets	$ 243,318	548,609
Variable-rate instruments:		
Financial assets	$ 2,101,887	2,066,085
Financial liabilities	(209,312)	(237,080)
	$ 1,892,575	1,829,005

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by $4,731 thousand and $4,573 thousand for the years ended December 31, 2015 and 2014, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings at variable interest rates.

The Group's financial liabilities at fixed interest rates are measured using the amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

4. Fair value

Financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(Continued)

If there exists movement of financial instruments measured at fair value between level 1, level 2, and level 3, the Group recognize the movement at the reported date. The related information as below:

	December 31, 2015				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	$ 2,426,532				
Accounts receivable, net	1,704,024				
Accounts receivable—related parties, net	36,828				
Other financial assets	59,927				
	$ 4,227,311				
Financial assets measured at cost					
Unlisted equity investment	$ 28,959				
Financial liabilities carried at amortized cost					
Borrowings	$ 209,312				
Accounts payable	1,368,556				
Accounts payable—related parties	114,274				
Other financial liabilities	461,127				
	$ 2,153,269				

	December 31, 2014				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	$ 2,520,739				
Accounts receivable, net	1,597,313				
Accounts receivable—related parties, net	28,592				
Other financial assets	218,326				
	$ 4,364,970				
Financial assets measured at cost					
Unlisted equity investment	$ 56,959				
Financial liabilities carried at amortized cost					
Borrowings	$ 237,080				
Accounts payable	1,058,657				
Accounts payable—related parties	118,758				
Other financial liabilities	431,888				
	$ 1,846,383				

(Continued)

(q) Employee, board of directors', and supervisors' compensation

Based on the Company's articles of incorporation approved by the Company's board of directors, annual profit after offsetting prior years' deficits should be appropriated as follows:

a. Employee compensation, more than 1%.

b. Directors' and supervisors' remuneration should not exceed 3%.

Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive bonus may be specified in the articles of incorporation.

This articles of incorporation needs to be approved by a resolution at the shareholders' meeting.

The employee compensation and directors' and supervisors' remuneration were recognized as cost of sales or operating expenses based on a specific percentage of net income. These amounts are calculated using the Company's profit before tax excluding the employee bonuses and directors' and supervisors' remuneration for each period. The Company recognized employee compensation of $62,279 and directors' and supervisors' remuneration of $15,569 in 2015. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the 2016.

(r) Financial risk management

1. Structure of risk management

The Group's finance department provides business services for all internal departments. It sets the objectives, policies and processes for managing risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The board of directors regulates the use of derivative and non-derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, and credit risk; the use of derivative and non-derivative financial instruments; and investment of excess liquidity. The internal auditors of the Group continuously review of the amount of risk exposure in accordance with the Group's risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. The finance department reports to the board of directors periodically.

(Continued)

2. Briefings

The Group is exposed to the following risks arising from financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

This note presents information on exposure to each of the above risks and on the objectives, policies, and processes as for measuring and managing risk. For detailed information, please refer to 6(p).

(s) Capital management

The Group manages capital to safeguard the capacity to continue to operate. The management uses the asset-liability ratio to manage capital. This ratio is debt divided by assets. Debt is derived from the total liabilities, except for bonds payable. As of December 31, 2015 and 2014, the Group's asset-liability ratios all were 34% and 31%.

As of December 31, 2015, there were no changes in the Group's approach to capital management.

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group and its subsidiaries.

(b) Sales

1. Sale of goods to related parties

The amounts of significant sales by the Group to related parties and the resulting accounts receivable were as follows:

	Sales		Accounts receivable – related party	
	2015	2014	December 31, 2015	December 31, 2014
Associates	$ 115,006	77,547	31,805	18,217

(Continued)

The credit terms were 120 days for related parties, but may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are about 2 to 3 months after delivery. The sales prices were not significantly different from those for third-party customers. As of December 31, 2015 and 2014, the amount of $569 and $3,634 were received in advance and recognized as other-current liabilities.

2. Purchases

The amounts of purchases by the Group from related parties were as follows:

	Purchase		Accounts payable – related party	
	2015	2014	December 31, 2015	December 31, 2014
Associates	$ 399,269	442,588	113,652	117,231
Other related parties	641	5,150	-	1,527
	$ 399,910	**447,738**	**113,652**	**118,758**

The credit terms were 30 to 120 days for related parties, but they may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are L/C, T/T, or 60~120 days after goods are received. The purchase price is negotiated by the parties.

3. Service revenue

(i) Inspection revenue

	Amounts		Other accounts receivable – related party	
	2015	2014	December 31, 2015	December 31, 2014
Associates	**$ 1,729**	**2,639**	**625**	**1,398**

(ii) Management service revenue

	Amounts		Accounts receivable – related party	
	2015	2014	December 31, 2015	December 31, 2014
Associates	**$ 11,065**	**28,751**	**5,023**	**10,375**

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

4. Property transactions

(i) The purchases of property, plant and equipment from related parties were as follows:

	Amount		Other accounts payable – related parties	
	2015	2014	December 31, 2015	December 31, 2014
Purchase price	$ 194	5,945	-	-

(ii) The sales of property, plant and equipment to related parties were as follows:

	Amount		Other accounts receivable – related parties	
	2015	2014	December 31, 2015	December 31, 2014
Sales price	$ -	253	-	-
Gain on sale of equipment	-	251	-	-

5. Other transactions

(i) The Group had sold the software system to associates amount of $3,564, which recognized as others revenue. As of December 31, 2015, the Group has not yet received the amount of $3,528, which was recognized as other accounts receivable. There was no such issue in 2014.

