Stock Code:**6223**

MPI Corporation

General Shareholders' Meeting 2016

Annual report 2015

Published on June 1, 2016
Company Website: http://www.mpi.com.tw
Market Observation Post System Website:http://mops.twse.com.tw

I. Company spokesman and deputy spokesman:
Spokesman's Name: Chen, Hung-Lin
Job Title: Special Assistant of the Chairman of Board
Tel. No.: 03-5551771
Email:charlie.chen@mpi.com.tw

Deputy Spokesman's Name: Hsieh, Wei-Yun
Job Title: Assistant Vice President of Resource Center
Tel. No.: 03-5551771
Email: anita.shieh@mpi.com.tw

II. Address of the Company's Head Office, Branch and Plant, and Tel. No.:
Head Office: No. 151, No. 153 & No. 155, Zhonghe Street, Zhubei City, Hsinchu County
Tel. No.: 03-5551771
2nd Plant in Zhubei: No. 129, Zhonghe Street, Zhubei City, Hsinchu County
Tel. No.: 03-5551771
Xinpu Plant: No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County
Tel. No.: 03-5551771
Branch in Southern Taiwan: No. 7, Luke 1st Road, Luzhu Dist., Kaohsiung City
Tel. No.: 07-9559966

III. Shares Registrar:
Name: Hua Nan Securities Co., Ltd.
Address: 4F, No. 54, Sec. 4, Minsheng E. Road, Taipei City
Website: http://www.entrust.com.tw
Tel. No.: 02-27186425

IV. External Auditors in the most recent year:
CPA: Wu, Kuei-Chen & Chen, Tsan-Huang, CPAs
CPA Firm: Nexia Sun Rise CPAs & Co.
Address: 2F, No. 33, Fuxing N. Road, Taipei City
Website: http://nexia.otc.gs
Tel. No.: 02-27510306

V. Name of any exchanges where the Company's securities are traded offshore: N/A

VI. Company Website: http://www.mpi.com.tw

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One. A Message to Shareholders

I. 2015 operation in review

(I) Business Plan and Result

In FY 2015, we had net sales amounting to NT$4,013,170 thousand, which was a decrease by 3% from NT$4,156,132 thousand in 2014. Corporate earnings in FY 2015 amounted to NT$294,820 thousand, which was a decrease by 43% from NT$517,636 thousand in 2014 with earnings per share at NT$3.71.

In 2015, the world has gone through low GDP growth, especially in the U.S.A., Europe, Japan and Mainland China. The world joined the QE policy in the latter half of the year. Therefore, the plentiful global fund resulted in the foreign exchange hedging. The semi-conductor industry still appears to grow positively in 2016. Particularly, more than 60% of the OEM production of wafer foundries are centralized in Taiwan. Meanwhile, given the increasingly intensive competition for capital expenditure of the OEM production of wafer foundries in Taiwan and the world, the production process evolution speed has driven each manufacturer's growth. This adds to the momentum of further growth of the encapsulation and testing industry which has invested in R&D permanently. Therefore, the growth in the demand for high-rank wafer prober cards could be anticipated in 2016. The flip-chip encapsulation LED will become the first priority of various manufacturers in the world in 2016. Besides, the declination of the entire bulb price more than 40% resulted in the increase in penetration rate by more than 15% of last year. The penetration rate is expected to be more than 60% in next five years. The Company will continue to invest R&D resources to keep innovating and maintaining the Company's competitive strength.

With respect to the R&D of new technologies, the new products have successfully been applied to the areas of signal testing and temperature testing in 2016. Various production testing equipments were developed to meet the customers' needs and continue enhancing the functions of products. Further to our upgrade in favor of the testing capacity of our customers, we also contribute to the competitiveness of the customers. This product line will be essential for our growth in the future.

(II) Revenue and profitability analysis

Currency unit: in NTD 1,000

Item		Year	2014	2015	Change (%)
Revenue	Net Sales		4,156,132	4,013,170	(3.44)%
	Gross profit		1,934,993	1,793,072	(7.33)%
	Post-tax profit or loss		517,636	294,820	(43.04)%
Profitability	ROA (%)		9.37	4.68	(50.05)%
	ROE (%)		15.19	7.96	(47.60)%
	Operating Income to Paid-in capital ratio (%)		70.11	40.18	(42.69)%
	EBT to Paid-in capital ratio (%)		75.36	45.16	(40.07)%
	Profit margin (%)		12.45	7.33	(41.12)%
	EPS (NT$)	before retroactive adjustment	6.62	3.71	(43.96)%
		after retroactive adjustment	6.62	3.71	(43.96)%

(III) Research and development

Research and development findings in 2015:

1. Precision automated equipment:
   - A. High-speed full automatic CSP flip-chip encapsulation testing, sorting and packaging mass production equipment
   - B. UV, NIR wafer grade and encapsulation testing equipment
   - C. 8-inch LED prober and sorting automatic mass production equipment
2. Probe Card:
   - A. Develop high-density full array probe card to meet the need for test of high-rank components
   - B. Develop the vertical type probe card to meet the need for micro-distance technology of miniaturization of IC process
3. Establish the temperature control technology and complete development of semi-conductor component temperature testing equipment
4. Develop semi-conductor engineering testing machine series

II. Summary of 2016 Business Plan

(I) Business Policy

Technology is essential to maintain competitiveness. In light of the development of the microelectronic industry and technology requirements in the future, MPI Corporation undertakes the following strategic planning and commits its effort to sustain its competitive advantage:

A. To satisfy the need for application of high-rank IC process miniaturization, continue developing wafer grade micro-distance testing technology for meeting the technological needs of the future.

B. To meet the technology requirement for smart device high-speed transmission, develop the micro-electric and mechanical probe card for meeting the testing need for high-speed transmission.

C. Continue the development and optimization of higher performance testing and inspection equipment to meet the testing needs of future products of the photoelectric and semi-conductor industries (LED, LD and PD), and continue to provide customers with viable solutions.

D. Continue to develop the testing and inspection machine series in the semi-conductor engineering testing and inspection application area, to meet customers' various application needs.

E. Continue to develop and optimize the temperature control system applied for testing of semi-conductor components.

(II) Vital production and sales policies

MPI Corporation will develop its technology thoroughly, strengthen R&D investment, and continue to strengthen its capacity in overseas service in order to further develop its business and fortify its competitiveness, as well as extend its business territories overseas. This will help to provide fast and complete technology services to the customers and hence to increase the market share the extent to which risk can be diversified. MPI Corporation will maintain its corporate philosophy of assisting its customers to upgrade their competitive power thereby positions the customers as its technology joint venture partners. MPI Corporation will provide customers with good quality products and timely technology service, which remains its vital production and sales policy, in hopes of providing customers with the best solutions.

III. The development strategy of the future

(I) Based on the five major technical areas including prober, sorting, photoelectric testing and imaging detection, provide complete testing application solutions to meet the need for mass production of the photoelectric and semi-conductor industries.

(II) Development of the semiconductor market with its core technology in automation and measurement. To meet the market application, continue to develop various new products.

(III) In responding to the needs of the consumers for slim, light, short, and small size, and higher speed and power saving products, MPI Corporation develops micro-distance probe card and high-frequency probers to upgrade the frequency in testing and efficiency for customer needs and competitiveness.

IV. The effect of the external competitive, legal and macroeconomic environment

The global economies were influenced by the low GDP growth, but a lot of new economies emerged accordingly. For the business development, at the same time when the global governments start to value the development of such industries as energy saving, internet of things and big data analysis, MPI Corporation spares no effort in research and development, and never ceases to provide customers with the best, fastest and most fine-quality solutions. Indeed, this is the unchanged policy line and principle of the Company. With continued improvement, MPI Corporation not only just seeks to withstand the competition in the external environment, but rather to satisfy the needs of its customers and create value of long-term investment in favor of the shareholders.

Two. Introduction to Company

I. Introduction to Company

(I) Date of incorporation: July 25, 1995

(II) Company profile

July 1995	MPI Corporation was incorporated with the capital of NT$5 million.
July 1996	Maintenance technology of Micronics Japan Co., Ltd. ("MJC") was transferred to MPI.
September 1996	Reorganized to incorporate MPI Corporation
December 1997	MJC technical guidance and training started.
March 1998	MJC technical guidance and training ended.
October 1998	Due to the capital increase in cash by NT$55 million, the capital became NT$60 million.
October 1998	MJC 8 DUT completed the technology transfer and official invested in MPI Corporation.
December 1998	Possessed the ability to maintain 32 DUT
March 1999	Possessed the ability to produce Fine pitch (50μm)
June 1999	Possessed the MJC 8 DUT New Design ability
April 2000	Bldg. A of 1st Plant in Zhubei completed and activated
July 2000	Southern Taiwan Office and Customers Service Center established
July 2000	Due to the capital increase in cash and upon recapitalization of earnings, totaling NT$40 million, the capital became NT$100 million.
December 2000	Possessed the MJC 16 DUT Production & New Design ability.
December 2000	MPI TRADING CORP. incorporated with the registered capital US$1 million.
May 2001	Semi-auto prober released for LED wafer testing.
May 2001	Due to capital increase in cash and by recapitalization of earnings and employee bonus, totaling NT$100 million, the capital became NT$200 million.
July 2001	Proceed with the public offering upon approval of Securities and Futures Bureau, Ministry of Finance.
August 2001	Incorporated MMI HOLDING CO., LTD. with registered capital of NT$10 million.
September 2001	Pass ISO9001/2000 certification
December 2001	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the first time.
June 2002	Due to succession to the shares of Chain-Logic International Corp. totaling NT$50 million and capital increase by recapitalization of earnings and employee bonus by NT$50 million, totaling NT$100 million, the capital became NT$300 million.
July 2002	Apply for registration of GTSM listed stock.
July 2002	Ranked 8th place among the "Top 100 Small-Sized and Medium-Sized Enterprises with Potential" selected by CommonWealth.
August 2002	Trade stock in GTSM, and apply for GTSM listed stock.
October 2002	Applied for GTSM listed stock approved by Securities Listing Review Committee of GTSM.

January 2003	MPI stock traded in GTSM as the general class stock as of January 6, 2003.
January 2003	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the second time.
July 2003	Ranking 8th place for EPS among the "Top 100 Small-Sized and Medium-Sized Enterprises with Potential" selected by CommonWealth.
July 2003	Applied for approval of the plan on the development of new leading products "semi-conductor components analysis platform" with Industrial Development Bureau.
August 2003	Trial mass production by vertical type probe card.
October 2003	Bldg. B of 1st Plant in Zhubei completed and activated.
April 2004	Offer the domestic 1st unsecured convertible corporate bond totaling NT$250 million.
April 2004	Incorporated Chia Hsin Investment Co., Ltd. and Yi Hsin Investment Co., Ltd. with capital of NT$29 million respectively, both owned by MPI wholly.
May 2004	The application for stationing in Luchu Science Park was passed by the Luchu Science Park Review Committee.
June 2004	Bldg. C of 1st Plant in Zhubei completed and activated.
March 2005	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the third time.
April 2005	Southern Taiwan Branch (1st Plant in Luchu) completed and activated.
June 2005	Family Day and Charity Carnival for 10th anniversary celebration.
June 2005	Ranking 7th place for EPS of technology index TWSE/GTSM stock, 5th place for profit ratio and 7th place for return on equity (ROE) among the "TOP 100 Technological Companies in Taiwan" selected by CommonWealth in 2004.
September 2005	Conferred the Industrial & Technological Development - Excellent Enterprise Innovation Award of 13th Term by MOEA.
November 2005	Employee dormitory completed and activated.
December 2005	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the fourth time.
May 2006	Received the approval letter for incorporation of Southern Taiwan Branch of MPI from MOEA.
September 2006	Listed as one of the candidates under the "Leading New product Development Guidance Plan - Special Report for 12 Candidates".
September 2006	Re-invested NT$50 million in the Taiwan subsidiary of MJC, Taiwan MJC Co., Ltd.
November 2006	Applied for approval of the plan on the new leading products "RFID Automatic Flip Chip Bonder" with Industrial Development Bureau.
February 2007	Offer the domestic 2nd unsecured convertible corporate bond totaling NT$400 million.
March 2007	2nd Plant in Luchu, Kaohsiung completed and activated.
March 2007	Trial mass production of solar chip dicing.
June 2007	Applied for approval of the plan on the new leading products

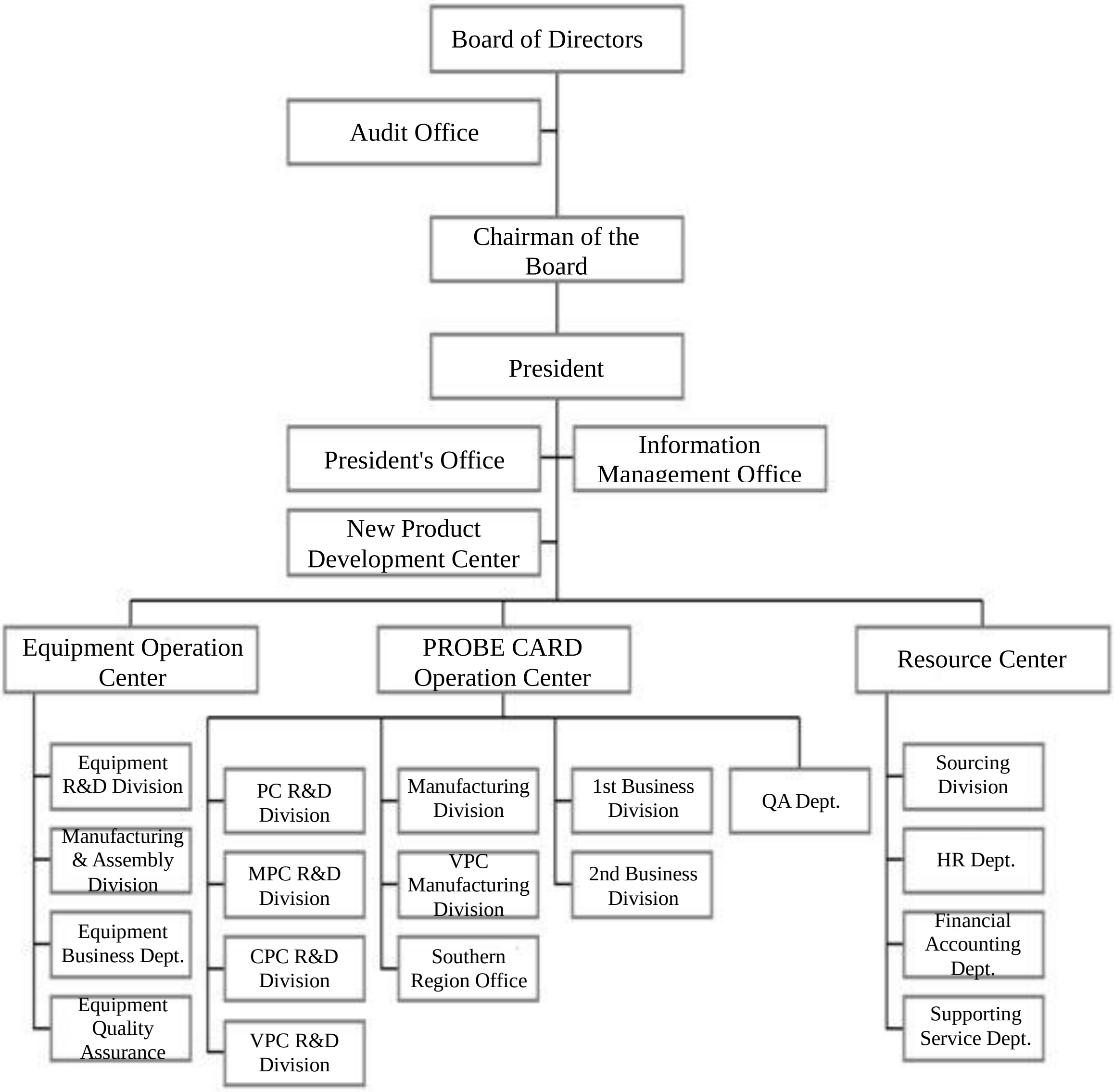
	"Advanced Micro Electro Mechanical SoC Probe Card" with Industrial Development Bureau.
January 2008	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the fifth time.
December 2008	Listed in the middle-sized enterprise rating among the "Top 73 Companies Which Make Most Money for Shareholders" selected by Global View Monthly.
February 2009	Taiwan Intellectual Property Office announced MPI as "2008 top 100 local innovative companies".
March 2009	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the sixth time.
June 2009	Applied for approval of the plan on the development of new leading products "semi-conductor high-frequency components probe card for testing" with Industrial Development Bureau.
December 2009	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the seventh time.
May 2010	Transfered the equity of Taiwan MJC Co., Ltd.
May 2010	Re-invested US$630 thousand in LEDA-ONE (Shenzhen) Co.
September 2010	Invested 900 million won in MEGTAS CO., LTD.
December 2010	Incorporated Won Tung Technology Co., Ltd. with capital of $500 thousand.
March 2011	Capital increase of MEGTAS CO., LTD. by 300 million won.
June 2011	TaisElec CO., LTD. made the investment by 750 million won.
June 2011	Re-invested US$1,400 thousand in MMK (Kunshan).
March 2012	Capital increase of MEGTAS CO., LTD. by 300 million won.
May 2012	2nd Plant in Zhubei completed and activated.
June 2012	Re-invested US$1,170 thousand in LEDA-ONE (Shenzhen) Co.
October 2012	Honored as "Deloitte Technology Fast500 Asia Pacific 2012"
February 2013	Taiwan Intellectual Property Office announced MPI ranking at 88th place among the "2012 top 100 local companies which apply for patent".
May 2013	Ranking at 7th place in the "Global Probe Card Suppliers' Billboard Published by VLSI Research Inc. in 2012"
May 2013	Ranking at 4th place in the best sub-system suppliers investigated by VLSI Research 2012
January 2014	Identified on the name list of 69 potential medium-sized enterprises selected by Ministry of Economic Affairs
January 2014	Reinvested US$4 million in Lumitek (Changchou) Co. Ltd.
February 2014	Taiwan Intellectual Property Office announced MPI ranking at 67th place among the "2013 top 100 local companies which apply for patent".
March 2014	Re-invested NT$50 million in Allstron Corporation.
April 2014	Ranked at 5th place in the global probe card suppliers' billboard in 2013 (by VSL Research).
September 2014	Purchased Xinpu Plant.
November 2014	United family day of 20th anniversary.

February 2015	Taiwan Intellectual Property Office announced MPI ranking at 79th place among the "2014 top 100 local companies which apply for patent".
February 2015	Reinvested US$7.5 million in Lumitek (Changchou) Co. Ltd.
April 2015	VLSI Research announced MPI ranking 1st place in the market of Epoxy/Cantilever Probe Cards in the world in 2014.
April 2015	VLSI Research announced MPI ranking 4th place in the market of vertical type probe cards in the world in 2014.
April 2015	VLSI Research announced MPI ranking at 5th place in the global probe card suppliers' billboard in 2014.
August 2014	Reinvested US$600 thousand in Lumitek (Changchou) Co. Ltd.
November 2015	Reinvested US$2.9 million in Lumitek (Changchou) Co. Ltd.
February 2016	Taiwan Intellectual Property Office announced MPI ranking at 65th place among the "2015 top 100 local companies which apply for patent".

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Operations and functions

Audit Office	Responsible for processing the audit, maintenance, improvement and suggest under the internal control system throughout the Company, and helping various units resolve problems, take corrective actions and upgrade efficiency.
President's Office	Help the President with the management planning and control over various departments' functions and implementation thereof, in order to achieve the business goals.
New Product Development Center	Responsible for design, development and improvement of new products and delivering mass production.
Information Management Office	Responsible for computerization, access to network, emails, and planning and configuration of Internet throughout the Company.
Equipment Operation Center	
Equipment R&D Division	Responsible for design, development and improvement of products.
Equipment Business Dept.	Responsible for communicating with customers (or agents) and promoting products.
Manufacturing & Assembly Division	Responsible for manufacturing and assembly of products.
Equipment Quality Assurance Dept.	Responsible for control over quality of the Company's products.
PROBE CARD Operation Center	
Manufacturing Division Southern Region Office	Exert the most effective production planning and control with the simplest internal/external resources to secure successful production and delivery deadline, and output the products of quality that meets customers' requirement in a timely, effective and safe manner, and also responsible for warehousing and archiving of the Company's supplies and products.
PC/CPC/VPC/MPC R&D Division	Responsible for design, development and improvement of products.
1st and 2nd Business Divisions	Control the domestic/foreign market trend and status of competitors, and achieve the business goals effectively and continue expanding market share.
QA Dept.	Responsible for control over quality of the Company's products
Resource Center	
Sourcing Division	Responsible for purchasing raw materials, supplies and products for the Company.
HR Dept.	Responsible for affairs related to personnel and labor laws & regulations.
Financial Accounting Dept.	Responsible for the Company's finance, accounting, stock affairs and taxation.
Supporting Service Dept.	Responsible for administrative management, general affairs and facility.

II. Information about Director, Supervisor, President, Vice President, Assistant Vice President, and Head of Department and Branch:

1. Directors & supervisors:

Job title	Nationality or place of registration	Name	Election (Appointment) Date	Term of office	Inauguration Date	Shares held at election		Shares held currently		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of a Third Party		Major (Academic Degree) Experience	and in any Other Company	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship		
						Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Job title	Name	Relationship
Chairman of the Board	R.O.C.	MPI Investment Co., Ltd.	June 12, 2015	3 years	April 16, 2001	8,334,626	10.47%	8,334,626	10.47%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
		Representative--Steve Chen	June 12, 2015	3 years	August 1, 2012	230,283	0.29%	230,283	0.29%	0	0.00%	0	0.00%	Academic degree: National Taiwan University, Department of Mechanical Engineering, Master Program Major experience: Material and Chemical Research Laboratories, Industrial Technology Research Institute	In the Company: CEO In other companies: Director of Chain-Logic International Corp., Chairman of MMI HOLDING CO., LTD., Chairman of Won Tung Technology Co., Ltd., and Director of Allstron Corporation	N/A	N/A	N/A
Director	R.O.C.	MPI Investment Co., Ltd.	June 12, 2015	3 years	April 16, 2001	8,334,626	10.47%	8,334,626	10.47%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
		Representative--Scott Kuo	June 12, 2015	3 years	November 26, 2012	438,037	0.55%	438,037	0.55%	179	0.00%	0	0.00%	Academic degree: University of South Florida, Department of Mechanical Engineering, Master Program Major experience: Mechanical and Systems Research Laboratories, Industrial Technology Research Institute	In the Company: President In other companies: Director of Chain-Logic International Corp., Supervisor of MPI Investment Co., Ltd., Director of Mjc Microelectronics (Shanghai) Co., Ltd, Chairman of Allstron Corporation, and Chairman of Lumitek (Changchou) Co. Ltd.	N/A	N/A	N/A
Director	Japan	MJC	June 12, 2015	3 years	April 16, 2001	6,548,576	8.23%	6,548,576	8.23%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
		Representative: Shinji Nomura	June 12, 2015	3 years	November 26, 2012	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Academic degree: Hitotsubashi University, Department of Economics Major experience: The Bank of Tokyo-Mitsubishi UFJ	In the Company: N/A In other companies: Head of HR & General Affairs Dept., Administration of MJC and also Head of Business Planning Office of MJC concurrently	N/A	N/A	N/A

Independent director	R.O.C.	Hsu, Mei-Fang	June 12, 2015	3 years	April 16, 2001	244,441	0.31%	244,441	0.31%	28,050	0.03%	0	0.00%	Academic degree: Ming Chuan University, Accounting Department Major experience: Baker Tilly Clock & CO	In the Company: N/A In other companies: Responsible person of GREAT ASIA CAPS AND COMPANY; supervisor of 104 Corporation	N/A	N/A	N/A
Independent director	R.O.C.	Kao, Chin-Cheng	June 12, 2015	3 years	April 16, 2001	162,414	0.20%	162,414	0.20%	17,944	0.02%	0	0.00%	Academic degree: Department of Law, National Chung Hsing University Major experience: Hui Lin Law Office	In the Company: N/A In other companies: Attorney-at-law of Lian Cheng Law Office	N/A	N/A	N/A
Supervisor	R.O.C.	Li, Tu-Cheng	June 12, 2015	3 years	April 16, 2001	629,349	0.79%	629,349	0.79%	914	0.00%	0	0.00%	Academic degree: Feng Chia University, Department of Business Administration Major experience: Chain-Logic International Corp.	In the Company: N/A In other companies: Chairman of Zen Voce Corporation, Chairman of Chen Ho Investment Ltd., Chairman of Zen Voce Technology (Taiwan) Co., Ltd., Director of Zen Voce Precision Equipment (Suzhou) Ltd., and Chairman of UNI-TEK SYSTEM, INC.	N/A	N/A	N/A
Supervisor	R.O.C.	Liu, Fang-Sheng	June 12, 2015	3 years	April 16, 2001	255,471	0.32%	255,471	0.32%	0	0.00%	0	0.00%	Academic degree: Kaohsiung Medical University, School of Dentistry Major experience: Taipei City Hospital	In the Company: N/A In other companies: Physician of Cheng Tai Dental Clinic	N/A	N/A	N/A
Supervisor	R.O.C.	Tsai, Chang-Shou	June 12, 2015	3 years	June 20, 2003	21,630	0.03%	21,630	0.03%	0	0.00%	0	0.00%	Academic degree: Chinese Culture University, Department of Accounting Major experience: Shang Ho CPA Office	In the Company: N/A In other companies: Practicing CPA of Shang Ho CPA Office; supervisor of Kung Long Batteries Industrial Co., Ltd.	N/A	N/A	N/A

Information about directors & supervisors (1)

Unit: April 30, 2016, share; %

2. For director or supervisor who acts as a corporate shareholder's representative, please specify the major shareholders of the corporate shareholder.

Schedule 1: Major shareholders of the corporate shareholder

April 30, 2016

Name of the corporate shareholder	Major shareholders of the corporate shareholder	Ratio of shareholding
MJC (Micronics Japan Co.,LTD)	Masayoshi Hasegawa	6.09%
	Nippon Life Insurance Company	4.21%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.33%
	Katsumi Hasegawa	2.96%
	Takehiro Hasegawa	2.95%
	MTK Asset Co., Ltd	2.79%
	Yoshiei Hasegawa	2.33%
	Sumitomo Mitsui Banking Corporation	1.85%
	CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	1.19%
	Japan Trustee Services Bank, Ltd. (Trust Account)	1.02%
MPI Investment Co., Ltd.	Ko, Chang-Lin	40.76%
	Li, Tu-Cheng	27.17%
	Teng, Su-Ching	6.34%
	Steve Chen	9.06%
	Yeh, Chi-Wen	4.07%
	Hsieh, Wei-Yun	3.60%
	Scott Kuo	2.68%

Schedule 2: Major shareholders of the corporate shareholder in Schedule 1 who are representatives of the corporate shareholder: It is impossible for the Company to access the information about major shareholders of Nippon Life Insurance Company, the Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW, and Japan Trustee Services Bank, Ltd. (Trust Account)

3. Information about directors & supervisors

Information about directors & supervisors (2)

April 30, 2016

Name (Note 1) \ Qualification		More than 5 years of experience and the following professional qualifications: Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities.	More than 5 years of experience and the following professional qualifications: Pass the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company.	More than 5 years of experience and the following professional qualifications: Required Work experience in commerce, law, finance, accounting or others required by the Company.	Status of independence (Note2): 1	2	3	4	5	6	7	8	9	10	Number of public companies where the person holds the title as independent director
Chairman of the Board	MPI Investment Co., Ltd. Representative--Steve Chen			✓				✓			✓	✓	✓		N/A
Director	MPI Investment Co., Ltd. Representative--Scott Kuo			✓				✓			✓	✓	✓		N/A
Director	Representative of MJC--Shinji Nomura			✓				✓			✓	✓	✓		N/A
Independent director	Hsu, Mei-Fang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A
Independent director	Kao, Chin-Cheng		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A
Supervisor	Liu, Fang-Sheng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A
Supervisor	Li, Tu-Cheng			✓	✓			✓		✓	✓	✓	✓	✓	N/A
Supervisor	Tsai, Chang-Shou		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A

Note 1: The number of spaces shall be adjusted subject to the actual circumstances.

Note 2: Respective directors and supervisors who meet the following qualifications two (2) years before assumption of office and at the time of assumption office shall put a "✓" in the appropriate space.

(1) Not an employee of the Company or its affiliates.

(2) Not a director or supervisor of the Company or its affiliates (excluding the capacity of independent director of the Company or its parents, or a subsidiary directly or indirectly held by the Company with more than a 50% stake).

(3) Not a natural person, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Company or among the top 10 natural person shareholders.

(4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third pillar under the Civil Code as specified in (1) through (3).

(5) Not a director, supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of a corporate shareholder who is among the top 5 shareholders.

(6) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of specific

company or institution in business or financial relation with the Company.

(7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the Company or its affiliates or a spouse to the aforementioned persons. However, this shall not apply to the remuneration committee members who exercise their powers in accordance with Article 7 of the Regulations on the Establishment of Remuneration Committees by TWSE/GTSM Listed Companies and their Exercise of Powers.

(8) Not a spouse to or kin at the second pillar under the Civil Code to any other director.

(9) Not under any of the categories stated in Article 30 of the Company Law.

(10) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Law.

4. Information About President, Vice President, Assistant Vice President, and Head of Department and Branch:

April 30, 2016

Job title	Nationality	Name	Election (Appointment) Date	Shares held		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	and in any Other Company	Managers Within the Second Degree of Kinship		
				Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Job title	Name	Relationship
Chairman of the Board	R.O.C.	Steve Chen	January 1, 2002	230,283	0.29%	0	0.00%	0	0.00%	Academic degree: National Taiwan University, Department of Mechanical Engineering, Master Program Major experience: Material and Chemical Research Laboratories, Industrial Technology Research Institute	Director of Chain-Logic International Corp. Director of MPI Investment Co., Ltd. Chairman of MMI HOLDING CO., LTD. CEO of Won Tung Technology Co., Ltd. Director of Allstron Corporation	N/A	N/A	N/A
President	R.O.C.	Scott Kuo	June 16, 2010	438,037	0.55%	179	0.00%	0	0.00%	Academic degree: University of South Florida, Department of Mechanical Engineering, Master Program Major experience: Mechanical and Systems Research Laboratories, Industrial Technology Research Institute	Director of Chain-Logic International Corp. MPI Investment Co., Ltd. Director of Allstron Corporation Chairman of Lumitek (Changchou) Co. Ltd.	N/A	N/A	N/A
Equipment Operation Center Vice President	R.O.C.	Fan, Wei-Ju	July 1, 2008	75,034	0.09%	16,038	0.02%	0	0.00%	Academic degree: National Chiao Tung University, the Institute of Electrical and Control Engineering Major experience: Mechanical and Systems Research	Chairman and also President of LEDA-ONE (Shenzhen) Co.	N/A	N/A	N/A

										Laboratories, Industrial Technology Research Institute				
Marketing Vice President	R.O.C.	Liu, Yung-Chin	June 20, 2011	20,211	0.03%	0	0.00%	0	0.00%	Academic degree: PhD, National Cheng Kung University, Department of Aeronautics and Astronautics Major experience: Mechanical and Systems Research Laboratories, Industrial Technology Research Institute	Director of Allstron Corporation	N/A	N/A	N/A
Assistant Manager of Resource Center	R.O.C.	Hsieh, Wei-Yun	April 17, 2001	228,920	0.29%	0	0.00%	0	0.00%	Academic degree: Feng Chia University, Department of Cooperative Economics Major experience: Chain-Logic International Corp.		N/A	N/A	N/A
Manager of Financial Accounting Dept.	R.O.C.	Rose Jao	March 9, 2007	72,251	0.09%	0	0.00%	0	0.00%	Academic degree: Minghsin University of Technology and Science, Department of Business Administration Major experience: Topco Quartz products Co., Ltd.	Supervisor of Chain-Logic International Corp. Supervisor of MPI Investment Co., Ltd. Supervisor of LEDA-ONE (Shenzhen) Co. Supervisor of Allstron Corporation	N/A	N/A	N/A

5. Remuneration to directors, supervisors, presidents and vice presidents of the Company in the most recent year

(1) Remuneration to directors:

December 31, 2015. Currency unit: in NTD 1,000

Job title	Name	Remuneration to directors								The sum of A, B, C and D to Earnings after Tax		Remuneration in the capacity as employees												The sum of A, B, C, D, E, F and G to Earnings after Tax (%)		Remuneration from investees beyond subsidiaries
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Fees for practicing services (D)				Salaries, bonus and special subsidies (E)		Pension (F)		Remuneration to employees (G)				Quantity of shares entitled under employee stock option (H)		Quantity of limited employee new shares obtained (I)				
		The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company		All companies included into the financial statement.		The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	
																Cash dividends	Stock dividends	Cash dividends	Stock dividends							
Chairman of the Board	Representative of MPI Investment Co., Ltd.: Steve Chen	0	0	0	0	4,475	4,475	0	0	1.52%	1.52%	9,687	9,687	0	0	841	0	841	0	0	0	0	0	5.10%	5.10%	N/A
Director	Representative of MPI Investment Co., Ltd.: Scott Kuo																									
Director	Representative of MJC: Shinji Nomura																									
Independent director	Hsu, Mei-Fang																									
Independent director	Kao, Chin-Cheng																									

Breakdown of Remuneration

Breakdown of remuneration paid to each director	Name of Director			
	The sum of (A+B+C+D)		The sum of (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statement (I)	The Company	All companies included in the financial statement (J)
Less than NT$2,000,000	Representative of MPI Investment: Steve Chen Representative of MPI Investment: Scott Kuo Representative of MJC: Shinji Nomura Hsu, Mei-Fang and Kao, Chin-Cheng	Representative of MPI Investment: Steve Chen Representative of MPI Investment: Scott Kuo Representative of MJC: Shinji Nomura Hsu, Mei-Fang and Kao, Chin-Cheng	Representative of MJC: Shinji Nomura Hsu, Mei-Fang and Kao, Chin-Cheng	Representative of MJC: Shinji Nomura Hsu, Mei-Fang and Kao, Chin-Cheng
NT$2,000,000 (inclusive) ~ NT$5,000,000 (exclusive)				
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)			Representative of MPI Investment: Steve Chen Representative of MPI Investment: Scott Kuo	Representative of MPI Investment: Steve Chen Representative of MPI Investment: Scott Kuo
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)				
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)				
NT$100,000,000 or more				
Total	5	5	5	5

(2) Remuneration to supervisors

December 31, 2015 Currency unit: in NTD 1,000

<table>
<tr><th rowspan="3">Job title</th><th rowspan="3">Name</th><th colspan="6">Remuneration to supervisor</th><th colspan="2" rowspan="2">The sum of A, B and C to Earnings after Tax (%)</th><th rowspan="3">Remuneration from investees beyond subsidiaries</th></tr>
<tr><th colspan="2">Remuneration (A)</th><th colspan="2">Compensation (B)</th><th colspan="2">Fees for practicing services (C)</th></tr>
<tr><th>The Company</th><th>All companies included into the financial statement.</th><th>The Company</th><th>All companies included into the financial statement.</th><th>The Company</th><th>All companies included into the financial statement.</th><th>The Company</th><th>All companies included into the financial statement.</th></tr>
<tr><td>Supervisor</td><td>Li, Tu-Cheng</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">2,685</td><td rowspan="3">2,68</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0.91%</td><td rowspan="3">0.91%</td><td rowspan="3">N/A</td></tr>
<tr><td>Supervisor</td><td>Liu, Fang-Sheng</td></tr>
<tr><td>Supervisor</td><td>Tsai, Chang-Shou</td></tr>
</table>

Breakdown of Remuneration

<table>
<tr><th rowspan="3">Breakdown of remuneration paid to each supervisor</th><th colspan="2">Supervisor</th></tr>
<tr><th colspan="2">The sum of (A+B+C)</th></tr>
<tr><th>The Company</th><th>All companies included into the financial statement.</th></tr>
<tr><td>Less than NT$2,000,000</td><td>Li, Tu-Cheng; Liu, Fang-Sheng; Tsai, Chang-Shou</td><td>Li, Tu-Cheng; Liu, Fang-Sheng; Tsai, Chang-Shou</td></tr>
<tr><td>NT$2,000,000 (inclusive) ~ NT$5,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)</td><td></td><td></td></tr>
<tr><td>NT$100,000,000 or more</td><td></td><td></td></tr>
<tr><td>Total</td><td>3</td><td>3</td></tr>
</table>

(3) Remuneration to presidents and vice presidents

December 31, 2015 Currency unit: in NTD 1,000

Job title	Name	Salary (A)		Pension (B)		Bonus and special allowance (C)		Remuneration to employees (D)				The sum of A, B, C and D to Earnings after Tax (%)		Employee stock options granted		Quantity of limited employee new shares obtained		Remuneration from investees beyond subsidiaries
		The Company	All companies included into the financial statement.	The Company (Note 1)	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company		All companies included into the financial statement.		The Company	All companies included into the financial statement.	The Company	All companies included into the financial statement.	The Company		
								Cash dividends	Stock dividends	Cash dividends	Stock dividends							
President	Scott Kuo	7,097	7,097	322	322	3,117	3,117	575	0	575	0	3.78%	3.78%	0	0	0	0	N/A
Vice President	Fan, Wei-Ju																	
Vice President	Liu, Yung-Chin																	

Note 1: The pension to the President and Vice President refers to the contribution provided by the Company.

Breakdown of Remuneration

Breakdown of remuneration paid to each president and vice president	Names of president and vice president	
	The Company	All companies included into the financial statement
Less than NT$2,000,000	Fan, Wei-Ju; Liu, Yung-Chin	Fan, Wei-Ju; Liu, Yung-Chin
NT$2,000,000 (inclusive) ~ NT$5,000,000 (exclusive)	Scott Kuo	Scott Kuo
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)		
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)		
NT$100,000,000 or more		
Total	3	3

(4) Remuneration to employees paid to managerial officers, and the status of allocation:

December 31, 2015; Currency unit: in NTD 1,000

	Job title	Name	Stock dividends	Cash dividends	Total	Proportion to Earnings After Tax (%)
Manager	President	Scott Kuo	0	748	748	0.25%
	Vice President	Fan, Wei-Ju				
	Vice President	Liu, Yung-Chin				
	Assistant Manager	Hsieh, Wei-Yun				
	Manager	Rose Jao				

6. Specify and compare the remuneration to directors, supervisors, presidents and vice presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements in the most recent two (2) years, and specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk.

Job title	2014				2015			
	Total remuneration (NT$ thousand)		Proportion to Earnings After Tax (%)		Total remuneration (NT$ thousand)		Proportion to Earnings After Tax (%)	
	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement
Director	22,829	22,829	4.46%	4.46%	15,003	15,003	5.10%	5.10%
Supervisor	4,215	4,215	0.81%	0.81%	2,685	2,685	0.91%	0.91%
President Vice President	14,940	14,940	2.89%	2.89%	11,111	11,111	3.78%	3.78%
Total	41,984	41,984	8.11%	8.11%	28,799	28,799	9.79%	9.79%

The Company allocates the remuneration to directors/supervisors in accordance with the Articles of Incorporation and also based on the industry standards. The remuneration to directors/supervisors and employee is paid from earnings based on the business performance. The appointment, termination and remuneration of the Company's presidents and vice presidents would be adjusted based on their business performance and reported to the Remuneration Committee for review and approval, and then to the board of directors for review. The Company's polices of remuneration vary based on earnings and have nothing to do with future risk.

III. Status of corporate governance

(I) Operations of the Board

The Board held 7 meetings (A) in 2015. The attendance record of directors & supervisors is listed below:

Job title	Name	Actual attendance rate (%) (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman of the Board	Representative of MPI Investment Co., Ltd.: Steve Chen	7	0	100%	Re-elected on June 12, 2015
Director	Representative of MPI Investment Co., Ltd.: Scott Kuo	7	0	100%	Re-elected on June 12, 2015
Director	Representative of MJC: Shinji Nomura	7	0	100%	Re-elected on June 12, 2015
Independent director	Kao, Chin-Cheng	6	1	86%	Re-elected on June 12, 2015
Independent director	Hsu, Mei-Fang	7	0	100%	Re-elected on June 12, 2015
Supervisor	Li, Tu-Cheng	6	0	86%	Re-elected on June 12, 2015
Supervisor	Liu, Fang-Sheng	7	0	100%	Re-elected on June 12, 2015
Supervisor	Tsai, Chang-Shou	7	0	100%	Re-elected on June 12, 2015

Other notes:

I. Concerning items listed in Article 14-3 of the Securities and Exchange Act as well as items in board resolutions regarding which independent directors have voiced opposing or qualified opinions on the record or in writing, and said dissenting opinion has been recorded or prepared as a written declaration: None.

II. Status of directors' recusing himself/herself due to a conflict of interest: None.

III. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:

(1) The Company defined its "Parliamentary Rules for Directors' Meeting" in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and would also enter the status of directors' attendance into the Market Observation Post System (MOPS) and disclose the important resolutions made by the directors' meeting on the Company's website.

(2) The Company elected two independent directors who should meet at least once per quarter, responsible for the adequate expression of the Company's financial statement, external auditor's independence, effective implementation of internal control, compliance with laws & rules, and assessment and control over the Company's risk.

(3) The Company established the remuneration committee on December 30, 2011. The committee should evaluate the Company's policies and systems of remuneration to directors, supervisors and managers, in a professional and optimistic manner, and should submit suggestions to the Board of Directors as the reference for decision-making.

(II) Status of audit committee: The Company has not yet established the audit committee.

(III) Supervisors' participation in the function of Board of Directors

The Board held 7 meetings (A) in 2015. The attendance record is specified as below:

Job title	Name	Actual attendance (B)	Actual attendance rate (%)	Remark
Supervisor	Li, Tu-Cheng	6	86%	Re-elected on June 12, 2015
Supervisor	Liu, Fang-Sheng	7	100%	Re-elected on June 12, 2015
Supervisor	Tsai, Chang-Shou	7	100%	Re-elected on June 12, 2015

Other notes:

I. The organization of supervisors and their duties:

(I) Communications between the Supervisors and the employees and shareholders: If the supervisors deem necessary, they may communicate with the Company's employees and shareholders directly.

(II) Communication between supervisors and internal audit officers and CPA: The Company's supervisors may check the Company's business and finance at any time, and ask the Board of Directors or managers to submit the relevant report. If necessary, the supervisors would contact the CPA. The internal audit director shall submit the audit report to supervisors periodically.