(ii) The associated company provided repair service to the Group amounting to $142, which was recognized as other expenses. As of December 31, 2015, the amount of $622 was still unpaid, therefore, it was recognized as accounts payable to related parties.

6. Related-party financing

Financing to related parties was as follows:

	Amount		Other accounts receivable – related parties	
	2015	2014	December 31, 2015	December 31, 2014
Associates	$ -	45,000	-	-

Interest on the above financing was calculated based on the contract. Since such loans were secured by the Group, they did not require provisions for bad debt expenses.

(Continued)

(c) Key management personnel compensation

	2015	2014
Short-term employee benefits	$ 72,415	51,277
Post-employment benefits	441	318
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 72,856	51,595

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2015	December 31, 2014
Time deposit (classified under other accounts receivable)	Bank loans and guarantee for credit line	$ 52,443	137,735
Machinery and equipment	Bank loans	272	448
		$ 52,715	138,183

(9) Commitments and contingencies

Significant commitments unrecognized:

1. Unrecognized commitments of the Group were as follows:

	December 31, 2015	December 31, 2014
Acquisition of property, plant and equipment	$ 101,261	126,147

2. Guarantee notes issued as collateral for applying for a credit line were as follows:

	December 31, 2015	December 31, 2014
Guarantee notes issued	$ 2,057,648	2,026,950
Endorsement guarantee	$ 767,471	748,671

(Continued)

(10) Losses due to significant disasters : none

(11) Subsequent events: none

(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2015			2014		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	711,363	311,913	1,023,276	707,609	267,817	975,426
Labor and health insurance	21,150	16,580	37,730	21,251	14,651	35,902
Pension	26,956	14,244	41,200	27,175	14,670	41,845
Others	41,841	16,595	58,436	41,353	15,291	56,644
Depreciation	181,490	25,978	207,468	166,214	30,287	196,501
Amortization	4,227	1,515	5,742	4,833	686	5,519

(13) Segment information

(a) General information

The Group identifies its operating segments based on the decision of the chief operating decision maker (CODM). The Group's operating segments are EMS (Electronics Manufacturing Service), Automatic Equipment Service, and Commerce Service. Except for EMS, the operating segments did not meet the quantitative threshold for individually reportable segments nor are they aggregated with other operating segments.

EMS's main operating activities are designing and manufacturing consumer electronics end products. Those of Automatic Equipment Service are designing and manufacturing automatic machinery for industrial use. The main operating activity of Commerce Service is trading business. Since the strategy of each segment is different, it is necessary to separate them for management.

(b) Reportable segments and operating segment information

The Consolidated Company assessed performance of the segments based on the segments' profit, and the accounting policy of the segments is the same as that described in the summary of significant accounting policies.

(Continued)

The Group's segment financial information was as follows:

	For the year ended December 31, 2015			
	EMS	Others	Adjustments and eliminations	Total
External revenue	$ 7,690,923	473,961	-	8,164,884
Intra-group revenue	-	-	-	-
Total segment revenue	$ 7,690,923	473,961	-	8,164,884
Segment profit	$ 602,943	122,806	-	725,749
Segment total assets	$ -	-	8,001,560	8,001,560

	For the year ended December 31, 2014			
	EMS	Others	Adjustments and eliminations	Total
External revenue	$ 6,745,844	447,106	-	7,192,950
Intra-group revenue	-	-	-	-
Total segment revenue	$ 6,745,844	447,106	-	7,192,950
Segment profit	$ 641,627	103,146	-	744,773
Segment total assets	$ -	-	7,628,440	7,628,440

(c) Product and service information

The Group's product revenues from exterior clients were as follows:

Product	2015	2014
APFA	$ 3,452,429	1,925,337
VCM	1,724,732	1,829,402
COVER	827,150	1,029,885
EHD	546,567	761,594
CSA/RAMP	553,276	649,693
HDD	216,807	253,227
Others	843,923	743,812
	$ 8,164,884	7,192,950

(Continued)

(d) Geographic information

The Group's non-current assets are located in Asia, and its revenue from external clients by geographical location was as follows:

Geographic area	2015	20134
Asia	$ 7,411,314	6,178,378
Americas	672,078	899,997
Europe	81,492	114,575
	$ 8,164,884	7,192,950

(e) Major customers

Sales to individual clients constituting over 10% of total revenue in 2015 and 2014 are summarized as follows:

	2015		2014	
	Revenue	Percentage of net sales	Revenue	Percentage of net sales
Western Digital (Thailand) Company	$ 3,371,013	42	2,198,955	31
Western Digital (M) Sdn. Bhd.	3,095,508	38	3,082,335	43
HITACHI EHDD	595,718	7	806,380	11
	$ 7,062,239	87	6,087,670	85