II. If any supervisor attends the meeting of the board of directors to state their opinion, it is necessary to specify the date, session, motions and resolution of the meet of the board of directors, and the Company's response to the opinion stated by the supervisor: None

(IV) Status of Corporate Governance, and any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Whether the Company has established rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	√		The Company has established its rules of corporate governance in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", and disclosed the same on the Company's website and MOPS.	No non-conformity
II. Equity structure and shareholders' equity				

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
(I) Whether the Company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	√		The Company has defined its parliamentary rules for shareholders' meeting, and also established the spokesman and deputy spokesman systems as required. The Company appointed dedicated personnel to deal with the investors relation and issues related to shareholders. The contact No. and email address may be viewed in the investor section on the Company's website.	No non-conformity
(II) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	√		The Company appointed a shares registrar, and would update the roster of shareholders periodically to control the name list of parties who control the Company's equity ultimately.	No non-conformity
(III) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates?	√		The Company has defined such control system as "Regulations Governing Supervision of Subsidiaries" and "Regulations Governing Transactions Between Specific Company Group and Related Party".	No non-conformity
(IV) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	√		Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	No non-conformity
III. The organization of Board of Directors and its duties:				
(I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	√		The Company has appointed two independent directors, including one female director. Each of the directors has some professional backgrounds covering laws, accounting, industries, finance, marketing, R&D, business administration, expertise and industrial experience, et al. Diversified policies are implemented substantively according to the composition of the members.	No non-conformity

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		√	The Company has set up the Remuneration Committee and Audit Committee lawfully, but has had not other functional committee set up voluntarily so far.	No non-conformity
(III) Does the Company have the performance evaluation rules and methods for the Board of Directors regulated and have the performance evaluation performed regularly every year?		√	The Company has not yet established any performance evaluation rules and methods so far.	No non-conformity
(IV) Does the Company have the independence of the public accountant evaluated regularly?	√		The Company's Board of Directors would assess the independence, competency and professionalism of the external auditor regularly in accordance with the relevant laws and regulations.	No non-conformity
IV. Does the Company have established a communication channel for the stakeholders, set up the stakeholder section on the Company’s website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?		√	The Company has established a communication channel for the stakeholders, but has not yet set up the stakeholder section on the Company's website.	Under research and planning
V. Does the Company have commissioned a professional stock service agent to handle shareholders' affairs?	√		The Company has commissioned the professional stock service agent, Share Registration Agency Service Department, Hua Nan Securities, to handle the shareholders' affairs.	No non-conformity
VI. Disclosure				
(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	√		The Company's stock code is 6223. The status of the Company's finance and corporate governance may be accessed at the MOPS, and on the website established by the Company at http://www.mpi.com.tw.	No non-conformity

Items under evaluation	Status: Yes	Status: No	Status: Summary	Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
(II) Whether there are other means for disclosure adopted by the Company (e.g. set up a English website, with the personnel dedicated to gathering and disclosing relevant information, properly implement the spokesman system, and post the meetings minutes with institutional investors on the Company website)?	√		The website established by the Company provides the English version. The Company has also delegated the spokesman and deputy spokesman to collect and disclose the Company's information, to fulfill the spokesman system.	No non-conformity
VII. Other important information facilitating understanding of the functioning of corporate governance (including but not limited to, the state of employees' rights and interests, concern for employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the Company for directors and supervisors)?	√		Note 1	No non-conformity
VIII. Whether the Company conducts a corporate governance self-assessment report or commissions a professional organization to compile a corporate governance assessment report? (If any, please state the comments from the board of directors, the results of self-assessment or commissioned assessment, major deficiencies or suggestions, and improvements.)		√	The Company has no corporate governance self-assessment report or the corporate governance assessment report compiled by any professional organization currently.	Under research and planning

Note 1: Establishment of nomination committee or other functional committees, and the status of their operations.
The Company has established the remuneration committee. The committee will call a meeting at least twice per year, dedicated to appraising the performance of directors and managers, and the policies of remuneration. The Company has not yet established any nomination committee or other functional committees.

1. Information about remuneration committee members

ID	Qualification / Name	More than five (5) years of experience and the following professional qualifications			Status of independence								Number of public companies where the person holds the title as Remuneration Committee member	Remark
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities.	Pass the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company.	Required Work experience in commerce, law, finance, accounting or others required by the Company	1	2	3	4	5	6	7	8		
Independent director	Kao, Chin-Cheng		✓	✓	√	√	√	√	√	√	√	√	N/A	N/A
Independent director	Hsu, Mei-Fang		✓	✓	√	√	√	√	√	√	√	√	N/A	N/A
Others	Su, Hsien-Teng		✓	✓	√	√	√	√	√	√	√	√	N/A	N/A

Note 1: Please specify director, independent director or others.

Note 2: Respective members who meet the following qualifications two (2) years before assumption of office and at the time of assumption office shall put a "✓" in the appropriate space.

(1) Not an employee of the Company or its affiliates.
(2) Not a director or supervisor of the Company or its affiliates , but excluding the capacity of independent director of the Company or its parents, or a subsidiary directly or indirectly held by the Company with more than a 50% stake.
(3) Not a natural person, spouse, underage children, or under the title of a third party who holds more than 1% of the outstanding shares issued by the Company or among the top 10 natural person shareholders.
(4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third pillar under the Civil Code as specified in (1) through (3).
(5) Not a director, supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
(6) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of specific company or institution in business or financial relation with the Company.
(7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the Company or its affiliates or a spouse to the aforementioned persons.
(8) Not under any of the categories stated in Article 30 of the Company Law.

Note 3: If the member's identity refers to a director, please specify whether Paragraph 5 of Article 6 of the "Regulations on the Establishment of Remuneration Committees by TWSE/GTSM Listed Companies and their Exercise of Powers" is met.

2. Information about status of Remuneration Committee
   (1) The Company's Remuneration Committee consists of three (3) members.
   (2) Current term of office: The term of office commences from August 7, 2015 until June 11, 2018. The Committee held 4 meetings in 2015.

The qualifications and attendance record of the Committee members is summarized as follows:

Job title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remark
Convener	Kao, Chin-Cheng	4	0	100%	Re-elected on August 7, 2015
Member	Hsu, Mei-Fang	4	0	100%	Re-elected on August 7, 2015
Member	Su, Hsien-Teng	4	0	100%	Re-elected on August 7, 2015
Other notes: I. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the board of directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration ratified by the board of directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): None II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.					

Note:
(1) Where a committee member may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the 'Remarks" Section. His/her actual attendance rate (%) to the committee meeting shall be calculated on the basis of the number of meetings called and actual number of meetings he/she attended, during his/her term of office.

(2) Where an election may be held for filling the vacancies of committee member before the end of the fiscal year, please list out both the new and the discharged committee members, and specify if they are the former members or newly elected, re-elected, and also the date of the reelection. His/her actual attendance rate (%) to the committee meeting shall be calculated on the basis of the number of meetings called and actual number of meetings he/she attended, during his/her term of office.

3. Other important information relevant to the understanding of actual corporate governance
   (1) The Company defines its work rules in accordance with the relevant laws and regulations, which provide written provisions about protection of human rights and employee's interest and right. Meanwhile, the Company will maintain the reciprocal cooperation relationship with suppliers and customers trading with the Company.
   (2) The Company has not yet defined its own corporate governance best-practice principles. Therefore, no relevant information is available for the time being.
   (3) The Company's directors and supervisors are able to perform their duties honestly and exercise their powers as good administrators.
   (4) The Company has purchased liability insurance for directors/supervisors in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies". For the relevant information, please visit the MOPS.
   (5) In order to enhance the corporate governance, the Company's Board of Directors will call a meeting at least once per quarter.
   (6) "The status of continuing education of directors and supervisors" is disclosed at the MOPS(http://newmops.tse.com.tw)

Status of continuing education of directors & supervisors:

Job title	Name	Organizer	Date	Courses	Hours	Conformity with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies"
Chairman of the Board	Representative of MPI Investment Co., Ltd.: Steve Chen	N/A	N/A	N/A	N/A	No
Director	Representative of MPI Investment Co., Ltd.: Scott Kuo	N/A	N/A	N/A	N/A	No
Director	Representative of MJC: Shinji Nomura	N/A	N/A	N/A	N/A	No
Independent director	Kao, Chin-Cheng	N/A	N/A	N/A	N/A	No
Independent director	Hsu, Mei-Fang	National Federation of Certified Public Accountant Associations of the Republic of China	2015/07/03	Analysis on construction industry taxation laws and practices	3	Yes
			2015/07/29	Interpretation on the company laws for the new system and future practices	3	
			2015/08/17	Interpretation on the latest information about new and amended taxation laws in 2015	6	
Supervisor	Li, Tu-Cheng	N/A	N/A	N/A	N/A	No
Supervisor	Liu, Fang-Sheng	N/A	N/A	N/A	N/A	No
Supervisor	Tsai, Chang-Shou	N/A	N/A	N/A	N/A	No

(V) Implementation of Corporate Social Responsibility

Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Promote the implementation of corporate governance				
(I) Does the Company have a corporate social responsibility policy or system in place? Whether the implementation effectiveness of the Company's corporate social responsibility policy and system is reviewed?		√	The Company has not yet had a corporate social responsibility policy or system in place.	Under research
(II) Does the Company organize social responsibility training on a regular basis?		√	The Company does not organize social responsibility training on a regular basis.	Under research

Items under evaluation	Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
(III) Does the Company have a unit that specializes (part-time) in CSR practices? Is the CSR unit run by senior management and does the unit report its progress to the board of directors?		√	The Company has not yet established a unit dedicated to promoting CSR practices.	Under research
(IV) Does the Company have a reasonable salary and remuneration policy setup, have the employee performance evaluation system combined with corporate social responsibility policies, and have a clear and effective reward and punishment system established?	√		The Company organizes the orientation training periodically, covering the enterprise culture, work rules, concept about quality control, safety education and training to enable new employees to known about the Company's organization and management regulations.	No non-conformity
II. Development of a sustainable environment				
(I) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?	√		The Company recycles various materials and supplies and adopts low-contamination raw materials to reduce the impact to the environment.	No non-conformity
(II) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	√		The Company handles the environment management-related affairs pursuant to the environmental protection and labor safety laws and regulations.	No non-conformity
(III) Whether the Company is mindful of the impact of climate change on its operations, and implements greenhouse gas check and develops a strategy to reduce carbon emissions and other greenhouse gas?	√		The Company works hard to boost such measures for classification of garbage and reduction of waste, reduction of detergent (replaced with camellia powder), usage of disposable bowls and chopsticks, and saving of water and power consumption, in order to achieve the goal for saving energy and reducing carbon and greenhouse gas.	No non-conformity
III. Social welfare				

Items under evaluation		Status			Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
		Yes	No	Summary	
(I)	Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	√		The Company defines its work rules in accordance with Article 70 of the Labor Standard Law, and reports the same to the competent authority for approval and disclosure.	No non-conformity
(II)	Does the Company have the complaint mechanism and channel established for employees and have it handled properly?	√		The Company provides diversified communication management to enhance the interaction between the Company and employees.	No non-conformity
(III)	Whether the Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education measures?	√		The Company organizes the operating environment test, employees' health examination, health symposiums, safety and sanitation education and training, and on-site health inquiry with physician, and also establishes the breastfeeding room, medical room, lounge for employees, and parking lots exclusive for the mother-to-be, in order to provide a working environment where it is safe and comfortable and employees are pleased to work.	No non-conformity
(IV)	Whether the Company establishes the mechanism for periodic communication with employees, and sends notification to employees of the circumstances which might materially affect the operation in a reasonable manner?	√		The Company will organize a management meeting on a monthly basis. Each department will also organize its monthly meeting to provide the communication channel between heads and employees for correction of problems.	No non-conformity
(V)	Does the Company have an effective career capacity development training program established for the employees?	√		The Company organizes the career capacity development training program for employees on a regular basis.	No non-conformity

<table>
<tr><td rowspan="2">Items under evaluation</td><td colspan="3">Status</td><td rowspan="2">Any nonconformity to the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td>(VI) Has the Company implemented consumer protection and grievance policies with regards to its research, development, procurement, production, operating and service activities?</td><td>√</td><td></td><td>The Company's Business Dept. and QA Dept. are responsible for dealing with any extraordinary circumstances about products for customers, and the Company also establishes the exclusive taskforce dedicated to providing related services.</td><td>No non-conformity</td></tr>
<tr><td>(VII) Has the Company complied with laws and international standards with regards to the marketing and labeling of products and services?</td><td>√</td><td></td><td>The Company has complied with laws and international standards with regards to the marketing and labeling of products and services.</td><td>No non-conformity</td></tr>
<tr><td>(VIII) Does the Company evaluate suppliers' environmental and social conducts before commencing business relationships?</td><td></td><td>√</td><td>For the time being, the Company doesn't evaluate suppliers' environmental and social conducts before commencing business relationships.</td><td>Under research</td></tr>
<tr><td>(IX) Is the Company entitled to terminate supply agreement at any time with a major supplier, if the supplier is found to have violated its corporate social responsibilities and caused significant impacts against the environment or the society?</td><td></td><td>√</td><td>For the time being, the Company's supply agreement does not expressly state that the Company is entitled to terminate the supply agreement at any time with a major supplier, if the supplier is found to have violated its corporate social responsibilities and caused significant impacts against the environment or the society.</td><td>Under research</td></tr>
<tr><td colspan="5">IV. Strengthening information disclosure</td></tr>
<tr><td>(I) Has the Company disclosed relevant and reliable CSR information on its website and at the Market Observation Post System?</td><td></td><td>√</td><td>The Company has not yet disclosed the relevant and reliable CSR information on its website and at the Market Observation Post System.</td><td>Under research</td></tr>
<tr><td colspan="5">V. Has the Company established its own corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”? If any, please describe any discrepancy between the principles and their implementation: under research.</td></tr>
<tr><td colspan="5">VI. Other important information relevant to the understanding of actual corporate governance: N/A</td></tr>
<tr><td colspan="5">VII. Verification of the Company's Corporate Social Responsibility Report according to the standards of relevant certifying organizations, if any: N/A</td></tr>
</table>

(VI) Implementation of ethical business practices

Items under evaluation	Status			Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Establish ethical business policies and programs				
(I) Has the Company stated in its Articles of Incorporation or external correspondence about the polices and practices it has to maintain ethical management? Are the board of directors and the management committed in fulfilling this commitment?	√		The Company adheres to the ethical business principle, and aims at creating the maximum interest for shareholders and employees. The Board of Directors and management also work hard to fulfill the ethical business.	No non-conformity
(II) Does the Company have the prevention program for any fraud stipulated; also, have the respective operating procedures, behavior guidelines, disciplinary actions, and complaints system declared explicitly, and also have it implemented substantively?	√		According to the Company's "Service Agreement", employees are required to maintain the highest ethical business conduct. The Agreement also expressly states the SOP and guidance for ethical behavior.	No non-conformity
(III) Does the Company have preventive measures adopted in response to the conducts stated in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other business activities subject to higher risk of fraud?	√		All of the Company's employees need to comply with the Company's "Service Agreement" and to prevent bribery and acceptance of bribery, and illegal political contribution.	No non-conformity
II. Implementation of ethical business practices				
(I) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any ethical management	√		The Company has already signed the "Non-Disclosure Agreement" which expressly defines the clauses about ethical behavior with its trading counterparts.	No non-conformity

	clauses in the agreements it signs with business partners?				
(II)	Does the Company have a specific (part-time) unit set up under the board of directors to advocate ethical corporate management and to report its implementation to the Board on a regular basis?		√	The Company has not yet set up any specific (part-time) unit to advocate ethical corporate management.	Under research
(III)	Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	√		The Company defines the conflict of interest policy to avoid any conflict with personal interest and the Company's interest.	No non-conformity
(IV)	Has the Company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Are these systems reviewed by internal or external auditors on a regular basis?	√		The Company establishes the effective accounting system and internal control system. Auditors would also audit the compliance with the systems periodically.	No non-conformity
(V)	Does the Company organize internal or external training on a regular basis to maintain ethical management?		√	The Company has not yet organized any educational training about ethical management.	Under research
III. Reporting of misconducts					
(I)	Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	√		The Company defines the "administrative disciplinary" measures. Any complaint may be filed via the email exclusive for employees' complaining.	No non-conformity
(II)	Has the Company implemented any standard operating procedures or confidentiality measures for handling reported misconducts?	√		The Company has implemented standard operating procedures or confidentiality measures for handling reported misconducts.	No non-conformity
(III)	Has the Company provided proper whistle blower protection?	√		The Company will keep the complainant's personal information confidential and take appropriate protective measures.	No non-conformity

IV. Strengthening information disclosure		
(I) Has the Company disclosed its ethical management principles and progress onto its website and Market Observation Post System (MOPS)?	The Company's website and Market Observation Post System (MOPS) have not yet disclosed any ethical management principles.	Under research
V. Has the Company established its own ethical management best practice principles based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”? If any, please describe any discrepancy between the principles and their implementation: The Company has not yet defines its own ethical management best practice principles.		
VI. Other important information regarding the Company’s ethical management (e.g., the Company’s reviewing and amending the Company’s ethical management best practice principles, etc.): N/A		

(VII) Please disclose the access to the Company’s Corporate Governance Best Practice Principles and related rules and regulations, if any: N/A

(VIII) Other information enabling better understanding of the Company’s corporate governance: N/A

(IX) Disclosure of internal control system

1. Internal Control Declaration:

MPI Corporation
Declaration of International Control System

Date: March 23, 2016

The Company has inspected the 2015 internal control system autonomously with the results illustrated as follows:

I. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it is established accordingly. The purpose of establishing the internal control system is to reasonably ensure the fulfillment of operation effect and efficiency (including profit, performance, and protection of assets safety), financial report reliability, and compliance.

II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. The Company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.

III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria defined in “the Regulations” include five elements depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into a sub-category. Please refer to “the Regulations” for details.

IV. The Company has implemented the criteria of the internal control system referred to above to inspect the effectiveness of internal control system design and implementation.

V. The Company based on the inspection result referred to above has concluded that the internal control system (including the supervision and management over the subsidiaries) on December 31, 2015 is reasonably effective in achieving the objectives of operation effect and efficiency, financial report reliability, and compliance.

VI. The Declaration of Internal Control System is the main content of the Company’s annual report and prospectus published. Any false and concealment of the published contents referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. The Declaration of Internal Control System was resolved at the Board meeting with the objection of 0 board directors out of the 5 attending board directors on March 23, 2016. The contents of the declaration has been accepted without any objection.

MPI Corporation

CEO: Steve Chen (affixation of seal)

President: Scott Kuo (affixation of seal)

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A

(X) Punishment of the Company or its internal personnel in accordance with law, the Company's punishment of its internal personnel for violating internal control system regulations, main deficiencies, and improvements during the most recent year and up to the date of publication of this annual report: N/A

(XI) Resolutions reached in the shareholder's meeting or by the Board of Directors during the most recent year and up to the date of publication of this annual report:

Important resolution reached by the Board of Directors:

Name of Meeting	Date of Meeting	Important resolution	Result
Board of Directors	January 13, 2015	The motion for the Company's business plan (financial budget) 2015	Unanimously approved by the present directors, and the President was authorized to deal with the related matters with full power.
		Discussion about contribution to employee bonus and remuneration to directors/supervisors after expensing employee bonus in 2014.	Unanimously approved by the present directors
		Discussion about ratio of the contribution to employee bonus and remuneration to directors/supervisors after expensing employee bonus in 2015.	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about the record date for issuance of new shares upon conversion of 3rd non-secured domestic convertible corporate bonds into common stock in Q4 of 2014.	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
Board of Directors	March 24, 2015	Discussion about the individual financial statement and business report 2014	Unanimously approved by the present directors, and submitted to the general shareholders' meeting for ratification.
		Discussion about the consolidated financial statements 2014	Unanimously approved by the present directors, and submitted to the general shareholders' meeting for ratification.
		Discussion about allocation of earnings 2014	Unanimously approved by the present directors, and submitted to the general shareholders' meeting for ratification.
		Discussion about capital increase by recapitalization of earnings and employee bonus and offering of new shares	0 share to be allocated per 1,000 shares of stock dividend, and NT$4 to be allocated per share of cash dividend, preliminarily
		Discussion about the amendments to the Company's	Unanimously approved by

		"Articles of Incorporation"	the present directors, and submitted to the general shareholders' meeting for discussion.
		Discussion about the amendments to the Company's "Parliamentary Procedure for General Meeting of Shareholders"	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about amendments to the Company's "internal control system"	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about the Declaration of International Control System 2014	Unanimously approved by the present directors
		Reelection of directors & supervisors	The newly elected directors and supervisors shall serve from June 12, 2015 until June 11, 2018. Meanwhile, a motion for nomination, election
		and review of candidates for independent directors was submitted to the shareholders' meeting.	The two candidates for independent directors nominated by the board of directors both met the qualifications of independent director. The resolution was rendered in favor of the motion under common consent of all directors upon the chairperson's inquiry.
		Discussion about date, location and agenda of the general shareholders' meeting 2015	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about the Company's plan to purchase the first lot of land	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about the Company's plan to purchase the second lot of land	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about loaning of fund by the Company	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about remuneration to the Company's managers reviewed by Remuneration Committee	CEO appointed the independent director, Mr. Kao, Chin-Cheng, to act as the chairperson. The other present directors approved

			the motion unanimously.
Board of Directors	April 15, 2015	Discussion about the record date for issuance of new shares upon conversion of 3rd non-secured domestic convertible corporate bonds into common stock in Q1 of 2015.	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Motion for change of the external audit responsible for auditing the Company's financial statements.	Unanimously approved by the present directors
		Motion for review on qualifications of nominated candidates for independent directors.	Hsu, Mei-Fang, CPA and Kao, Chin-Cheng, Attorney-at-Law were nominated as the candidates for independent director upon unanimous agreement of the present directors at the general shareholders' meeting 2015, and the motion for election of the independent directors was submitted to the shareholders' meeting.
Board of Directors	June 12, 2015	Motion for election of Chairman of the Board	Representative of MPI Investment Co., Ltd., Mr. Steve Chen, was elected to be the Chairman of the Board of the current term upon unanimous agreement of the present directors, who shall act on behalf of the Company externally.
Board of Directors	August 7, 2015	Discussion about distribution of cash dividends to shareholders	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about appointment of the remuneration committee members	Unanimously approved by the present directors
		The Company shall proceed to repurchase the issued shares in order to encourage employees.	Unanimously approved by the present directors
Board of Directors	November 11, 2015	Discussion about the Company's internal audit plan 2016	Unanimously approved by the present directors
		Discussion about enactment of the "Operating Procedure for Application for Suspension and Resumption of Trading"	Unanimously approved by the present directors
		Discussion about the amendments to the Company's "Articles of Incorporation"	Unanimously approved by the present directors
Board of Directors	January 27, 2016	Discussion about the Company's business plan (financial budget) 2016	Unanimously approved by the present directors, and the President was authorized to deal with the related matters with full power.
		Discussion about allocation ratios for remuneration to employees, directors and supervisors in 2016	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
		Discussion about remuneration to the Company's managers reviewed by Remuneration Committee	CEO appointed the independent director, Mr.

			Kao, Chin-Cheng, to act as the chairperson. The other present directors approved the motion unanimously.
Board of Directors	March 9, 2016	Discussion about transfer of the Company's treasury stock to employees and managers reviewed by Remuneration Committee	Unanimously approved by the present directors
		Discussion about transfer of the repurchased shares to employees pursuant to the Company's "Regulations Governing Transfer of Shares Re-purchased by the Company for the First Time to Employees 2015"	Unanimously approved by the present directors, and March 9, 2016 was set as the record date of the subscription.
Board of Directors	March 23, 2016	Discussion about allocation of remuneration to employees and directors/supervisors in 2015	Unanimously approved by the present directors
		Discussion about the individual financial statement and business report 2015	Unanimously approved by the present directors, and submitted to the general shareholders' meeting for ratification.
		Discussion about the consolidated financial statements 2015	Unanimously approved by the present directors, and submitted to the general shareholders' meeting for ratification.
		Discussion about allocation of earnings 2015	Unanimously approved by the present directors, and submitted to the general shareholders' meeting for ratification.
		Discussion about capital increase by recapitalization of earnings and offering of new shares	0 share to be allocated per 1,000 shares of stock dividend, and NT$3 to be allocated per share of cash dividend, preliminarily
		Discussion about the Declaration of International Control System 2015	Unanimously approved by the present directors
		Discussion about date, location and agenda of the general shareholders' meeting 2016	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.
Board of Directors	May 11, 2016	Discussion about disposition of long-term investment by subsidiaries	Unanimously approved by the present directors, and the CEO was authorized to deal with the related matters with full power.

Status of important resolution made by the general shareholders' meeting 2015:

Name of Meeting	Date of Meeting	Important resolution	Status
General shareholders' meeting	June 12, 2015	The motion for business report and financial statements 2014 was ratified.	Passed by the present shareholders unanimously.
		The motion for allocation of earnings 2014 was	Pass by the present

		ratified.	shareholders unanimously; cash dividends distributed at NT$4 per share; ex-dividend record date: September 13, 2015; date of allocation of cash dividends: September 25, 2015
		Amendments to the “Articles of Incorporation” of MPI Corporation.	Passed by the present shareholders unanimously.
		Amendments to the Company's "Parliamentary Procedure for General Meeting of Shareholders"	Passed by the present shareholders unanimously.
		Reelection of directors & supervisors	Election result: Name list of elected directors/independent directors: Representative of MPI Investment Co., Ltd. - Steve Chen, Representative of MPI Investment Co., Ltd. - Scott Kuo, Representative of MJC - Shinji Nomura, Kao, Chin-Cheng, and Hsu, Mei-Fang. Name of elected supervisors: Li, Tu-Cheng; Tsai, Chang-Shou; and Liu, Fang-Sheng

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the Board of Directors during the most recent year and up to the date of publication of this annual report: N/A

(XIII) Summary of discharge and termination of parties relating to the financial report (including the Chairman, president, accounting officer, finance officer, internal audit officer and R&D officer): N/A

(XIV) Other disclosure:

Status of the continuing education of the Company's accounting officer and audit officer in 2015:

Job title	Name	Institute	Date	Name of Course	Hours
Accounting officer	Rose Jao	Accounting Research and Development Foundation	Neovmber 19, 2015~Neovmber 20, 2015	Continuing education program for accounting officer of issuer, securities firm and securities exchange	12
Audit officer	Chen, Yi-Chang	Computer Audit Association of the R.O.C.	August 17, 2015	Purchasing and payment - how to effectively find virtual and repeated payment under ERP system	6
		Computer Audit Association of the R.O.C.	November 9, 2015	ERP system controlling and auditing practices	6

IV. Information about CPA Professional Fee

(I) Breakdown of CPA Professional Fee

Currency unit: in NTD 1,000

Firm Name	CPA Name	Audit Fee	Non-Audit Fee					Duration of Audit	Remark
			System Design	Commercial and Industrial Registration	HR	Others	Subtotal		
Nexia Sun Rise CPAs & Co.	Wu, Kuei-Chen Chen, Tsan-Huang	2,331	0	56	0	0	56	January 1, 2015~December 31, 2015	N/A

(II) If the Company meets any of the following circumstances, it shall disclose the CPA professional fee:

(1) If the on-audit fees paid to the CPA, CPA firm and their affiliates exceeded the audit fees in excess of twenty-five percent, the company shall disclose the audit fee and non-audit fee, as well as the contents of the non-audit service: N/A

(2) Change of CPA firm and the audit fees for the year of the change less that of the previous year, and the amount of audit fees before and after the change, and reasons of the change: N/A

(3) Audit fees were 15% less than that of the previous year, and the reduction of audit fee, percentage and reasons: N/A

V. Information About Replacement of CPA:

(I) Former CPA:

<table>
<tr><td>Date of replacement</td><td colspan="3">2015/04/15</td></tr>
<tr><td>Replacement reason and explanation</td><td colspan="3">Due to the internal organizational adjustment of the CPA Firm, Chang, Yu-Ming; and Chen, Shih-Yuan, CPAs were replaced by Wu, Kuei-Chen and Chen, Tsan-Huang, CPAs.</td></tr>
<tr><td rowspan="3">Explain the replacement as the result of a termination by the principal or CPA, or a declination</td><td>Concerned party / Status</td><td>CPA</td><td>Principal</td></tr>
<tr><td>Voluntary termination of the appointment</td><td></td><td></td></tr>
<tr><td>Service no longer accepted (continued) by</td><td>✓</td><td></td></tr>
<tr><td>Reasons for issuing opinions other than unqualified opinions in the last two (2) years.</td><td colspan="3">N/A</td></tr>
</table>

<table>
<tr><td rowspan="7">Any disagreement with the issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial statements</td></tr>
<tr><td></td><td>Audit coverage or procedures</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>N/A</td><td colspan="2">✓</td></tr>
<tr><td colspan="3">Note:</td></tr>
</table>

Other disclosures (Disclosures deemed necessary under Note 4, Item 1, Subparagraph 5, Article 10 of the Guidelines)	N/A

(II) Succeeding CPA:

Firm Name	Nexia Sun Rise CPAs & Co.
CPA Name	Wu, Kuei-Chen & Chen, Tsan-Huang, CPAs
Date of appointment	April 15, 2015
The inquiry regarding the accounting process or principles for specific transactions and the possible opinions to be expressed on the financial statements before commissioning the CPAs, and the results.	N/A
The written opinions of the successor CPAs different from the predecessor CPAs.	N/A

(III) The former CPA's written response to the sub-paragraphs 1&2-3 of Paragraph 5 of Article 10 of the Principles: N/A

VI. Information About Chairman, President, and Financial or Accounting Manager of the Company Who Has Worked with the CPA Firm Which Conducts the Audit of the Company or Affiliate to Such Firm in the Most Recent One Year: N/A

VII. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and until to the date of publication of the annual report:

(I) Change in equity of directors, supervisors, managerial officers, and major shareholders	Name	2015		Ending April 30, 2016	
		Increase (Decrease) in current holding	Increase (Decrease) in shares pledged	Increase (Decrease) in current holding	Increase (Decrease) in shares pledged
Chairman, director and also major shareholder	MPI Investment Co., Ltd. Representative: Steve Chen	0	0	0	0
Chairman, director and also major shareholder	MPI Investment Co., Ltd. Representative: Scott Kuo	0	0	0	0
Director	MJC Representative: Shinji Nomura	0	0	0	0
Independent director	Hsu, Mei-Fang	0	0	0	0
Independent director	Kao, Chin-Cheng	0	0	0	0

Supervisor	Liu, Fang-Sheng	0	0	0	0
Supervisor	Li, Tu-Cheng	0	0	0	0
Supervisor	Tsai, Chang-Shou	0	0	0	0
President	Scott Kuo	0	0	0	0
Vice President	Fan, Wei-Ju	0	0	5,000	0
Vice President	Liu, Yung-Chin	0	0	5,000	0
Assistant Manager	Hsieh, Wei-Yun	0	0	5,000	0
Finance/Accounting Officer	Rose Jao	0	0	4,000	0

(II) Information about transfer or pledge of equity: N/A

VIII. Information about the relationship among the Company's 10 largest shareholders:

April 30, 2016

Name	Own shareholding		Current Shares Held by Spouse and Children of Minor Age		Total shareholding Under the Name of A Third Party		Information on top 10 shareholders in proportion of shareholdings and are related to one another or kin at the second pillar under the Civil Code to one another, their names and relations.		Remark
	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Name	Relationship	
MPI Investment Co., Ltd.	8,334,626	10.47%	0	0	0	0	MPI Investment Co., Ltd.	Director of the Company	
Representative: Ko, Chang-Lin	1,425,994	1.79%	0	0	0	0	N/A	No	
MJC	6,548,576	8.23%	0	0	0	0	MJC	Director of the Company	
Representative: Masayoshi Hasegawa	0	0	0	0	0	0	N/A	No	
Ashmore emerging market global small-sized enterprise stock managed by Bank of Taiwan	2,565,000	3.22%	0	0	0	0	N/A	No	
Capital Marathon Fund Account	1,500,000	1.88%	0	0	0	0	N/A	No	
Labor pension fund under the new system	1,490,500	1.87%	0	0	0	0	N/A	No	
Ko, Chang-Lin	1,425,994	1.79%	0	0	0	0	N/A	No	
TransGlobe Life Insurance Inc.	1,206,000	1.51%	0	0	0	0	N/A	No	
ENSIGN PEAK managed by HSBC on a consignment basis	1,033,000	1.30%	0	0	0	0	N/A	No	

Taiwan Selections of World Vision Investment Fund managed by Cathay Securities Investment Trust	1,028,000	1.29%	0	0	0	0	N/A	No	
GlobaLink Securities Investment in Emerging Market managed by HSBC	962,969	1.21%	0	0	0	0	N/A	No	

IX. The number of shares held by the Company and the Company's directors, supervisors and managers, and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the Company, and calculating the consolidated shareholding percentage of the above categories.

Unit: share; %
December 31, 2015

Investee (Note 1)	Invested by the Company		Invested by directors, supervisors, managers, and entities controlled by the Company directly or indirectly		Combined investment	
	Quantity	Ratio of shareholding	Quantity (Capital contribution)	Ratio of shareholding (Ratio of capital contribution)	Quantity (Capital contribution)	Ratio of shareholding (Ratio of capital contribution)
Chain-Logic International Corp.	5,000,000	100%	0	0	5,000,000	100%
MPI TRADING CORP.	1,000	100%	0	0	1,000	100%
MMI HOLDING CO., LTD.	19,390,045	100%	0	0	19,390,045	100%
Yi Hsin Investment Co., Ltd.	3,350,000	100%	0	0	3,350,000	100%
Chia Hsin Investment Co., Ltd.	3,350,000	100%	0	0	3,350,000	100%
Won Tung Technology Co., Ltd.	50,000	100%	0	0	50,000	100%
Allstron Corporation	15,500	100%	0	0	15,500	100%
MEGTAS CO., LTD.	300,000	60%	0	0	300,000	60%
Chia Ying Investment Co., Ltd. (Note 2)	0	0	3,330,000	Wholly owned by the subsidiary	3,330,000	100%
CHAIN-LOGIC TRADING CORP. (Note 2)	0	0	1,400,100	Wholly owned by the subsidiary	1,400,100	100%
CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP. (Note 3)	0	0	1,400,000 USD	Wholly owned by the indirect subsidiary	1,400,000 USD	100%

Mjc Microelectronics (Shanghai) Co., Ltd. (Note 4)	0	0	600,000 USD	40% owned by the subsidiary	600,000 USD	40%
Lumitek Co.,LTD (Note 5)	843,968	2.28%	6,630,000	12.92% owned by the subsidiary and 4.95% owned by the indirect subsidiary	7,473,968	20.15%
MET (Note 6)	0	0	500,000 RMB	Wholly owned by Mjc Microelectronics	500,000 RMB	40%
LEDA-ONE (Shenzhen) Co. (Note 7)	0	0	1,800,000 USD	Wholly owned by the subsidiary	1,800,000 USD	100%
MMK (Kunshan) Limited Company (Note 8)	0	0	1,960,000 USD	40% owned by the subsidiary	1,960,000 USD	40%
Chairman of Lumitek (Changchou) Co. Ltd. (Note 9)	0	0	15,000,000 USD	Wholly owned by the subsidiary	15,000,000 USD	100%

Note 1: Long-term investment by the Company
Note 2: An investee of the Company's subsidiary, Chain-Logic International Corp.
Note 3: An investee of the Company's indirect subsidiary, CHAIN-LOGIC TRADING CORP.
Note 4: An investee under joint venture of the Company's subsidiary, MMI HOLDING CO., LTD. and director, MJC
Note 5: An investee of the Company's subsidiary, Chia Hsin Investment Co., Ltd., Yi Hsin Investment and Chia Ying Investment.
Note 6: An investee by the Company's indirect subsidiary, Mjc Microelectronics (Shanghai) Co., Ltd.
Note 7: An investee of the Company's subsidiary, MMI HOLDING CO., LTD.
Note 8: An investee under joint venture of the Company's subsidiary, MMI HOLDING CO., LTD. and director, MJC
Note 9: An investee by the Company's indirect subsidiary, Lumitek (Changchou) Co. Ltd.

Four. Status of Fund Raising

I. Capital Stock and Shares

(I) Source of Capital Stock

Unit: Thousand shares; NTD Thousand

April 30, 2016

Year /Month	Issue price	Authorized capital stock		Paid-in capital		Remark		
		Quantity	Amount	Quantity	Amount	Source of Capital Stock	Offset by any property other than cash	Others
1995/7	10	500	5,000	500	5,000	Capital of incorporation	N/A	
1998/10	10	22,500	225,000	6,000	60,000	Capital increase in cash by NT$55,000 thousand	N/A	
2000/7	15 10	22,500	225,000	10,000	100,000	Capital increase in cash by NT$28,000 thousand Capital increase upon recapitalization of earnings by NT$12,000 thousand	N/A	
2001/5	18 10 10	22,500	225,000	20,000	200,000	Capital increase in cash by NT$50,700 thousand Capital increase upon recapitalization of earnings by NT$42,000 thousand Capital increase upon recapitalization of employee bonus by NT$7,300 thousand	N/A	
2002/6	10	50,000	500,000	30,000	300,000	Capital increase upon recapitalization of earnings by NT$43,800 thousand Capital increase upon recapitalization of employee bonus by NT$6,200 thousand	Succeed to shares of Chain-Logic International Corp., NT$50,000 thousand	Note 1
2003/9	10	50,000	500,000	33,434	334,340	Capital increase upon recapitalization of earnings by NT$30,000 thousand Capital increase upon recapitalization of employee bonus by NT$4,340 thousand	N/A	Note 2
2004/8	10	50,000	500,000	33,803	338,031	Conversion of convertible bonds to common stock NT$3,691 thousand	N/A	
2004/9	10	50,000	500,000	37,672	376,719	Capital increase upon recapitalization of earnings by NT$33,434 thousand Capital increase upon recapitalization of employee bonus by NT$5,254 thousand	N/A	Note 3
2004/11	10	50,000	500,000	38,217	382,174	Conversion of convertible bonds to common stock NT$5,454 thousand	N/A	
2005/2	10	50,000	500,000	38,877	388,775	Conversion of convertible bonds to common stock NT$6,601 thousand	N/A	
2005/5	10	50,000	500,000	39,556	395,556	Conversion of convertible bonds to common stock NT$6,781 thousand	N/A	
2005/7	10	50,000	500,000	39,576	395,765	Conversion of convertible bonds to common stock NT$208 thousand	N/A	
2005/9	10	51,300	513,000	48,957	489,568	Capital increase upon recapitalization of earnings by NT$81,960 thousand Capital increase upon recapitalization of employee bonus by NT$11,814 thousand Conversion of convertible bonds to common stock NT$30 thousand	N/A	Note 4
2005/10	10	51,300	513,000	49,253	492,533	Conversion of convertible bonds to common stock NT$2,964 thousand	N/A	
2006/2	10	51,300	513,000	50,479	504,785	Conversion of convertible bonds to common stock NT$12,253 thousand	N/A	
2006/5	10	51,300	513,000	50,724	507,236	Conversion of convertible bonds to	N/A	

						common stock NT$2,451 thousand		
2006/8	10	51,300	513,000	50,815	508,145	Conversion of convertible bonds to common stock NT$909 thousand	N/A	
2006/9	10	58,000	580,000	56,496	564,959	Capital increase upon recapitalization of earnings by NT$50,814 thousand Capital increase upon recapitalization of employee bonus by NT$6,000 thousand	N/A	Note 5
2007/8	10	100,000	1,000,000	56,501	565,005	Conversion of convertible bonds to common stock NT$45 thousand	N/A	
2007/9	10	100,000	1,000,000	63,676	636,758	Capital increase upon recapitalization of earnings by NT$57,500 thousand Capital increase upon recapitalization of employee bonus by NT$8,118 thousand Conversion of convertible bonds to common stock NT$6,135 thousand	N/A	Note 6
2007/10	10	100,000	1,000,000	63,679	636,789	Conversion of convertible bonds to common stock NT$30 thousand	N/A	
2008/1	10	100,000	1,000,000	63,736	637,363	Conversion of convertible bonds to common stock NT$574 thousand	N/A	
2008/9	10	100,000	1,000,000	71,105	711,053	Capital increase upon recapitalization of earnings by NT$64,570 thousand Capital increase upon recapitalization of employee bonus by NT$9,120 thousand	N/A	Note 7
2009/8	10	100,000	1,000,000	73,311	733,111	Capital increase upon recapitalization of earnings by NT$21,190 thousand Capital increase upon recapitalization of employee bonus by NT$868 thousand	N/A	Note 8
2009/12	10	100,000	1,000,000	74,084	740,841	Conversion of employee options to common stock NT$100 thousand Conversion of convertible bonds to common stock NT$7,630 thousand	N/A	
2010/4	10	100,000	1,000,000	77,449	774,486	Conversion of employee options to common stock NT$11,190 thousand Conversion of convertible bonds to common stock NT$22,455 thousand	N/A	
2010/7	10	100,000	1,000,000	77,629	776,291	Conversion of employee options to common stock NT$11,082 thousand Conversion of convertible bonds to common stock NT$3,200 thousand	N/A	
2010/10	10	100,000	1,000,000	77,697	776,970	Conversion of employee options to common stock NT$5,376 thousand Conversion of convertible bonds to common stock NT$200 thousand	N/A	
2011/1	10	100,000	1,000,000	77,985	779,854	Conversion of employee options to common stock NT$13,149 thousand Conversion of convertible bonds to common stock NT$8,900 thousand	N/A	
2011/4	10	100,000	1,000,000	78,464	784,644	Conversion of employee options to common stock NT$39,613 thousand	N/A	
2011/8	10	100,000	1,000,000	78,549	785,494	Conversion of employee options to common stock NT$7,030 thousand	N/A	
2011/10	10	100,000	1,000,000	78,590	785,904	Conversion of employee options to common stock NT$3,299 thousand	N/A	
2012/1	10	100,000	1,000,000	78,602	786,024	Conversion of employee options to common stock NT$931 thousand	N/A	
2012/4	10	100,000	1,000,000	78,605	786,054	Conversion of employee options to common stock NT$233 thousand	N/A	
2012/7	10	100,000	1,000,000	78,610	786,104	Conversion of employee options to common stock NT$388 thousand	N/A	
2013/7	10	100,000	1,000,000	78,612	786,123	Conversion of employee options to common stock NT$143 thousand Cancellation and capital reduction by 8 shares upon shareholders' waiver to hold shares	N/A	
2015/1	10	100,000	1,000,000	79,536	795,364	Conversion of convertible bonds to	N/A	

						common stock NT$92,400 thousand		
2015/7	10	100,000	1,000,000	79,605	796,054	Conversion of convertible bonds to common stock NT$6,900 thousand	N/A	

Note 1: Approval letter by Securities and Futures Commission, Ministry of Finance under (91) No. 09100127510 dated June 3, 2002.
Note 2: Approval letter by Securities and Futures Commission, Ministry of Finance under Tai-Chi-Zheng (I) No. 0920129426 dated July 2, 2003.
Note 3: Approval letter by Securities and Futures Commission, Ministry of Finance under Tai-Chi-Zheng (I) No. 0930126472 dated June 15, 2004.
Note 4: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0940124109 dated June 16, 2005.
Note 5: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0950130971 dated July 17, 2006.
Note 6: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0960036186 dated July 12, 2007.
Note 7: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0970031732 dated June 25, 2008.
Note 8: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0980034020 dated July 8, 2009.

Type of share	Authorized capital stock			Remark
	Outstanding shares	Unissued shares	Total	
Common stock	79,605,392	20,394,608	100,000,000	TWSE stock

(II) Composition of shareholders

April 30, 2016

Composition of shareholders / Quantity	Government Apparatus	Financial Organization	Other Juristic Persons	Individual	Foreign Institution or Foreigner	Total
Number of person	1	12	58	10,893	62	11,026
Shares held	1,490,500	3,985,310	16,597,014	38,268,097	19,264,471	79,605,392
Ratio of shareholding	1.87%	5.01%	20.85%	48.07%	24.20%	100%

(III) Diversification of equity

April 30, 2016

Range of Shares	Number of Shareholders	Shares held	Ratio of shareholding (%)
1～ 999	4,541	222,281	0.28
1,000～ 5,000	5,245	10,567,260	13.27
5,001～ 10,000	609	4,830,195	6.07
10,001～ 15,000	182	2,366,690	2.97
15,001～ 20,000	107	1,941,915	2.44
20,001～ 30,000	107	2,696,159	3.39
30,001～ 40,000	45	1,593,877	2.00
40,001～ 50,000	31	1,446,903	1.82

Range of Shares	Number of Shareholders	Shares held	Ratio of shareholding (%)
50,001～ 100,000	70	5,056,231	6.35
100,001～ 200,000	37	5,204,162	6.54
200,001～ 400,000	22	6,249,462	7.85
400,001～ 600,000	12	5,483,626	6.89
600,001～ 800,000	5	3,302,966	4.15
800,001～1,000,000	4	3,511,969	4.41
1,000,001 and above	9	25,131,696	31.57
Total	11,026	79,605,392	100.00

Preferential shares: N/A

(IV) Roster of Major Shareholders

April 30, 2016

Shares Name of Major Shareholder	Shares held	Ratio of shareholding
MPI Investment Co., Ltd.	8,334,626	10.47%
MJC	6,548,576	8.23%
Ashmore emerging market global small-sized enterprise stock managed by Bank of Taiwan	2,565,000	3.22%
Capital Marathon Fund Account	1,500,000	1.88%
Labor pension fund under the new system	1,490,500	1.87%
Ko, Chang-Lin	1,425,994	1.79%
TransGlobe Life Insurance Inc.	1,206,000	1.51%
ENSIGN PEAK managed by HSBC on a consignment basis	1,033,000	1.30%
Taiwan Selections of World Vision Investment Fund managed by Cathay Securities Investment Trust	1,028,000	1.29%
GlobaLink Securities Investment in Emerging Market managed by HSBC	962,969	1.21%

(V) Information on market value, net value, earnings and dividends per share in the most recent two years

Unit: NTD; share

Year Item			2014	2015	Ending March 31, 2016 (Note 7)
Market value per share (Note 1)	The Highest		134	128	91.40
	The Lowest		60.10	47	50.50
	Average		97.37	81.40	76.47
Net value per share	Before distribution		46.84	45.63	46.88
	After distribution		42.84	(Note 2)	46.88
EPS	Weighted average shares		79,536,392	79,005,392	79,605,392
	EPS (Note 3)	before	6.62	3.71	0.69
		after	6.62	(Note 2)	0
Dividend	Cash dividend		4	(Note 2)	0

per share	Free-Gratis dividends	Retained shares distribution	0	(Note 2)	0
		Capital surplus shares distribution	0	(Note 2)	0
	Retained dividend		0	(Note 2)	0
Return on investment analysis	Price-Earnings Ratio (Note 4)		14.71	21.94	0
	Dividend Yield (Note 5)		24.34	(Note 2)	0
	Cash dividend yield (Note 6)		4.11%	(Note 2)	0

Note 1: The Company has traded on Taiwan Stock Exchange as of January 6, 2003.
Note 2: To be resolved at the general shareholders' meeting 2016
Note 3: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.
Note 4: Price-Earnings Ratio=Average Closing Price per Share in current year/Earnings per Share
Note 5: Dividend Yield=Average Closing Price per Share in current year/Cash Dividend per Share
Note 6: Cash Dividend Yields=Cash Dividend per Share/Average Closing Price per Share in current year
Note 7: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

(VI) Dividend Policy and the Status of Implementation

1. The dividend policy defined by the Articles of Incorporation

(1) The dividend policy defined by the Company in Articles of Incorporation:

Article XX: Where the Company may have a surplus after the account settlement and such surplus shall be distributed in the priority specified below:

(1) Payment of tax;
(2) Covering of loss;
(3) 10% set aside as legal reserve;
(4) Provision of special reserve pursuant to laws; and
(5) The remainder, if any, plus allocable earnings at the end of the year may be subject to the motion for distribution of allocable earnings prepared by the board of directors and submitted to a shareholders' meeting for resolution. Where the earnings are resolved to be allocated, they shall be allocated in the following manners:
    1. Employee bonus: at least 12% of the allocable earnings;
    2. Remuneration to directors/supervisors: no more than 3% of the allocable earnings;
    3. Shareholders bonus: the remainder less the allocated amount referred to in the preceding two sub-paragraphs.

The counterparts whom the stock dividends may be allocated to shall include the employees of affiliated companies.

(2) To be in line with the amendments to Article 235-1 of the Company Law, the Company plans to amend the Articles of Incorporation as following, provided that the motion for the amendments thereto is pending resolution by a general shareholders' meeting 2016.

Article XX: Where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, and 1%~3% thereof as the remuneration to directors/supervisors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors/supervisors on a pro rata basis as referred to in the preceding paragraph.

The allocation of remuneration to employees and directors/supervisors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.

Employees' remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria.

If the Company has a profit at the year's final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.

2. Allocation of dividends proposed at the shareholders' meeting in the current year

The Company's motion for allocation of earnings 2015 has been resolved by the directors' meeting on March 23, 2016, and the cash dividends to shareholders, NT$238,816,176 (NT$3 per share), were scheduled to be allocated. Notwithstanding,t he motion is still pending resolution by the general shareholders' meeting 2016.

3. Whether the dividend policy is expected to suffer material changes: Except those stated in Paragraph I(2), there were no other material changes.

(VII) The effect of stock dividend as proposed in this General Meeting on the operation performance and earnings per share of the company: N/A, as no stock dividend was proposed in the meeting.

(VIII) Remuneration to employees and directors/supervisors

1. Proportion or scope of remuneration to employees and directors/supervisors as stated in the Articles of Incorporation:
   (1) The Company's existing Articles of Incorporation provides that:
   Article XX: Where the Company may have a surplus after the account settlement and such surplus shall be distributed in the priority specified below:
      (1) Payment of tax;
      (2) Covering of loss;
      (3) 10% set aside as legal reserve;
      (4) Provision of special reserve pursuant to laws;
      (5) The remainder, if any, plus allocable earnings at the end of the year may be subject to the motion for distribution of allocable earnings prepared by the board of directors and submitted to a shareholders' meeting for resolution. Where the earnings are resolved to be allocated, they shall be allocated in the following manners:
         1. Employee bonus: at least 12% of the allocable earnings;
         2. Remuneration to directors/supervisors: no more than 3% of the allocable earnings;
         3. Shareholders bonus: the remainder less the allocated amount referred to in the preceding two sub-paragraphs.

   The counterparts whom the stock dividends may be allocated to shall include the employees of affiliated companies.
   (2) To be in line with the amendments to Article 235-1 of the Company Law, the Company plans to amend the Articles of Incorporation as following, provided that the motion for the amendments thereto is pending resolution by a general shareholders' meeting 2016.
   Article XX: Where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, and 1%~3% thereof as the remuneration to directors/supervisors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors/supervisors on a pro rata basis as referred to in the preceding paragraph.
   The allocation of remuneration to employees and directors/supervisors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.

Employees’ remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria.

If the Company has a profit at the year’s final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.

2. The accounting in the case of deviation from the basis for stating remuneration to employees and directors/supervisors, the basis for calculating the quantity of stock dividends to be allocated, and the actual allocation:

   Where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, and 1%~3% thereof as the remuneration to directors/supervisors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors/supervisors on a pro rata basis as referred to in the preceding paragraph. If the actual distributed amount resolved by a shareholders’ meeting is different from the estimate, the difference shall be treated as a change in accounting estimate and stated as the income of next year.

3. Allocation of remuneration approved by the board of directors:

   The Company's motion for allocation of earnings 2015 has been resolved by the directors' meeting on March 23, 2016. The allocation of earnings approved by the directors' meeting is stated as following:

   (1) Employees’ remuneration and directors’/supervisors’ remuneration, in cash, NT$28,640,000 and NT$7,160,000, were not indifferent from the estimation in the year of recognized expenses.

   (2) Proposed amount of employees’ remuneration in shares as a percentage to the current period net profit after tax and the total amount of employees’ remuneration: N/A

4. The actual allocation of employee bonus and remuneration to directors/supervisors in the previous year (including the number, amount and stock price of allocated shares), the

deviation between the actual allocation and the estimated figures, if any, and cause and treatment thereof.

Upon resolution by the shareholders' meeting, the Company's actual cash dividend to shareholders and remuneration to directors/supervisors in 2014 were NT$49,168,000 and NT$11,240,000. The difference between the employee bonus, NT$48,242,482, and remuneration to directors/supervisors, NT$12,060,622, as recognized in the financial statements 2014 was NT$104,896, resulting from the amendment to the estimated employee bonus and remuneration to directors/supervisors after the Company took the shareholders' equity and employee benefits, and also the standards in the same trade and future operation into consideration. The difference was held as a change in the accounting estimation and adjusted as income 2015.

(IX) Repurchase of the Company’s shares:

April 30, 2016

Term	3rd term
Purpose	Transfer of shares to employees
Duration	August 10, 2015 ~ October 9, 2015
Repurchase range price	60~108
Type and quantity of repurchased shares	Common stock 600,000 shares
Value of repurchased shares	34,454,460
Quantity of canceled and transferred shares	600,000 (shares) (Transferred to employees in whole on March 22, 2016)
Accumulated quantity of the Company's shares held	0
% of accumulated quantity of the Company's shares held	0.00%

II. Issuance of Corporate Bonds (including ECB):

(I) Issuance of Corporate Bonds

April 30, 2016

Type of corporate bond (Note 2)	3rd domestic unsecured convertible corporate bond
Issue (offering) date	November 8, 2014
Face value	NT$100,000
Issuance and trading location (Note 3)	N/A
Issue price	NT$100,000
Total	NT$700,000,000
Interest rate	0%
Duration	3 years, expiry date: November 18, 2017
Guaranteed by	N/A
Trustee	Trust Dept., Land Bank of Taiwan
Underwritten by	KGI Securities
Certified by	Handsome Attorneys-at-Law Peng Yi-Cheng, Attorney-at-Law

Name of CPA	Nexia Sun Rise CPAs & Co. Chang, Yu-Ming & Chen, Shih-Yuan, CPAs
Repayment terms	Unless the corporate bonds are converted to common stock pursuant to the relevant regulations, put option is exercised pursuant to the relevant regulations, or the Company redeems the bonds earlier pursuant to the relevant regulations, or the Company repurchases the bonds for cancellation, the Company shall make the repayment at the face value of the bond in cash in full on the expiry date.
Outstanding principal	NT$600,700,000
Terms and conditions for redemption or early repayment	(I) From the date following expiration of one month upon offering of the bonds until 40 days prior to expiration of the duration, if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may send the “Notice of Call” to be matured in 30 days (the time limit shall commence from the Company's service date, and the record date of the call shall be the date when the time limit expires, and the conversion suspension period for the corporate bonds should not fall in the time limit) to the bond holders (those referred to the roster of creditors within five business days prior to the service date of the Notice of Call, while the investors who acquire the bonds through exchange or due to other causes subsequently, if any, shall be notified by public notice) via registered mail within 30 business days. Meanwhile, the Company shall ask Taipei Exchange in writing to post a public announcement, and shall call the corporate bonds held by the bond holders at the face value in cash within five (5) business days upon the record date. (II) From the date following expiration of one month upon offering of the bonds until 40 days prior to expiration of the duration, if the balance of the outstanding bonds is less than 10% of the initial total issue price, the Company may send the “Notice of Call” to be matured in 30 days to the bond holders (those referred to the roster of creditors within five business days prior to the service date of the Notice of Call, while the investors who acquire the bonds through exchange or due to other causes subsequently, if any, shall be notified by public notice) via registered mail (the time limit shall

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<tr><td colspan="2"></td><td>commence from the Company's service date, and the record date of the call shall be the date when the time limit expires, and the record date of the call shall be the date when the time limit expires, and the conversion suspension period for the corporate bonds should not fall in the time limit). Meanwhile, the Company shall ask Taipei Exchange in writing to post a public announcement, and shall call the corporate bonds held by the bond holders at the face value in cash within 5 business days upon the record date.</td></tr>
<tr><td colspan="2">Restrictive clause (Note 4)</td><td>N/A</td></tr>
<tr><td colspan="2">Name of credit rating agency, dates of rating, and ratings awarded</td><td>N/A</td></tr>
<tr><td rowspan="2">Attached with other rights</td><td>Amount of common stock, GDR/ADR or other securities already converted until the date of publication of the annual report (swapped or subscribed for)</td><td>Already converted to common stock totaling NT$99,300,000</td></tr>
<tr><td>Regulations for Issuance and Conversion (Swap or Subscription)</td><td>Unless (1) the period for suspension of transfer registration of common stock required by laws, (2) 15 business days prior to the date for suspension of transfer registration of allocated dividends requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, and (3) from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, the bond holders may ask Taiwan Depository & Clearing Corporation (TDCC) (hereinafter referred to as the “Depository Corporation”) via the securities firm to ask the Company’s stock agent to convert the Bond into the Company’s common shares pursuant to the Regulations at any time from the day following expiration of one month after the Bond is issued until expiration of the Bond.</td></tr>
<tr><td colspan="2">Status of potential dilution of equity by the Regulations for Issuance and Conversion, Swap or Subscription, and the issuing terms and conditions, and impact thereof on the existing shareholders’ equity.</td><td>The convertible bonds would not dilute the Company's equity until the creditors request the conversion. The creditors may choose the timing more favorable to them to proceed with the conversion in the duration of conversion and, therefore, the dilution of equity would be deferred. As to the effect on the existing shareholders' equity, though the convertible corporate bonds would increase the Company's debt prior to conversion, the debt would be reduced upon conversion of the convertible</td></tr>
</table>

	bond into common stock and the shareholders' equity would be increased relatively, and the net worth per share as well. Therefore, the shareholders' equity would be protected better, in the long term.
Name of custody institute	N/A

Note 1: The corporate bonds include public offering corporate bonds and private placement corporate bonds. The public offering corporate bonds mean those validated (approved) by the Commission. The private placement corporate bonds mean those resolved and approved by the Board of Directors.
Note 2: The number of spaces shall be adjusted subject to the frequency of issuance.
Note 3: To be specified, in the case of ECB.
Note 4: For example, restricting release of cash dividends or external investment, or request for maintenance of specific proportion of assets, et al.
Note 5: The private placement, if any, shall be identified in a prominent manner.
Note 6: In the case of convertible corporate bond, exchangeable corporate bonds, corporate bonds issued under the categorical reporting method or corporate bonds with warrants, it is necessary to further disclose the information about convertible corporate bonds, exchangeable corporate bonds, corporate bonds issued under the categorical reporting method and corporate bonds with warrants by nature in a column format.

(II) Information about convertible corporate bonds

Type of corporate bond (Note 1)		3rd domestic unsecured convertible corporate bond		
Item \ Year		2014	2015	Ending April 30, 2016 (Note 4)
Market value of convertible corporate bond (Note 2)	The Highest	133.20	125.70	109.00
	The Lowest	100.00	97.00	101.00
	Average	114.70	112.67	106.81
Conversion price		100.00	2015/01/01~2015/09/12 Conversion price 100.00 2015/09/13~2015/12/31 Conversion price 93.40	Conversion price 93.40
Issue (offering) date and conversion price at the time of issuance		2014/11/18 100.00	2014/11/18 100.00	2014/11/18 100.00
Approaches to perform the conversion (Note 3)		Offering of new shares	Offering of new shares	Offering of new shares

Note 1: The number of spaces shall be adjusted subject to the frequency of issuance.
Note 2: In the case of multiple trading locations of ECB, please identify it by the trading locations.
Note 3: Deliver issued shares, or issue new shares.
Note 4: To specify the information available in the current year until the date of publication of the annual report.

(III) Status of corporate bonds issued under the categorical reporting method

April 30, 2016

Total amount to be raised and issued	NT$700,000,000
Total raised amount (including issue (offering) date and conversion price at the time of issuance)	Issuing date: 2014/11/18 Issuing amount: NT$700,000,000
Balance of corporate bonds issued under categorical reporting method	NT$600,700,000
Scheduled period for issuance of corporate bonds not offered	N/A

III. Issuance of Preferred Shares: N/A

IV. Status of GDR/ADR: N/A

V. Status of employee stock options: N/A

VI. Restriction on Employee Share Subscription Warrant: N/A

VII. Mergers and Acquisitions, or as Assignee of New Shares Issued by Another Company: N/A

VIII. Implementation of Capital Utilization Plan:

1-1 Contents of the Plan:

1. Date and Ref. No. of the approval letter from the competent authority in charge of the relevant industry: Approval letter under Ching-Kuan-Cheng-Fa-Tze No. 1030042656 dated November 4, 2014 issued by Financial Supervisory Commission.

2. Total fund required by the Plan: NT$731,680 thousand.

3. Source of fund:

(1) Issue 7,000 3rd domestic unsecured convertible corporate bonds at par value of NT$110,000; duration: 3 years; total issue amount: NT$700,000 thousand.

(2) The balance, NT$31,680 thousand, was paid from the own capital.

4. Projects and expected progress

Currency unit: in NTD 1,000

Project	Projected duration	Total fund	Projected progress of the fund utilization				
			2014		2015		Total
			Q3	Q4	Q1	Q2	
Purchase of factory premises	Q1 of 2015	316,800	31,680	285,120	-	-	316,800
Purchase of machine & equipment	Q2 of 2015	164,880	-	13,792	90,497	60,591	164,880
Repayment of	Q4 of 2014	250,000	-	250,000	-	-	250,000

bank loan							
Total		731,680	31,680	548,912	90,497	60,591	731,680

Note: The Company purchased from the related party, Lumitek Co., LTD., the land and factory premises at Xinpu upon resolution of the board of director on September 5, 2014, and also signed the purchase agreement for the land and buildings, at the total contract amount, NT$316,800 thousand. The 1st installment payment and 2nd installment payment, totaling NT$31,680 thousand, have been paid from the own capital pursuant to the Agreement in September 2014. The balance was supposed to be paid in full prior to the property settlement at the end of October 2014. Notwithstanding, as the fund failed to be in place in a timely manner, said balance was paid by the bank loan, and the loan was repaid after the raised fund was in place.

5. Projected benefits

(1) Purchase of factory premises

The factory premises occupied an area of 2,740 pings. In terms of the Company's expenditure in the rent of factory and offices, namely NT$796 per ping per month, the Company may save the expenditure in rent by NT$2,181 thousand each month, and NT$26,172 thousand each year. Less the depreciation, NT$2,121 thousand, to be provided for purchase of factory premises each year, the projected benefit, NT$24,051 thousand, is expected to be generated from the the rent saving each year.

(2) Purchase of machine & equipment

Unit: PIN; NTD 1,000

Year	Product line	Output volume	Sale volume	Operating revenue	Gross profit	Operating profit
2015	Components of probe cards	690,000	690,000	262,500	110,250	18,375
2016		960,000	960,000	288,000	129,600	34,560
2017		960,000	960,000	288,000	129,600	34,560
2018		960,000	960,000	310,200	139,590	37,224

(3) Repayment of bank loan

The capital increase in cash, NT$250,000 thousand, will be utilized to repay the bank loan. In terms of the interest rate on the bank loan to be repaid, 1.37%, it was expected to decrease the expenditure in interest by NT$285 thousand in 2014, and NT$3,425 thousand each year subsequently. Therefore, the Company's financial burden may be mitigated adequately and the Company's solvency may be upgraded.

1-2. Status

Currency unit: in NTD 1,000

Project	Status			Status of progress, ahead or behind, and the cause and corrective action plan
Purchase of factory premises	Expenditure (NTD 1000)	Scheduled	316,800	To be executed in full per the initial progress of fund utilization.
		Actual	316,800	
	progress (%)	Scheduled	100.00	
		Actual	100.00	
Purchase of machine & equipment	Expenditure (NTD 1000)	Scheduled	104,289	To be executed in full per the initial progress of fund utilization.
		Actual	104,289	
	progress (%)	Scheduled	100.00	
		Actual	100.00	
Repayment of bank loan	Expenditure (NTD 1000)	Scheduled	250,000	To be executed in full per the initial progress of fund utilization.
		Actual	250,000	
	progress (%)	Scheduled	100.00	
		Actual	100.00	
Total	Expenditure (NTD 1000)	Scheduled	671,089	To be executed in full per the initial progress of fund utilization.
		Actual	671,089	
	progress (%)	Scheduled	100.00	
		Actual	100.00	

Note: The Company's purchase of factory premises, purchase of machine & equipment, and repayment of bank loan have been executed in full per the initial progress of fund utilization.

Five. Overview of operation

I. Business Contents

(I) Business lines:

(1) The Company primarily engages in:

A. Maintenance, trading and R&D of computer and peripheral devices;
B. Import/export and trading of semi-conductor components, e-parts and chip integrated circuits;
C. Import/export and trading of precision automated control machines;
D. Import/export and trading of machinery and spare parts thereof;
E. General import/export and trading; (Except for those that require special permission)
F. Processing, maintenance, manufacturing, import/export and trading of semi-conductor testing spare parts;
G. Quotation and bidding for said products on behalf of domestic and foreign suppliers;
H. Machinery and equipment manufacturing;
I. Machinery wholesale; and
J. Machinery and utensil retailing.

(2) Weight of business:

The Company's consolidated operating revenue, net was NT$4,013,170 thousand in 2015, primarily generated from the sale of wafer probe cards and photoelectric semi-conductor automated equipment. The weight of business for various products (services) is stated as following:

Currency unit: in NTD 1,000

Product (service)	2015	
	Net sales	Weight of business %
Wafer probe card	2,569,524	64.03
Photoelectric semi-conductor automated equipment	812,676	20.25
Others	630,970	15.72
Total	4,013,170	100.00

(3) Current products (services) of the Company

A. Wafer probe card
B. Wafer probe card maintenance service
C. Wafer testing and sorting equipment
D. Testing, sorting and photoelectric inspection equipment of and components

(4) New products (services) under development

A. Wafer probe card

(A) In order to deal with the need for technology for upgrading the semi-conductor wafer production process, the Company will continue to develop the wafer probe card with narrow interval, massive number of pins, fast pin cleaning and multiple-chip parallel test.

(B) In order to deal with the development trend of high-speed chips, the Company will continue to develop the wafer probe card for high-speed test.

(C) In order to deal with the need for technology for improving assembly programs, the Company plans to continue developing the advanced wafer probe card for testing of KGD, flip-chip, TSV, wafer assembly, 2.5D and 3D chips.

B. Photoelectric semi-conductor automated equipment

(A) Following the increasing upgrading of LED component production process technology, the size of grains is narrowed but the unit brightness is upgraded. Therefore, it is necessary to upgrade the relevant testing and sorting, and precision and speed of photoelectric inspection equipment.

(B) Due to the increasing growth of flip-chip package CSP market, the Company will keep developing high-speed flip chip components prober and photoelectric testing system.

(C) Given the stable growth of demand in the fiber-optic communication market, the Company plans to keep developing the prober and measuring equipment exclusive for Laser Diode and Photo Diode.

(II) Overview of industry

(1) Overview and development of industry

A. Status of the global business

(A). Wafer probe card (semi-conductor industry)

A probe card is a printed circuit board (PCB) filled with probes, used at the stage of probe test, i.e. an interface between an electronic test system and a semiconductor wafer, which refers to one of the key components at the stage of probe test.

Upon completion of the integrated circuit (IC) on wafer, it is necessary to test the function of baredies before packaging the IC, namely, contact with the pad or bump on the probe needles and devices under test (DUT) on the probe card, input and output of chip signals, electrical measurement, and completion of the automated measurement by means of peripheral testers and software to test the output of the complete wafer. Some defective goods (defective or out-of-order grains) will be sorted out in the process of testing of probe card and marked. Therefore, the defective goods will not be included into the following packaging process after cutting of wafer.

The wafer probe card test refers to the back-end part of the semi-conductor production process, which may prevent defective goods from the back-end packaging process. The assembly cost accounts for a higher percentage of the entire IC production cost. Therefore, if defective goods may be excluded from the back-end process, waste of assembly cost may be avoided accordingly. Meanwhile, considering that electronic products become lighter and lighter and pursue high-function and low-consumption, the high-rank assembly cost will become higher and higher. Therefore, it is increasingly important to reduce the wafer probe testing which would waste more time in assembly.

Source of data: Gartner (2016/04), WSTS (2016/03); compiled by MPI

Global semiconductor market forecast

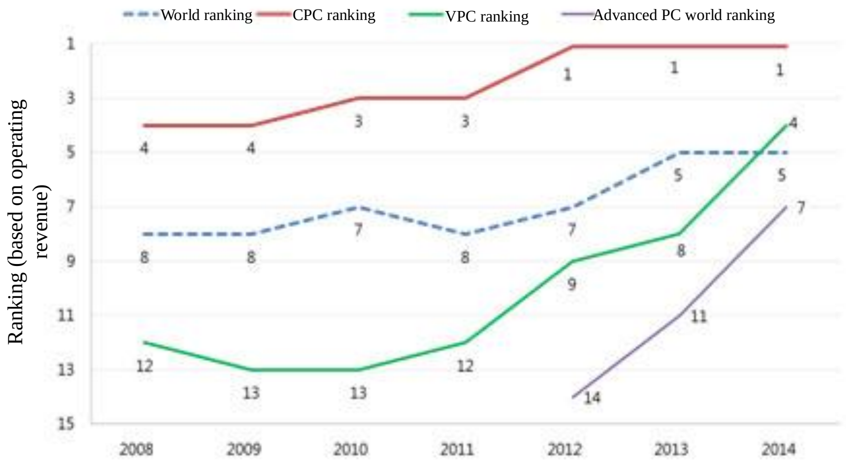
According to the global semiconductor market forecast data published by Gartner, the weak global semi-conductor economy in 2015 resulted in the declination of output value of the global semi-conductor market in 2015, US$334.8 billion, from the previous year by 2.3%. The global semi-conductor operating revenue is expected to attain NT$333 billion in 2016, i.e. a yearly declination by 0.54%. According to the latest forecast of WSTS, the global semi-conductor market scale is expected to grow by 0.4%, i.e. US$336.092 billion, in 2016.

The forecast about output value might vary depending on various market survey organizations. Notwithstanding, all of the them agree that the global semi-conductor market will keep growing in next five years. It is expected that the global semi-conductor market scale will break through US$400 billion by 2020. The wafer probe card is closely related to the semi-conductor industry. Therefore, the entire build-to-order market of probe cards is expected to grow stably.

The status of book-to-bill for semi-conductor equipment in North American in the recent years: Source of data: SEMI; compiled by MPI (2016/04).

Meanwhile, according to the leading indicator representing the economy of semiconductor industry, Book-to-Bill Ratio (B/B), the B/B value in March 2016 announced by (Semiconductor Equipment and Materials International, SEMI) recently was 1.15. In other words, the B/B value has attained one for consecutive 4 months, and hit the record for the past five and a half years. B/B ratio is defined as the ratio after the booking value divided by the shipment value, which serves to reflect the current condition and help suppliers judge the future economy. B/B ratio more than 1 represents that the booking accepted by semi-conductor suppliers is more than the shipment. The fair booking status reflects optimistic semi-conductor economy.

According to the survey report made by VLSI Research Inc., the output value of the global semi-conductor probe card was about US$1,252 million, i.e. a yearly growth by 12%, in 2014. Following the stable growth of the semi-conductor market in next few years, the growth rate of the global semi-conductor probe card output value was 7% in 2015, amounting to US$1,334 million. The global semi-conductor probe card market appears to grow continuously year by year and the total output value thereof will amount to US$1,623 million in 2019 based on the compound annual growth rate (CAGR) by 5.3%.



MPI's ranking in the global probe card market

Source of data: VLSI Research Inc. (2014/4); Compiled by MPI (2015/4)

Meanwhile, according to the survey report made by VLSI Research Inc., since MPI ranked 5th place among the global probe card suppliers, it has kept investing resources in R&D and sale in order to maintain the outstanding achievement and to pursue more excellent ranking. In 2014, MPI ranked 5th place in the global market of probe cards. Among the other things, MPI's global market share in the market of Epoxy/Cantilever Probe Cards ranked 1st place in the world, and its market share in the market of vertical probe cards ranked 4th place in the world.

MPI's output value and ranking of probe cards have been improving stably in the recent years. Therefore, MPI has solidified its position in the market. Under its business strategies highlighting technological innovation and R&D investment expenditure, it will keep building the base of technology and maintaining its growth and competitive strength.

(B). Photoelectric semi-conductor automated equipment (LED industry)

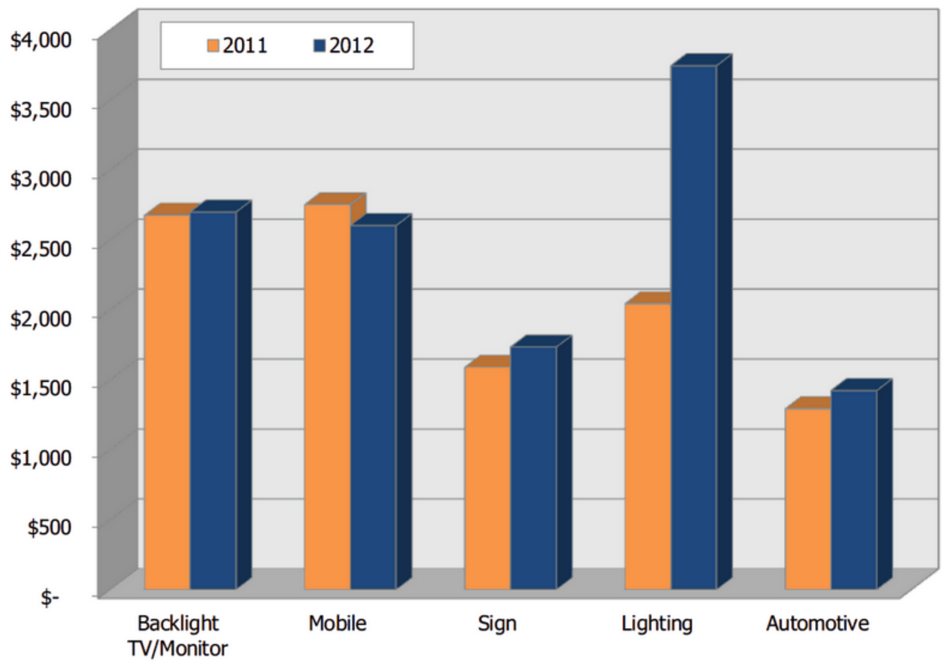
A light-emitting diode (LED) is a two-lead semiconductor light source which may emits the light of specific wave length, with such advantages as power-saving, vibration-resistant and fast glittering, and may be applied very extensively. LED production process may be categorized into the up-stream, mid-stream and down-stream stages. The up-stream stage refers to manufacturing of raw materials for LED, e.g. single wafer, single crystal bar and epitaxy. The mid-stream stage refers to processing of epitaxy to produce electrodes and etching and do test. The down-stream stage refers to the assembly procedure. The photoelectric semi-conductor automated equipment researched, developed and manufactured by the Company provides the mid-stream suppliers with a movable and supportive automated platform for testing of wafer and die after completion of the LED production process and before and after cutting of die. Due to the small size of LED die, a piece of 2~4-inch wafer will consist of more than ten thousands of dices. Therefore, it requires more time spent in testing, and the need and dependence on tester would become more important. The photoelectric semi-conductor automated equipment produced by the Company has such strengths as fast moving horizontally, lifting, precision positioning and high reliability, which is an indispensable tool used by the LED manufacturers to test the function of product.

There is a variety of LED products. Based on the length of wave, it may be categorized into visible LED and invisible (infrared rays). LED is a product of civilization which will be applied by the modern people in daily life in 21st Century. With its strengths, such as small size, low power consumption, low heat and long life cycle, and following the continuing breakthrough of red, blue, green, and white light high brightness technology, the visible LED has become the primary applied product type.

LED is applied extensively, which was applied to mobile phones and remote controls earlier. Recently, due to the high brightness, it was applied to car lights and outdoor LED extensively. Considering that application of LED to light source and backlight source generates such strengths as high color saturation and long environmental protection life cycle, monitor will be the next potential product to be developed.

Through the throes of the industry caused by the overly excess capacity in 2011, the output value related to application of LED has grown sharply as of 2012.

Figure 1.1 LED Market Growth by Application, 2011 and 2012 (US$M)



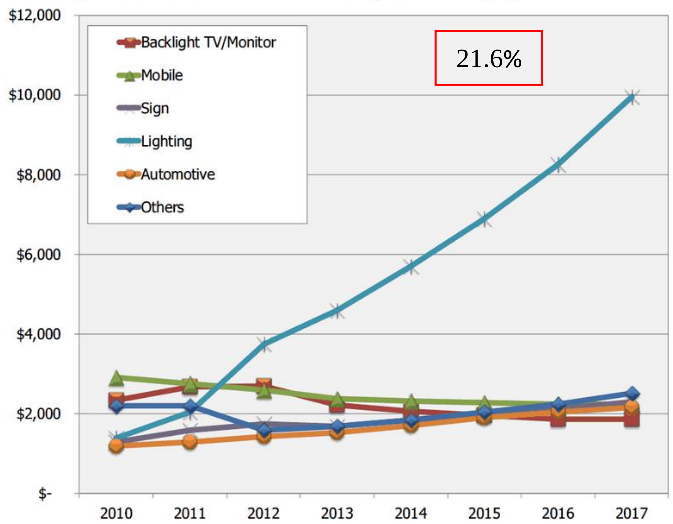
Source of data: Pennwell Report 2013

Table 1.2 Worldwide LED Revenue by Application ($M)

	2010	2011	2012	2013	2014	2015	2016	2017	5-Year CAGR	2011-12 Growth
Backlight TV/Monitor	$2,342	$2,675	$2,699	$2,225	$2,065	$1,965	$1,854	$1,855	-7.2%	0.9%
Mobile	$2,906	$2,752	$2,603	$2,382	$2,312	$2,283	$2,233	$2,232	-3.0%	-5.4%
Sign	$1,295	$1,590	$1,734	$1,692	$1,833	$1,992	$2,119	$2,296	5.8%	9.1%
Lighting	$1,397	$2,044	$3,745	$4,586	$5,703	$6,893	$8,260	$9,961	21.6%	83.3%
Automotive	$1,197	$1,293	$1,424	$1,531	$1,705	$1,906	$2,041	$2,155	8.6%	10.1%
Others	$2,204	$2,193	$1,580	$1,688	$1,851	$2,044	$2,243	$2,514	9.7%	-28.0%
Total	**$11,342**	**$12,547**	**$13,784**	**$14,104**	**$15,469**	**$17,084**	**$18,750**	**$21,013**	**8.67%**	**17.87%**
Growth Rate		**10.6%**	**9.9%**	**2.3%**	**9.7%**	**10.4%**	**9.8%**	**12.1%**		

Source of data: Pennwell Report 2013

Figure 1.10 LED Market Revenue Line, 2010-2017 ($M)



Source of data: Pennwell Report 2013

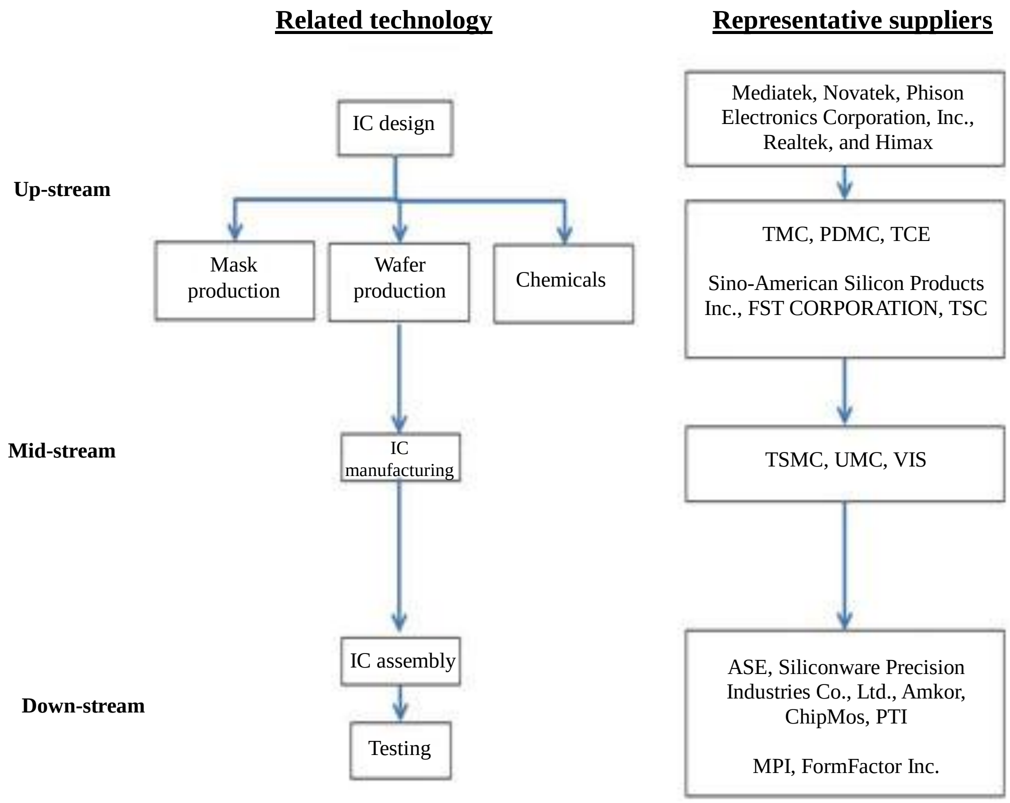
According to the market survey and research organization's analysis, during the five years from 2013 to 2017, the output value of the entire LED market will generate the compound annual growth rate by 8.67%, and the growth rate of the lightening will be more than 20%. The Company has invested in the R&D of various production equipments for PoD, COB and EMC, and reserved plentiful experience in the application. Meanwhile, the Company also started to launch into the market of Asia and to look for chances to work with global leading LED manufacturers. The Company hopes to become one of the leading providers of LED production equipments in the world in the future.

B. Status of domestic industry

(A). Wafer probe card (semi-conductor industry)

With the full support by the governmental policy, the output value of the semi-conductor industry in Taiwan was about NT$2,300 billion in 2015, is expected to attain NT$2,400 billion in 2016. The semi-conductor industry is a key industry in Taiwan now.

The semi-conductor industry has developed in Taiwan for many years. It established the complete professional breakdown system consisting of the up-stream IC design, mid-stream wafer production and down-stream IC assembly and testing.



Relation Diagram for up-stream, mid-stream and down-stream dealers in the semi-conductor industry

Source of data: MPI (2015/4)

The outsourcing or vertical merger pursued by the Integrated Device Manufacturer (IDM) has become the mainstream model in the semi-conductor industry. Taiwan owns the most complete semi-conductor industry clusters and professional breakdown industrial structure in the world. In the future, the up-stream, mid-stream and down-stream dealers in the semi-conductor industry of Taiwan will benefit from the strong demand in the mobile communication market, IoT, wearable device, automobile Apps, IoE and Context-Aware Service and thereby more market opportunities will be created. It is expectable that Taiwan's suppliers may receive important OEM orders in the future and benefit the up-stream, mid-stream and down-stream dealers in the industry.

The output value of Taiwan's IC industry declined by 11% due to adjustment on stock in 2015. In 2016, the leading advanced process technology and drastic growth of the demand for mobile communication device are expected to drive the growth of output value of Taiwan's IC industry until NT$2,336.4 billion. The yearly growth rate of the IC assembly and testing industry related to probe cards directly is about 4%.

Output value of Taiwan's IC industry from 2010 to 2016

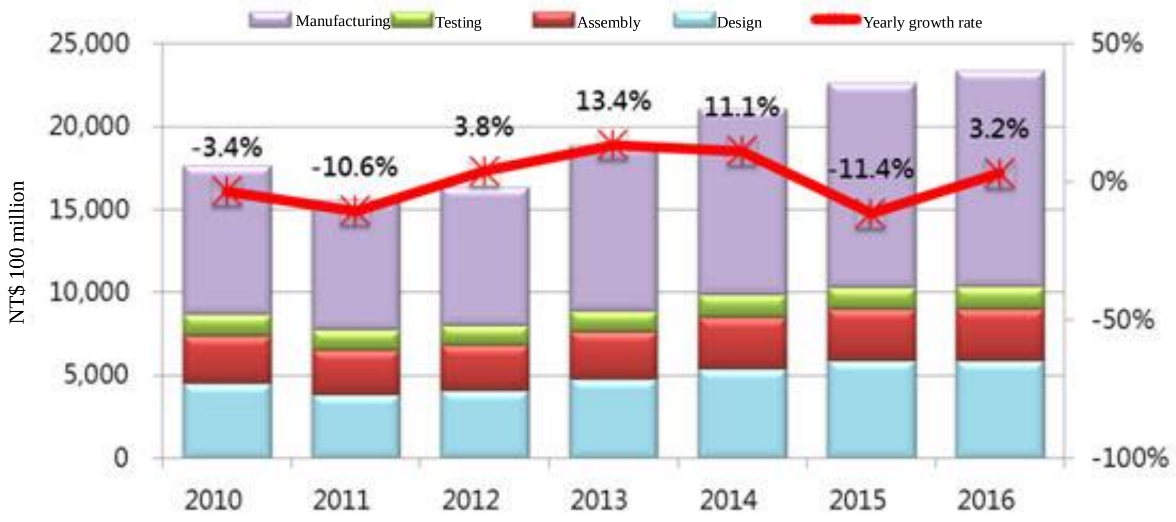
Unit: NT$ 100 million

	2010	2011	2012	2013	2014	2015	2016
Design	4,548	3,856	4,115	4,811	5,425	5,927	5,895
Assembly	2,870	2,696	2,720	2,844	3,078	3,099	3,150
Testing	1,278	1,208	1,215	1,266	1,368	1,314	1,340
Manufacturing	8,997	7,867	8,292	9,965	11,223	12,300	12,979
Wafer OEM	5,830	5,729	6,483	7,592	8,643	10,093	11,059
Memory	3,167	2,138	1,809	2,373	2,580	2,207	1,920
Output value of	17,693	15,627	16,342	18,886	21,094	22,640	23,364
Yearly growth rate	-3.4%	-10.6%	3.8%	13.4%	11.1%	-11.4%	3.2%

Source of data: TSIA; Gartner; IEK (2016/03); Compiled by MPI (2016/04)

Note: Output value of IC industry=output value of IC design industry+IC manufacturing industry+IC assembly industry+IC testing industry

Output value of IC products=Output value of IC design industry+memory manufacturing



Output value of Taiwan's IC sub-industry from 2010 to 2016; Source of data: IEK (2016/03); Compiled by MPI

Looking forward to the global semi-conductor market in 2016, the various leading semi-conductor manufacturers, such as Intel, TSMC and Samsung, have released the optimistic forecast toward the semi-conductor industry and escalated the capital expenditure, increased the advanced process equipment and expand the production capacity. Meanwhile, given that the global semi-conductor market is affected by the increasing demand for mobile devices, IoT, cloud computing and storage, and emerging opportunities for IoT, some indicative market survey and research organizations, including Gartner, WSTS and IHS, had optimistic forecast toward the yearly growth rate of the output value of the global semi-conductor market in 2016.

As far as the IC assembly dealers directly related to the probe cards in the semi-conductor industry are concerned, such SiP assembly demand as network communication equipment, smart phone chips, ARM App processor, CMOS, memory of wearable devices,and Apple and non-Apple fingerprint authentication will keep emerging. The demand in the probe card market is expected to remain stable and increase quarter by quarter.

(B). Photoelectric semi-conductor automated equipment (LED industry)

The market penetration rate of LED, which was estimated to attain 60%~70% in 2018~2019, is expected to attain 60%~70% in 2017 earlier. Mainland China is the main production base of LED. With the strength in cost and complete supply chain, the market scale of China transcending that of Europe is expectable.

Meanwhile, the merger and elimination will keep going in the LED industry. At the same time when the leading suppliers of Taiwan and Mainland China proceed with the merger, the international LED suppliers also keep adjusting themselves. The industry will be full of opportunities and also competition. Only the suppliers who adjust themselves rapidly may survive in the market to face the matured end LED market.

Upon the Company's continuous investment in development and application of various equipment required by development of LED production process, the Company's testing and sorting process of LED Epitaxy already occupied high market shares. Meanwhile, the Company has also worked hard to develop the various equipments and applications in the LED assembly process. The Company believes that the Company will keep growing with the consistent improvement in the industry, due to the demand for new production equipments resulting from the LED in the future.

(2) Correlation of the up-stream, mid-stream and down-stream dealers in the industry

The Company's main products include wafer probe cards and photoelectric semi-conductor automated equipment series. Due to the complicate processing required by machinery, said products require numerous spare parts. Therefore, the processing of spare parts in the process of production of said products is handled by the Company's vendors primarily. In terms of correlation of the up-stream and down-stream dealers in the industry, the Company is identified as a down-stream dealer engaged in R&D, design & assembly and distribution of various wafer probe cards and machines to semi-conductor and LED industries, while the suppliers of spare parts and raw materials are identified as the up-stream dealers, including suppliers of PCB, probe cards, microscopes, slide rails and automatic control components. The correlation of the up-stream and down-stream dealers in the industry is stated as following:

A. Wafer probe card:

Up-stream	Mid-stream	Down-stream
Measuring instrument industry		
PCB industry	Probe card for testing	IC design industry
Ceramic industry	Special tooling	IC manufacturing industry
Synthetic resin manufacturing industry	Wafer probe card tester	IC testing industry
Passive component industry		

B. Photoelectric semi-conductor automated equipment:

Up-stream	Mid-stream	Down-stream
PCB industry Machinery processing industry Automatic control components Measuring instrument industry Computer device industry Optoelectronic components Electronic parts	Computer Automated control test tooling and equipment Probe card	LED industry Optoelectronic manufacturing industry Split-type component industry Communication industry

(3) Development trends of products

A. Wafer probe card (semi-conductor industry)

The development of probe cards synchronizes with the development of IC industry. For example, 3D IC, Chip Scale Package (CSP), Flip Chip Package, Multi Chip Module (MCM), KGD (Known Good Die), Cooper Pillar Package, Drawing Chip and high-frequency testing demand are all dependent on various probe card testing technologies.

The following ten development trends are concluded from the relations between IC development trend and wafer probe cards:

① Miniaturization of needle gage

ITRS (International Technology Roadmap for Semiconductors) disclosed that the entire semi-conductor technology would continue to evolve toward miniaturization of circuit interval in the Metrology Roadmap 2012 Update. In order to be in line with the miniaturization of IC process and continuing miniaturization of square measure of the chip, the development of wafer probe cards will be oriented toward further miniaturization of needle gage to comply with the requirement by IC process technology.

② Prevention of signal interruption

SoC has become the mainstream in the IC development. In the future, the IC process and function will get more and more complicated. Such functions as logic, memory and analogous sections will be concentralized in one single chip and, therefore, the difficulty of wafer probe card technology will increase more and more, resulting in challenge to the prevention of signal interruption.

③ Application of different semi-conductor materials and technology

The innovation and development of new semi-conductor process and technology will derive different types of chip bonding pads and materials. The probe card technology varies based on the different materials forming the bonding pad of the chip to be tested.

④ High-speed probe card

Due to the increasing demand for mobile communication and online application in the most recent years, the demand for high-speed communication chips has been increasing drastically, and even thereby resulted in development of IC of high-speed signal communication. The most important factor to be taken consideration by the design of high-speed communication chips is communication of signals. Therefore, impedance matching of signal transduction path and completeness of signal are very important. How to design the circuit of probe card and secure precision of manufacturing thereof to ensure completeness of signal transduction is very critical to development of probe cards.

⑤ Multi-chip parallel testing

To deal with the rapid growth of 12" wafer fab, IC test suppliers prefer the probe card which may complete the multi-chip testing with only one touch, in order to save time in testing and upgrade the cost effect. To this end, the number of chip parallel test must be designed to be higher, while it will be more difficult to achieve the consistency between DUTs therefore. Additionally, the bigger the square measure under parallel test is, the harder it will be to control the flatness and, therefore, better probe card design and manufacturing technology will be required.

⑥ Low k chip probe card

When the semi-conductor process evolves until 90nm, the dielectric layer must apply the Low k materials of low-dielectric value in order to upgrade the performance of components. Therefore, the products manufactured with low-dielectric coefficient process technology became the mainstream ones. Notwithstanding, the general Low k materials are fragile and porous. Therefore, chips are very likely to be damaged during the wafer probe card testing. How to control the scope of needle pressure of the probe card becomes very important.

⑦ Few pin cleaning

The poor quality of pins of a probe card, if any, will render it impossible to achieve fair testing function, and the testing may be continued only after the pins are cleaned. However, after the pins are cleaned, the pins will be worn and torn, and the life cycle thereof will be shortened accordingly. Therefore, the product development focused the point on probe cards which require few pin cleaning.

⑧ High-temperature and low-temperature testing

Because IC products shall be applied in various environments, the wafer testing shall be conducted under high temperature and low temperature, in order to meet the product specifications requirement. Therefore, the study on variance of probe cards caused by the effect of temperature is also a point of the design and development.

⑨ High-power chip testing

The electric current required to be tested by high-power chips is higher than that required by the general chips. Given this, the durability of electric current of the probe card becomes very important. Therefore, the high electric current-resistant probe card is also a point of the design and development.

⑩ Low contact resistance

In order to meet the requirement for reduction of power consumption of handheld mobile devices, the voltage of the device will be lowered relatively and the contact resistance applied when the probe card is testing chips shall not be too high. Therefore, the low contact resistance probe card is also a point of the design and development.

B. Photoelectric semi-conductor automated equipment (LED industry)

① Speed
Photoelectric semi-conductor automated equipment is applied to the production and testing of III V or silicon wafer. The product cost is a very important factor to be taken into consideration. Therefore, upgrading of through put is critical to whether the product meets the market production cost.

② Precision
Each testing point of high-solution LED or high-brightness LED is very tiny. Particularly, the high-brightness LED testing is based on the probing after cutting and expansion. Given that the dices will be arranged in an irregular manner after cutting and expansion, the prober per se and visible precision of positioning become very important.

③ Automatic production
The increasing application of LED results in the booming industrial development. Each manufacturer continues to expand its fab and, therefore, the HR management becomes a very important issue. Automatic production or

reduction of manual operation will be the trend in the future. Therefore, the development of photoelectric semi-conductor automated equipment will primarily be oriented toward flexible connection of the functions of machine and customers' requirement.

④ Production management

In addition to the output efficiency of single machine, the output efficiency of a whole production line is also an important indicator for each fab. It is also necessary to improve the integration of data flow and the most effective production process, and the application and design of machines.

⑤ Package type

The package types of LED include the traditional SMD and PLCC, and XP-Lamp and COB produced in order to deal with the demand for lightening. The output value thereof is also increasing. The "Phosphor on Die (PoD) process" emerging recently also reduced the cost of assembly materials greatly and, therefore, became more and more well received in the market.

(4) Status of competition of products

A. Name of primary competitor, and business lines or competitive business lines of the competitor

(A) Wafer probe card

According to VLSI Research's survey, and to our understanding, there are few companies engaged in manufacturing and agency of wafer probe cards domestically, which are all companies which do not trade on TWSE/GTSM or branch companies of foreign leading manufacturers. For the time being, MPI is the only one which is considered possessing production scale among the domestic professional wafer probe card manufacturers, while the others possess small production scale.

The others in the same trade	Competitive products
FormFactor (a branch company of the U.S.-based FormFactor)	Wafer probe card
JEM TAIWAN PROBE CORP. (a company incorporated by Japan-based JEM in Taiwan)	Wafer probe card
SV Probe (Taiwan Branch of the U.S.-based SV Probe Group)	Wafer probe card

(B) Photoelectric semi-conductor automated equipment

The Company's photoelectric semi-conductor automated equipment under the self brand is highly recognized by customers with its outstanding technology and performance. Following the growth of LED industry, more and more local equipment manufacturers have invested in development of the related LED photoelectric semi-conductor automated equipment. The Company, with its technology and ability and its management philosophy taking customers as the first priority, as well as the support from plentiful output, keeps maintaining the first leading brand in the highly competitive market. The competitors are described as following:

The others in the same trade	Competitive products
OPTO tech. Co., Japan	Wafer prober Die bonder
Fittech Co.,Ltd	Wafer prober
WECON	Wafer prober Die bonder
Chroma ATE Inc.	Wafer prober
ASM	Die bonder
Innobiz, Korea	Die bonder
QMC, Korea	Die bonder
Hauman Technologies Corporation	Wafer prober
WeiMin Industrial Co., Ltd.	Wafer prober Die test device
ISMECA	LED Lamp tester

(III) Overview of technology and R&D

(1) R&D expenses during the most recent year and up to the date of publication of this annual report:

Currency unit: in NTD 1,000

Year	2015	Ended on March 31, 2016
R&D expenses	819,423	180,312

(2) Technology or product developed successfully in the last five years

Year	Name of technology or product
2015	Micro-distance spring-loaded type probe card development technology High-current-resistant micro-electromechanical probe card technology development technology High-speed LED die sorting equipment M60D Flip chip CSP components Dice identification and positioning prober technology Multi-channel multi-die LED photoelectric prober and measuring technology EEL Laser Diode components prober and sorting equipment

	Photo Diode low-current prober and measuring equipment
2014	Wide I/O interface testing technology Micro-electromechanical epoxy/cantilever probe card development technology for co-design of chips Vertical probe card large-area needle technology development technology High-speed full-automatic white-light component prober equipment heating and testing technology Fast thermal resistance measurement technology Flat lighting measuring technology Full automatic 8-inch wafer prober P9002F
2013	CMOS image sensor high frequency and multi-chip parallel testing technology Vertical probe card low resistance variance technology Self-Lubricity low need pressure micro electro mechanical probe card technology White light component LED Tester T 100 High-speed full automatic white light component LED Die Prober DP76P High-speed full automatic component LED Chip Taping CT-200 Full automatic COB filament testing sorting system A1600 Full automatic 8-inch wafer prober P9002
2012	Copper pillar bump vertical probe card for package testing Full automatic component LED Die Prober DP76XL Full automatic component LED Chip Taping CT-100 High-speed full automatic LED AOI testing device Component LED Package Tester
2011	Direct Docking vertical probe card High-speed 3GS/4G LED Chip Prober Full automatic LED AOI testing device LED Chip Tester

(IV) Long-term and short-term business development plans

(1) Long-term business development plan

A. Develop the market in the U.S.A. to support customer's need;

B. Apply accumulated technology and human resource to develop horizontally in the e-testing field;

C. Training human resource and ability in internationalized division of labor and production & marketing;

D. Continue to improve the enterprise's constitution in all respects;

E. Accelerate domestic application of thin chips; and

F. In the case of sufficient sources of materials in the future, extend the business lines of crystal growth fab.

(2) Short-term business development plan

A. Enhance HR training

B. Market development & marketing

C. Establish various departments' routine management systems and fulfill departmental management

II. Overview of market and production & marketing

(I) Market analysis

(1) Territories where main products (services) are sold (provided)

The Company primarily sells (provides) main products (services) in Taiwan. For the time being, the domestic leading wafer OEMs, IC design companies and packaging & testing fabs are all the Company's customers.

(2) Market share

MPI specializes in design and manufacturing of semi-conductor wafer probe card for testing, which is the largest manufacturer in the relevant field and the few listed in GTSM in this field. Among the other competitors in the same trade, MPI is the one with the most complete production capacity, R&D and manufacturing ability and financial structure.

According to the global wafer prober survey report 2014 published by VLSI Research Inc. in April 2015, MPI ranked 5th place among the global entire probe card companies, which was the only one Taiwan-based enterprise among the tope 10 probe card suppliers in the world, and 1st place among the Epoxy/Cantilever Probe Card suppliers, transcending JEM, in the world, and also 4th place among the vertical probe card suppliers in the world.

Domestically, MPI is the leader in the market of probe cards, covering entire probe cards, epoxy/cantilever probe cards, vertical probe cards, LCD driven IC, and high-frequency probe card, and also plays the indicative role in the same trade, in terms of quality or sale volume.

(3) Future supply & demand and growth of market

A. Demand:

Given the increasingly miniaturization of IC assembly volume and increasing assembly cost, wafer tester has become a very important part of the IC process. Therefore, consumption of wafer probe card and output of IC are somewhat related.

In the recent years, functions of various consumable electronic products tend to be more and more complicate. Meanwhile, the emerging network and multi-media service apps resulted in the consumers' need for slim, light, short, and small size of various products and also expectation toward upgrading of the functions. The domestic and foreign leading semi-conductor suppliers continue to increase capital expenditure and expand production capacity in order to increase market share. After the production capacity is upgraded, the output of chips increases and the chip assembly technology development tends to be oriented toward slim type, low system cost and high performance, and thereby boost the need for probe cards accordingly.

Taiwan owns the complete semi-conductor industrial chain, and is expected to benefit from transformation of the international leading IDM suppliers into OEM after Fab-lite or Fabless foundries, and becomes the first beneficiary of the outsourcing trend. According to IC Insights' research, the production capacity of Taiwan's semi-conductor wafer occupied the market share of 21.7% in the global semi-conductor industry, ranking 1st place in the world, in replace of Korea. Meanwhile, the output value of Taiwan's assembly and testing business occupied the market share of 50.6% in the world, also ranking 1st place in the global semi-conductor assembly and testing business in the world. In the future, Taiwan's semi-conductor market will keep expanding and investing to drive growth of the testing business and increase the need for probe cards for testing directly.

B. Supply:

The competition in the global probe card market is very intensive. Each probe card supplier specializes in different products and controls different customers. For example, some foreign suppliers tend to control the memory products better. MPI specializes in LCD driven IC and high-speed and high-frequency probe cards and takes the leadership in the domestic market; therefore, most of the suppliers in need of the products are already MPI's customers. Given this, MPI tends to control the related products and semi-conductor customers in Taiwan better.

Technically, MPI's production technology for high pin count, narrow band channel and high-speed/high-frequency products has matured and is leading the others in the market. Meanwhile, MPI has established specific technical threshold. The probe cards include Cantilever, Vertical and MEMS probe cards. MPI is able to supply the general type or high-frequency testing probe cards, and the products supplied by MPI have such advantages as micro distance and high number of chip parallel test and thereby save the wafer testing cost and result in accurate measurement. MPI will continue to invest in the R&D of next generation high rank advanced probe cards.

For the time being, there are few wafer probe card manufacturers. However, following evolution of technology, the requirements about specifications of chip testing will become stricter. The existing small-scale suppliers might be eliminated one by one under the circumstance that it is impossible to break through the technology.

(4) Competition niche

A. Train stable cooperative relations with customers in the past years, with its outstanding and stable technology and products.

B. Provide the total solution, together with real-time customer service and know how about the related application.

C. Continuous innovation: In the changeable IT technology, in order to meet the requirement for new technology in the industry, the Company invested 20.4% of the annual operating revenue as R&D expenditure as of 2015 in order to continue researching, developing and innovating advanced technology and to build the base of technology. In the market of advanced vertical probe card, the Company has contacted some foreign IC design company directly to establish intensive cooperative relations with it. The Company also invested considerable R&D resources to ensure the growth in the future.

D. Complete patent layout: A total of 464 letters of patent were granted to the Company (until March 31, 2016)

(5) Positive and negative factors for future development, and response to such factors

A. Positive factors

(A) The product quality and stability have been recognized by domestic/foreign leading semi-conductor manufacturers and successfully launched into the international leading suppliers' supply chain. The Company is the best supplier recognized by the public domestically.

(B) Possess complete and diversified R&D competency and talents, and able to arrange the careful and complete layout with respect to the future industrial trend development.

(C) The market tends to demand high pin count, narrow band channel and high-speed/high-frequency design for transmission signals. The Company has competitive strength in quality and stability of the products in the relevant area. The expanding market demand is expected to boost the Company's operating revenue.

(D) Complete product line: The Company has started to produce semi-automatic probe card testers to create various automatic applications based on the automatic core technology. The products are designed to be replaceable rapidly to meet various needs and applicable to the related tests in the semi-conductor industry, and thereby may greatly mitigate the risk caused by changes in the economy of any single industry.

(E) Sensitive market control: Own the complete sale and service channels to reflect the market condition immediately as feedback to ensure the competitiveness.

B. Negative factors

(A) As a small-sized supplier, it is necessary to engage in price war to survive in the industry. Therefore, the risk in fluctuation of market value is increasing.

(B) The growth of the traditional wafer probe card market is limited. Therefore, it is necessary to continue developing micro electro mechanical and vertical probe card technology to satisfy the need caused by great growth of advanced packaging.

(C) The precision mechanical parts of automated testers are mostly imported from foreign countries. The high acquisition cost and long delivery term cause risk over Taiwan customers' requirement about delivery term.

C. Response to such factors

(A) Upgrade the production quality of wafer probe cards and shorten the delivery term to satisfy customers' need and strive for reasonable price.

(B) Invest resources in R&D of technology actively to deal with the new challenge about technology and ensure the leadership of technology.

(C) Enhance the business and market survey about testers to upgrade the accuracy of forecast about market demand, and order and import safe stock of spare parts based on the market demand, and establish the semi-finished goods inventory system to ensure fulfillment of delivery term.

(II) Important purpose and production processes of main products

(1) Important purpose of main products:

A. Wafer probe card for wafer testing

The measuring interface at the stage of wafer testing is a bridge between the wafer to be tested and the tester, extensively applied to the testing of such wafer as logic components, memory components and LCD driver components.

B. LCD Driver IC Fina Test wafer probe card

The testing interface after packaging, a bridge of the signal transmission between the LCD Driver IC to be tested, Tape and the tester.

C. Vertical type probe card

The measuring interface at the stage of wafer testing, designed for the wafer prober and need for flip-chip products.

D. Photoelectric semi-conductor die testing equipment

Upon completion of the photoelectric semi-conductor wafer, test the photoelectric characteristics of dies and sort out data.

E. Photoelectric semi-conductor die testing and sorting equipment

Upon completion of the photoelectric semi-conductor die test, sort out the dies based on the photoelectric characteristics of dies.

F. Photoelectric semi-conductor packaging & testing equipment

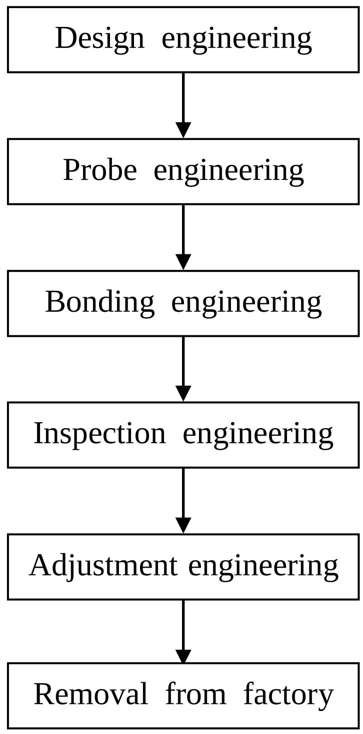
Prober and sorting equipment after LED packaged into COB cell.

G. Full automatic AOI testing device

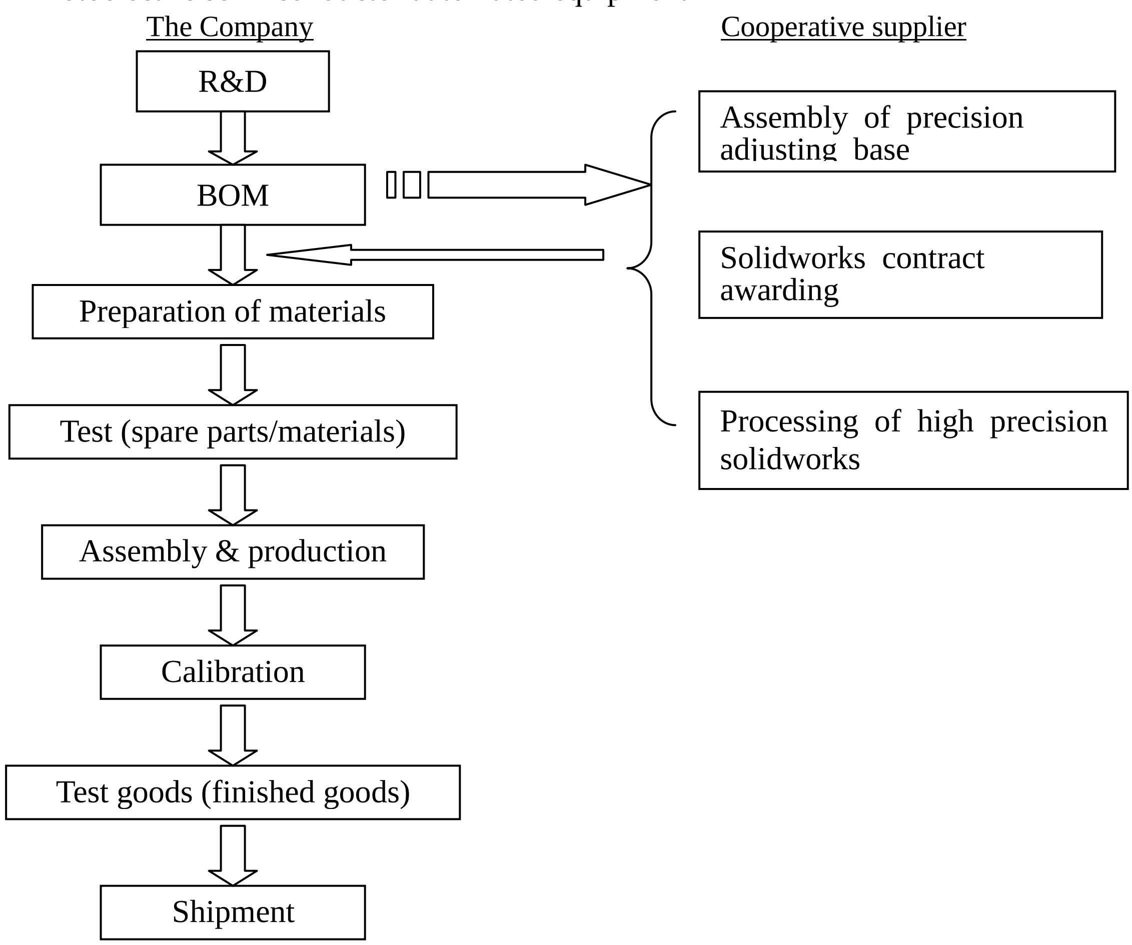
The device that tests AOI by automatic optoelectronic testing after photoelectric semi-conductor testing and sorting, to identify and sort the dices with defective appearance.

(2) Production process of products

A. Wafer probe card



(B) Photoelectric semi-conductor automated equipment



(III) Supply of main raw materials

The Company's main products include wafer probe cards and photoelectric semi-conductor automated equipment series. The raw materials and supplies required by wafer probe cards include PCB, probe and tube, et al., while those required by photoelectric semi-conductor automated equipment include microscope, machine bed, Bed Type Milling Machine, screw track, motor and industrial computer. The Company maintains fair collaborative relationship with domestic/foreign raw material suppliers, and keeps working with two (2) or more suppliers of key materials and spare parts to keep the procurement flexible and disperse the risk over excessive concentration of raw materials and supplies.

(IV) Name list of principal suppliers and clients

(1) Name list of any suppliers that have supplied 10 percent or more of the Company's procurements in the most recent two (2) years

Currency unit: in NTD 1,000

2014				2015			
Name	Amount	Percentage of total net procurement (%)	Affiliation with issuer of securities	Name	Amount	Percentage of total net procurement (%)	Affiliation with issuer of securities
Others	1,561,011	100.00%	N/A	Others	1,122,818	100.00%	N/A
Net procurement	1,561,011	100.00%		Net procurement	1,122,818	100.00%	

Analysis of variations: The Company had no suppliers that have supplied 10 percent or more of the Company's procurements in 2014 or 2015.

(1) Name list of any customers to whom the Company has sold 10 percent or more of the Company's sales in the most recent two (2) years

Currency unit: in NTD 1,000

2014				2015			
Name	Amount	Percentage of total net sales (%)	Affiliation with issuer of securities	Name	Amount	Percentage of total net sales (%)	Affiliation with issuer of securities
Customer M	471,969	11.36%	N/A	Customer A	590,439	14.71%	N/A
Others	3,684,163	88.64%	N/A	Customer M	502,401	12.52%	N/A
				Others	2,920,330	72.77%	
Net sales	4,156,132	100.00%		Net sales	4,013,170	100.00%	

Analysis of variations: As a result of the change of product portfolio.

(V) Output and sales volume for the most recent two (2) years

Unit
Quantity: probe card: PIN
Quantity: Prober: set
Value: NTD 1,000

Year / Output and sales volume / Main products (or by department)	2014			2015		
	Productivity	Output	Output value	Productivity	Output	Output value
Wafer probe card	9,500,000	8,041,043	1,182,600	9,120,000	7,494,834	1,216,940
Photoelectric semi-conductor automated equipment	1,353	1,416	823,959	936	796	490,472
Total			2,006,559			1,707,412

(VI) Sale volume for the most recent two year

Unit
Quantity: probe card: PIN
Quantity: Prober: set
Value: NTD 1,000

Year / Sale volume / Main products (or by department)	2014				2015			
	Domestic market		Export		Domestic market		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wafer probe card	5,648,942	1,482,911	3,114,367	1,102,918	6,997,524	1,750,324	2,235,436	819,200
Photoelectric semi-conductor automated equipment	176	191,006	886	796,883	133	109,215	822	703,461
Others		208,459		373,955		135,376		495,594
Total		1,882,376		2,273,756		1,994,915		2,018,255

III. Information about the employees

Information about the employees employed for the most recent two (2) fiscal years and until the publication date of the annual report

Year		2014	2015	Ending April 30, 2016
Number of employees	Indirect employees	711	773	789
	Direct employees	488	590	601
	Total	1199	1363	1390
Average age		33.52	33.8	34.1
Average service seniority		5.29	5.42	6.17
Education level (%)	PhD	0.33	0.29	0.29
	Master	16.52	16.51	16.40
	College	67.89	67.21	67.84
	Senior High School	14.93	15.70	15.18
	Below Senior High School	0.33	0.29	0.29

IV. Information about the expenses of environmental protection

For the time being, the Company's main products are primarily applied to wafer probe cards at the stage of semi-conductor component wafer testing and to the photoelectric semi-conductor automated equipment of the LED industry. The production process renders minor environmental pollution. Notwithstanding, the Company still values various pollution prevention projects. In order to mitigate the environmental impact, the Company works hard to invest in installation of pollution prevention equipment, in hopes of mitigating the pollution with effective control measures to achieve the environmental protection objective for cleaner production. Meanwhile, the Company is also dedicated to improving the working environment to provide employees with a comfortable and pleasing working environment and thereby upgrade the quality and efficiency of work. The Company continues to boost such policies as 5S, factory premises landscaping, and response to the governmental policy for energy saving and carbon reduction, et al. The Company is expected to acquire ISO14001&ISO50001 certification in Q4 of 2016.

(I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:

1. According to the environmental protection laws and regulations, the Company's 2nd Plant in Zhubei and Xinpu Plant have applied for the water pollution prevention permit and permit for permanent pollution source operation issued by

Hsinchu County Environmental Protection Bureau, and also delegated the personnel dedicated to waste disposal (class B) and air pollution prevention (class A).

2. Report and pay the pollution prevent expenses according to the environmental protection laws and regulations.

(II) Setting forth the Company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:

The anti-pollution facilities are used to process the wastewater and gas derived from the production process to reduce the environmental pollution and comply with the environmental laws and regulations.

(III) Describing the process undertaken by the Company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus' publishing date. If there had been any pollution dispute, its handling process shall also be described: The Company did not commit any environment pollution incidents in the most recent 2 fiscal years and up to the prospectus' publishing date.

(IV) Describing the loss (including damages compensation paid) suffered by the Company due to environmental pollution incidents occurred in the most recent two (2) fiscal years and up to the prospectus' publishing date, the total penalty/fine amount, as well as disclosing its future preventive policies (including improvement measures) and possible expenses to be incurred (including possible loss if no preventive measures are taken, and the penalties and estimated damage compensation amount; if reasonable estimation cannot be made, explanation on the facts why it cannot be made shall be stated.): N/A

(V) Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming two (2) fiscal years: N/A.

(VI) Information about RoHS: Not applicable, due to the characteristics of the Company's business lines.

V. Labor relations:

(I) Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

1. Employee benefits:

The Company drafts and promotes various benefits primarily in order to ensure employees' safety and health in work. The workers benefit commission organized by employees enables employees to enjoy participating in planning and implementation of physical activities, in order to make the activities more characteristic and practical and to achieve the purpose of physical and mental relaxation. The Company also realizes that employees shall be held the important drive boosting the Company's growth. In addition to operating said Commission to process employees' benefits, the Company also provides the following benefits:

(1) Award performance bonus subject to the status of production and operation;
(2) Offer employees the stock options to participate in the Company's management, in hopes of further gathering employees' loyalty;
(3) Offer labor insurance and health insurance to stabilize employees' mood when they are working;
(4) Organize employee travel to relax employees' mode and boost their work efficiency;
(5) Organize year-end bonus party and lottery to reward employees for their efforts in the past year;
(6) Train employees to enable them to get with their work and exert their strength as early as possible;
(7) Money gift for three major festivals; subsidy for employees' marriage, childbirth and birthdays; and
(8) Funeral assistance (including parents, spouse, children) and emergent relief.

2. Continuing education and training systems, and the status of their implementation:

The Company has the dedicated personnel from HR Dept. arrange and plan the competency education and training courses (including the training courses co-organized by other entities and units commissioned by the Company), to be in line with the Company's operating policy and development objectives, upgrade the employees' quality, enrich their basic knowledge, improve their skills and exert their potential, and also to be in line with the propagation under laws and regulations. The Company's education training systems are categorized into internal training, external training and overseas continuing education to satisfy employees' personal need for self-actualization.

Continuing education and training of employees:

Item	Number of class	Total number of person	Total hours	Total fees
1. Orientation training	7	278	2,860	0
2. Professional competency training	223	825	5,822	2,013,440
3. Supervisor's competency training	31	100	687	214,522
4. General education training	28	164	657	61,200
5. Self-inspiration training	34	875	6,185	655,243
Total	323	2,242	16,211	2,944,405

3. Retirement system and the status of its implementation:

   The Company will contribute pension fund to the exclusive account according to the Labor Standard Law and Labor Pension Act on a monthly basis, in hopes of securing employees' life after retirement.

4. Agreements between labor and management:

   The Company is a business applicable under Labor Standard Law. The Company operates in accordance with Labor Standard Law. The relations between labor and management are fair, and no dispute has arisen between labor and management.

5. Measures aimed at preserving the rights and interests of employees:

   The Company upholds the philosophy for "sharing earnings with employees", and defines the percentage of employee bonus in its Articles of Incorporation to encourage employees' participation in the management. Meanwhile, the Company has installed the "Opinion Mailbox" to promote the suggestion system. Any approaches for improvement or suggestions helpful for the Company's management or system or facilities may be sent to the Mailbox. In order to encourage employees to put forward suggestions, the Company will grant reward subject to the circumstances and provide employees with the communication and opinion exchange channel for employees in life and work.

6. Working environment and protection measures against employees' personal safety:

   In order to build a safe environment, the Company assigns security guards to guard at the entrance of the Company for 24 hours a day, and installs the access control system and CCTV at various entries/exits. Parking lots are equipped with emergency call buttons. Meanwhile, the Company will inspect and maintain the various facilities including buildings, fire protection equipments, electric and mechanical equipments, fountains and elevators periodically to protect employees' personal safety.

   The Company has defined the disaster prevention and management regulations as work rules for labor safety and health, emergent response, and contractors' safety and health. Meanwhile, the Company will conduct self-inspection and the safety and health education and drills required by prevention of disaster periodically. Further, the Company will clean and disinfect offices and factory premises periodically and inspect the operating environment periodically, in order to provide employees with a comfortable and safe working environment. The Company is expected to acquire OHSAS18001 certification in Q4 of 2016.

   Employees' health is the Company's wealth. The Company is committed to provide the care better than that provided under laws and regulations. Employees may take the health examination without charge each year. The Company will organize health seminars and medical consultation and provide subsidy for employee travel periodically. Meanwhile, the Company also provides employees with fitness equipment and breastfeeding room, and establishes leisure clubs to encourage employees to attend leisure activities.

(II) Describing the loss suffered by the Company due to labor disputes occurring in the most recent years and up to the publication date of the annual report: N/A.

(III) Disclosing the estimated amount expected to be incurred for the present and future as well as the preventive measures: The relations between labor and management are fair in the Company. The communication channels between both parties are free from any trouble and, therefore, no amount about labor dispute expected to be incurred for the future.

VI. Important contract

Nature of contract	Concerned party	Duration	Contents	Restrictive clause
Agency contract	MPI TRADING CORP.	2005/01/01~undefined The contract shall be renewed automatically, unless otherwise agreed by both parties in writing.	Trading and payment of commission of semi-conductor equipments	N/A
Lease contract	Chain-Logic International Corp.	2014/12/21~2017/12/20	Sublet the factory premises building at Wenshan Road, Xinpu Township, Hsinchu County	N/A
Lease contract	Lumitek Co.,LTD	2014.11.01~2017.10.31	Sublet the factory premises building at Wenshan Road, Xinpu Township, Hsinchu County	N/A
Financing and lease contract	Non-related party	2016/01/1~2020/12/31	Lease agreement for production equipment and machine effective for 5 years	N/A
Agency contract	Mjc Microelectronics (Shanghai) Co., Ltd.	2004/01/01~undefined The contract shall be renewed automatically, unless otherwise agreed by both parties in writing.	Trading of wafer probe cards, and payment of commission	N/A
Agency contract	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	2005/01/01~undefined The contract shall be renewed automatically, unless otherwise agreed by both parties in writing. Re-sign a new contract on January 1, 2011	Trading and payment of commission of semi-conductor equipments	N/A
Long-term loan contract	Land Bank of Taiwan - Tunghsinchu Branch	2009.03.02~2022.03.02	Loan secured by land and building	

Long-term loan contract	Land Bank of Taiwan - Tunghsinchu Branch	2015.09.30~2020.09.30	Loan secured by land and building	
Agency contract	MJC	2007/01/01~undefined The contract shall be renewed automatically, unless otherwise agreed by both parties in writing.	Trading of U-Probe, and collection of commission	N/A
Agency contract	Chain-Logic International Corp.	2007/08/01~undefined The contract shall be renewed automatically, unless otherwise agreed by both parties in writing. Re-sign a new contract on January 1, 2011	Trading and payment of commission of semi-conductor equipments	N/A
Agency contract	MET	2010/01/01~undefined The contract shall be renewed automatically, unless otherwise agreed by both parties in writing.	Trading and payment of commission of semi-conductor wafer prober	N/A

Six. Overview of finance

I. Condensed balance sheet and comprehensive income statement for the most recent five years

(I) Condensed balance sheet and comprehensive income statement - IFRSs

1. Condensed balance sheet

Currency unit: in NTD 1,000

Item \ Year		Financial information in the most recent five (5) years (Note 1) 2011	2012	2013	2014	2015	Ending March 31, 2016 (Note 3)
Current assets		N/A	2,952,944	2,809,211	3,598,049	3,145,811	3,383,238
Property, plant and equipment			1,531,677	1,590,963	2,167,777	2,962,969	3,018,871
Intangible assets			20,620	17,977	69,274	81,467	82,497
Other non-current assets			310,996	297,424	551,709	461,224	491,421
Total assets			4,816,237	4,715,575	6,387,417	6,651,471	6,976,027
Current liabilities	Before distribution		1,724,014	1,539,879	1,973,673	2,714,026	2,877,324
	After distribution		1,724,014	1,539,879	1,973,673	2,714,026	(Note 3)
Non-current liabilities			112,810	103,057	670,881	289,017	352,227
Total liabilities	Before distribution		1,836,824	1,642,936	2,644,554	3,003,043	3,229,551
	After distribution		1,836,824	1,642,936	2,644,554	3,003,043	(Note 3)
Equity attributable to the parent company			2,962,948	3,055,611	3,725,704	3,632,590	3,731,554
Capital stock			786,104	786,124	795,364	796,054	796,054
Capital surplus			740,657	740,781	885,012	871,572	885,735
Retained earnings	Before distribution		1,577,086	1,655,921	2,004,556	1,972,546	2,027,162
	After distribution		1,577,086	1,655,921	2,004,556	1,972,546	(Note 3)
Other equities			11,707	25,391	40,772	26,872	22,603
Treasury stock			(152,606)	(152,606)	0	(34,454)	0
Non-controlling equity			16,465	17,028	17,159	15,838	14,922
Total equities	Before distribution		2,979,413	3,072,639	3,742,863	3,648,428	3,746,476
	After distribution		2,979,413	3,072,639	3,742,863	3,648,428	(Note 3)

Note 1: Said information was already audited and certified by the external auditor.
Note 2: Said titles are free from revaluation of assets.
Note 3: The motion for distribution of earnings 2015 has not yet been resolved by the shareholders' meeting. Therefore, no amount after distribution is identified.

2. Comprehensive income statement

Currency unit: in NTD 1,000

Item \ Year	Financial information in the most recent five (5) years (Note 1)					Ending March 31, 2016 (Note 3)
	2011	2012	2013	2014	2015	
Operating revenue	N/A	2,865,212	3,035,778	4,156,132	4,013,170	908,246
Gross profit		1,316,312	1,404,321	1,936,519	1,796,111	403,841
Operating profit or loss		293,799	333,548	557,667	319,840	62,405
Non-operating revenue and expense		(3,542)	(6,949)	41,716	39,674	(910)
Net profit (loss) before tax		290,257	326,599	599,383	359,514	61,495
Net profit of continuing department		254,388	270,933	517,298	294,141	53,547
Loss of discontinued department		0	0	0	0	0
Net profit (loss)		254,388	270,933	517,298	294,141	53,547
Other comprehensive income (after tax)		(11,101)	13,675	11,935	(22,950)	(4,116)
Total comprehensive income		243,287	284,608	529,233	271,191	49,431
Net profit attributable to parent company		261,931	271,033	517,636	294,820	54,616
Net profit attributable to non-controlling equity		(7,543)	(100)	(338)	(679)	(1,069)
Total comprehensive income attributable to parent company		250,101	284,045	529,102	272,512	50,347
Total comprehensive income attributable to non-controlling equity		(6,814)	563	131	(1,321)	(916)
EPS		3.42	3.54	6.62	3.71	0.69

Note 1: Said information was already audited and certified by the external auditor.

(II) Condensed balance sheet and comprehensive income statement - Individual

1. Condensed balance sheet

Currency unit: in NTD 1,000

Item \ Year		Financial information in the most recent five (5) years (Note 1)				
		2011	2012	2013	2014	2015
Current assets		N/A	2,642,173	2,433,597	3,291,927	2,807,369
Property, plant and equipment			1,481,668	1,545,879	1,930,339	2,595,075
Intangible assets			20,609	17,971	23,490	35,739
Other non-current assets			590,429	608,241	991,179	1,097,297
Total assets			4,734,879	4,605,688	6,237,543	6,535,480
Current liabilities	Before distribution		1,667,265	1,456,813	1,847,374	2,620,794
	After distribution		1,667,265	1,456,813	1,847,374	(Note 3)
Non-current liabilities			104,666	93,264	664,465	282,096
Total liabilities	Before distribution		1,771,931	1,550,077	2,511,839	2,902,890
	After distribution		1,771,931	1,550,077	2,511,839	(Note 3)
Equity attributable to the parent company			2,962,948	3,055,611	3,725,704	3,632,590
Capital stock			786,104	786,124	795,364	796,054
Capital surplus			740,657	740,781	885,012	871,572
Retained earnings	Before distribution		1,577,086	1,655,921	2,004,556	1,972,546
	After distribution		1,577,086	1,655,921	2,004,556	(Note 3)
Other equities			11,707	25,391	40,772	26,872
Treasury stock			(152,606)	(152,606)	0	(34,454)
Non-controlling equity			0	0	0	0
Total equities	Before distribution		2,962,948	3,055,611	3,725,704	3,632,590
	After distribution		2,962,948	3,055,611	3,725,704	(Note 3)

Note 1: Said information was already audited and certified by the external auditor.
Note 2: Said titles are free from revaluation of assets.
Note 3: The motion for distribution of earnings 2015 has not yet been resolved by the shareholders' meeting. Therefore, no amount after distribution is identified.

2. Comprehensive income statement

Currency unit: in NTD 1,000

Item \ Year	Financial information in the most recent five (5) years (Note 1)				
	2011	2012	2013	2014	2015
Operating revenue	N/A	2,678,483	2,787,127	3,968,652	3,838,093
Gross profit		1,238,240	1,294,741	1,776,591	1,677,564
Operating profit or loss		309,124	313,733	515,834	284,107
Non-operating revenue and expense		(17,472)	7,513	76,126	54,570
Net profit (loss) before tax		291,652	321,246	591,960	338,677
Net profit of continuing department		261,931	271,033	517,636	294,820
Loss of discontinued department		0	0	0	0
Net profit (loss)		261,931	271,033	517,636	294,820
Other comprehensive income in the current period (net after tax)		(11,830)	13,012	11,466	(22,308)
Total comprehensive income		250,101	284,045	529,102	272,512
Net profit attributable to parent company		261,931	271,033	517,636	294,820
Net profit attributable to non-controlling equity		0	0	0	0
Total comprehensive income attributable to parent company		250,101	284,045	529,102	272,512
Total comprehensive income attributable to non-controlling equity		0	0	0	0
EPS		3.42	3.54	6.62	3.71

Note 1: Said information was already audited and certified by the external auditor.

(III) Individual balance sheet and income statement – R.O.C. Financial Accounting Standards

1. Condensed consolidated balance sheet

Currency unit: in NTD 1,000

Item \ Year		Financial information in the most recent five (5) years (Note 1)				
		2011	2012	2013	2014	2015
Current assets		3,335,990	2,988,111	N/A		
Fund and investment		160,628	166,213			
Fixed assets(Note 2)		1,210,837	1,551,111			
Intangible assets		0	0			
Other assets		99,138	117,353			
Total assets		4,806,593	4,822,788			
Current liabilities	Before distribution	1,586,221	1,698,615			
	After distribution	1,586,221	1,698,615			
Long-term liabilities		86,282	76,953			
Other liabilities		24,328	22,659			
Total liabilities	Before distribution	1,696,831	1,798,227			
	After distribution	1,696,831	1,798,227			
Capital stock		786,024	786,104			
Capital surplus		740,116	740,657			
Retained earnings	Before distribution	1,701,436	1,639,806			
	After distribution	1,701,436	1,639,806			
Unrealized profit or loss from financial instruments		0	0			
Accumulated translation adjustment		16,810	11,707			
Net loss not recognized as pension cost Net loss not recognized as pension cost		0	17,571			
Total shareholders' equities	Before distribution	3,109,762	3,024,561			
	After distribution	3,109,762	3,024,561			

Note 1: Said information was already audited and certified by the external auditor.
Note 2: Said titles are free from revaluation of assets.

2. Condensed consolidated income statement

Currency unit: in NTD 1,000

Item \ Year	Financial information in the most recent five (5) years (Note 1)				
	2011	2012	2013	2014	2015
Operating revenue	4,082,587	2,865,212	N/A		
Gross profit	1,722,944	1,328,992			
Operating profit or loss	718,682	314,962			
Non-operating revenue and gain	37,908	35,004			
Non-operating expense and loss	(38,524)	(38,546)			
Income before tax of continued departments	718,066	311,420			
Income of continued departments	630,852	275,551			
Income of discontinued departments	0	0			
Extraordinary income	0	0			
Cumulative effects of changes in accounting principles Cumulative effects of changes in accounting principles	0	0			
Income	630,852	275,551			
EPS (NT$) (Note 2)	8.13	3.70			

Note 1: Said information was already audited and certified by the external auditor.

Note 2: In the case of capital increase by recapitalization of earnings or capital surplus, the EPS of the previous years shall be adjusted retroactively based on the percentage of capital increase when computing EPS.

(IV) Condensed balance sheet and income statement – R.O.C. Financial Accounting Standards

1. Condensed balance sheet

Currency unit: in NTD 1,000

Item / Year		Financial information in the most recent five (5) years (Note 1)				
		2011	2012	2013	2014	2015
Current assets		3,083,294	2,676,664	N/A		
Fund and investment		515,596	461,143			
Fixed assets(Note 2)		1,135,657	1,476,877			
Intangible assets		0	0			
Other assets		106,746	129,601			
Total assets		4,841,293	4,744,285			
Current liabilities	Before distribution	1,643,110	1,641,890			
	After distribution	1,643,110	1,641,890			
Long-term liabilities		86,282	76,953			
Other liabilities		20,121	17,345			
Total liabilities	Before distribution	1,749,513	1,736,188			
	After distribution	1,749,513	1,736,188			
Capital stock		786,024	786,104			
Capital surplus		740,116	740,657			
Retained earnings	Before distribution	1,701,436	1,639,806			
	After distribution	1,701,436	1,639,806			
Unrealized profit or loss from financial instruments		0	0			
Accumulated translation adjustment		16,810	11,707			
Net loss not recognized as pension cost		0	-17,571			
Total shareholders' equities	Before distribution	3,091,780	3,008,097			
	After distribution	3,091,780	3,008,097			

Note 1: Said information was already audited and certified by the external auditor.
Note 2: Said titles are free from revaluation of assets.

2. Condensed income statement

Currency unit: in NTD 1,000

Item \ Year	Financial information in the most recent five (5) years (Note 1)				
	2011	2012	2013	2014	2015
Operating revenue	3,826,166	2,678,483	N/A		
Gross profit	1,605,584	1,250,920			
Operating profit or loss	587,982	330,308			
Non-operating revenue and gain	141,869	36,009			
Non-operating expense and loss	(32,360)	(53,502)			
Income before tax of continued departments	697,491	312,815			
Income of continued departments	633,761	283,094			
Income of discontinued departments	0	0			
Extraordinary income	0	0			
Cumulative effects of changes in accounting principles	0	0			
Income	633,761	283,094			
EPS (NT$) (Note 2)	8.13	3.70			

Note 1: Said information was already audited and certified by the external auditor.
Note 2: In the case of capital increase by recapitalization of earnings or capital surplus, the EPS of the previous years shall be adjusted retroactively based on the percentage of capital increase when computing EPS.

3. The names of CPA conducting financial audits in the most recent five years and their audit opinions.

Year	Firm Name	Name of CPA	Audit opinions
2011	Nexia Sun Rise CPAs & Co.	Chang, Yu-Ming & Chen, Shih-Yuan	Modified unqualified opinions
2012	Nexia Sun Rise CPAs & Co.	Chang, Yu-Ming & Chen, Shih-Yuan	Modified unqualified opinions
2013	Nexia Sun Rise CPAs & Co.	Chang, Yu-Ming & Chen, Shih-Yuan	Modified unqualified opinions
2014	Nexia Sun Rise CPAs & Co.	Chang, Yu-Ming & Chen, Shih-Yuan	Modified unqualified opinions
2015	Nexia Sun Rise CPAs & Co.	Wu, Kuei-Chen & Chen, Tsan-Huang	Modified unqualified opinions

II. Financial analysis in the most recent five years

(1) Financial ratio for the most recent five (5) years - IFRSs

Item (Note 3) \ Year (Note 1)		Financial information in the most recent five (5) years				
		2011	2012	2013	2014	2015
Financial structure	Liabilities to total assets(%)	N/A	38.14	34.84	41.40	45.15
	Long-term fund to property, plant and equipment (%)		199.54	197.38	203.61	132.89
Solvency	Current ratio (%)		171.28	182.43	182.30	115.91
	Quick ratio (%)		76.86	77.96	88.49	50.99
	Multiple of interest protection		660.62	436.66	186.11	27.84
Utility	Receivables turnover (time)		4.32	4.71	6.37	4.97
	Average number of days receivables outstanding		84.49	77.49	57.30	73.44
	Inventory turnover (time)		1.02	1.08	1.38	1.33
	Payables turnover (time)		3.54	4.05	4.89	4.89
	Average number of days of sales		357.84	337.96	264.49	274.43
	Property, plant and equipment turnover (time)		2.1	1.94	2.21	1.56
	Total asset turnover (time)		0.6	0.64	0.75	0.62
Profitability	ROA (%)		5.31	5.70	9.37	4.68
	ROE (%)		8.40	8.95	15.19	7.96
	Income before tax to paid-in capital (%)		36.92	41.55	75.36	45.16
	Profit margin (%)		8.88	8.92	12.45	7.33
	EPS (NT$) (Note 2)		3.42	3.54	6.62	3.71
Cash flow	Cash flow ratio (%)		1.53	16.62	21.58	-5.82
	Cash flow adequacy ratio (%)		60.77	53.20	49.49	17.37
	Cash flow reinvestment ratio (%)		0.73	6.93	5.17	-9.89
Leverage	Operating leverage		3.47	3.19	2.81	4.37
	Financial leverage		1	1	1.01	1.04

The causes resulting in changes in financial rates in the most recent two (2) years by more than 20%: (Not required, if the changes are less than 20%)

1. The decrease in long-term fund to property, plant and equipment was a result of the decrease in non-current liabilities.
2. The decrease in current ratio and quick ratio was a result of the decrease in current assets.
3. The decrease in multiple of interest protection was a result of the increase in interest expenses.
4. The decrease in receivables turnover was a result of the increase in average number of days receivables outstanding primarily resulting from the decrease in operating revenue.
5. The decrease in property, plant and equipment turnover was a result of the decrease in operating revenue and increase in property, plant and equipment.
6. The declination of profitability was a result of the decrease in net profit.
7. The decrease in cash flow was a result of the decrease in net cash flow from operating activities.
8. The increase in operating leverage was a result of the decrease in operating income.

(II) Financial ratio for the most recent five (5) years - Individual

Item (Note 3)	Year (Note 1)	Financial information in the most recent five (5) years				
		2011	2012	2013	2014	2015
Financial structure	Liabilities to total assets(%)	N/A	37.42	33.66	40.27	44.42
	Long-term fund to property, plant and equipment (%)		205.17	202.04	227.43	150.85
Solvency	Current ratio (%)		158.47	167.05	178.19	107.12
	Quick ratio (%)		65.85	63.72	86.51	44.71
	Multiple of interest protection		663.79	588.86	197.86	26.70
Utility	Receivables turnover (time)		4.37	4.79	5.9	4.43
	Average number of days receivables outstanding		83.52	76.20	61.86	82.39
	Inventory turnover (time)		0.98	1.04	1.42	1.29
	Payables turnover (time)		3.51	3.94	5.16	4.95
	Average number of days of sales		372.45	350.96	257.04	282.95
	Property, plant and equipment turnover (time)		2.04	1.84	2.28	1.70
	Total asset turnover (time)		0.56	0.60	0.73	0.60
Profitability	ROA (%)		5.49	5.81	9.59	4.79
	ROE (%)		8.70	9.01	15.27	8.01
	Income before tax to paid-in capital (%)		37.10	40.86	74.43	42.54
	Profit margin (%)		9.78	9.72	13.04	7.68
	EPS (NT$) (Note 2)		3.42	3.54	6.62	3.71
Cash flow	Cash flow ratio (%)		4.39	15.89	13.09	-2.14
	Cash flow adequacy ratio (%)		60.49	50.41	46.05	18.11
	Cash flow reinvestment ratio (%)		2.07	6.37	1.54	-8.03
Leverage	Operating leverage		3.14	3.21	2.88	4.86
	Financial leverage		1	1	1.01	1.05

The causes resulting in changes in financial rates in the most recent two (2) years by more than 20%: (Not required, if the changes are less than 20%)

1. The decrease in long-term fund to property, plant and equipment was a result of the decrease in non-current liabilities.
2. The decrease in current ratio and quick ratio was a result of the decrease in current assets.
3. The decrease in multiple of interest protection was a result of the increase in interest expenses.
4. The decrease in receivables turnover was a result of the increase in average number of days receivables outstanding primarily resulting from the decrease in operating revenue.
5. The decrease in property, plant and equipment turnover was a result of the decrease in operating revenue and increase in property, plant and equipment.
6. The declination of profitability was a result of the decrease in net profit.
7. The decrease in cash flow was a result of the decrease in net cash flow from operating activities.
8. The increase in operating leverage was a result of the decrease in operating income.

Equation of financial analysis

Note 1: Said information in the most recent five years was already audited or reviewed by the external auditor.

Note 2: EPS is calculated based on the quantity of shares under weighted average method after being adjusted retroactively.

Note 3: The equation of said items is stated as following:

1. Financial structure
   (1) Liabilities to total assets = Total liabilities/total assets
   (2) Long-term fund to property, plant and equipment=(total equity+non-current liabilities)/property, plant and equipment, net
2. Solvency
   (1) Current ratio = current assets/current liabilities
   (2) Quick ratio = (current assets-inventory-prepayment)/current liabilities
   (3) Multiple of interest protection=income tax and interest expenses net income before income tax/interest expenses in the current period
3. Utility
   (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance (gross) of average accounts receivable (including accounts receivable and notes receivable resulting from operation)
   (2) Average number of days receivable outstanding = 365 /accounts receivable turnover
   (3) Inventory turnover = sale cost/average inventory
   (4) Payables (including accounts payable and notes payable resulting from operation) turnover = net sales / balance (gross) of average accounts payable (including accounts payable and notes payable resulting from operation)
   (5) Average number of days of sales = 365/inventory turnover
   (6) Property, plant and equipment turnover = net sales/average property, plant and equipment, net
   (7) Total assets turnover rate = net sales/average total assets
4. Profitability
   (1) ROA = [income after income tax+interest expense*(1-tax rate)]/average total assets.
   (2) ROE = Income after income tax/average total equity
   (3) Profit margin = Income After income tax/net sales
   (4) Earnings Per Share = (income attributable to parent company – dividends from preferred shares)/weighed average quantity of outstanding shares
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities/current liabilities
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years/ (capital spending + increase in inventory + cash dividends) in the most recent five years
   (3) Cash reinvestment ratio=(Net cash flow from operating activities-cash dividends)(gross of property, plant and equipment+long-term investment+other non-current assets+working capital)

6. Leverage
   (1) Operating leverage=(Net operating revenue-changed operating costs and expenses)/operating income
   (2) Financial leverage=Operating income/(operating income-interest expenses)

Note 4: The following shall be considered in assessing the equation Earnings Per Share as aforementioned:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. The quantity of new shares for raising new capital or treasury stock trade shall be included in the weighted average quantity of shares during their effective term.
3. Where the shares may be issued through the capitalization of retained earnings or capital surplus, make adjustment in proportion to the quantity of shares issued in calculating the semi-annual or annual Earnings Per Share of the year. The period for the release of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (issued or not) shall be subtracted from net profit after tax or added to net loss after tax. If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after tax if net profit after tax is earned, or no adjustment is required if loss arises.

Note 5: The following shall be considered in assessing cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow to annual capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment refer to total property, plant and equipment before subtracting by accumulated depreciation.

Note 6: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonability and consistency.

Note 7: In the case of shares issued by the Company with no par value or a par value other than NT$10 per share, said calculation about the percentage to the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

(III) Financial ratio for the most recent five (5) years – the R.O.C. Financial Accounting Standards

Item (Note 2) / Year (Note 1)			Financial information in the most recent five (5) years (Note 2)				
			2011	2012	2013	2014	2015
Financial structure	Liabilities to total assets(%)		35.30	37.29	N/A		
	Long-term fund to fixed assets (%)		263.95	199.95			
Solvency	Current ratio (%)		210.31	175.91			
	Quick ratio (%)		98.20	77.82			
	Multiple of interest protection		2769.35	708.72			
Utility	Receivables turnover (time)		5.56	4.32			
	Average number of days receivables outstanding		65.65	84.49			
	Inventory turnover (time)		1.38	1.01			
	Payables turnover (time)		3.05	3.51			
	Average number of days of sales		264.49	361.39			
	Fixed asset turnover (time)		3.61	2.07			
	Total asset turnover (time)		0.74	0.6			
Profitability	ROA (%)		11.47	5.73			
	ROE (%)		20.60	8.98			
	To paid-in capital(%)	Operating income	91.43	40.07			
		Income before tax	91.35	39.62			
	Profit margin (%)		15.45	9.62			
	EPS (NT$)	before retroactive adjustment	8.13	3.70			
		after retroactive adjustment	8.13	3.70			
Cash flow	Cash flow ratio (%)		10.02	21.75			
	Cash flow adequacy ratio (%)		62.41	65.26			
	Cash flow reinvestment ratio (%)		(8.09)	0.68			
Leverage	Operating leverage		1.97	3.28			
	Financial leverage		1	1			

The causes resulting in changes in financial rates in the most recent two (2) years by more than 20%: (Not required, if the changes are less than 20%)
N/A

(IV) Individual financial ratio for the most recent five years – the R.O.C. Financial Accounting Standards

Item (Note 2) / Year (Note 1)			Financial information in the most recent five (5) years (Note 2)				
			2011	2012	2013	2014	2015
Financial structure	Liabilities to total assets(%)		36.14	36.60	N/A		
	Long-term fund to fixed assets (%)		279.84	208.89			
Solvency	Current ratio (%)		187.65	163.02			
	Quick ratio (%)		81.45	66.83			
	Multiple of interest protection		2690.03	711.89			
Utility	Receivables turnover (time)		5.65	4.37			
	Average number of days receivables outstanding		64.60	83.52			
	Inventory turnover (time)		1.31	0.97			
	Payables turnover (time)		3.02	3.48			
	Average number of days of sales		278.63	376.28			
	Fixed asset turnover (time)		3.61	2.05			
	Total asset turnover (time)		0.69	0.56			
Profitability	ROA (%)		11.51	5.91			
	ROE (%)		20.81	9.28			
	To paid-in capital(%)	Operating income	74.80	42.02			
		Income before tax	88.74	39.79			
	Profit margin (%)		16.56	10.57			
	EPS (NT$)	before retroactive adjustment	8.13	3.67			
		after retroactive adjustment	8.13	3.67			
Cash flow	Cash flow ratio (%)		11.91	25.21			
	Cash flow adequacy ratio (%)		64.3	71.16			
	Cash flow reinvestment ratio (%)		0	1.94			
Leverage	Operating leverage		1.98	2.98			
	Financial leverage		1.00	1.00			

The causes resulting in changes in financial rates in the most recent two (2) years by more than 20%: (Not required, if the changes are less than 20%)
N/A

Equation of financial analysis:

Note 1: Said information in the most recent five years was already audited or reviewed by the external auditor.

Note 2: The equation of said items is stated as following:

1. Financial structure
   (1) Liabilities to total assets = Total liabilities/total assets
   (2) Long-term fund to fixed assets = (total shareholders' equity+long-term liabilities)/fixed assets, net
2. Solvency
   (1) Current ratio = current assets/current liabilities
   (2) Quick ratio = (current assets-inventory-prepayment)/current liabilities
   (3) Multiple of interest protection=income tax and interest expenses net income before income tax/interest expenses in the current period
3. Utility
   (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation)
   (2) Average number of days receivable outstanding = 365 /accounts receivable turnover
   (3) Inventory turnover = sale cost/average inventory
   (4) Payables (including accounts payable and notes payable resulting from operation) turnover = net sales / balance of average accounts payable (including accounts payable and notes payable resulting from operation)
   (5) Average number of days of sales = 365/inventory turnover
   (6) Total fixed assets turnover rate = net sales/net total fixed assets
   (7) Total assets turnover rate = net sales/average total assets
4. Profitability
   (1) ROA = [income after income tax+interest expense*(1-tax rate)]/average total assets.
   (2) ROE = Income after income tax/average total shareholders' equity
   (3) Profit margin = Income After income tax/net sales
   (4) Earnings Per Share= (income attributable to parent company – dividends from preferred shares)/weighed average quantity of outstanding shares (Note 3)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities/current liabilities
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years/ (capital spending + increase in inventory + cash dividends) in the most recent five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activities-cash dividends)(gross of fixed assets+long-term investment+other assets+working capital) (Note 4)
6. Leverage
   (1) Operating leverage = (Net operating revenue-changed operating costs and expenses)/operating income (Note 5)
   (2) Financial leverage = Operating income/(operating income-interest expenses)

Note 3: The following shall be considered in assessing said equation for Earnings Per Share as aforementioned:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. The quantity of new shares for raising new capital or treasury stock trade shall be included in the weighted average quantity of shares during their effective term.
3. Where the shares may be issued through the capitalization of retained earnings or capital surplus, make adjustment in proportion to the quantity of shares issued in calculating the semi-annual or annual Earnings Per Share of the year. The period for the release of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (issued or not) shall be subtracted from net profit after tax or added to net loss after tax. If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after tax if net profit after tax is earned, or no adjustment is required if loss arises.

Note 4: The following shall be considered in assessing cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow to annual capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as "zero".
4. Cash Dividends include the dividends in cash paid to holders of common shares and preferred shares.
5. Gross fixed assets refer to total fixed assets before subtracting by accumulated depreciation.

Note 5: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonableness and consistency.

III. Supervisors' Audit Report on the Financial Statement for the Most Recent Year: Please refer to Page No. 125 of the annual report.

IV. Financial Statement for the Most Recent Year: Please refer to Page No. 204~282 of the annual report.

V. Individual Financial Statement for the Most Recent Year audited and certified by the external auditor: Please refer to Page No. 126~203 of the annual report.

VI. In the case of any insolvency of the Company and its affiliates in the most recent year and up to the publication date of the annual report, specify its effect on the Company's financial position: N/A

Seven. Review and Analysis of Overview of Finance and Financial Performance, and Risk Management

I. Overview of finance

Overview of finance comparison and analysis for the most recent two (2) years

Currency unit: in NTD 1,000

Year / Item	2015	2014	Variance	
			Amount	%
Current assets	3,145,811	3,598,049	-452,238	-12.57
Property, plant and equipment	2,962,969	2,167,777	795,192	36.68
Intangible assets	81,467	69,274	12,193	17.60
Other non-current assets	461,224	551,709	-90,485	-16.40
Total assets	6,651,471	6,387,417	264,054	4.13
Current liabilities	2,714,026	1,973,673	740,353	37.51
Non-current liabilities	289,017	670,881	-381,864	-56.92
Total liabilities	3,003,043	2,644,554	358,489	13.56
Capital stock	796,054	795,364	690	0.09
Capital surplus	871,572	885,012	-13,440	-1.52
Retained earnings	1,972,546	2,004,556	-32,010	-1.60
Other equities	26,872	40,772	-13,900	-34.09
Total equities	3,648,428	3,742,863	-94,435	-2.52

(I) Notes to increase/decrease: (Analysis in the case of the increase/decrease by 20% or more or over NT$10 million in value)

1. The increase in property, plant and equipment: As a result of the increase in purchase of land and equipment.
2. The increase in current liabilities: As a result of translation of payable corporate bonds into current liabilities.
3. The decrease in non-current liabilities: As a result of re-statement of payable corporate bonds into current liabilities.
4. Decrease in other equities: A result of the decrease in exchange difference arising from translation of the financial statement of foreign operations.

(II) Future preventive policies: The Company's overview of finance is fair and no material effect is produced to the shareholders' equity.

II. Financial performance

(1) Operating result comparison and analysis for the most recent two (2) years

Currency unit: in NTD 1,000

Year / Item	2015	2014	Increase (decrease)	Rate of change (%)
Operating revenue	4,013,170	4,156,132	(142,962)	(3.44)
Operating cost	2,220,098	2,221,139	(1,041)	(0.05)
Gross profit	1,796,111	1,936,519	(140,408)	(7.25)
Operating expense	1,476,271	1,378,852	97,419	7.07
Operating profit	319,840	557,667	(237,827)	(42.65)

Non-operating revenue and expense	39,674	41,716	(2,042)	(4.90)
Net profit (loss) before tax	359,514	599,383	(239,869)	(40.02)
Income tax expenses	65,373	82,085	(16,712)	(20.36)
Net profit	294,141	517,298	(223,157)	(43.14)
Other comprehensive income	(22,950)	11,935	(34,885)	(292.29)
Total comprehensive income	271,191	529,233	(258,042)	(48.76)

1. Notes to increase/decrease: (analysis in the case of the increase/decrease by 20% or more)
(1) The decrease in operating income: As a result of the decrease in operating revenue and increase in operating expenses.
(2) The decrease in net profit before tax, income tax expenses and net profit: As a result of the decrease in operating income of this year.
(3) Decrease in other comprehensive incomes and total comprehensive incomes: A result of the decrease in exchange difference arising from translation of the financial statement of foreign operations.
2. Cause of changes of the Company's main business contents. If material changes have occurred or are expected to occur in the operational policies, market conditions, or other internal or external factors, causing a material increase or decrease in revenues or expenses from continuing operations, the fact and their impact and responsive policies shall be stated: N/A.
3. Sales volume forecast for the next year and the basis therefore, and main factors of the continuing growth or declination of the Company's sales volume forecast: It is expected that the future economy and market demand will increase continuously and, therefore, the sales volume of probe cards will grow. The photoelectric semi-conductor automated equipment will be changed to deal with the various fabs' testing modes due to the increasing market demand. Meanwhile, the Company will research and develop new applications, and construct the visual system on the prober. The testing operation after expansion of the LED industry is expected to be helpful for the Company's operating revenue.

(II) Analysis of changes in gross profit

Currency unit: in NTD 1,000

Gross profit	Variance in increase/decrease from one period to the next	Cause of variance			
		Difference of selling price	Difference of cost price	Difference of sale portfolio	Difference of quantity
Wafer probe card	-122,373	-149,463	-42,010	-10,220	79,319
Photoelectric semi-conductor automated equipment	45,169	238,195	-44,238	-50,259	-98,529
Subtotal	-77,204	88,732	-86,248	-60,479	-19,210

Notes to analysis:
The number of purchase order for wafer probe cards increased more than the previous period and thereby resulted in favorable difference of quantity. Given the increasing raw material and supplies price reflecting to the cost, the average cost increased and the selling price was raised, and thereby derived unfavorable difference of cost and unfavorable difference of price. Given the decrease in average gross profit and favorable difference of quantity, unfavorable difference of sale portfolio is expected to be derived accordingly.
Given the declining sales of photoelectric semi-conductor automated equipment and the sales volume thereof declined more than that of last year and thereby derived unfavorable difference of quantity. Additionally, due to the increase in purchase cost of the machine, average cost increased and production/selling price was raised accordingly, and thereby derived unfavorable difference of cost and favorable difference of price. Further, because the gross profit was more than that of last year, unfavorable sale portfolio derived accordingly.

III. Cash flow

(I) Analysis of changes in the cash flow for the most recent two (2) years:

Currency unit: in NTD 1,000

Year / Item	2015	2014	Amount of variance	Increase (decrease) (%)
Operating activity	(157,975)	425,851	(583,826)	(137.10)
Investing activity	(1,046,317)	(951,448)	(94,869)	9.97
Financing activity	706,381	839,281	(132,900)	(15.83)
Total	(497,911)	313,684	(811,595)	(258.73)

Notes to increase/decrease: (analysis in the case of the increase/decrease by 20% or more)

Analysis: The decrease in operating activities was a result of the increase in net cash outflow from the decrease in net profit, payable accounts and advance sale receipts.

(II) Liquidity analysis for the most recent two (2) years:

Year / Item	2015	2014	Increase (decrease) (%)
Cash flow ratio (%)	(5.82)	21.58	(126.97)
Cash flow adequacy ratio (%)	17.37	49.49	(64.90)
Cash flow reinvestment ratio (%)	(9.89)	5.17	(291.30)

Notes to increase/decrease: (analysis in the case of the increase/decrease by 20% or more)

Analysis:

(1) Cash flow ratio: The cash outflow from operating activities this year was a result of the payment of payable accounts for purchase of raw materials, which resulted in the declination of cash flow ratio.

(2) Cash flow adequacy ratio: The declination of cash flow adequacy ratio was a result of cash outflow from operating activities and the increase in inventories for the most recent five years.

(3) Cash reinvestment ratio: The declination of cash reinvestment ratio was a result of the decrease in cash inflow from operating activities of this year.

(III) Analysis of the liquidity of cash for the future year:

Currency unit: in NTD 1,000

Balance of cash, beginning ①	Projected Net Cash Flow from the year's operating activities②	Projected cash outflow of the year③	Projected cash balance (deficit)①+②-③	Remedial measures for projected insufficient cash position	
				Investment plan	Wealth management plan
473,793	4,506,048	4,377,267	602,574	N/A	N/A

1. Analysis of changes in cash flows:

   (1) Operating activities: Expect that the operating revenue continues to grow and operating revenue and gain increase, and there will be net cash inflow from operating activities.

   (2) Investing activities: Expect to increase the effect of procurement of machine and equipment to derive the net cash outflow from investing activities.

   (3) Financing activities: Net cash outflow derived from release of cash dividends.

2. Remedial measures for projected insufficient cash position and analysis of liquidity: N/A.

IV. Major capital expenditure for the most recent year and its effect on financial position and operation of the Company: N/A.

V. Direct investment policy, the main reasons for profit or loss, and corrective action plan for the most recent year, and investment plan in the next year:

The Company's direct investment policy upheld the philosophy of conservation and stability in the most recent year, free from great expansion.

VI. Risk management issues in the latest year up till the publication date of this annual report:

1. Impact of interest and exchange rate changes and inflation, and their future countermeasures:

Item	2015 (NT$ thousand)	To net operating revenue %	To income after tax %
Interest expenses	13,397	0.33%	4.55 %
Net exchange loss	17,149	0.43%	5.83 %

(1) Impact of interest changes, and their future countermeasures:

The Company's interest expenses were NT$13,397 thousand in 2015, i.e.

0.33% of the net operating revenue and 4.55% of the income after tax, which were considered minor. It is expected that the future interest changes will not render material effect on the Company's entire operation.

(2) Impact of exchange rate changes, and their future countermeasures:

The Company's net exchange loss was NT$17,149 thousand in 2015, i.e. 0.43% of the net operating revenue and 5.83% of the income after tax, which were considered minor. The Company will keep watching the fluctuation of exchange rate in the international market and continue to take the following countermeasures:

A. Pay the accounts payable for purchase of foreign materials with the revenue in foreign currency received from the bank, in order to hedge the most exchange risk naturally.

B. Financial Accounting Dept. will keep touch in with the foreign exchange departments of the correspondent financial organizations to collect the information about changes of exchange rate from time to time to control the trend of exchange rate globally and respond to the effect brought by the fluctuation of exchange rate.

C. The Company has defined the "Operating Procedures for Transaction of Financial Derivatives" to strictly govern the control over such operating procedures as transaction, risk management, supervision and audit of financial derivatives.

(3) Impact of inflation, and their future countermeasures:

The price of raw materials and supplies needed by the Company is stable and free from inflation. Therefore, no impact will be produced to the Company's future income.

2. Policy on high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as transactions of financial derivatives, major causes for profits or losses and future countermeasures:

The Company has never engaged in the high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as transactions of financial derivatives. All of the transactions are conducted in accordance with the relevant requirements and countermeasures defined under the Company's "Operating Procedures for Transactions of Financial Derivatives", "Operating Procedures for Loaning of Funds to Others", "Operating Procedures for Making Endorsement/Guarantee" and "Operating Procedures for Acquisition or Disposition of Assets".

3. Future R&D plans and expected R&D expenditure:

The Company's R&D plans are all drafted in order to meet customers' needs. In the most recent year, the Company's R&D plans have successfully developed multiple products and technologies. In the future, the Company plans to invest the R&D

expenditure in the amount of NT$500~NT$600 million each year, i.e. at least 12% of the operating revenue. The key factors to success of the Company's R&D reside in recruitment, retention and training of talents to deal with the challenge of new technology and ensure the Company's leadership in technology.

Future R&D plans:

Name of plan	Key factors to success of R&D	Status	Expenditure to be invested in the future	Schedule for mass production
Spring-loaded type MEMS probe cards	Electricity and structural design ability	Design under validation	NT$150 million	2017
Micro-distance MEMS probe cards	Electricity and structural design ability	Design under validation	NT$150 million	2017
High-speed AOI photoelectric inspection equipment	Accumulation of customer experience High-speed image-taking and calculation technology	Under system verification	30 million	2016
Laser wafer prober	Experience in automated equipment development Optoelectronic measuring technology	Under system verification	30 million	2016
Micro-distance high-precision wafer prober	Accumulation of customer experience High-precision equipment development technology	Prototype under planning	50 million	2017
High-precision sorting equipment	Flip chip pick-and-place technology Pick-up positioning compensation technology Thermal bonding technology Automated wafer loading technology	Prototype under planning	100 million	2017

4. Changes in important policies and legal environment at home and abroad, and the effect on the financial status and operation of the Company, and Countermeasures:

   The changes in important policies and legal environment at home and abroad did not render any effect on the financial status and operation of the Company. The Company is used to keep watching the development of policies and changes in legal environment at home and abroad, in order to draft the countermeasures against contingencies at home and abroad at any time.

5. The effect of technological and industrial changes on financial status and operation of the Company, and countermeasures:

   In order to deal with the changes of technology and industry and to control the changes of market from time to time, the Company accesses the industrial information through exhibitions, network, and related meetings held by industrial, trading and labor unions, and expands business and precisely controls the trend of industrial information in line with the upgrading R&D technology and outstanding competitive strength, in order to create better sales performance in the future.

6. Impact of changes in corporate identity on the Company’s crisis management, and countermeasures: Not applicable, as the Company has remarkable corporate identity.

7. Expected benefits and possible risks of merger and acquisition, and countermeasures: N/A.

8. Expected benefits and possible risks of facilities expansion, and countermeasures: N/A.

9. Risk from centralized purchasing or selling, and countermeasures: N/A.

10. Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company’s shares, and countermeasures: N/A.

11. Impact and risk associated with changes in management rights, and countermeasures: N/A.

12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the Company and/or any director, supervisor, the general manager, any person with actual responsibility for the firm and any major shareholder holding a stake of greater than 10 percent of the Company, and/or any company or companies controlled by the Company, and that have been concluded by means of a final and non-appealable judgment, or are still under litigation. Moreover,where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the annual report: N/A.

13. Other important risks, and countermeasures being or to be taken: N/A.

14. Key Performance Indicator (KPI):

    The KPI of the Company's probe card operating center characteristics refer to the R&D of advanced probe card technology and the percentage of operating revenue thereof. The higher the percentage is, the better it is. The following is the list of the percentage of advanced probe card in the Company's operating revenue for the most recent two (2) years:

Item of production and technology	2014	2015
Epoxy/Cantilever Probe Cards	57%	62%
Advanced Probe Cards	43%	38%

VII. Other important notes:

1. Basis and ground for provision of balance sheet evaluation titles

<table>
<tr><th>Item No.</th><th>Balance sheet evaluation titles</th><th>Basis of evaluation</th><th colspan="6">Ground of evaluation</th></tr>
<tr><td rowspan="15">1</td><td rowspan="15">Allowance for inventory obsolescence losses</td><td rowspan="15">Analysis of the accounts age for inventory obsolescence</td><td colspan="2">Item</td><td>Percentage of provision for 1-2 years</td><td>Percentage of provision for 2-3 years</td><td>Percentage of provision for 3-4 years</td><td>Percentage of provision for more than 4 years</td></tr>
<tr><td rowspan="8">Wafer probe card</td><td>Raw material-PCB</td><td>10%</td><td>40%</td><td>80%</td><td>100%</td></tr>
<tr><td>Raw material-needle</td><td>20%</td><td>40%</td><td>100%</td><td>100%</td></tr>
<tr><td>Raw material-others</td><td>20%</td><td>40%</td><td>100%</td><td>100%</td></tr>
<tr><td>Supplies</td><td>10%</td><td>30%</td><td>60%</td><td>100%</td></tr>
<tr><td>Semi-finished goods</td><td>10%</td><td>30%</td><td>60%</td><td>100%</td></tr>
<tr><td>Work in process-semi-finished goods</td><td>10%</td><td>30%</td><td>60%</td><td>100%</td></tr>
<tr><td>Work in process-finished goods</td><td>0%</td><td>0%</td><td>100%</td><td>100%</td></tr>
<tr><td>Finished goods</td><td>0%</td><td>0%</td><td>100%</td><td>100%</td></tr>
<tr><td rowspan="6">Photoelectric semi-conductor automated equipment</td><td>Raw material</td><td>20%</td><td>50%</td><td>100%</td><td>100%</td></tr>
<tr><td>Supplies</td><td>20%</td><td>50%</td><td>100%</td><td>100%</td></tr>
<tr><td>Semi-finished goods</td><td>10%</td><td>30%</td><td>60%</td><td>100%</td></tr>
<tr><td>Work in process-semi-finished goods</td><td>10%</td><td>30%</td><td>60%</td><td>100%</td></tr>
<tr><td>Work in process-finished goods</td><td>0%</td><td>30%</td><td>100%</td><td>100%</td></tr>
<tr><td>Finished goods</td><td>0%</td><td>30%</td><td>100%</td><td>100%</td></tr>
<tr><td rowspan="5">2</td><td rowspan="5">Allowance for bad debt</td><td rowspan="5">Analysis of the accounts age</td><td colspan="6">In the case of the accounts age of overdue receivable accounts for 1~3 months, 7% of the balance shall be provided as bad debt.</td></tr>
<tr><td colspan="6">In the case of the accounts age of overdue receivable accounts for 4~6 months, 15% of the balance shall be provided as bad debt.</td></tr>
<tr><td colspan="6">In the case of the accounts age of overdue receivable accounts for 7~12 months, 25% of the balance shall be provided as bad debt.</td></tr>
<tr><td colspan="6">In the case of the accounts age of overdue receivable accounts for 1~2 years, 50% of the balance shall be provided as bad debt.</td></tr>
<tr><td colspan="6">In the case of the accounts age of overdue receivable accounts for more than 2 years, 100% of the balance shall be provided as bad debt.</td></tr>
</table>

Eight. Special notes

I. Information on affiliates:

Prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" defined by Securities and Futures Bureau in the most recent year.

(I) Consolidated business reports of affiliated enterprises: Please see Page No. 118~123 of the annual report.

(II) Consolidated financial statements of affiliated enterprises: Please see Page No. 201 of the annual report.

(III) Affiliation report: N/A.

II. Private placement of securities in the most recent year and up to the publication date of the annual report: N/A.

III. Holding or disposition of the Company’s stock by subsidiaries in the most recent year and up to the publication date of the annual report: N/A.

IV. Other supplementary disclosure: N/A.

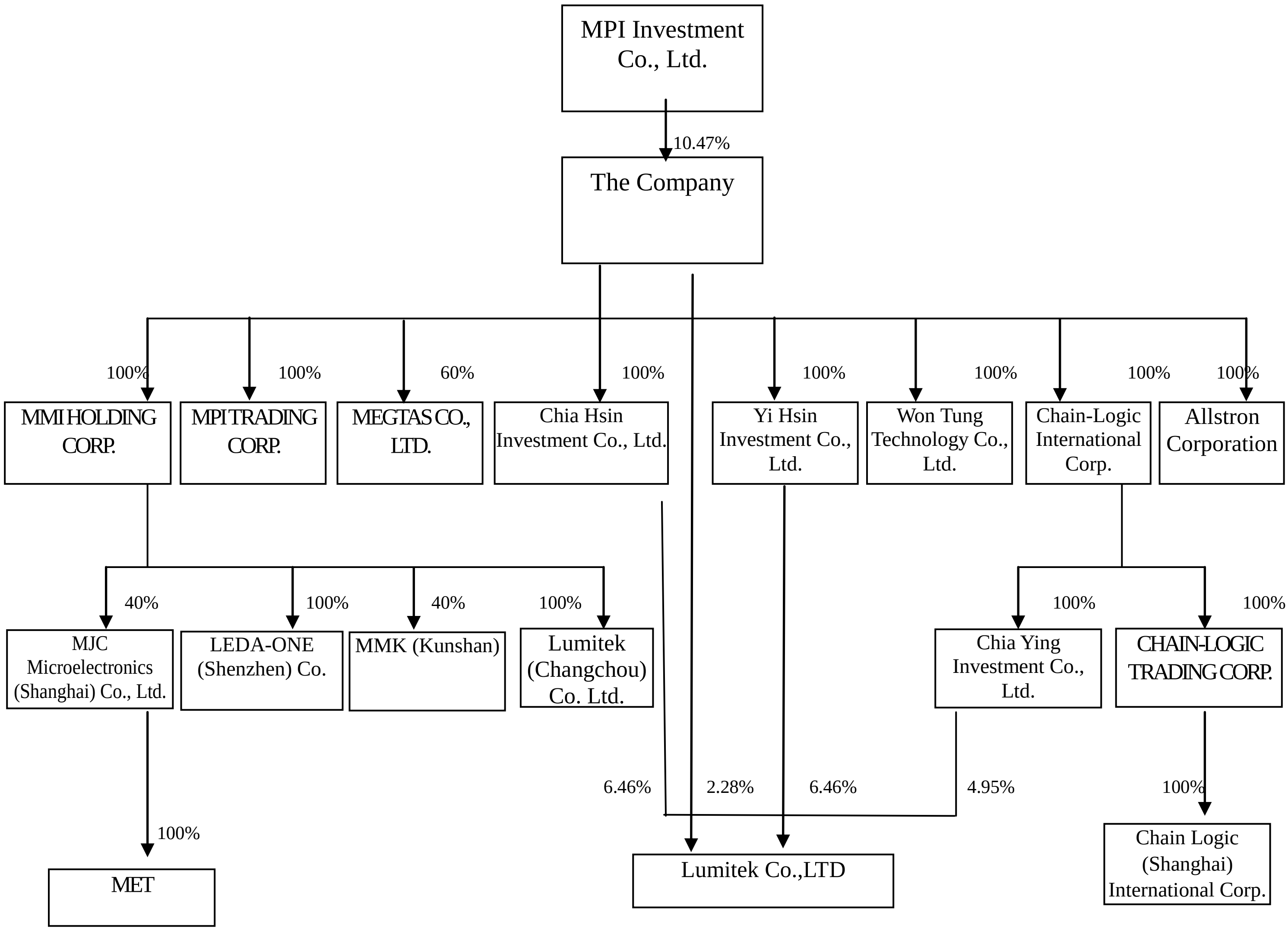
V. Any significant events materially affecting shareholders’ equity or the price of securities as defined in Paragraph 2(2) of Article 36 of the Securities and Exchange Act in the most recent year and up to the publication date of the annual report: N/A.

One. Overview of affiliates

I. Overview of affiliates' organization

(I) Affiliates' organizational chart

December 31, 2015



(II) The affiliates that meet Article 369-2 of the Company Law were included into the consolidated financial statements of affiliated enterprises.

(III) Entities presumed in parent-subsidiary relations according to Article 369-3 of the Company Law: N/A.

II. Basic information of affiliate

December 31, 2015; Currency unit: in NTD 1,000

Name of enterprise	Date of incorporation	Address	Paid-in capital	Principal business or production lines
MPI Investment Co., Ltd.	December 29, 2000	3F, No. 8, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City	1,107	General investment
Chain-Logic International Corp.	March 1, 1994	2F, No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	50,000	Semi-conductor equipment agent
MPI TRADING CORP.	December 22, 2000	Offshore Chambers, P.O.BOX 217, APIA, SAMOA	US$1,000	Engage in Probe Card business
MMI HOLDING CO., LTD.	August 7, 2001	Offshore Chambers, P.O.BOX 217, APIA, SAMOA	US$19,390,045	Holding company
MEGTAS CO., LTD.	September 1, 2010	134 Gunseo-ri, Jikson-eub, Seobuk-gu,Cheonan,Chungnam, 331-811,Korea	2,500,000,000 won	Manufacturing, processing and sale of semi-conductor equipment and industrial mechanical spare parts, and manufacturing and sale of pottery and electronic spare parts
Chia Hsin Investment Co., Ltd.	April 30, 2004	3F, No. 10, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	33,500	General investment
Yi Hsin Investment Co., Ltd.	April 30, 2004	3F, No. 10, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	33,500	General investment
Won Tung Technology Co., Ltd.	December 22, 2010	3F, No. 8, Lane 98, Jiaren Street, Shixing Vil., Zhubei City, Hsinchu County	500	Manufacturing of telecommunication appliances, wholesale and retail of electronic materials, and manufacturing of electronic components
Allstron Corporation	March 31, 2006	3F, No. 8, Lane 98, Jiaren Street, Neighborhood 36, Xinan Vil., Zhubei City, Hsinchu County	15,500	Information software wholesale, and wholesale and retail of electronic materials, telecommunication devices and precision instruments
LEDA-ONE (Shenzhen) Co.	May 7, 2010	No. 802-1, Complex Building No. c6, Dou He Chou Heng Fong Industrial City, Ssu Hsiang Street, Po An District, Shenzhen City	US$1,800,000	Production of new electronic components, LED prober, LED sorting machine, and LED spectrometer, and development of new electronic components

Lumitek (Changchou) Co. Ltd.	January 10, 2014	No. 377, Wu Yi S. Road, China Wujin Hi Tech Industrial Zone	US$15,000,000	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; domestic procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.
CHAIN-LOGIC TRADING CORP.	November 19, 2001	Offshore Incorporations (Mauritius) Limited, G.P.O.BOX 365,307 St James Court, St Denis Street, Port Louis, Republic of Mauritius.	US$1,400,100	International trading
Chia Ying Investment Co., Ltd.	April 30, 2004	3F, No. 8, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	33,300	General investment
CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	February 8, 2002	Suite 304, No. 500, Bing Ke Road, Shanghai Waigaoqiao Free Trade Zone, Shanghai City, Jiangsu Province	US$1,400,000	Trading

Note: According to Article 6 of the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", no disclosure is required if no relationship of control or subordination exists. Therefore, it is not necessary to disclose MJC Microelectronics (Shanghai) Co., Ltd., MMK (Kunshan) and Lumitek Co., Ltd.

III. Entities presumed in parent-subsidiary relations and information on identical shareholders: N/A.

IV. The industries housed in the same business location of the whole business group:

The business lines run by the Company and its affiliates include investment business; production, testing, R&D, manufacturing and trading of semi-conductor equipment and spare parts; agency of semi-conductor equipment; trading; supply service of electronic information; wholesale and retail of electronic appliances and materials and manufacturing of electronic spare parts.

V. Profiles of Directors, Supervisors and Presidents of affiliates

December 31, 2015

Name of enterprise	Job title (Note 1)	Name or representative	Shares held (Note 2) (Note 3) Quantity (Capital contribution)	Ratio of shareholding (Ratio of capital contribution)
MPI Investment Co., Ltd.	Chairman of the Board Director Supervisor	Ko, Chang-Lin Steve Chen Scott Kuo	45,133 10,029 2,966	40.76% 9.06% 2.68%
Chain-Logic International Corp.	Name of investor Chairman of the Board Director Director Supervisor President	MPI Corporation Representative: Ko, Chang-Lin Steve Chen Scott Kuo Rose Jao Chan, Chao-Nan	5,000,000	100.00%
MPI TRADING CORP.	Name of investor Responsible person	MPI Corporation Ko, Chang-Lin	1,000	100.00%
MMI HOLDING CO., LTD.	Name of investor Responsible person	MPI Corporation Steve Chen	19,390,045	100.00%
MEGTAS CO.,LTD.	Name of investor Name of investor Chairman of the Board Director Director Supervisor	MPI Corporation LUCID DISPLAY TECHNOLOGY CO.,LTD Representative: HUAN-SHENG LIN HUAN-SHENG LIN DU-HWA HWANG SHENG-YI CHEN	300,000 200,000	60.00% 40.00%
Chia Hsin Investment Co., Ltd.	Name of investor Chairman of the Board Director Director Supervisor	MPI Corporation Representative: Chen, Sheng-Yi Ko, Chang-Lin Chang, Chun-Ching Tseng, Hui-Chu	3,350,000	100.00%
Yi Hsin Investment Co., Ltd.	Name of investor Chairman of the Board Director	MPI Corporation Representative: Chen, Sheng-Yi Ko, Chang-Lin	3,350,000	100.00%

	Director Supervisor	Chang, Chun-Ching Tseng, Hui-Chu		
Won Tung Technology Co., Ltd.	Name of investor Chairman of the Board Director Director Supervisor	MPI Corporation Representative: Steve Chen Sun, Hung-Chuan Gu, Wei-Cheng Rose Jao	50,000	100.00%
Allstron Corporation	Name of investor Chairman of the Board Director Director Supervisor	MPI Corporation Representative: Scott Kuo Steve Chen Liu, Yung-Chin Rose Jao	15,500	100.00%
LEDA-ONE (Shenzhen) Co.	Name of investor Responsible person	MMI HOLDING CO., LTD. Fan, Wei-Ju	US$1,800,000	100.00%
Lumitek (Changchou) Co. Ltd.	Name of investor Responsible person	MMI HOLDING CO., LTD. Scott Kuo	US$15,000,000	100.00%
CHAIN-LOGIC TRADING CORP.	Name of investor Responsible person	Chain-Logic International Corp. Ko, Chang-Lin	1,400,100	100.00%
Chia Ying Investment Co., Ltd.	Name of investor Chairman of the Board Director Director Supervisor	Chain-Logic International Corp. Representative: Chen, Sheng-Yi Ko, Chang-Lin Chang, Chun-Ching Tseng, Hui-Chu	3,330,000	100.00%
CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	Name of investor Responsible person	CHAIN-LOGIC TRADINGP Ko, Chang-Lin	US$1,400,000	100.00%

Note 1. If the affiliate is a foreign company, please list the one of equivalent job rank.

Note 2. If the investee is a limited company by share, please identify the quantity of shares and shareholding; otherwise, please specify the capital contribution and percentage thereof, and note the same.

Note 3. If the director or supervisor is a corporation, please also disclose the information about its representative.

Note 4. If said affiliate does not appoint a president, the president shall be assumed by the Chairman (or responsible person or director) of the affiliate concurrently.

Two. Overview of operation of affiliates

Financial position and operating result of affiliates:

December 31, 2015; Currency unit: in NTD 1,000

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Income (after tax)	EPS (NT$) (after tax)
Chain-Logic International Corp.	50,000	297,290	66,379	230,911	210,486	10,729	15,116	3.02
MPI TRADING CORP.	32	61,599	7,998	53,601	10,164	4,510	4,996	4,996
MMI HOLDING CO., LTD.	603,864	600,589	—	600,589	106	(11,611)	(11,696)	(0.75)
MEGTAS CO., LTD.	66,509	53,361	13,765	39,596	63,533	(2,179)	(1,697)	(3.39)
Chia Hsin Investment Co., Ltd.	33,500	2,320	25	2,295	3	(2,130)	(2,130)	(0.64)
Yi Hsin Investment Co., Ltd.	33,500	2,320	25	2,295	3	(2,130)	(2,130)	(0.64)
Won Tung Technology Co., Ltd.	500	329	25	304	—	(25)	(24)	(0.49)
Allstron Corporation	15,500	2,766	46	2,720	—	(202)	(187)	(0.12)
LEDA-ONE (Shenzhen) Co.	54,111	19,194	276	18,918	15,975	(20,301)	(20,738)	—
Lumitek (Changchou) Co. Ltd.	470,490	773,826	305,999	467,827	240,792	14,363	2,694	—
CHAIN-LOGIC TRADING CORP.	46,921	86,479	—	86,479	—	—	2,120	1.61
Chia Ying Investment Co., Ltd.	33,300	362	50	312	4,589	4,564	4,564	1.37
CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	46,917	129,781	48,901	80,880	111,005	5,295	2,119	—

Note 1. All of the affiliates should be disclosed, irrelevant to scale and size.

Note 2. If the affiliate refers to a foreign company, the relevant figures shall be stated in NTD at the foreign exchange rate prevailing on the date of the report.

Note 3. The financial statements of said affiliates were audited and certified by the external auditor of the parent company.

Note 4. If the investee is a limited company, its EPS shall not apply.

Note 5. Foreign exchange rate prevailing on the date of the report:
RMB: USD=1: 6.57174; weighted average exchange rate: 1:6.39241
RMB:NTD = 1:4.99525; weighted average exchange rate: 1:5.0425
NTD:USD = 1:32.8275 ; weighted average exchange rate: 1:32.23375
NTD:Won = 1:0.02811; weighted average exchange rate: 1:0.02867

MPI Corporation
Supervisors' Audit Report

The Company's individual financial statement and consolidated financial statements 2015 submitted by the Board of Directors have been audited by Wu, Kuei-Chen and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. and held presenting fairly, in all material respects, the financial status, operating result and cash flow of the Company for the same year. We also reviewed the business report and motion for earnings allocation submitted together with the financial statements. We hereby recognize said report and statements after conducting the audit on them pursuant to Article 219 of the Company Law and Article 36 of the Securities and Exchange Act.

To:
General Shareholders' Meeting 2016 of MPI Corporation

MPI Corporation
Supervisor: Li, Tu-Cheng
Liu, Fang-Sheng
Tsai, Chang-Shou
March 23, 2016

Independent Auditor's Audit Report

To **MPI Corporation**:

We have audited the individual balance sheets of **MPI Corporation** as of December 31, 2015 and 2014, and the individual comprehensive income statements, individual statements of changes in shareholders' equity and individual cash flow statements for the period from January 1 to December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on said individual financial statements based on our audits. As stated in Note 6(6) to the financial statements, the information about the Company's investment under equity method 2015 and 2014, and the information about some investment disclosed in Note 13 were valued and disclosed based on the financial reports audited by other independent auditors appointed by the investees. We did not audit those financial reports. The incomes under equity method recognized based on the financial reports audited by other external auditors from January 1 to December 31, 2015 and 2014 were NT$1,018 thousand and NT$506 thousand. Until December 31, 2015 and 2014, the balances of investment under equity method were NT$23,351 thousand and NT$25,463 thousand respectively.

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

In our opinion, based on our audits and the report of the other auditors, the individual financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **MPI Corporation** as of December 31, 2015 and 2014, and the individual financial performance and cash flows from January 1 to December 31, 2015 and 2014 in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers".

Nexia Sun Rise CPAs & Co.

CPA: ______________________

Wu, Kuei-Chen

____

Chen, Tsan-Huang

Securities and Futures Bureau Approval No.: (85)
Tai-Tsai-Cheng-6-Tze No. 40484

Securities and Futures Bureau Approval No.:
Ching-Kuan-Chen-Shen-Tze No. 1020045056

March 23, 2016

MPI Corporation

Parent Company Only Balance Sheet (assets)

December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Assets	Note	December 31, 2015 Amount	%	December 31, 2014 Amount	%
	Current assets					
1100	Cash and cash equivalent	VI (I)	$ 234,594	4	$ 719,334	12
1150	Receivable notes, net	VI (II)	5,403	-	9,930	-
1160	Note receivables –related parties-net	VI (III) and VII	-	-	5,299	-
1170	Receivable accounts, net	VI(III)	554,238	8	459,377	7
1180	Account receivables -related parties-net	VI (III) and VII	329,232	5	370,671	6
1200	Other receivable accounts		17,644	-	20,440	-
1210	Other receivable accounts-related party	VII	21,499	-	4,008	-
130X	Inventory, net	VI (IV)	1,590,834	24	1,633,217	26
1410	Prepayment		44,705	1	60,623	1
1470	Other current assets	VIII	9,220	1	9,028	1
11XX	Total current assets		2,807,369	43	3,291,927	53
	Non-current assets					
1510	Financial assets held for trading - noncurrent	VI (XI)	-	-	608	-
1543	Financial assets measured at cost - noncurrent	VI (V)	-	-	20,231	-
1550	Investment under equity method	VI (VI)	837,241	13	624,026	10
1600	Property, plant and equipment	VI (VII), VII, and VIII	2,595,075	40	1,930,339	31
1780	Intangible assets	VI (VIII)	35,739	-	23,490	-
1840	Deferred income tax assets		58,444	1	40,715	1
1900	Other non-current assets		201,612	3	306,207	5
15XX	Total non-current assets		3,728,111	57	2,945,616	47
1XXX	Total assets		$ 6,535,480	100	$ 6,237,543	100

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen President: Scott Kuo Chief Accounting Officer: Rose Jao

MPI Corporation

Parent Company Only Balance Sheet (Liabilities and Shareholders' Equity)

December 31, 2015, January 1 to December 31, 2014

Currency unit: in NTD 1,000

Code	Liabilities and Shareholders' Equity	Note	December 31, 2015 Amount	%	December 31, 2014 Amount	%
	Current liabilities					
2100	Note payables	VI (IX)	$ 550,000	8	$ -	-
2121	Financial liabilities held for trading - current	VI (XII)	1,682	-	-	-
2170	Account payables		369,674	6	456,934	7
2180	Account payables-related parties	VII	4,419	-	7,805	-
2213	Payables for equipment		90,945	1	134,676	2
2219	Other payable accounts	VI (X)	444,317	7	516,524	9
2220	Other payables – related parties	VII	63,569	1	40,536	1
2230	Income tax liabilities in the current period		40,191	1	56,524	1
2250	Provision for liabilities – current	VI (XI)	1,240	-	4,856	-
2310	Cash on receipt	VII	453,325	7	608,144	10
2321	Current portion of call option	VI (XII)	579,433	9		-
2322	Current portion of long-term loan	VI (XIII)	9,328	-	9,329	-
2399	Other current liabilities		12,671	-	12,046	-
21XX	Total current liabilities		2,620,794	40	1,847,374	30
	Non-current liabilities					
2530	Corporate bond payable	VI (XII)	-	-	574,962	9
2540	Long-term loan	VI (XIII)	250,068	4	58,295	1
2570	Deferred income tax liabilities		7,547	-	11,607	-
2640	Net defined benefit liability - noncurrent	VI (XIV)	23,225	-	18,344	-
2670	Other non-current assets- others		1,256	-	1,257	-
25XX	Total non-current liabilities		282,096	4	664,465	10
2XXX	Total liabilities		2,902,890	44	2,511,839	40
	Equity	VI (XV)				
31XX	Equity attributable to the parent company					
3110	Common shares		796,054	12	795,354	13
3200	Capital surplus		871,572	13	885,012	14
	Retained earnings					
3310	Legal Reserve		462,706	7	410,942	6
3350	Undistributed Earnings		1,509,840	23	1,593,614	26
3300	Total retained earnings		1,972,546	30	2,004,556	32
	Other equities					
3410	Exchange difference arising from translation of the financial statement of foreign operations		26,872	1	40,772	1
3400	Total other equities		26,872	1	40,772	1
3500	Treasury stock		(34,454)	-	-	-
31XX	Total equity attributable to the parent company		3,632,590	56	3,725,704	60
3XXX	Total equities		3,632,590	56	3,725,704	60
1XXX	Total liabilities and equities		$ 6,535,480	100	$ 6,237,543	100

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen President: Scott Kuo Chief Accounting Officer: Rose Jao

MPI Corporation

Parent Company Only Consolidated Income Statement
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	Note	2015 Amount	2015 %	2014 Amount	2014 %
	Net Sales	VII				
4110	Sale revenue		$ 3,787,894	99	$ 3,949,133	100
4170	Less: sales return		(2,862)	-	(15,858)	(1)
4190	Less: sales discount		(2,101)	-	(3,891)	-
4614	Revenue from commission		55,162	1	39,268	1
4000	Subtotal of net sales		3,838,093	100	3,968,652	100
5000	Operating cost	VI (IV) and VII	(2,076,616)	(54)	(2,167,101)	(55)
5900	Gross profit		1,761,477	46	1,801,551	45
5910	Unrealized income (loss) from sales		(106,434)	(3)	(29,076)	-
5920	Realized income (loss) from sales		22,521	1	4,116	-
5950	Net gross profit		1,677,564	44	1,776,591	45
	Operating expense	VII				
6100	Selling expenses		(379,727)	(10)	(317,698)	(9)
6200	Management expenses		(194,240)	(5)	(213,817)	(5)
6300	R&D expenses	VI (VIII)	(819,490)	(21)	(729,242)	(18)
6000	Subtotal operating expenses		(1,393,457)	(36)	(1,260,757)	(32)
6900	Operating profit		284,107	8	515,834	13
	Non-operating revenue and expense					
7020	Other gains and losses, net	VI(XVII)	17,385	-	29,255	1
7050	Financial cost	VI(XVII)	(13,177)	-	(3,007)	-
7070	Net portions of incomes/loss of subsidiaries, affiliated and joint ventures accounted for under the equity method	VI (VI)	3,402	-	26,738	1
7100	Interest revenue	VII	887	-	1,027	-
7110	Rent revenue	VII	12,758	-	13,160	-
7190	Other revenue-others	VII	33,315	1	8,953	-
7000	Subtotal non-operating incomes and expenses		54,570	1	76,126	2
7900	Net profit (loss) before tax		338,677	9	591,960	15
7950	Income tax expenses	VI(XVIII)	(43,857)	(1)	(74,324)	(2)
8200	Net profit		294,820	8	517,636	13
	Other consolidated income/loss					
8310	Titles not reclassified into income		(8,049)	-	(3,168)	-
8311	Re-measurement of defined benefit plan		(359)	-	(747)	-
8321	Re-measurement of defined benefit plan of affiliates and joint ventures under equity method					
8360	Titles potentially reclassified into income subsequently		(13,900)	(1)	3,270	-
8310	Exchange difference arising from translation of the financial statement of foreign operations					
8371	Exchange difference arising from translation of the financial statement of foreign operations of affiliates and joint ventures under equity method		-	-	12,111	-
8300	Other net comprehensive incomes		(22,308)	(1)	11,466	-
8500	Total comprehensive income in current period (total)		$ 272,512	7	$ 529,102	13
	Earnings per common share: (Unit: NTD)	VI(XIX)	After taxation		After taxation	
9750	Basic EPS		$ 3.71		$ 6.62	
9850	Diluted EPS		$ 3.42		$ 6.11	

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen President: Scott Kuo Chief Accounting Officer: Rose Jao

MPI Corporation

Parent Company Only Statement of Changes in Shareholders' Equity
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

		Capital stock		Retained earnings			Other Equities		
Item		Common shares	Capital surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange difference arising from translation of the financial statement of foreign operations	Treasury stock	Total equities
	Code	3110	3,200	3310	3320	3350	3420	3500	31xx
Balance on January 1, 2014	A1	$ 786,124	$ 740,781	$ 383,839	$ 17,571	$ 1,254,511	$ 25,391	$ (152,606)	$ 3,055,611
Allocation and distribution of earnings:									
Legal reserve	B1			27,103		(27,103)			-
Cash dividend for common shares	B5					(165,086)			(165,086)
Reversal of special Reserve	B17				(17,571)	17,571			
Changes in other capital surplus:									
Elements of equity recognized upon issuance of convertible corporate bonds (preferred shares) - generated from recognition of equity	C5		28,585						28,585
Net profit in Jan 1~Dec 31, 2014	D1					517,636			517,636
Other comprehensive incomes in Jan 1~Dec 31, 2014	D3					(3,915)	15,381		11,466
Total comprehensive income	D5	-	-	-	-	513,721	15,381	-	529,102
Corporate bond conversion	I1	9,240	82,350						91,590
Share-based payment	N1		33,296					152,606	185,902
Balance on December 31, 2014	Z1	$ 795,364	$ 885,012	$ 410,942	$ -	$ 1,593,614	$ 40,772	$ -	$ 3,725,704
Balance on January 1, 2015	A1	$ 795,364	$ 885,012	$ 410,942	$ -	$ 1,593,614	$ 40,772	$ -	$ 3,725,704
Allocation and distribution of earnings:									
Legal reserve	B1			51,764		(51,764)			-
Cash dividend for common shares	B5					(318,422)			(318,422)
Changes in other capital surplus:									
Elements of equity recognized upon issuance of convertible corporate bonds (preferred shares) - generated from recognition of equity	C5		(325)						(325)
Changes of affiliates and joint ventures under equity method	C7		(19,306)						(19,306)
Net profit in Jan 1~Dec 31, 2015	D1					294,820			294,820
Other comprehensive incomes in Jan 1~Dec 31, 2015	D3					(8,408)	(13,900)		(22,308)
Total comprehensive income	D5	-	-	-	-	286,412	(13,900)		272,512
Corporate bond conversion	I1	690	6,191						6,881
Repurchase of treasury stock	L1							(34,454)	(34,454)
Balance on December 31, 2015	Z1	$ 796,054	$ 871,572	$ 462,706	$ -	$ 1,509,840	$ 26,872	$ (34,454)	$ 3,632,590

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen　　President: Scott Kuo　　Chief Accounting Officer: Rose Jao

MPI Corporation

Parent Company Only Statement of Cash Flows

January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	2015	2014
AAAA	Cash flows from operation – indirect approach		
A10000	Net profit before tax in current period	$ 338,677	$ 591,960
A20000	Adjustments		
A20010	Income/expenses		
A20100	Depreciation expenses	176,163	120,897
A20200	Amortization expenses	40,241	30,801
A20300	Provisions (reversal) of doubtful accounts	3,649	3,557
A20400	Net loss (gain) from financial assets and liabilities at fair value through profit or loss	2,285	(1,782)
A20900	Interest expenses	13,177	3,007
A21200	Interest revenue	(887)	(1,027)
A21900	Share-based payment for remuneration and cost	-	30,862
A22400	Portions of gain/loss from subsidiaries, affiliates, and joint ventures accounted for under the equity method	(3,402)	(26,738)
A22500	Capital gains/loss from dispositions and scrap of real properties, plants and equipment	285	70
A23100	Loss (gain) from disposition of investment	(5,706)	-
A23900	Unrealized gain/loss from sales	106,434	29,076
A24000	Realized gain/loss from sales	(22,521)	(4,116)
A29900	Others – exchange gain/loss from prepayment for purchase of equipment	1,677	(454)
A30000	Changes in assets/liabilities related to operating activities		
A31000	Net changes in assets related to operating activities		
A31130	Decrease (increase) of note receivables	4,527	(5,498)
A31140	Decrease (increase) of note receivables - related parties	5,299	65
A31150	Decrease (increase) of account receivables	(98,879)	(32,603)
A31160	Decrease (increase) of account receivables -related parties	41,808	(310,081)
A31180	Decrease (increase) of other receivables	2,656	(14,730)
A31190	Decrease (increase) of other receivables - related parties	(17,490)	(1)
A31200	Decrease (increase) of inventory	42,384	(209,101)
A31230	Decrease (increase) of prepayments	15,917	3,026
A31240	Decrease (increase) of other current assets	(166)	8,589
A32000	Net changes in liabilities related to operations		
A32150	Decrease (increase) of account payables	(87,260)	85,047
A32160	Decrease (increase) of account payables -related parties	(3,386)	5,157
A32180	Decrease (increase) of other payables	(72,313)	170,691
A32190	Decrease (increase) of other payables - related parties	23,033	3,573
A32200	Increase (decrease) of provisions for debts	(3,616)	(4,788)
A32210	Increase (decrease) of cash on receipt	(154,819)	1,175
A32230	Increase (decrease) of other current liabilities	625	(910)
A32240	Increase (decrease) of net defined benefit liability - noncurrent	(3,168)	(2,853)
A33000	Cash inflows (outflows) from operations	345,224	472,871
A33100	Collected interest	1,027	887
A33300	Paid interest	(2,039)	(1,503)
A33400	Paid stock dividends	(318,422)	(165,086)
A33500	Paid income tax	(81,979)	(65,304)
AAAA	Net cash inflows (outflows) from operations	(56,189)	241,865
BBBB	Cash flows from investments		
B01300	Disposition of financial assets measured at cost	25,938	-
B01800	Acquisition of investment accounted for under the equity method	(349,990)	(170,500)
B02700	Acquisition of property, plant, and equipment	(886,717)	(387,973)
B02800	Disposition of property, plant, and equipment	126	195
B04500	Acquisition of intangible assets	(28,057)	(16,519)
B06500	Increase of other financial assets	(29)	(28)
B06700	Increase of other non-current assets	-	(219,344)
B06800	Decrease of other non-current assets	80,161	-
B07600	Collected stock dividends	22,700	15,000
BBBB	Net cash inflows (outflows) from investing activities	(1,135,868)	(779,169)

(To be continued)

MPI Corporation

Parent Company Only Statement of Cash Flows (continued from previous page)

January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	2015	2014
CCCC	Cash flow from financing		
C00100	Increase of short-term loans	550,000	-
C01200	Issuance of corporate bonds	-	694,797
C0160	Borrowing of long-term loan	191,771	-
C01700	Retirement of long-term loans	-	(9,329)
C04300	Increase of other non-current liabilities	-	1,159
C04900	Repurchase cost of treasury stock	(34,454)	-
C05800	Employees' subscription for treasury stock	-	152,062
CCCC	Net cash inflows (outflows) from financing activities	707,317	838,689
EEEE	Increase (decrease) of cash and cash equivalents in current period	(484,740)	301,385
E00100	Balance of cash and cash equivalents at beginning of period	719,334	417,949
E00200	Balance of cash and cash equivalents at ending of period	$ 234,594	$ 719,334

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen President: Scott Kuo Chief Accounting Officer: Rose Jao

MPI Corporation

Notes to parent company only financial statements

January 1 to December 31, 2015 and 2014

(Expressed in NT$1,000, Unless Otherwise Noted)

I. Company profile

(I) MPI Corporation (hereinafter referred to as the "Company") was founded according to the Company Law and other related laws on July 25, 1995. Upon capital increase for several times, the Company's paid-in capital has been NT$796,054 thousand and outstanding stock has been 79,005,392 shares (less the treasury stock totaling 600,000 shares) until December 31, 2015. Upon resolution of the special shareholders' meeting on December 28, 2006, the Company raised the authorized capital as NT$1,000,000,000, divided into 100,000,000 shares at par value of NT$10 per share. The board of directors is authorized to issue the stock in lots. NT$50,000 thousand is withheld from the gross capital referred to in the preceding paragraph, divided into 5,000,000 shares at par value of NT$10 per share, available for the subscription by exercise of stock warrants and issued upon resolution of a directors' meeting.

(II) The Company and its subsidiaries (hereinafter referred to as the "Group" collectively) primarily engage in manufacturing, processing, maintenance, import/export and trading of semi-conductor production process and testing equipments.

(III) The Company was approved to initiate the IPO in July 2001, and started to trade on Taiwan Stock Exchange as of January 6, 2003.

II. Date and procedure for ratification of financial report

The parent company only financial statement was passed by the Board for release on March 23, 2016.

III. Application of new and amended standards and interpretations

(I) Effect upon adoption of the new and amended International Financial Reporting Standards ("IFRSs") recognized by Financial Supervisory Commission (“FSC”).

Pursuant to Letter No. Financial-Supervisory-Securities-Audit-1030010325 issued by the Financial Supervisory Commission ("FSC") on April 3, 2014, all companies listed or traded on TWSE, TPEX, or Emerging Stock Market must adopt the FSC-approved IFRS (2013 version, excluding IFRS 9 - Financial Instruments) and the Criteria for the Compilation of Financial Statements by Issuers of Securities to be applied as of 2015 (hereinafter referred to as "2013 IFRSs" collectively) for financial statement preparations starting in 2015. Below are explanations to the newly introduced and revised standards and interpretations:

The new / amended / revised standards or interpretation	Effective Date Promulgated by IASB
Amendments to IFRS No. 1 "IFRS No. 7 Comparison and Disclosure with Limited Exemption to the First-time Adopters"	July 1, 2010
Amendments to IFRS No. 1 "Severe Inflation and the Removal of the Fixed Date for the First-time Adopters"	July 1, 2011
Amendments to IFRS No. 1 "Government Loans"	January 1, 2013
Amendments to IFRS No. 7 "Disclosures - transfers of financial assets"	July 1, 2011
Amendments to IFRS No. 7 "Disclosures - Offsetting financial assets and financial liabilities"	January 1, 2013
IFRS No. 10 "Consolidated Financial Statements"	January 1, 2013 (Investment entity effective as of January 1, 2014)
IFRS No. 11 "Joint Agreements	January 1, 2013
IFRS No. 12 "Disclosure of Interests in Other Entities"	January 1, 2013
IFRS No. 13 "Fair Value Measurement"	January 1, 2013
Amendments to IAS 1 "Presentation of items of other comprehensive income"	January 1, 2012
Amendments to IAS 12 "Deferred Income Tax: Recovery of the Underlying Assets"	July 1, 2012
Amendments to IAS No. 19 "Employee Benefits"	January 1, 2013
Amendments to IAS No. 27 "Separate Financial Statements"	January 1, 2013
Amendments to IAS No. 28 "Investment in Associates and Joint Ventures"	January 1, 2013
Amendments to IAS No. 32 "Offsetting financial assets and financial liabilities"	January 1, 2014
IFRSs Interpretation No. 20, "Stripping Cost of Quarries in the Production Phase"	January 1, 2013

The effects upon the Company's adoption of 2013 IFRSs are stated as following:

1. IFRS No. 12 "Disclosure of Interests in Other Entities"

   The Standard integrates the disclosure requirements imposed by all of the standards toward the equity of subsidiaries, joint agreements, affiliates, and entities not included into the consolidated financial statements as held by an enterprise, and also requires disclosure of the relevant information. The Company will add the disclosure of information about the entities consolidated and not consolidated into the financial statements.

2. IFRS No. 13 "Fair Value Measurement"

   Definition of the fair value under the Standard: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measurement of fair value shall be built based on the market participants' view. The measurement on non-financial assets shall be based on the highest and best use. Meanwhile, the

Standard requires the relevant disclosure about measurement of fair value. Upon evaluation, the Standard was held rendering no material effect to the Group's financial position and operating result, and the Company will add the disclosure about measurement of fair value.

3. Amendments to IAS No. 1 “Presentation of Financial Statements”
   The presentation of the other consolidated profit and loss is amended according to the Standards. The items expressed in the other consolidated profit and loss are classified into two categories according to their nature: “items that are not reclassified as profit and loss subsequently” and “items that are reclassified as profit and loss subsequently.” According to the amendment referred to above, for the consolidated profit and loss account that is expressed in an amount before tax, the related tax should be presented separately in accordance with the said two categories. The Company will change the way to present the comprehensive income statement based on said Standard.

4. Amendments to IAS No. 19 “Employee Benefits”
   According to the amendments to said Standards, the net interest shall be decided by net defined benefit liability (asset) multiplying by the discount rate, and replace the interest cost and expected return of the plan assets prior to the amendments. To delete the actuarial income, the "buffering" or the accounting policy which states it into income in full amount upon occurrence may apply, and the actuarial income is required to be stated into other comprehensive incomes upon occurrence. Service cost in previous period shall be stated into income upon occurrence, and no longer expenses amortized under the straight line method within the average period before the vested conditions are met. An enterprise shall state termination benefits when the offer for termination benefit cannot be revoked any longer or the relevant reorganization cost is stated, whichever earlier, instead of stating termination benefits as liabilities and expenses only when the relevant termination is expressly committed. Meanwhile, the requirements about disclosure of defined benefit plans were also added into the Standard. Upon evaluation, the first-time adoption of the Standard did not render material effect on the Group's financial position and operating result.

(II) Effect when the Company has yet to adopt the new and amended IFRSs that have been approved by the Financial Supervisory Commission ("FSC").

N/A

(III) Effect of IFRSs that have been released by IASB but have not yet approved by the Financial Supervisory Commission ("FSC")

2013 IFRSs issued by IASB but not yet endorsed by the FSC:

The new / amended / revised standards or interpretation	Effective Date Promulgated by IASB
IFRS No. 9 “Financial Instruments"	January 1, 2018
Amendment to IFRS No. 10 and IAS No. 28 “The Assets Sales or Purchase between Investors and Their Affiliates or Joint Ventures”	To be decided by IASB
Amendments to IFRS No. 10, IFRS No. 12, and IAS No. 28 regarding "Investment entities: applying the consolidation exception"	January 1, 2016
Amendments to IFRS No. 11 regarding "Acquisitions of interests in joint operations"	January 1, 2016
Amendment to IFRS No. 14 “The Control of Deferred Account”	January 1, 2016
IFRS No. 15, “Revenue from customer contracts”	January 1, 2018
IFRS No. 16 “Lease"	January 1, 2019
Amendments to IAS No. 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS No. 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS No. 12 “Recognition of unrealized loss deferred income tax assets”	January 1, 2017
Amendments to IAS No. 16 and IAS No. 38 regarding "Clarification of acceptable methods of depreciation and amortization"	January 1, 2016
Amendments to IAS No. 16 and IAS No. 41 regarding "Agriculture: Bearer plants"	January 1, 2016
Amendment to IAS No. 19 “Defined benefit plans: Employee’s appropriation”	July 1, 2014
Amendments to IAS No. 27 regarding "Equity method in separate financial statements"	January 1, 2016
Amendments to IAS No. 36 “Recoverable amount disclosures for non-financial assets”	January 1, 2014
Amendment to IAS No. 39 “Derivatives Contract Replacement and Hedge Accounting Continuity”	January 1, 2014
IFRSIC No. 21 “Taxation”	January 1, 2014
Improvement on IFRSs from 2010 to 2012	July 1, 2014
Improvement on IFRSs from 2011 to 2013	July 1, 2014
Improvement on IFRSs from 2012 to 2014	January 1, 2016

The Company is currently evaluating how the above standards and interpretations would affect its financial position and business performance. Further impacts will be disclosed once the evaluation is completed.

IV. Summary of Significant Accounting Policies

The notes to major accounting policy adopted for preparing the financial report of the independent entity are specified hereunder. Unless otherwise provided, the following accounting policies have been applied during the presentation period of this separate financial statement.

(I) Statement of compliance

This separate financial statement is prepared in accordance with the “Criteria for the Compilation of Financial Statements by Securities Issuers”.

(II) Basis for preparation

1. Basis for measurement

   With the exception of the following items contained in the balance sheet, the company prepared its financial statements on the basis of historical cost:

   (1) Financial instruments at fair value through profit or loss (including derivative financial instruments):

   (2) Available-for-sale financial assets measured at fair value;

   (3) Defined benefit liability stated based on the net after pension fund assets less the present value of defined benefit obligations.

2. Functional currency and presentation of currency

   The currency circulated in the economic environment of its principal place of business shall be the functional currency. NTD is the functional currency denomination in this separate financial statement. Unless otherwise noted, all of the financial information presented in NTD should be held presented in NTD 1,000 as the currency unit.

(III) Foreign currency

1. Foreign currency transactions

   The foreign currency exchange shall be stated at the functional currency translated at the exchange rate prevailing on the date of transaction. The monetary items denominated in the foreign currency on the reporting date shall be stated at the functional currency translated at the exchange rate on the same day. The exchange gain or loss refers to the difference between the amount upon adjustment of the valid interest, payment on the same period based on the amortized cost denominated in the functional currency, the amount translated from the amortized cost denominated in foreign currency at the exchange rate on the reporting date. The non-monetary items at fair value denominated in foreign currency shall be stated at the functional currency re-translated at the exchange rate prevailing on the same date of fair value measurement, while the non-monetary items at historical cost denominated in foreign currency shall be stated at the functional currency translated at the exchange rate on the date of transaction. Other than the foreign currency exchange difference generated from the translation of available-for-sale financial assets, financial liabilities designated as net investment hedge for foreign operations or qualified cash flow hedging, which shall be stated as other comprehensive income, any difference shall be stated as income.

2. Foreign operations

   Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be translated into functional currency at the exchange rate prevailing on the reporting date. Unless in the case of inflation, the income and expense & loss items shall be translated into functional currency at the average exchange rate in the current period, and the exchange different generated therefor shall be stated as other comprehensive income.

When disposition of foreign operations results in loss of control, common control or any material effect, the accumulated exchange difference related to the foreign operations shall be reclassified into income in whole. If the disposition involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposition involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income on a pro rata basis.

If no repayment program is defined with respect to receivable or payable items of foreign operations denominated in currency and it is impossible to repay the same in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held a part of the net investment in the foreign operations and stated as other comprehensive income.

(IV) Classification standard of current and non-current assets and liabilities

Assets which meet one of the following conditions shall be classified into current assets, and any assets other than the current assets shall be classified into noncurrent assets:

1. Assets expected to be realized, or intent to be sold or consumed, in the Company's normal operating cycle;
2. Assets primarily held for the purpose of trading;
3. Assets expected to be realized within 12 months after the date of the balance sheet;
4. Cash or cash equivalent, exclusive of the assets to be used for an exchange or to settle a liability, or otherwise remain restricted at more than 12 months after the date of the balance sheet.

Liabilities which meet one of the following conditions shall be classified into current liabilities, and any liabilities other than the current liabilities shall be classified into noncurrent liabilities:

1. Liabilities expected to be repaid in the Company's normal operating cycle;
2. Assets primarily held for the purpose of trading;
3. Assets expected to be discharged within 12 months after the date of the balance sheet; and
4. Liabilities of which the Company does not have an unconditional right to defer settlement for at least 12 months after the date of the balance sheet. Terms of a

liability that could, at the option of the counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

(V) Cash and cash equivalents

Cash or cash equivalent include cash on hand, demand deposits, and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The bank time deposits to initially expire within one year are intended to satisfy the short-term cash commitment instead of investment or others, which may be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and, therefore, are stated as cash or cash equivalent.

(VI) Financial instruments

Financial assets and financial liabilities shall be recognized at the time the company becomes a contracting party of the terms and conditions of the financial instruments concerned:

1. Financial assets

The Company's financial assets shall be classified as: financial assets at fair value through profit or loss, financial assets available for sale, financial assets held-to-maturity, and receivables.

(1) Financial instruments at fair value through profit or loss

Such assets mean the financial assets held for trading or designated to be measured at fair value through profit or loss.

The financial assets held for trading are acquired or incurred principally for the purpose of sale in the near term or repurchase. Financial assets other than those held for trading are measured at fair value through profit and loss if they meet any of the following conditions:

The performance of financial assets is evaluated based on fair value:

Financial instrument with embedded derivatives.

Such financial assets are measured at fair value at the time of initial recognition. The relevant transaction costs shall be stated as income when they are incurred. The following measurement shall be based on fair value, and then the gain or loss generated therefor should be measured (including the relevant stock dividend revenue and interest revenue) and recognized as income and stated as non-operating revenue and expenses. The purchase or disposal of financial instruments in customary transactions shall be subject to accounting on the date of transaction.

If the financial assets are the equity investments without public market price and the fair value of which cannot be reliably measured, they should be measured at the cost less the impairment loss and stated as “financial asset measured at cost”.

(2) Account receivables

Accounts receivables refer to financial assets without a public market price available but with fixed or determinable payments, including accounts receivable and other receivables. The loans and accounts receivable shall be initially evaluated based on fair value, plus the directly attributable transaction cost. The subsequent measurement shall be based on the amortized cost using effective interest method less impairment, unless the recognition of the interest on short-term accounts receivable is insignificant.

(3) Impairment on financial assets

The impairment on any financial assets other than financial assets at fair value through profit or loss shall be evaluated on each reporting date. If there is any objective evidence showing that the future cash flow of the financial assets is impaired due to a single or multiple events occurring after the initial recognition of the financial assets, the financial assets should be deemed impaired.

The objective evidence about impairment on financial assets include obvious financial problems confronting the issuer or debtor, breach (e.g. overdue or non-performance of interest or principal payment), the debtor likely to wind up or proceed with other financial reorganizations, and the active market of financial assets extinguishing due to financial difficulty.

For some accounts receivable was held unimpaired upon individual evaluation, the impairment should be evaluated on a combined basis again. Objective evidence implicating the portfolio of account receivables may include the experience of the company in collection in the past, the increase of delinquent payment beyond the average due dates of the portfolio, and national or regional economic downturn related to the receivables.

The recognized impairment loss on the financial assets measured at cost is the difference in the book value of financial assets and the present value after the projected cash flow is discounted at the rate of return on the similar asset market. The impairment loss cannot be reversed subsequently.

The impairment loss on financial assets should be deducted from the book value of financial assets, provided that the book value of accounts receivable is adjusted through allowance accounts. If the accounts receivable were held uncollectible, they should have been written off against the allowance accounts. The accounts initially written off but collected afterwards were credited into the allowance evaluation accounts. The changes in book value of allowance evaluation accounts were stated as income.

(4) Derecognition of financial assets

The company removes particular item of asset only at the termination of the contractual right of the cash flow of the asset, or the ownership of the financial asset is being transferred with all inherent risk and return transferred to other enterprises.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the company are based on the definition of substantive and financial liabilities and equity instruments under the terms and conditions in the contracts for classification as financial liabilities or equity.

Equity instrument refers to any contract representing the equity of the company after deducting its assets by all liabilities. The equity instrument issued by the company shall be recognized by the payment net of the direct cost of issuance.

The compound financial instruments issued by the Company reflect that the holders own the convertible corporate bonds which may be converted into capital stock. The quantity of issued shares will remain unchanged, irrelevant with the change in fair value, if any.

The amount of elements of the compound financial instrument liability recognized initially excludes the measurement on fair value of similar liability of the equity conversion option. The amount of elements of equity recognized initially is measured based on the price difference between fair value of the entire compound financial instrument and fair value of elements of liability. Any directly attributable trading cost shall be amortized to the elements of liability and equity on a pro rata basis subject to the book value of initial liability and equity.

Upon the initial recognition, the elements of compound financial instrument liability is measured based on the cost amortized under effective interest method. It is necessary to re-measure the elements of equity of compound financial instruments upon the initial recognition.

The interest and loss or gain related to financial liabilities should be recognized as income and stated into non-operating revenue and expenses.

The financial liabilities shall be re-classified into equity at the time of conversion, and no income is generated from the conversion.

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

Such assets mean the financial assets held for trading or designated to be measured at fair value through profit or loss.

The financial liabilities held for trading are acquired or incurred principally for the purpose of sale or repurchase in the near term or repurchase. Financial liabilities other than those held for trading are measured at fair value through profit and loss if they meet any of the following conditions:

The performance of financial assets is evaluated based on fair value.

Financial instrument with embedded derivatives

Such financial liabilities are measured at fair value at the time of initial recognition. The relevant transaction costs shall be stated as income when they are incurred. The following measurement shall be based on fair value, and then the gain or loss generated therefor should be measured (including the relevant interest expenses) and recognized as income and stated as non-operating revenue and expenses.

(3) Other financial liabilities

When recognizing the financial liabilities other than those held for trading and not designated to be measured at fair value through profit or loss (including short-term and long-term loans, accounts payable and other payables) initially, such liabilities shall be evaluated based on fair value, plus the directly attributable transaction cost. The following measurement shall be based on the cost after amortization under the effective interest rate method, unless the recognition of interest on short-term loan and accounts payable is of no importance. The interest expenses on asset costs, which are not capitalized, should be stated as "financial cost" under the non-operating revenue and expenses.

(4) Derecongition of financial liabilities

Financial liabilities will be removed if the contractual obligation has been performed, canceled or expired.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other only when the company has the legitimate right for offsetting and has the intent to make settlement in net value, or the simultaneous liquidation of assets and settlement of liabilities. The net value between the offsetting shall be presented in the balance sheet.

(VII) Inventory

The inventories shall be stated at the lower of cost and net realizable present value. The cost should include the costs of acquisition, production or processing or others incurred when the inventory is sellable or producible and at the location where the inventory is sellable or producible, and calculated under weighted average method. The costs of inventories for finished goods and work in process include the manufacturing expenses amortized based on the normal productivity on a pro rata basis.

Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs under the normal operation.

(VIII) Associates

Associates shall be the entities over which the company has significant influence over its financial and corporate policy but not to the extent of dominant control. The Group will be assumed having major influence when it holds 20%~50% of the voting right in the investee.

Under the equity method, the investment is stated at cost at time of acquisition initially. The investment includes trading cost. The book value of investment in affiliates includes the goodwill identified at the time of initial investment less any accumulated impairment loss.

Separate financial statement of individual entities shall present the income and other comprehensive incomes of respective associates in proportion to the investment by the company after the adjustment of the accounting policy in consistence with the company from the effective date to the expiration date during which the company exercises dominant power.

The unrealized gain deriving from the transactions between the company and the associates will be eliminated within the scope of equity of the company over the investee. The unrealized loss shall be derecognized in the same manner applicable to unrealized gains, provided that the unrealized loss is limited to that arises under no impairment evidence is available.

When the company recognizes the loss in proportion to its ownership of the associates is equal to or in excess of the equity of the company at the associates, stop further recognition for loss and shall be realized only within the scope of legal obligation, presumed obligation or has already effected payment in favor of the investee for recognition additional loss and related liabilities.

Where the Group forfeits its material influence over an affiliate when the Group disposes of the affiliate, the capital surplus related to the affiliate will be stated as income, provided that where it still has material influence over the affiliate, the capital surplus shall be stated as income based on the proportion of disposition.

(IX) Investment in subsidiaries

In compiling the financial statements for the individual entities, the company shall valuate the investee of which the company has dominant control under the equity method. Under the equity method, income of current period and other comprehensive incomes as presented in the financial statement of the individual entity shall be identical with the income of current period and other comprehensive incomes attributable to the proportion allocated to the parent shareholder as presented in the financial statement prepared on the basis of consolidation. The shareholders' equity as presented in the financial statement of the individual entities shall be identical with the parent shareholders' equity as presented in the financial statement prepared on the basis of consolidation.

If the change in all shareholders' equities of the subsidiaries does not cause the loss of dominant control of the company, handled as equity transactions with the shareholders. The subsidiary's financial statement shall be included into the consolidated financial statements as of the date of acquisition of the control is acquired, until the date of loss of the control.

(X) Property, plant and equipment

1. Recognition and measurement

   Property, plant and equipment shall be recognized and measured using a cost model, and measured at the cost less accumulated depreciation and accumulated impairment. The costs include the expenses directly attributable to the acquisition of assets. The costs of self-built assets include the costs of raw materials and direct labor, any other costs directly attributable to usable status of investment assets, costs of dismantling and removal of the items and recovery of premises, and loan cost that meets the requisite asset capitalization. Meanwhile, the costs also includes the purchase of property, plant and equipment denominated in foreign currency.

   When property, plant and equipment consist of various components, and the total cost for the item is significant and it is advisable to apply different depreciation ratio or methods, the property, plant and equipment should be treated separately (for major components).

   The gain or loss on disposal of property, plant and equipment shall be decided based on the price difference between the book value of property, plant and equipment and proceeds on disposal of the same and recognized as the "other gains and losses" in the income statement on a net basis.

2. After cost

   If the anticipated economic benefits of subsequent spending on real properties, plant and equipment probably inflow into the company and the amount can be reliably measured, recognize the spending as a part of the book value of this title and the book value of replacement shall be removed. The routine maintenance and repairs of property, plant and equipment shall be stated as income when incurred.

3. Depreciation

   The depreciation shall be calculated at the cost of assets less residual value using the straight-line method over the estimated useful years, and evaluated based on the various major components of the assets. If the useful years for any component are different from those of other components, the component shall be depreciated separately. The depreciation shall be stated as income.

   No depreciation of land is required.

   The estimated useful years in the current period and comparative period are stated as follows:

Item	Useful years
House and building	
Plant and dormitory	50
Clean room	20
Electrical and mechanical facilities	20
Others	10-20
Machine & equipment	5-13
Transportation equipment	5
Furniture and fixtures	5-6
Research equipment	2-13
Other equipments	5-9

4. Depreciation, useful years and residual value shall be reviewed at the end of each fiscal year. If the expected value is different from the previous estimate, adjustment should be made if necessary, and the changes shall be treated as changes in accounting estimates.

(XI) Lease

None of the Company's lease terms and conditions has transferred the risk and return attached to the title of assets to the lessee. All of the leases are classified as operating leases. The income from lease shall be stated as income based on the straight line method within the related lease period. The lease payment shall be stated as expenses based on the straight line method within the related lease period. The contingent rent under operating lease shall be stated as expenses when it is incurred.

(XII) Intangible assets

1. Goodwill

Where the acquisition cost of identifiable net assets acquired upon merger, if any, is more than the fair value of the assets, the excess shall be stated as goodwill. Goodwill shall be measured at cost less accumulated impairment.

For the investment under equity method, the face value of goodwill is included into that of the investment. Meanwhile, the impairment loss on such investment is not allocated to goodwill or any assets, but a part of the book value of the investment under equity method.

2. R&D

The research stage means the activity carried out in order to secure and understand new scientific or technical knowledge. The related expenses thereof are stated as income when they are occurred.

The expenses at the development stage shall be stated as intangible assets when they meet all of the following conditions at the same time; otherwise, they shall be stated as income when they are occurred:

(1) Achievement of the technical feasibility for completion of intangible assets to enable the intangible assets to be usable or sellable.
(2) Intend to complete the intangible assets and use or sell the same.
(3) Able to use or sell the intangible assets.
(4) The intangible assets are very likely to generate future economic effects.
(5) Possession of sufficient technology, finance and other resources to complete the development, and use or sell the intangible assets.
(6) Expenses at development stage attributed to the intangible assets may be measurable reliably.

3. Other intangible assets

The acquisition of intangible asset by the company is measured by subtracting the accumulated depreciations and accumulated impairment from the cost.

4. After expenses

The after expenses may be capitalized only when they are able to increase the future economic effect of the relevant specific assets. The other expenses shall be stated as income when incurred, including the goodwill and brand developed internally.

5. Amortization

The amortizable amount shall be the cost of assets less residual value.

Other than goodwill and intangible assets with indefinite useful years, the intangible assets shall be amortized under straight-line method over useful years since the intangible assets become usable, and the amortization is recognized as income:

Computer software 2-5 years

Residual value, amortization period and method of amortization shall be reviewed at the end of each fiscal year at least. The changes, if any, shall be treated as changes in accounting estimates.

(XIII) Impairment on non-financial assets

1. The Company will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss would be recognized if the recoverable amount falls below the asset's face value. The recoverable amount means the higher of fair value of one asset less its disposition cost, or its useful value. Impairment loss recognized in previous years on assets other than goodwill may be reversed if the basis of impairment no longer existed or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.
2. The recoverable amount of goodwill, intangible assets with indefinite useful years and intangible assets not available for use shall be estimated periodically.

Impairment loss would be recognized if the recoverable amount falls below the face value. The impairment loss on goodwill shall not be reversed in following years.

3. Goodwill shall be amortized to cash generation unit for the purpose of testing impairment. The amortization is identified by operations to amortize goodwill into cash generation unit or cash generation unit group expected to benefit from the merger of businesses generating the goodwill.

(XIV) Reserve for liabilities

The recognition of provision for liabilities is the current obligation of past events to the extent that the company may have to outflow resources of economic benefit in the future to perform the obligations and the amount of such obligation could be assessed with reliability.

The Group's reserve for liabilities for warranty shall be recognized when the goods or services are sold. The reserve for liabilities shall be measured under weighted method based on the historical warranty information and potential results subject to the relevant possibility.

(XV) Treasury stock

The proceeds (including the payment directly attributable to the cost) for the repurchase of company shares by the company shall be recognized as “treasury shares” net of applicable taxes, and as a debit item of equity. Where the gain on disposal of treasury stock is higher than the book value, the difference shall be credited under the title “additional paid-in capital-transaction of treasury stock”. Where the gain is lower than the book value, the difference is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. The book value thereof is calculated based on the weighted average method according to the type of stock (common stock or special shares) and causes for the withdrawal.

Cancellation of treasury stock shall be credited under the title “treasury stock”, and debited as “additional paid-in capital-stock premium” and “capital stock”. Where the book value of treasury stock is higher than the total of the book value and stock premium, the balance is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. Where the book value of treasury stock is lower than the total of the book value and stock premium, the difference should be credited as the additional paid-in capital generated from the transactions of treasury stock under the same type.

(XVI) Recognition of revenue

1. Sale of products

The revenue generated from sale of goods in normal activities is stated at the fair value of received or receivable consideration after taking the sale returns, sales discount and quantity discount into consideration. The revenue shall be recognized when there is persuasive evidence (normally an executed sale agreement), major risk and return over the ownership are transferred to the buyer, it is very likely to collect the payment, the related cost and possible sale return may be estimated reliably, participation in management of products is discontinued and revenue may be measured reliably. If a discount is likely to be incurred and the amount thereof may be measured reliably, it shall be stated as deduction from revenue when the sale is recognized.

The timing of transfer of risk and return shall be subject to the individual provisions in the sale agreement.

2. Labor service

   The revenue generated from provision of labor services shall be recognized based on the progress in completion of the transaction on the reporting date.

3. Revenue from commission

   If the company acts as an agent but not consignee, the income shall be recognized on the basis net commission incomes.

4. Rent revenue

   The income from sublease of the real property shall be stated as "rent revenue" under non-operating revenue and expenditure.

5. Dividend revenue

   If the company is entitled to dividend, recognized as dividend income if realized.

(XVII) Cost of borrowing

1. Loans shall be measured based on the fair value less trading cost at the time of initial recognition. The subsequent measurement of any difference between the price (less trading cost) and redemption value shall be stated at the amortized cost under effective interest method within the borrowing period.
2. When it is very likely to withdraw the expenses paid for setting the borrowing limit, in part or in whole, the expenses shall be stated as the trading cost for the loan, deferred and stated as effective interest adjustment when the loan is drawn down. When it is not likely to withdraw the expenses, in part or in whole, the expenses shall be stated as prepayment and amortized within the period related to the limit.

(XVIII) Government subsidies

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the nature of government subsidy is the compensation of the expenses of the company, recognize at profits and loss accounts in current period in the period of the realization of related expenses under systematic government subsidy.

(XIX) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.

2. Pension

   (1) Defined contribution plan

   Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

   (2) Defined benefit plan

   A. The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary using the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate shall be based on the market yield rate of corporate bonds of high credit standing that have the same currency exposure and maturity date as the obligations on the balance sheet date, but the market yield rate of government bonds (on the balance sheet date) shall apply in the country where no market of corporate bonds of high credit standing is available.

   B. The re-measurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

   C. The expenses related to the service cost in the previous period shall be recognized as income immediately.

   D. The interim pension cost applied the pension cost ratio decided upon actuation at the end of the previous fiscal year, and was calculated from the beginning of year until the end of the current period. In the case of material changes in market and material reduction, repayment or other important event at the end, it shall be adjusted and related information shall be disclosed pursuant to said policies.

3. Resignation benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company will not state the benefits as expenses until the offer of benefits cannot be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits falling due more than 12 months after balance sheet date are discounted to their present value.

4. Remuneration to employee and directors/supervisors

The remuneration to employees and directors/supervisors shall be recognized as expenses and liabilities only when legal or constructive obligation is constituted and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate.

(XX) Employees' share-based payment

The transaction is share-based payment for settlement of equity. The share-based payment agreement shall measure the labor services provided by employees based on the fair value of the equity instruments granted on the date of granting, which shall be recognized as the remuneration cost during the vested period, and the equity shall be adjusted relatively. The fair value of equity instruments shall reflect the effect produced by the vested conditions and non-vested conditions of market value. The recognized remuneration cost is adjusted based on the quantity of remuneration expected to meet service conditions and non-market value vested conditions, until the amount recognized ultimately is measured based on the vested quantity on the vested date.

(XXI) Income tax

1. The income tax expenses consist of current income tax and deferred income tax. The income tax shall be stated as income other than the income tax related to the titles stated into other comprehensive incomes or into equity directly, which shall be stated into other comprehensive income or into equities directly.
2. The Company calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Company is operating and generating taxable income on the balance sheet date. The management shall evaluate the status of income tax return within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. Undistributed earnings, if any, shall be levied 10% income tax. 10% income tax expenses for undistributed earnings will be stated in the year next to the year when the earnings are generated, upon approval of the motion for allocation of earnings at a shareholders' meeting.
3. Deferred tax is stated based on the temporary differences between taxation basis for assets and liabilities and the face value thereof on the consolidated balance sheet using the balance sheet method. The deferred income tax liabilities resulting

from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business merger) shall not be recognized, insofoar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. Taxable temporary difference generated from investment in subsidiaries and affiliates, of which the time of reverse is controllable by the Company and which is not likely to be reversed in the foreseeable future, shall not be recognized. The deferred income tax assets and liabilities are measured at the tax rate in the current period of which the assets are expected to be realized or liabilities to be repaid. The tax rate shall be based on the tax rate and tax laws already legislated or substantially legislated at the end of the reporting period.

4. Deferred income tax assets shall be recognized, insofar as temporary difference is very likely to credit against future taxable income, and deferred income tax assets which are recognized and unrecognized shall be re-evaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. Unused tax credits derived from purchase of equipment or technology, R&D expenditure and equity investment can be added to deductible temporary differences and recognized as deferred tax assets, to the extent that the Company is likely to earn taxable income to offset against.
7. The average effective tax rate used to estimate the interim income tax expenses shall apply to the interim income before tax, and the relevant information shall be disclosed pursuant to said policies.

(XXII) Business combination

1. The Company adopts the acquisition method to proceed with business combination. The consideration for combination is calculated at the fair value of the assets to be transferred or liabilities to be derived or borne and the equity instruments to be issued. The consideration for the transfer includes the fair value of any assets and liabilities generated from the contingent consideration agreement. The cost related to acquisition is stated as expense when it is incurred. The identifiable assets and liabilities acquired from the business combination shall be

measured at the fair value on the day of acquisition. Based on individual acquisition transaction, the elements of non-controlling equity which refer to the current ownership, of which the holder is entitled to the business's net assets on a pro rata basis at the time of liquidation may choose to measure the fair value based on the fair value on the date of acquisition or subject to proportion of non-controlling equity in the acquired identifiable net assets. The other elements of non-controlling equity shall be measured at the fair value on the date of acquisition.

2. Goodwill arises when the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held exceeds the fair value of identifiable assets and liabilities. The price difference shall be stated as income on the date of acquisition if the fair value of identifiable assets and liabilities as acquired exceeds the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held.

(XXIII) EPS

The company displays the basic and diluted earnings per share of the bearers of common shares. The basic earnings per share of the company are based on the income attributable to the bearers of common shares divided by the weighted average outstanding quantity of shares. The diluted earnings per share are based on the income attributable to the bearers and the weighted average quantity of outstanding shares adjusted for possible effect of potential dilution of common shares. The potential dilution of common shares of the company includes the employee stock options.

(XXIV) Information by department

The company has already disclosed the information on the segments in the consolidated financial statements and no disclosure of segments will be made in the financial statement of individual entities.

V. Significant accounting judgments, estimations, and major sources of hypotheses of uncertainty

The accounting estimate performed by the company is based on the reasonable expectation on possible events in the future in circumstances as of the balance sheet date. However, the actual result may vary with the estimate. The following explains the estimate and assumption of the risk of possible major adjustment of the book value presented in the assets and liabilities in the next fiscal year:

1. Allowance for bad debt of receivable accounts

The company conducts assessment on the recoverability of account receivables on the basis of the credit quality of the customers and the collection of the accounts and the experience of bad debts in the past and estimates for the provision of doubtful accounts. If some event or change resulting in failure to collect the debt shows, it is necessary to estimate the allowance for bad debt. If the projected collected cash is different from the estimation, the difference will affect the book value of receivable accounts and bad debt expenses in the year in which the estimation is changed. Until December 31, 2015, the book value of receivable accounts has been NT$888,873 thousand (exclusive of the allowance for bad debt, NT$9,615 thousand).

2. Evaluation of inventory

   Inventory shall be evaluated on the basis of the lower the cost and net realizable value. As such, the company must make judgment and estimate the net realizable value of the inventory on the balance sheet date. Rapid technological change compels the company to assess the amount of normal wearing out and phasing out of inventory or inventory with no market price and write off the cost of inventory from net realizable value. Until December 31, 2015, the book value of the Company's inventories has been NT$1,590,834 thousand (exclusive of the allowance for inventory devaluation and obsolescence loss, NT$223,290 thousand).

3. Realizability of deferred income tax assets

   Deferred income tax assets shall be recognized only when it is very likely that there will be sufficient taxable income afford to deduct temporary difference. To evaluate the realizability of deferred income tax assets, the management has to exert judgment and estimation, including the hypotheses about expectation toward growth and profit rate of future sale revenue, applicable income tax credit and taxation planning. The transformation of global economic environments and industrial environments and changes in laws and regulations, if any, might result in material adjustment on deferred income tax assets. As of December 31, 2015, the Company had deferred income tax assets amounting to NT$58,444 thousand.

4. Recognition of revenue

   In principle, sale revenue is recognized at the time the earning process. The related reserve for liabilities is provided based on the estimated after-sale warranty cost potentially incurred due to historical experience and other known causes, and stated as the sale cost in the period in which the product is sold. The reasonableness of estimation is also reviewed periodically. As of December 31, 2015, the Company recognized provision for liabilities amounted to NT$1,240 thousand.

5. Calculation of net defined benefit liability

   In the calculation of the determined welfare obligation, the company must make use of judgment and estimate to determine relevant actuarial assumption on the balance sheet date, including the discount rate and growth of future salary. Any change in the actuarial assumption will affect the amount of determined welfare obligation of the company. As of December 31, 2015, the book value of accrual pension liabilities of the Company amounted to NT$23,225 thousand.

6. Goodwill impairment evaluation

The impairment on goodwill is evaluated by the Company to its sole discretion, including identifying the cash-generating units and amortizing assets, liabilities and goodwill into the related cash-generating units, and deciding the recoverable amount of related cash-generating units. For the evaluation on goodwill impairment, please refer to Note VI(VI). As of December 31, 2015, the book value of the Company's goodwill amounted to NT$45,333 thousand.

VI. Notes to Major Accounting Titles

(I) Cash and cash equivalent

	December 31, 2015	December 31, 2014
Cash:		
Cash on hand	$ 2,556	$ 1,630
Bank deposit:		
Check deposit	-	-
Foreign currency deposit	31,800	77,982
Demand deposit	200,238	375,722
Time deposit	-	264,000
Total	$ 234,594	$ 719,334

Bank deposits pledged by the company to the bank as collaterals have been recognized under the title of other current assets. Please refer to Note 8.

(II) Net note receivables

	December 31, 2015	December 31, 2014
Receivable notes	$ 5,403	$ 9,930
Less: Allowance for bad debt	—	—
Receivable notes, net	$ 5,403	$ 9,930
Note receivables –related parties	$ —	$ 5,299
Less: Allowance for bad debt	—	—
Note receivables- related parties-net	$ —	$ 5,299

The note receivables of the Company are accrued from business operation and have not been pledged as collaterals.

(III) Receivable accounts, net

	December 31, 2015	December 31, 2014
Receivable accounts	$ 563,282	$ 464,454
Less: Allowance for bad debt	(9,044)	(5,077)
Receivable accounts, net	$ 554,238	$ 459,377

	December 31, 2015	December 31, 2014
Receivable accounts-related party	$ 329,752	$ 371,560
Less: Allowance for bad debt	(520)	(889)
Receivable accounts-related party, net	$ 329,232	$ 370,671

	December 31, 2015	December 31, 2014
Receivable on demand (stated as other non-current assets)	$ 51	$ 15,947
Less: Allowance for bad debt	(51)	(15,947)
Receivable on demand, net	$ —	$ —

1. All account receivables of the company are accrued from business operation and have not been pledged as collaterals.
2. For the information about the changes of bad debt provided for the impairment on receivable accounts and account age analysis on loans (for the disclosure of credit risk, please see Note 12(2)):

	Group evaluation Impairment loss	Individual evaluation Impairment loss	Total
January 1, 2015	$ 5,966	$ 15,947	$ 21,913
Impairment loss provided in the current period	3,649	—	3,649
Impairment loss reversed in the current period	—	—	—
Accounts written off and uncollected in the current period	—	(15,947)	(15,947)
December 31, 2015	$ 9,615	—	$ 9,615
January 1, 2014	$ 4,215	$ 27,898	$ 32,113
Impairment loss provided in the current period	5,307	—	5,307
Impairment loss reversed in the current period	—	(1,750)	(1,750)
Accounts written off and uncollected in the current period	(3,556)	(10,201)	(13,757)
December 31, 2014	$ 5,966	$ 15,947	$ 21,913

3. Account age analysis on loans is stated as follows:

	December 31, 2015		December 31, 2014	
	Total	Impairment	Total	Impairment
Undue	$814,637	$ -	$781,678	$ -
Overdue for 1~90 days	59,422	4,160	64,751	4,532
Overdue for 91~180 days	12,015	1,802	1,146	172
Overdue for 181~360 days	10,316	2,579	2,290	573
Overdue for 1~2 years	2,047	1,023	1,378	689
Overdue for more than 2 years	51	51	15,947	15,947
Total	$898,488	$ 9,615	$867,190	$21,913

(IV) Inventory, net

	December 31, 2015	December 31, 2014
Raw material	$ 345,245	$ 370,558
Supplies	67,712	61,850
Work in progress	287,695	286,603
Semi-finished goods	212,380	155,679
Finished goods	859,780	932,179
Commodity	24,300	4,927
Materials and supplies in transit	17,012	7,535
Less: Allowance for inventory devaluation and obsolescence losses	(223,290)	(186,114)
Inventory, net	$ 1,590,834	$ 1,633,217

1. Expenses and losses related to inventory recognized in the current period:

	2015	2014
Cost of sold inventory	$ 2,021,559	$ 2,106,274
Allowance for inventory devaluation and obsolescence losses (revaluation gains)	37,175	40,091
Inventory retirement loss	3,814	—
Other operating cost - employee bonus	14,738	23,165
Revenue from sale of scraps	—	—
Estimated maintenance and warranty cost	(670)	(2,429)
Sale cost, net	$ 2,076,616	$ 2,167,101

2. As of December 31, 2015 and 2014, the Company had not pledged its inventory as collaterals.

(V) Financial assets measured at cost

The financial assets on the basis of cost held by the Company on the financial reporting day are shown below:

	December 31, 2015	December 31, 2014
Noncurrent items:		
TAISelec Co.,Ltd	$ —	$ 20,231
Less: Impairment loss	—	—
Total	$ —	$ 20,231

1. The investment of the company in stocks not listed in TWSE or GTSM could be classified as financial assets available for sales by intent of investment. However, the subject of investment has not active market for open trading and has no sufficient industry information on similar company and related financial information on the investees that no reasonably measurement of its fair value. As such, the company classified the asset as “financial assets on the basis of cost”.
2. The Company transferred 18.75% of the equity of TAISelec Co., Ltd. to the non-related party upon approval of the board of directors in February 2015. The proceeds from sale was NT$25,938 thousand, and the gain from disposition was NT$5,706 thousand.
3. As of December 31, 2015 and 2014, the Company had not pledged its financial assets on the basis of cost as collaterals.

(VI) Investment under equity method

The investment of the company accounted for under the equity method on the ending day of the financial reporting period:

Investee	December 31, 2015 Book value	December 31, 2015 Ratio of shareholding %	December 31, 2014 Book value	December 31, 2014 Ratio of shareholding %
Subsidiaries:				
MPI TRADING CORP.	$ 53,601	100 %	$ 46,758	100 %
MMI HOLDING CO., LTD.	476,494	100 %	246,079	100 %
MEGTAS CO.,LTD.	23,351	60 %	25,463	60 %
Chain-Logic International Corp.	230,787	100 %	243,022	100 %
Chia Hsin Investment Co., Ltd.	2,295	100 %	8,713	100 %
Yi Hsin Investment Co., Ltd.	2,295	100 %	8,714	100 %
Won Tung Technology Co., Ltd.	304	100 %	328	100 %
Allstron Corporation	48,253	100 %	48,440	100 %
Affiliates:				
Lumitek Co.,LTD	(139)	2.28 %	(3,491)	2.28 %
Total	$ 837,241		$ 624,026	

1. Changes in investment under equity method:

	2015	2014
Balance, beginning	$ 624,026	$ 449,137
Increase in investment in the current period	349,990	170,500
Cash dividend distributed by affiliates	(22,700)	(15,000)
Transfer of treasury stock to subsidiaries' employees	—	2,978
Capital surplus - write-off of long-term investment	(19,306)	—
Investment income (loss) recognized under equity method	3,402	26,738
Exchange difference arising from translation of the financial statement of foreign operations	(13,899)	15,381
Realized (unrealized) income from downstream transactions with investees	(83,913)	(24,960)
Other comprehensive income – Actuarial income (loss) of determined welfare	(359)	(748)
Balance, ending	$ 837,241	$ 624,026

2. Subsidiaries

Refer to the consolidated financial statements of FY2015

3. The information about affiliates important to the Company is stated as following:

Name of Affiliate	Nature of relationship with consolidated company	Principal business place/country where the company is registered	Proportion of ownership and voting right December 31, 2015	Proportion of ownership and voting right December 31, 2014	Measurement Method
Lumitek Co.,LTD	Primarily engaged in OEM service of LED dice production process; the affiliate has been dissolved on February 28, 2015.	Taiwan	2.28%	2.28%	Equity method

4. Book value and share of operating result of the affiliates not important to the Company individually

   The financial information about the Company's affiliates under equity method not important the Company individually is summarized as following. Said financial information refers to the figures included into the Company's separate financial statements:

	December 31, 2015	December 31, 2014
Summarized total book value of the equity of individual unimportant affiliates	$ (139)	$ (3,491)

	2015	2014
Shares attributed to the Company:		
Net profit (net loss) of continuing department	$ —	$ —
Income after tax of discontinued department	—	—
Other comprehensive income	—	—
Total comprehensive income	$ —	$ —

5. The Company recognized the income of these investees on the basis of their respective audited financial statements in proportion to the investment by the company accounted for under the equity method in 2015 and 2014.
6. The financial statements of subsidiary MEGTAS CO., LTD. in FY2015 and FY2014 were audited by other certified public accountants. We did not audit these statements and based on the statements audited by other certified public accountants to recognize investment (loss) amounting to (NT$1,018) thousand and (NT$506) thousand, respectively.
7. The Group reinvested the affiliate, Lumitek Co.,LTD, via its subsidiaries, Chia Hsin Investment Co., Ltd., Yi Hsin Investment Co., Ltd. and Chia Ying Investment Co., Ltd.. So far, the Group held a total of 6,630,000 shares at par value of NT$10 per share, and until December 31, 2015 and 2014, the Company's shareholdings were both 17.87%.
8. The Company has acquired 843,968 shares of stock issued by Lumitek Co.,LTD in April 2013 at the cost of NT$1,976 thousand. As of December 31, 2015 and 2014, the Group held 7,473,968 shares or 20.15% of the shares issued by Lumitek Co.,LTD and is accounted for under the equity method.
9. The Company acquired 100% of the shares of Allstron Corporation ("Allstron") in March 2014 and controlled the company in whole. Allstron is a probe card manufacturer engaged in high-frequency wafer measurement primarily. Acquisition of the control over Allstron enabled the Company to improve the Company's production process via Allstron's patented technology. Meanwhile, the Company secured the acquiree's clientele via the acquisition. Accordingly, the Company is expected to increase the Company's market shares of semi-conductor production process and testing equipment and products. The Company also

expects to reduce the cost through the scale of economy.

The Company set the date of acquisition on January 1, 2014. For the three months until March 31, 2014, Allstron's revenue and net profit (loss) attributable to the Group were NT$1,112 thousand, the operating revenue, and NT$1,149 thousand, the net (loss).

The transfer consideration and the assets and liabilities recognized on the date of acquisition are stated as following:

(1) Transfer consideration: NT$50,000 thousand in cash

(2) Identifiable assets, and liabilities

The fair value of the identifiable assets and liabilities acquired and borne on the date of acquisition is stated as following:

Cash and cash equivalent	$	4,368
Accounts receivable		506
Other receivable accounts		12
Inventory		1,264
Prepayment		1
Other current assets		1
Property, plant and equipment (Note VI(7))		1,535
Other non-current assets		175
Accounts payable		302
Other payable accounts		3,088
Other current liabilities		5
Fair value of identifiable net assets	$	4,467

(3) Goodwill

Goodwill recognized due to acquisition:

Transfer consideration	$	50,000
Less: Fair value of identifiable net assets		(4,467)
Goodwill	$	45,533

The goodwill arose from acquisition of Allstron primarily originated from the measurement application product lines in the electronic industry, such as high-frequency wafer measurement, related patented technology for wide-distance probe card measurement to meet the changeable needs in the electronic industry, and its employees' value. Meanwhile, the payment of transfer consideration was made as it was expected that consolidation synergy, growth of revenue and future market development may be generated from the integration of Allstron's and the Company's semi-conductor production process and testing equipment businesses. Notwithstanding, as said benefits failed to meet the conditions for recognition of identifiable intangible assets and, therefore, were not recognized independently. No income tax effect was expected to be derived from the recognized goodwill.

The Company's goodwill arise due to merger and acquisition of the subsidiary. The transfer consideration was set based on the value of investment in Allstron calculated under income-based method referred to in the appraisal report issued by the expert. The income-based method applied Allstron's financial forecast for next five (5) years and estimated discount rate as the evaluation basis.

There was no sign showing impairment on goodwill caused by material changes before December 31, 2015.

10. Guarantee

As of December 31, 2015 and 2014, the company had not pledged its investment accounted for under the equity method as collaterals.

(VII) Property, plant and equipment

1. The changes in the cost, depreciations and impairments of the property, plant and equipment of the Company in FY2015 and FY2014:

	Land	House and building	Machine & equipment	Transportation equipment	Furniture and fixtures	Research equipment	Other equipments	Construction in progress	Total
Cost									
January 1, 2015	$512,073	$1,172,537	$318,341	$ 1,320	$ 70,768	$424,972	$ 17,037	$ 4,603	$2,521,651
Addition	251,817	90,676	291,878	-	19,108	139,858	2,147	47,503	842,987
Disposition	(123)	-	(9,100)	-	(3,963)	(5,632)	(68)	-	(18,886)
Transfer	-	-	(1,767)	-	-	90	-	-	(1,677)
December 31, 2015	$763,767	$1,263,213	$599,352	$ 1,320	$ 85,913	$559,288	$ 19,116	$ 52,106	$3,344,075
Cost									
January 1, 2014	$291,479	$1,048,110	$275,208	$ 1,320	$ 57,103	$344,719	$ 14,088	$ 497	$2,032,524
Addition	220,594	124,427	12,115	-	18,575	27,508	2,091	4,603	409,913
Disposition	-	-	(9,770)	-	(5,498)	(265)	(963)	-	(16,496)
Transfer	-	-	40,788	-	588	53,010	1,821	(497)	95,710
December 31, 2014	$512,073	$1,172,537	$318,341	$ 1,320	$ 70,768	$424,972	$ 17,037	$ 4,603	$2,521,651
Accumulated depreciation and impairment:									
January 1, 2015	$ -	$ 154,230	$182,159	$ 403	$ 35,648	$210,301	$ 8,571	$ -	$ 591,312
Depreciation	-	34,411	55,356	220	15,476	68,322	2,378	-	176,163
Disposition	-	-	(9,013)	-	(3,790)	(5,604)	(68)	-	(18,475)
Transfer	-	-	-	-	-	-	-	-	-
December 31, 2015	$ -	$ 188,641	$228,502	$ 623	$ 47,334	$273,019	$ 10,881	$ -	$ 749,000
Accumulated depreciation and impairment:									
January 1, 2014	$ -	$ 126,134	$164,059	$ 183	$ 28,783	$159,880	$ 7,606	$ -	$ 486,645
Depreciation	-	28,096	27,870	220	12,122	50,673	1,916	-	120,897
Disposition	-	-	(9,770)	-	(5,257)	(252)	(951)	-	(16,230)
Transfer	-	-	-	-	-	-	-	-	-
December 31, 2014	$ -	$ 154,230	$182,159	$ 403	$ 35,648	$210,301	$ 8,571	$ -	$ 591,312
Net book value									
December 31, 2015	$763,767	$1,074,572	$370,850	$ 697	$ 38,579	$286,269	$ 8,235	$ 52,106	$2,595,075
December 31, 2014	$512,073	$1,018,307	$136,182	$ 917	$ 35,120	$214,671	$ 8,466	$ 4,603	$1,930,339

2. The Company purchased from the affiliate, Lumitek Co., LTD., the land and buildings at Yang Teh Section, Xinpu Township in September 2014. The total contract amount was NT$316,800 thousand (after tax). The transfer registration was completed on October 27, 2014. The buildings would be occupied as the factory offices.
3. The Company purchased from the non-related party the land at Tai Ho Section, Zhubei City in July 2015. The total contract amount including necessary trading cost was NT$251,817 thousand. The transfer registration was completed on September 24, 2015. Factory premises would be built on the land.
4. The Company purchased from the non-related party the land at Tai Ho Section, Zhubei City in December 2015. The total contract amount was NT$123 thousand. The transfer registration was completed in December 2015.
5. Guarantee

   For details about the secured long-term loan and facility until December 31, 2015 and 2014, please see Note 8.
6. For the capitalized interest, please see Note 6(17) 2. Financial cost.

(VIII) Intangible assets

The cost, amortization and impairment of intangible assets of the Company in FY2015 and FY2014 are shown below:

	Computer software		Computer software
January 1, 2015	$ 23,490	**January 1, 2014**	$ 17,971
Addition	26,809	Addition	16,519
Reclassification	1,248	Reclassification	—
Amortization expenses	(15,808)	Amortization expenses	(11,000)
December 31, 2015	$ 35,739	**December 31, 2014**	$ 23,490

1. Recognized amortization and impairment

   The amortization expenses for intangible assets and other deferred expenses (stated as other noncurrent assets) 2015 and 2014 were stated as the following items in the comprehensive income statement:

	2015	2014
Operating cost	$ 12,495	$ 10,018
Operating expense	27,746	20,783
Total amortization expenses	$ 40,241	$ 30,801

2. R&D expenditure

   In FY2015 and FY2014, the R&D spending deriving from intangible assets internally developed amounted to NT$819,490 thousand and NT$729,242 thousand, respectively, recognized under the title of "Operating expenses –R&D expenses" in the comprehensive income statement.

(IX) Short-term loan

Nature of loan	December 31, 2015			December 31, 2014	
	Amount		Interest rate	Amount	Interest rate
Mortgage loan	$	550,000	1.18%	$ —	—

1. For the information about exposure of the Group's interest rate and liquidity risks, please refer to Note 12(2).
2. Collateral for bank loan.

   For bank loans secured by the Group's assets, please see Note 8.

(X) Other payable accounts

	December 31, 2015		December 31, 2014	
Payable expenses	$	374,633	$	440,916
Payable employees' remuneration (bonus)		28,640		48,242
Short-term employee benefits		33,884		15,199
Others (all less than 5%)		7,160		12,167
Total	$	444,317	$	516,524

(XI) Reserve for liabilities

	Warranty			Warranty	
Balance, January 1, 2015	$	4,856	**Balance, January 1, 2014**	$	9,645
Increase (decrease)		(3,616)	Increase (decrease)		(4,789)
Balance, December 31, 2015	$	1,240	**Balance, December 31, 2014**	$	4,856
Current	$	1,240	Current	$	4,856
Non-current		-	Non-current		-
Balance, December 31, 2015	$	1,240	**Balance, December 31, 2014**	$	4,856

The provision for warranty liabilities of the company in FY2015 and FY2014 was mainly related to the sales of semiconductor production process and test equipment. The provision for warranty liabilities is estimated on the basis of historical data on warranty. The Company expected most of the liabilities would be realized in the year after the sales.

(XII) Corporate bond payable

	December 31, 2015		December 31, 2014	
Total amount of 3rd domestic unsecured convertible corporate bond	$	700,000	$	700,000
Less: Conversion amount		(99,300)		(92,400)
Less: Corporate bond discount		(21,267)		(32,638)
Corporate bond payable, net	$	579,433	$	574,962
Current	$	579,433	$	-
Non-current		-		574,962
Total	$	579,433	$	574,962
Embedded financial derivatives - financial liabilities (assets)	$	1,682	$	(608)
Elements of equity	$	28,261	$	28,586

1. In order to purchase factory premises and machine & equipment and repayment of bank loan, the Company issued 3rd domestic unsecured convertible corporate bonds upon resolution of the board of directors on October 16, 2014, and upon approval of FSC via its approval letter under Ching-Kuan-Chen-Fa-Tze No. 1030042656 dated November 4, 2014. The issuance conditions are stated as following:
   (1) Total issued amount: NT$700 million
   (2) Duration: 3 years (November 18, 2014~November 18, 2017)
   (3) Coupon rate: 0%
   (4) Duration: The day following expiration of one month after the date of issuance (December 19, 2014) until the expiry date (November 18, 2017).
   (5) Conversion price and adjustment thereof:
      A. The conversion price at the time of issuance shall be NT$100 per share.
      B. In the case of changes in shares of common stock (e.g. capital increase in cash, recapitalization of earnings and recapitalization from capital surplus, et al.), the conversion price shall be adjusted relatively.
      C. The Company's board of directors resolved on August 7, 2015 to authorize the Chairman to issue 3rd domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 3rd Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of September 13, 2015, the Company's 3rd domestic unsecured convertible corporate bonds shall be adjusted as NT$93.4 per share.
   (6) Bondholders' put option: The bondholders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, November 18, 2016, upon expiration of two years after issuance of the bonds. The bondholders may ask the Company to redeem the bonds at 100% of the book value thereof in cash within 40 days prior to the record date for exercise of put option.
   (7) The Company's right of redemption:
      A. From the date following expiration of one month upon offering of the bonds (December 19, 2014) until 40 days prior to expiration of the duration (October 9, 2017), if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may exercise the call option to repurchase the bonds from the bondholders at

the book value thereof in cash.

B. From the date following expiration of one month upon offering of the bonds (December 19, 2014) until 40 days prior to expiration of the duration (October 9, 2017), if the balance of the outstanding bonds is less than 10% of the initial total issue price, the Company may exercise the call option to repurchase the bonds from the bondholders at the book value thereof in cash.

(8) Date and method of repayment of principal: Except those converted to the Company's common stock by the bondholders according to the Regulations, or those redeemed upon exercise of the put option, or those redeemed by the Company earlier pursuant to the Regulations, or those repurchased by the Company from securities firms for cancellation, the others would be repaid in cash in full amount upon maturity.

2. Until December 31, 2015 and 2014, the book value of 3rd domestic unsecured convertible corporate bonds which have been converted upon request cumulatively was NT$99,300 thousand and NT$92,400 thousand, respectively. The issued stock totaled 993 thousand shares and 924 thousand shares respectively, and the capital surplus-convertible corporate bond conversion premium generated therefor was NT$88,540 thousand NT$82,350 thousand, respectively.

3. The Company analyzed the 3rd domestic unsecured convertible corporate bonds according to IFRS No. 7 and identified the bonds as the compound financial instruments. Therefore, the Company separated the conversion option from liabilities and stated it into equity and liability respectively.

	November 18, 2014 (Issuing date)
Total issuing amount of convertible corporate bond	$ 700,000
Cost of convertible corporate bond	(5,203)
Elements of equity at the time of issuance - conversion option	(32,933)
Embedded financial derivatives at the time of issuance	(980)
Corporate bond payable, net on the issuing date	$ 660,884

The elements of equity were stated into capital surplus-stock option at the time of issuance. At the time of issuance, the fair value of embedded non-equity derivative was re-evaluated at the end of 2015, which was stated into the "financial asset (liability) held for trading". The "gain (loss) from financial assets and liabilities at fair value through profit or loss" was NT$2,285 thousand and NT$1,782 thousand in 2015 and 2014.

The effective interest rate for the 3rd domestic unsecured convertible corporate bonds was 1.9183%. The interest expenses of convertible corporate bond recognized in 2014 was NT$1,515 thousand.

(XIII) Long-term loan

Bank	Nature	Limit	Duration	December 31, 2015
Land Bank of Taiwan - Tunghsinchu Branch	Mortgage loan	$201,100	2015/09/30~2020/09/30	$ 201,100
Land Bank of Taiwan - Tunghsinchu Branch	Mortgage loan	$163,000	2009/03/02~2022/03/02	58,296
Less: current portion				(9,328)
Total				$ 250,068
Interest rate range				1.49 %~1.53 %

Bank	Nature	Limit	Duration	December 31, 2014
Land Bank of Taiwan - Tunghsinchu Branch	Mortgage loan	$163,000	2009/03/02~2022/03/02	$ 67,624
Less: current portion				(9,329)
Total				$ 58,295
Interest rate range				1.56 %

1. Information on the exposure of interest risk and liquidity risks of the company is shown in Note 12 (2).
2. Collateral for bank loan.

   The company pledged its assets under lien as collaterals for the security of loans from the banks. Related information is shown in Note 8.

(XIV) Pension

1. Defined benefit plan

   (1) The Company has established the regulation for retirement with welfare in accordance with the “Labor Standards Act”, which is applicable to the years of service for full-time employees before the implementation of the “Labor Pension Act” on July 1 2005, and the employees continued to adopt the “Labor Standards Act” after the “Labor Pension Act” has come into effect. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six (6) months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The company contributes at 2% of the total salary on a monthly basis to the pension fund and deposit at the special pension account under the title of the Pension Reserve Monitoring Committee at the Bank of Taiwan. As of December 2015, the balance of the pension contribution in the special account at the Bank of Taiwan amounted to NT$43,220 thousand.

(2) The amount recognized in the balance sheet is stated as following:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligation	$ 66,445	$ 56,911
Fair value of planned assets	(43,220)	(38,567)
Net defined benefit liability	$ 23,225	$ 18,344

(3) Changes in the present value of defined benefit obligation:

	2015	2014
Present value of defined benefit obligation, January 1	$ 56,911	$ 52,257
Service cost in current period	125	123
Interest cost	1,149	1,245
Actuarial loss/gain		
Actuarial loss (gain) from changes of financial hypotheses	2,263	(1,030)
Empirical adjustment	5,997	4,316
Present value of defined benefit obligation, December 31	$ 66,445	$ 56,911

(4) Changes in fair value of planned assets:

	2015	2014
Fair value of planned assets, January 1	$ 38,567	$ 34,228
Interest revenue	807	684
Return (loss) on remuneration of planned assets	211	118
Contribution by employer	3,635	3,537
Benefit payment-from planned assets	-	-
Fair value of planned assets, December 31	$ 43,220	$ 38,567

(5) Total expenses recognized in comprehensive income statement:

	2015	2014
Service cost in current period	$ 125	$ 123
Interest cost of defined benefit obligation	1,149	1,245
Interest revenue from planned assets	(807)	(684)
Defined benefit cost stated into income	$ 467	$ 684

(6) The Bank of Taiwan was commissioned to manage the Fund of the Company’s defined benefit pension plan in accordance with the Fund’s annual investment and utilization plan and Article 6 of the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund” (The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was not

impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of Article 19 of IAS. For the fair value of the total assets under the Fund on December 31, 2015 and 2014, please see the labor pension fund utilization report published by the government each year.

(7) Actuarial hypotheses about pension are summarized as following: (expressed under weighted average method)

	2015	2014
Discount rate	1.80%	2.00%
Future salary and benefit level	2.25%	2.25%

Until December 31, 2015, the weighted average duration of the pension plan has been 20 years.

(8) Analysis of sensitivity

In the calculation of the determined welfare obligation, the company must make use of judgment and estimate to determine relevant actuarial assumption on the reporting date, including the discount rate and update of future salary. Any change in the actuarial assumption may cause the amount of the determined welfare obligation of the company at significant level.Any change in the actuarial assumption will affect the amount of determined welfare obligation of the company.

(9) The variance in the estimation of discount rate and future salary level increase rate from the management will affect the book value of pension benefit obligation in the following manners:

	Discount rate		Future raise rate	
	Increase by 0.25%	**Decrease by 0.25%**	**Increase by 1.00%**	**Decrease by 1.00%**
December 31, 2015				
Effect on defined benefit obligation %	(4.24%)	4.46%	19.04%	(15.79%)
Amount of effect on defined benefit obligation %	$ (2,817)	$ 2,963	$ 12,651	$ (10,492)
December 31, 2014				
Effect on defined benefit obligation %	(4.32%)	4.56%	19.67%	(16.22%)
Amount of effect on defined benefit obligation %	$ (2,481)	$ 2,619	$ 11,296	$ (9,315)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

(10) The Company is expected to contribute NT$3,648 thousand to the Plan in the reporting period of next year.

2. Defined contribution plan

(1) With effect on July 1, 2005, the company has established the regulation for the contribution of pension fund in accordance with the “Labor Pension Act” which is applicable to employees of ROC nationality. For the employees electing to adopt the “Labor Pension Act” for retirement, the company allocates 6% of the respective monthly salary to their individual personal pension account at Labor Insurance Bureau. Pension will be disbursed on the basis of the deposit in the personal pension account with accumulated return payable monthly or in lump sum.

(2) In FY2015 and FY2014, the Company has recognized pension expenses amounted to NT$43,484 thousand and NT$36,930 thousand in accordance with the regulation for determination of pension allocation.

(XV) Equity

1. The Company's outstanding common stock at beginning and ending is reconciled as follows:

Unit: share

	2015	**2014**
Balance, January 1	79,536,392	76,612,392
Transfer of treasury stock to employees	-	2,000,000
Corporate bond conversion	69,000	924,000
Repurchase of treasury stock	(600,000)	-
Balance, December 31	79,005,392	79,536,392

2. Capital surplus

(1) Pursuant to the R.O.C. Company Law amended in January 2012, capital surplus shall be first used to offset a deficit and then new shares or cash may be allocated based on realized capital surplus subject to shareholdings. Realized capital surplus referred to in the preceding paragraph included the surplus generated from donations and the excess of the issuance price over the par value of capital stock. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be transferred to common stock up to an annual limit of 10% of the paid-in capital.

(2) The balance of the Company's capital surplus:

	December 31, 2015	December 31, 2014
Common stock premium	$ 210,163	$ 210,163
Convertible corporate bond conversion premium	569,216	563,025
Treasury stock trading	44,073	44,073
Donation from shareholders	1	1
Changes in net worth of equity of affiliates recognized under equity method	-	19,306
Others-issuance of new shares due to acquisition of shares of another company	19,858	19,858
Stock option (Elements of equity of convertible corporate bonds)	28,261	28,586
Total	$ 871,572	$ 885,012

A. The conversion of 1st and 2nd non-secured domestic convertible corporate bonds already issued by the Company has been completed and generated the capital surplus-convertible corporate bond conversion premium, NT$480,676 thousand, and capital surplus-treasury stock trading, NT$8,477 thousand.

B. The company has repurchased 500,000 shares in accordance with the "Regulation for the First Repurchase of Shares for Assignment to Employees" at the cost of NT$35,387 thousand. As resolved by the Board in a session dated November 26 2009, the treasury shares were assigned to the employees and set November 26 2009 as the subscription date. The Board also resolved to assign all the shares to the employees and the employees of subsidiary Chain-Logic International Corp. at NT$61.53/share. Under the Black-Scholes pricing model, it is estimated that the fair value of each share is NT$14.03. The company had capital surplus –treasury trade amounted to NT$2,300 thousand.

C. The Company received the shareholders' waiver of equity and 8 shares were transferred to the Company in June 2013. According to laws, the equity acquired by the Company upon receipt of the shareholders' waiver of the same shall be held as treasury stock and stated at the fair value of the stock on the same day, credited into capital surplus-donation from shareholders, NT$1,000.

D. The Company has made investment through subsidiaries - Chia Hsin Investment Co., Ltd., Yi Hsin Investment Co., Ltd. and Chia Ying Investment Co., Ltd. in associated enterprise - Lumitek Co.,LTD, and has raised new capital through the issuance of new shares and the exercise of ESO. The subsidiaries have not subscribed in proportion to their shareholding, the company recognized capital surplus-change in the net equity value of associated accounted for under the equity method amounted to NT$19,306 thousand. Lumitek Co., LTD. was dissolved on February 28, 2015, and said capital surplus was settled as NT$0 accordingly.

E. The Company issued new shares and swapped the equity with the subsidiary, Chain-Logic International Corp. on June 15, 2002. The Company's shareholding is 100%. The difference between the investment cost and net worth of the acquired equity was NT$19,858 thousand on the date of investment, stated as capital surplus-others.

3. Retained earnings

(1) According to the Company's Articles of Incorporation, if the Company has profits after final account for the concerning fiscal year, the profits shall be allocated in the following order: (1) Payment of tax. (2) Covering of loss; (3) 10% set aside as legal reserve; (4) Provision of special reserve pursuant to laws; (5) The remainder, if any, plus allocable earnings at the end of the year may be subject to the motion for distribution of allocable earnings prepared by the board of directors and submitted to a shareholders' meeting for resolution. Where the earnings are resolved to be allocated, they shall be allocated in the following manners:

- Employee bonus: at least 20% of the allocable earnings;
- Remuneration to directors/supervisors: no more than 3% of the allocable earnings; and
- Shareholders bonus: the remainder less the allocated amount referred to in the preceding two sub-paragraphs.

The counterparts whom the stock dividends may be allocated to shall include the employees of affiliated companies.

(2) The shareholders' meeting resolved to amend the Company Act of Incorporation as following on June 17, 2011: For the time being, the Company's industrial development is still growing, the dividend policy requires that the board of directors shall draft the motion for allocation of earnings each year and submit the same to a shareholders' meeting for ratification, subject to the Company's present and future investment environments, funding demand, status of competition domestically/overseas and capital budget and by taking care of shareholders' interest, balanced stock dividend and the Company's long-term financial planning into consideration. The earnings will be allocated in the form of cash dividend or stock dividend, subject to the funding demand and level of dilution of EPS. The cash dividend to be allocated, if any, shall be no less than 10% of the total stock dividend.

(3) According to the company laws amended in May 2015, employee bonus and

remuneration to directors/supervisors shall not be allocated from earnings any longer. The Company has had the amended Articles of Incorporation resolved and approved by the board of directors on November 11, 2015. Therefore, if the Company has a profit at the year's final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.

The motion for amendments to the Articles of Incorporation will be submitted to the general shareholders' meeting 2016 for resolution.

(4) Legal reserve

According to the Company Law amended in January 2012, the Company shall contribute 10% from the income after tax as the legal reserve until it is equivalent to the gross capital. When the Company suffers no loss, new shares or cash may be allocated from the legal reserve upon resolution of the shareholders' meeting, provided that the new shares or cash allocated shall be no more than 25% of the paid-in capital.

(5) Special reserve

The Company provided and reversed special reserve according to the letter under Ching-Kuan-Chen-Fa-Tze No. 1010012865 and "Q&A for Provision of Special Reserve Upon First-Time Adoption of IFRSs". If there is any reversal of the decrease in stockholders' equity, the earnings may be distributed based on the reversal proportion.

The Company resolved to reverse the special reserve, NT$17,571 thousand, at the general shareholders' meeting on June 17, 2014.

The Company doesn't need to provide special reserve, pursuant to the related laws in, in 2015.

(6) The Company resolved to allocate the cash dividend, NT$318,422 thousand (NT$4 per share), to shareholders from earnings 2014 on June 12, 2015.

The Company resolved to allocate the cash dividend, NT$165,086 thousand (NT$2.1 per share), to shareholders from earnings 2013 on June 17, 2014.

(7) For the information about remuneration (bonus) to employees and remuneration to directors/supervisors, please see Note 6(20).

4. Treasury stock

(1) Cause of repurchase and increase/decrease in quantity:

Unit: share

Cause	January 1 to December 31, 2015			
	Quantity, beginning	**Increase in current period**	**Decrease in current period**	**Quantity, ending**
For transfer of shares to employees	—	600,000	—	600,000

Unit: share

Cause	January 1 to December 31, 2014			
	Quantity, beginning	**Increase in current period**	**Decrease in current period**	**Quantity, ending**
For transfer of shares to employees	2,000,000	—	2,000,000	—

(2) According to the Securities and Exchange Act, the number of outstanding shares repurchased may not exceed ten percent of the Company's total number of issued shares. The total amount of the repurchased shares may not exceed the amount of retained earnings plus premium on capital stock and realized capital surplus. The Company repurchased the treasury stock totaling 600,000 shares, i.e. NT$34,454 thousand, from August to October 2015.

(3) According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged. Before the transfer, the treasury stock shall not be entitled to any shareholder right.

(4) According to the Securities and Exchange Act, the shares repurchased by a company for transfer of the same to employees shall be transferred within three years from the date of repurchase. The shares not transferred within the said time limit shall be deemed as not issued by the company, and amendment registration shall be processed.

(5) In order to recruit and retain the technical and professional talents for the Company, and encourage their long-term service, loyalty, productivity and sense of belonging to create interest for the Company and shareholders jointly, the Company established the "Regulations Governing Share Repurchase and Transfer of Shares to Employees", in accordance with Article 28-2 of Securities and Exchange Act, and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies promulgated by FSC. The Regulations were approved upon resolution of the board of directors on March 7, 2014. The treasury stock was transferred to employees of the Company and Chain-Logic International Corp. wholly owned by the Company on the record date of stock option, namely March 7, 2014, at NT$76.26 per share. According to the estimation under Black-Scholes

evaluation model, the fair value was NT$16.92 per share on the grant date. The Company recognized the remuneration cost, NT$30,862 thousand (stated as salary expenses), and the subsidiary, Chain-Logic International Corp., recognized the remuneration cost, NT$2,978 thousand (stated as investment under equity method). The parameters adopted by the evaluation model are stated as following:

		2014 **Transfer of treasury stock to employees**
Evaluation model	Black-Scholes model	
Hypotheses	Duration of subscription (days)	2014/3/7~2014/3/11
	Stock dividend ratio (%)	4.42 %
	Subscription price	$ 76.62
	Market value on the date of granting	$ 93.1
	Projected fluctuation rate of stock price	103.528 %
	Interest rate without risk	0.475 %

The price difference between the transfer consideration less necessary trading cost, NT$152,062 thousand, and capital surplus-employee stock option, NT$33,840 thousand, and the repurchase cost, NT$152,606 thousand, was stated into the capital surplus-treasury stock exchange, NT$33,296 thousand.

(XVI) Share-based payment

As of December 31, 2015, information on outstanding ESO is shown below: N/A

(XVII) Non-operating revenue and expense

1. Other gains and losses, net

	2015	**2014**
Gain (loss) from disposition of property, plant and equipment	$ (80)	$ (51)
Gain on disposition of investment	5,706	—
Gain (debt) from financial assets and liabilities at fair value through profit or loss	(2,285)	1,782
Foreign currency exchange gain (loss), net	14,843	28,191
Others	(799)	(667)
Total	$ 17,385	$ 29,255

For the notes to gain on disposition of investment, please refer to Note 4(6).

2. Financial cost

	2015	**2014**
Interest expenses		
Bank loan	$ 3,834	$ 2,770
Convertible corporate bond	11,032	1,515
Subtotal	14,866	4,285
Less: capitalized interest	(1,689)	(1,278)
Total	$ 13,177	$ 3,007

(XVIII) Income tax

1. The detail of income tax expenses (benefits) of the company is shown below:

	2015	2014
Income tax in current period:		
Generated in the current period	$ 65,693	$ 78,127
Overestimated (underestimated) income tax in previous year	(47)	111
Total income tax in the current period	65,646	78,238
Deferred income tax		
Occurrence and reversal of temporary difference	(21,789)	(3,914)
Effect of changes in tax rate	—	—
Total deferred income tax	(21,789)	(3,914)
Total	$ 43,857	$ 74,324

2. The income tax expense recognized under the title of other comprehensive income in FY2015 and FY2014 were both NT$0.

3. The income tax expense recognized under the title of other comprehensive income in FY2015 and FY2014 were both NT$0.

4. Relations between income tax expenses (gains) and accounting profit

	2015	2014
Net profit (loss) before tax	$ 338,677	$ 591,960
Income tax on net profit before tax calculated at the domestic tax rate applicable in the place where the Company is situated (17%)	$ 57,575	$ 100,633
Income tax effect included into the items that shall not be recognized pursuant to tax laws	22,341	572
Income tax effect on deferred income tax assets/liabilities	(21,789)	(3,914)
Unrecognized deferred income tax assets	—	—
Tax-free income	(24,178)	(54,393)
Maximum foreign-tax deduction	(706)	—
Income tax effect on investment credit	(21,027)	(16,936)
Imposition of 10% income tax on undistributed earnings	14,353	9,641
Income tax effect under minimum tax system	17,335	38,610
Overestimated (underestimated) income tax in previous year	(47)	111
Total	$ 43,857	$ 74,324

5. Deferred income tax assets and liabilities

(1) Recognized deferred income tax assets and liabilities

	2015				
	January 1	**Recognized in income statement**	**Recognized in other comprehensive income**	**Exchange difference**	**December 31**
Deferred income tax assets					
Temporary difference					
Unrealized inventory devaluation and obsolescence	$ 31,640	$ 6,320	-	-	$ 37,960

losses					
Unrealized exchange loss	373	(98)	-	-	275
Unrealized warranty cost	826	(615)	-	-	211
Bad debt loss	2,250	(2,143)	-	-	107
Unrealized gain on inter-affiliate accounts	5,613	14,265	-	-	19,878
Tax difference on depreciation expenses	13	-	-	-	13
Total	$ 40,715	$ 17,729	-	-	$ 58,444
Deferred income tax liabilities					
Temporary difference					
Unrealized exchange gain	$ (3,060)	$ 1,913	-	-	$ (1,147)
Unrealized net investment income (foreign)	(4,770)	2,686	-	-	(2,084)
Recognition of pension expenses (deficit)	(3,777)	(539)	-	-	(4,316)
Total	$(11,607)	$ 4,060	-	-	$ (7,547)

	2014				
	January 1	**Recognized in income statement**	**Recognized in other comprehensive income**	**Exchange difference**	**December 31**
Deferred income tax assets					
Temporary difference					
Unrealized inventory devaluation and obsolescence losses	$ 24,824	$ 6,816	-	-	$ 31,640
Unrealized exchange loss	225	148	-	-	373
Unrealized warranty cost	1,640	(814)	-	-	826
Bad debt loss	4,553	(2,303)	-	-	2,250
Unrealized gain on inter-affiliate accounts	1,370	4,243	-	-	5,613
Tax difference on depreciation expenses	14	(1)	-	-	13
Investment credit	81	(81)	-	-	-
Total	$ 32,707	$ 8,008	-	-	$ 40,715
Deferred income tax liabilities					
Temporary difference					
Unrealized exchange (gain)	$ (354)	$ (2,706)	-	-	$ (3,060)
Unrealized net investment income (foreign)	(3,867)	(903)	-	-	(4,770)
Recognition of pension expenses (deficit)	(3,292)	(485)	-	-	(3,777)
Total	$ (7,513)	$ (4,094)	-	-	$ (11,607)

(2) Unrecognized deferred income tax assets

	December 31, 2015	**December 31, 2014**
Investment credit	-	-
Amount of unrecognized deferred income tax assets	-	-

The investment credit tax on deferred income tax assets which has been recognized by the Group before December 31, 2015 shall be credited by the following deadline:

Item	Total credit	Deducted amount	Credited balance in current period	Balance to be credited	Last year of credit
R&D spending in FY2015	$ 74,979	$ —	$ 21,027	$ —	(non-deferred)
	$ 74,979	$ —	$ 21,027	$ —	

(Note) According to the "Regulations Governing Investment Credit Applicable to a Company's R&D Expenditure" promulgated on November 8, 2010, the tax credit shall be no more than 30% of the income tax payable in the year and prohibited from being deferred until next year.

(3) Unrecognized deferred income tax liabilities

	December 31, 2015	December 31, 2014
Taxable temporary difference	-	-
Amount of unrecognized deferred income tax liabilities	-	-

6. Authorization of income tax

The Company has its corporate income tax approved by the taxation authorities until FY2013.

7. Information about the Company's two-in-one tax policy:

	December 31, 2015	December 31, 2014
Deductible tax account-Balance	$ 203,330	$ 172,375

	2015 (Projected)	2014 (Actual)
Deductible rate of earnings allocation	16.30 %	14.70 %

Said information about the two-in-one tax policy refers to the amount treated according to the letter of Ministry of Finance under Tai-Tsai-Shui No. 10204562810 dated October 17, 2013.

According to Article 66-6 of the amended Income Tax Law, the tax deduction applicable to individual shareholders residing within the territories of the R.O.C. may be discounted at 50% as of January 1, 2015 when the earnings are allocated.

8. Information about the Company's undistributed earnings

Except the balance, NT$322 thousand, before 1997, the remainder of the Company's undistributed earnings refers to those after 1998.

(XIX) EPS

1. Basic EPS

The basic EPS is calculated based on the income vested in the Company's common stock holders dividing by the weighted average number of outstanding common stock.

2. Diluted EPS

The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the weighted average number of outstanding common stock.

3. The Company's basic EPS and diluted EPS are calculated as follows:

	2015			2014		
	Amount after tax	**Weighted average number of outstanding common stock (thousand shares)**	**EPS (NT$)**	**Amount after tax**	**Weighted average number of outstanding common stock (thousand shares)**	**EPS (NT$)**
Basic EPS						
Net profit attributed to the Company's common stock shareholders	$ 294,820	79,429	$ 3.71	$ 517,636	78,234	$ 6.62
Diluted EPS						
Net profit attributed to the Company's common stock shareholders	$ 294,820	79,429		$ 517,636	78,234	
Effect of all potential diluted common stocks						
3rd domestic unsecured convertible corporate bond	—	6,431		—	6,076	
Employee stock option exercise adjustment	—	—		—	—	
Employee stock bonus	—	470		—	412	
Net profit attributed to the Company's common stock shareholders plus effect of potential common stocks	$ 294,820	86,330	$ 3.42	$ 517,636	84,722	$ 6.11

For the details about capital increase, please see Note 6(15).

(XX) Employee benefits, depreciation, depletion and amortization expenses are summarized as following by function

Function / Nature	2015			2014		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expense						
Salary expense (including employee bonus)	545,040	539,575	1,084,615	529,220	590,000	1,119,220
Labor/health insurance expenses	39,209	33,307	72,516	36,107	36,643	72,750
Pension expenses	21,363	22,588	43,951	18,009	19,605	37,614
Other employee benefit expenses (Note)	39,577	23,881	63,458	77,412	21,276	98,688
Depreciation expenses	115,080	61,083	176,163	58,730	62,167	120,897
Depletion expenses	—	—	—	—	—	—
Amortization expenses	12,495	27,746	40,241	10,018	20,783	30,801

(Note 1) The other employee benefit expenses including meal expenses, overtime pay and workers' benefits.

(Note 2) Until the end of 2015 and 2014, the Company has hired 1,372 employees and 1,212 employees respectively.

1. According to the Company's existing articles of incorporation, the Company shall allocate remuneration (bonus) to employees and remuneration to directors/supervisors when allocating the earnings. For the details about capital increase, please see Note 6(15).
   Notwithstanding, according to the Company Law amended on May 20, 2015, the Company shall allocate remuneration to employees in specific amount or at specific percentage, subject to the status of earnings in then year.
2. The Company has approved the motion for amendments to the Articles of Incorporation on November 11, 2015:
   Where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, and 1%~3% thereof as the remuneration to directors/supervisors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors/supervisors on a pro rata basis as referred to in the preceding paragraph.
   The allocation of remuneration to employees and directors/supervisors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.
   Employees’ remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria.
   The motion for amendments to the Articles of Incorporation will be submitted to the general shareholders' meeting 2016 for resolution.

3. The Company estimated the remuneration (bonus) to employees was NT$28,640 thousand and NT$48,242 thousand, respectively, in 2015 and 2014, and the remuneration to directors/supervisors NT$7,160 thousand and NT$12,061 thousand. Said values were stated into salary expenses. The values in 2015 were estimated based on the earnings gained until the current period (this year), and the values in 2014 was estimated based on the net profit after tax until the current year (that year) at the percentage defined in the Articles of Incorporation after such factors as legal reserve, et al. was taken into consideration.
4. The remuneration to employees and directors/supervisors 2015 resolved to be allocated at the directors' meeting on March 23, 2016 was identical with that recognized in the financial statement 2015, and the remuneration to employees will be paid in cash. The remuneration will be paid after the amended Articles of Incorporation is resolved at the general shareholders' meeting 2016.
5. Upon resolution by the shareholders' meeting, the Company's actual cash dividend to shareholders and remuneration to directors/supervisors in 2014 were NT$49,168 thousand and NT$11,240 thousand. The difference between the employee bonus, NT$48,242 thousand, and remuneration to directors/supervisors, NT$12,061 thousand, as recognized in the financial statements 2014 was NT$105 thousand, resulting from the amendment to the estimated employee bonus and remuneration to directors/supervisors after the Company took the shareholders' equity and employee benefits, and also the standards in the same trade and future operation into consideration. The difference was held as a change in the accounting estimation and adjusted as income 2015.
6. Upon resolution by the shareholders' meeting, the Company's actual cash dividend to shareholders and remuneration to directors/supervisors in 2013 were NT$23,306 thousand and NT$5,827 thousand. The difference between the employee bonus, NT$28,071 thousand, and remuneration to directors/supervisors, NT$7,017 thousand, as recognized in the financial statements 2013 was NT$5,955 thousand, resulting from the amendment to the estimated employee bonus and remuneration to directors/supervisors after the Company took the shareholders' equity and employee benefits, and also the standards in the same trade and future operation into consideration. The difference was held as a change in the accounting estimation and adjusted as income 2014.
7. The information about remuneration (bonus) to employees and remuneration to directors/supervisors approved by the Board of Directors and resolved by a shareholders' meeting may be viewed at the “MOPS”.

(XXI) Supplementary information about cash flow

1. Investing activities paid in cash in part only:

	2015	2014
Purchase of property, plant and equipment	$ 842,986	$ 505,666
Add: Payables for equipment, beginning	134,676	16,983
Less: Payables for equipment, ending	(90,945)	(134,676)
Cash paid in current period	$ 886,717	$ 387,973

2. Financing activities not affecting cash flow:

	2015	2014
Conversion of corporate bond conversion into capital stock	$ 690	$ 9,240

VII. Transactions with related parties

(I) Relations between parent company and subsidiary

The Company's subsidiaries are stated as follows:

		Owner's equity (shareholding %)	
	Place of incorporation	December 31, 2015	December 31, 2014
Chain-Logic International Corp.	Taiwan	100%	100%
Yi Hsin Investment Co., Ltd.	Taiwan	100%	100%
Chia Hsin Investment Co., Ltd.	Taiwan	100%	100%
Chia Ying Investment Co., Ltd.	Taiwan	100%	100%
Won Tung Technology Co., Ltd.	Taiwan	100%	100%
Allstron Corporation	Taiwan	100%	100%
MPI TRADING CORP.	Samoa	100%	100%
MMI HOLDING CO.,LTD.	Samoa	100%	100%
CHAIN-LOGIC TRADING CORP.	Mauritius	100%	100%
CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	Mainland China	100%	100%
LEDA-ONE (Shenzhen) Co.	Mainland China	100%	100%
Lumitek (Changchou) Co. Ltd.	Mainland China	100%	100%
MEGTAS CO.,LTD.	Korea	60%	60%

(II) Parent company and ultimate controller

The Company is the ultimate controller of the Group.

(III) Important transactions with related parties

1. Operating revenue

The Company's sales value to related parties are stated as follows:

Type	2015	2014
Sale of products:		
-Affiliates	$ 45,436	$ 103,244
-The Company's director	559,295	473,692
-Subsidiary	352,594	350,412
Sale of labor services:		
-The Company's director	55,162	39,108
Total	$ 1,012,487	$ 966,456

The price of the Company’s sale to related parties was not significantly different from the Company's general selling price.

2. Purchase

The Company's purchase value to related parties are stated as follows:

Type	2015	2014
Affiliates	$ 23,598	$ 51,046
The Company's director	61,748	—
Subsidiary	3,539	3,763
Total	$ 88,885	54,809

The price of the Company’s purchase from related parties was not significantly different from the Company's price of purchase from the general suppliers.

3. Receivable accounts-related parties

The Company's receivable accounts-related parties are stated as following:

Title	Type	December 31, 2015	December 31, 2014
Receivable notes	Subsidiary	$ —	$ 5,299
Receivable accounts	Affiliates	18,633	12,667
Receivable accounts	The Company's director	63,825	91,157
Receivable accounts	Subsidiary	247,294	267,736
Other receivable accounts	Subsidiary	18,327	4,008
Total		$ 348,079	$ 380,867

4. Payable accounts-related parties

The Company's payable accounts-related parties are stated as following:

Title	Type	December 31, 2015	December 31, 2014
Accounts payable	Affiliates	$ 19	$ —
Accounts payable	The Company's director	2,910	5,715
Accounts payable	Subsidiary	1,490	2,090
Other payable accounts	Affiliates	—	204
Other payable accounts	The Company's director	6,667	13,560
Other payable accounts	Subsidiary	56,902	26,772
Total		$ 67,988	$ 48,341

5. Prepayment

The Company's payable accounts-related parties are stated as following:

Title	Type	December 31, 2015	December 31, 2014
Prepayment for purchase	Subsidiary	$ 165	$ 127

6. Exchange of property

(1) Acquisition of property, plant, and equipment

Type	Nature	2015	2014
The Company's director	Machine & equipment	$ 203	$ —
Subsidiary	R&D equipment	$ 849	$ —
Subsidiary	Machine & equipment	$ —	$ 204
Affiliates	Land	$ —	$ 220,594

Affiliates	Building	$ —	$ 91,624
Affiliates	Other equipments	$ 130	$ —

(2) Disposition of property, plant, and equipment:

2015: N/A

2014:

Type	Name of property	Cost	Accumulated depreciation	Book value	Selling price	Gain (loss) from disposition
Subsidiary	Furniture and fixtures	$ 25	$ 2	$ 23	$ 24	$ 1

7. Loan to others (stated as other receivable accounts-related party)

2015:

Type	Maximum balance	Balance ending	Interest rate %	Interest revenue
Subsidiary	$ 10,983	$ 3,096	5.35%	$ 174 (Note)

(Note) The interest revenue has not been received before December 31, 2015, which was stated as other receivable accounts-related party. NT$76 thousand.

2014:

Type	Maximum balance	Balance ending	Interest rate %	Interest revenue
Subsidiary	$ 3,078	$ 3,078	5.60%	$159 (Note)

(Note) The interest revenue has not been received before December 31, 2014, which was stated as other receivable accounts-related party. NT$75 thousand.

8. Purchase of labor services from related parties

The Company's expenditure in labor services to related parties are stated as follows:

Type	**2015**	**2014**
Promotion-expenditure in commission:		
-Affiliates	$ 3,482	$ 1,937
-The Company's director	1,981	4,452
-Subsidiary	86,647	69,338
Promotion-expenditure in royalty:		
-The Company's director	42,776	42,021
Total	$ 134,886	$ 117,748

For the calculation of the royalty to related parties, please see Note 9(2).

9. Others

(1) Payment on behalf of others (stated as other current assets): N/A

(2) Advance sale receipts

Type	**December 31, 2015**	**December 31, 2014**
Affiliates	$ 23	$ 23
The Company's director	688	209
Total	$ 711	$ 232

(3) Temporary receipts (stated as other current liabilities)

Type	December 31, 2015	December 31, 2014
The Company's director	$ —	$ 91

(4) Manufacturing expenses (stated as operating cost)

Type	Nature	2015	2014
Affiliates	Other expenses	$ 665	$ 385
Affiliates	Processing expenses	$ 5,380	$ 2,818
The Company's director	Other expenses	$ 4	$ 37
Subsidiary	Other expenses	$ 192	$ 1,102

(5) Selling expenses

Type	Nature	2015	2014
The Company's director	Repair and maintenance expense	$ 4	$ -
The Company's director	Other expenses	$ 1,440	$ 377
Affiliates	Stationary	$ 1	$ -
Subsidiary	Other expenses	$ 436	$ -

(6) Management expenses

Type	Nature	2015	2014
Affiliates	Other expenses	$ 232	$ —
Subsidiary	Dormitory fees paid by employees	$ (37)	$ (42)

(7) Research expense

Type	Nature	2015	2014
The Company's director	Other expenses	$ —	$ 33
Affiliates	Stationary	$ 4	$ —
Affiliates	Other expenses	$ 1,089	$ —
Subsidiary	Other expenses	$ 67	$ 246

(8) Lease

The Company's lease revenue from related parties is stated as follows:

Type	2015	2014
Subsidiary	$ 3,870	$ 4,203
Affiliates	$ 1,314	$ 2,839

The main contents of lease contract:

Type	Subject matter	Duration of lease	Mode of collection
Subsidiary	Rent the offices, parking lots and health center at Zhonghe St., Zhubei City, Hsinchu County	2008/10/01~2014/12/31	Initially NT$242 thousand (before tax) per month, and adjusted as NT$319 thousand per month as of September 1, 2012 (before tax); The rent of health center was NT$2,000 (before tax) after August 20, 2012; The rent of parking lots was calculated subject to the actual service condition on a monthly basis.
Subsidiary	Sublet the factory premises building and parking lots at Wenshan Road, Xinpu Township, Hsinchu County	2014/12/21~2017/12/20	NT$242 thousand per month (before tax) The rent of parking lots was calculated subject to the actual service condition on a monthly basis.

Subsidiary	Jiaren St., Zhubei City, Hsinchu County (Employee dormitory)	2005/12/01~2006/11/30, Renewed automatically upon expiration	Settled based on the actual number of persons on a monthly basis.
Subsidiary	Rent the branch company office at Luchu, Kaohsiung City	2008/04/18~2009/04/17, Renewed automatically upon expiration	NT$10 thousand per month (before tax)
Affiliates	Sublet the factory premises building at Wenshan Road, Xinpu Township, Hsinchu County	2014/11/01~2017/10/31	NT$1,359 thousand per month (before tax) The rent of health center was NT$296 (before tax) after January 1, 2015; The rent of health center was NT$185 (before tax) after February 1, 2015; The rent of health center was NT$162 (before tax) after March 1, 2015; The rent of health center was NT$105 (before tax) after April 1, 2015; The rent of health center was NT$67 (before tax) after June 1, 2015; The rent of health center was NT$61 (before tax) after July 1, 2015; The rent of parking lots was calculated subject to the actual service condition on a monthly basis.

(9) Other revenue

Type	2015	2014
The Company's director	$ 6,504	$ —
Affiliates	$ 1,476	$ 5,797
Subsidiary	$ 18,608	$ 472

(III) Information about remuneration to the management

Information about remuneration to the Company's management is stated as follows:

	2015	2014
Salary and other short-term employee benefits	$ 13,857	$ 11,866
Resignation benefits	—	—
Retirement benefits	—	—
Other long-term benefits	—	—
Total	$ 13,857	$ 11,866

Said remuneration to the management is decided by the Remuneration Committee subject to personal performance and market trend. For the relevant information, please see the annual report of the general shareholders' meeting.

VIII. **Pledged assets**

The following assets have been provided to the Company as the collaterals for bank loans, import business tax and sale commitment. The book value thereof is stated as follows:

	December 31, 2015	December 31, 2014
Land	$ 699,538	$ 447,844
Building	937,299	963,761
Pledged time deposit (stated as other current assets)	8,431	8,404
Total	$ 1,645,268	$ 1,420,009

IX. Significant contingent liability and unrecognized contractual commitment

(I) Contingency: N/A.

(II) Commitments

1. In order to upgrade the product quality and local content rate, the Company entered into the cooperative contract with the following companies. The main contents of the contract are stated as follows:

Cooperative company	Payment method	Product by technical cooperation
the Company's director-MICRONICS JAPAN CO., LTD.	The technical remuneration equivalent to 3% of the total sales value of all probe cards manufactured and sold by the Company shall be payable once per quarter.	Provide the technology and intelligence for improvement on precision of the position of pins applied to IC wafer inspection.

2. Balance of unused letter of credit issued by the Company, guarantee money paid and service charges: N/A.

3. The Company rented the land lots in Tainan Science Park from Southern Taiwan Science Park Administration for construction of Luchu 1st Plant and 2nd Plant. The lease commenced from February 15, 2005 and October 1, 2006 respectively. According to the lease contract, the lease of the land shall persist for no more than 20 years, and the lease shall expire on December 31, 2024. Upon expiration of the lease, both parties may enter into a new contract; otherwise, the contract shall terminate naturally and the Company is prohibited from claiming the continuance of lease or irregular lease with any excuse. In the case of land price re-set by the government pursuant to laws, the rent shall be adjusted and collected based on the re-set land price. Further, the Company rented the land at Taiho Section, Zhubei City, Hsinchu County from a non-related party for parking lots. The lease shall be effective from May 15, 2012 to May 14, 2017, for a total of 5 years. The Company shall surrender the land to the lessor upon expiration of termination of the lease contract.

   The income expenses for said two lots of long-term operating leased land were both stated as NT$5,603 thousand in 2015 and 2014.

   The future payable rent for important long-term operating lease is stated as follows:

	December 31, 2015
Less than one year	$ 5,603
One year to five years	16,182
More than five years	15,538
Total	$ 37,323

4. The outstanding amount under the purchase orders signed for the Company's purchase of equipment is stated as following:

	December 31, 2015	December 31, 2014
Purchase of property, plant and equipment	$ 73,940	$ 11,202

X. **Significant disaster loss: N/A**

XI. **Significant subsequent events: N/A**

XII. **Others**

(I) Financial instruments

1. Information about fair value of financial instrument

	December 31, 2015		December 31, 2014	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Cash and cash equivalent	$ 234,594	$ 234,594	$ 719,334	$ 719,334
Receivable notes and receivable accounts	888,873	888,873	845,227	845,227
Other receivable accounts	39,143	39,143	24,448	24,448
Other financial assets-current	9,220	9,220	9,028	9,028
Financial assets at fair value through profit or loss - noncurrent	—	—	608	608
Total	$1,171,830	$1,171,830	$1,598,645	$1,598,645
Financial liabilities				
Short-term loan	$ 550,000	$ 550,000	$ —	$ —
Financial liabilities held for trading - current	1,682	1,682	—	—
Payable notes and payable accounts	374,093	374,093	464,739	464,739
Other payable accounts	598,831	598,831	691,736	691,736
Current portion of call option	579,433	579,433	—	—
Long-term loan (including the current portion)	259,396	259,396	67,624	67,624
Corporate bond payable	—	—	574,962	574,962
Total	$2,363,435	$2,363,435	$1,799,061	$1,799,061

2. Valuation technology and hypotheses applied by measurement at fair value:

The fair value of financial assets and liabilities means the value of the spot trading of the instruments with buyers with willingness (not by force or liquidation). The Company adopts the following methods and hypotheses for valuation of fair value of financial assets and liabilities:

(1) The book value of cash and cash equivalent, receivable accounts, payable accounts, other current assets and other current liabilities shall be the fair value of the same. The reason is that the maturity date of said instruments is close.

(2) The fair value of financial assets and liabilities with standard terms and

conditions and traded in open market shall be decided subject to the market quotation (including TWSE/GTSM stock and bond, et al.).

(3) The fair value of derivative financial instruments shall be valued based on the open quotation. When the open quotation is unavailable, the fair value of derivative financial instruments other than options shall be subject to the cash flow discounting analysis, based on the yield rate curve applicable in the duration of such instruments.

3. Fair value recognized in the balance sheet:

The Company applied the input which was observable in the market as possible as it could when measuring its assets and liabilities. The level of fair value is concluded as following based on the input used by the valuation technology:

1st level: Open quotation of the same assets or liabilities in an active market on the date when the assets or liabilities may be acquired (before adjustment). The active market means the market in which there are frequent and large volumes of transactions to provide the information about pricing on an ongoing basis.

2nd level: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

3rd level: Inputs for the asset or liability that are not based on.

	1st level	2nd level	3rd level	Total
December 31, 2015				
Financial assets	－	－	－	－
Financial liabilities	－	$ 1,682	－	$ 1,682
Financial liabilities held for trading - current				
Convertible corporate bond				
December 31, 2014				
Financial assets				
Financial assets held for trading - noncurrent	－	$ 608	－	$ 608
Convertible corporate bond				
Financial liabilities	－	－	－	－

(1) The methods and hypotheses used by the Company to measure fair value are stated as following:

With respect to more complicate financial instruments, the Company applied the evaluation models consisting of the evaluation methods and technologies extensively employed in the same trade to measure the fair value. Such evaluation model is used to applying to the debt instruments or securitization products, including financial derivatives and embedded derivatives.

(2) There was no transfer between Level 1 and Level 2 for the measurement of fair value for 2015 and 2014.

(3) Among the total gains (losses) stated into the income, the gains (losses) related to the financial derivatives were NT$2,285 thousand and NT$1,782 thousand in 2015 and 2014.

(II) Financial risk management

1. Purpose

(1) The Company's financial risk management aims to manage the market risk, credit risk and liquidity risk related to operating activities, and to identify, measure and administer said risks based on policies and risk preference.

(2) The Company has established adequate policies, procedures and internal controls pursuant to the related regulations, in order to manage said financial risk. The important financial activities shall be audited and approved by the board of directors according to the related regulations and internal control system. In the duration of financial management activities, the Company shall strictly comply with the requirements related to financial risk management defined by the Company.

2. Nature and degree of important financial risk

(1) Market risk

The Company's market risk arises from market price fluctuation resulting in fluctuation of the fair value or cash flow of financial instruments. The market risk primarily includes foreign exchange risk, interest rate risk and other pricing risks.

Practically, few single risk variances would change independently. Additionally, changes of various risk variances are generally correlative to each other. Notwithstanding, the sensitivity analysis of the following risks does not take the interaction of related risk variances into consideration.

A. Foreign exchange risk

The Company's foreign exchange risk arises primarily from the operating activities (revenue or expense denominated in the currency different from the Company's functional currency) and net investment in foreign operations.

The Company's receivable accounts denominated in foreign currency are identical with payable accounts denominated in foreign currency in some currencies and, therefore, the equivalent positions would produce the hedging effect naturally. Considering that said natural hedging did not meet the hedging accounting policy, the Company did not adopt the hedging accounting policy. Further, the net investment in foreign operations was identified as strategic investment. Therefore, the Company did not adopt any hedging policy against it.

The sensitivity analysis on the Company's foreign exchange risk was primarily intended to be conducted against the titles in foreign currencies at the end of the financial reporting and the effect produced by the revaluation/devaluation of related foreign currencies on the

Company's income and equity. The Company's foreign exchange risk arises primarily from fluctuation in the foreign exchange rate of USD, Japanese Yen and Euro.

The Company's business lines involved some non-functional currencies (the functional currency of the Company and some of its subsidiaries was NTD, and that of some subsidiaries is USD, RMB or Won). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

December 31, 2015

	Currency unit	Amount in foreign currency (thousand dollars)	Applicable foreign exchange rate, ending (Dollar)	Book value (NTD) (thousand dollars)
Financial assets	NTD/USD	$ 8,232	32.8725	$ 270,226
	NTD/JPY	$ 1,674	0.2727	$ 464
	NTD/EUR	$ 601	35.8815	$ 21,575
	NTD/RMB	$ 43,589	4.9925	$ 217,736
	NTD/KRW	$ 617	0.02811	$ 17
	NTD/HKD	$ 4	4.181	$ 16
	NTD/SGD	$ 6	23.248	$ 132
	NTD/MYR	$ 7	7.3425	$ 52
Financial liabilities	NTD/USD	$ 1,508	32.875	$ 49,557
	NTD/JPY	$ 65,757	0.2737	$ 18,034
	NTD/EUR	$ 165	35.8815	$ 5,956
	NTD/RMB	$ 27	4.9925	$ 134
	NTD/KRW	$ 270	0.02811	$ 8
	NTD/SGD	$ 17	23.248	$ 389

December 31, 2014

	Currency unit	Amount in foreign currency (thousand dollars)	Applicable foreign exchange rate, ending (Dollar)	Book value (NTD) (thousand dollars)
Financial assets	NTD/USD	$ 10,066	31.59	$ 318,115
	NTD/JPY	$ 2,512	0.264	$ 664
	NTD/EUR	$ 10	38.458	$ 401
	NTD/RMB	$ 45,994	5.07	$ 232,984
	NTD/KRW	$ 2,732	0.0292	$ 80
	NTD/HKD	$ 4	4.028	$ 18
	NTD/SGD	$ 4	23.9295	$ 88
	NTD/MYR	$ 10	8.692	$ 90
Financial liabilities	NTD/USD	$ 2,362	31.69	$ 74,847
	NTD/JPY	$ 98,951	0.26645	$ 26,365
	NTD/EUR	$ 82	38.658	$ 3,152
	NTD/SGD	$ 28	24.0245	$ 676

In consideration of the Group's multiple functional currency types, the information about exchange gain or loss for currency is disclosed by summarization. The foreign currency exchange gain (loss) (including the realized and unrealized) was NT$14,843 thousand and NT$28,191 thousand in 2015 and 2014.

B. Interest rate risk

The interest rate risk arises when the fluctuation of market interest rate results in fluctuation in fair value of financial instruments or in future cash flow. The Company's interest rate risk arises primarily from the loan with floating interest rate.

The Company maintained adequate portfolio with fixed and floating interest rates to manage the interest rate risk.

C. Pricing risk

Due to the fact that in the investment held by the Company indicated in the individual balance sheet, the Company did not hold the financial assets including equity instruments. Therefore, the Company did not suffer significant pricing risk.

D. Other risks over market value

In addition to meeting expected consumption and sale needs, the Company did not sign any product contract which did not apply net settlement.

E. Under the circumstance that all of the other factors remained unchanged, the sensitivity analysis on the changes in related risks before tax on December 31, 2015 and 2014 is stated as following:

December 31, 2015

Primary risk	Range of change	Sensitivity of income
Foreign exchange risk risk	Fluctuation in foreign exchange rate+/- 3%	+/-13,226 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	(2,023) thousand

December 31, 2014

Primary risk	Range of change	Sensitivity of income
Foreign exchange risk risk	Fluctuation in foreign exchange rate+/- 3%	+/-13,420 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	(169) thousand

(2) Credit risk

A. Credit risk represents the financial loss that would be incurred by the Company if its customers or financial instrument trading counterparts fail to perform the contracts.

B. According to the loan policy expressly defined internally in the Company, Business Dept. shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is set by the management according to the internal or external ratings. The management will also control the periodic drawdown of credit limits. The main credit risk results from derivative financial instruments and the balance deposited in banks and financial organizations, and customers' credit risk, including the unearned accounts receivable and undertaken transactions. The Bank also applied some credit enhancement instruments (e.g. advance sale receipts) in a timely manner to reduce customers' credit risk.

C. In 2015 and 2014, no circumstances resulting in excess of the credit limit have taken place. Meanwhile, the management expects no material loss resulting from trading counterpart's failure to perform contract.

D. The Company grants the loan period varying based on the evaluation on each trading customer, generally O/A 90 days or 150 days. For the information about the changes of bad debt provided for the Company's impairment on receivable accounts and account age analysis on loans, please see Note 6(3):

E. The Company's Finance Dept. manages the credit risk over the deposits in banks and other financial instruments according to the Group's policy. The Company's trading counterparts were decided by the internal control procedure, who were trustworthy banks and corporations which were not expected to breach the contracts. Therefore, there should be no significant credit risk.

F. Guarantee

According to the Company's policy, the Company may only make financial guarantee for the subsidiaries wholly owned by the Company. Before December 31, 2015 and 2014, the Company has never made any endorsements/guarantees.

(3) Liquidity risk

A. The liquidity risk arises when the Company fails to deliver cash or other financial assets to repay financial liabilities and to perform the related obligation. The Company managed the liquidity in a manner ensuring that the Company has sufficient working fund to repay matured liabilities under the general and critical circumstances, so as to avoid unacceptable loss or impairment on the Company's goodwill.

B. The Company's will call the management meeting periodically to assist Financial Accounting Dept. control the need for cash flow and the optimal investment return in cash. Generally, the Company will ensure that it has sufficient cash to meet the need for expected operating expenditure for 90 days, including performance of financial obligation, but excluding the potential effect which it is impossible to expect reasonably under extreme circumstances, e.g. natural calamity. The unused limit of the Company's loan totaled NT$937,000 on December 31, 2015.

C. The following table refers to the non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. Nevertheless, the Company did not hold derivative financial liabilities.

	December 31, 2015			
Non-derivative financial liabilities	**Within 1 year**	**1~2 years**	**More than 2 years**	**Total**
Short-term loan	$ 550,000	$ -	$ -	$ 550,000
Payable accounts (including related party)	374,093	-	-	374,093
Other payable accounts (including related party)	598,831	-	-	598,831
Current portion of call option	579,433	-	-	579,433
Long-term loan (including the current portion)	9,328	9,328	240,740	259,396
Total	$2,111,685	$ 9,328	$ 240,740	$2,361,753

	December 31, 2014			
Non-derivative financial liabilities	**Within 1 year**	**1~2 years**	**More than 2 years**	**Total**
Short-term loan	$ -	$ -	$ -	$ -
Payable accounts (including related party)	464,739	-	-	464,739
Other payable accounts (including related party)	691,736	-	-	691,736
Long-term loan (including the current portion)	9,329	9,329	48,966	67,624
Corporate bond payable	—	574,962	—	574,962
Total	$1,165,804	$ 584,291	$ 48,966	$1,799,061

(3) Capital risk management

The Company’s capital management objective is intended to protect the Company's continued operation and ensure maintenance of well-founded credit ratings and optimal capital structure to reduce capital cost, in order to support the enterprise's operation and maximization of shareholders' return. The Company manages and adjusts the capital structure subject to the economic condition. The Company might adjust the stock dividend to be paid, refund of capital, issuance of new shares or realization of assets to reduce liabilities, in order to maintain and adjust the capital structure.

The Company controls its capital structure based on the debt/equity ratio. Said ratio is net liabilities dividing by the net worth. The Company maintained the same strategy in 2015 as that in 2014, dedicated to maintaining the debt/equity ratio less than 100%. The Company's debt ratios on December 31, 2015 and 2014 are stated as follows:

	December 31, 2015	December 31, 2014
Total liabilities	$ 2,902,890	$ 2,511,839
Total net worth	3,632,590	3,725,704
Debt/equity ratio	80%	67%

XIII. Disclosures of Notes

(I) Information about important transactions

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall also disclose the information about important transactions:

No.	Contents	2015
1	Loans to others:	Attached table 1
2	Endorsement/guarantees made for others:	N/A
3	Marketable securities-ending	N/A
4	Cumulative amount of the same marketable securities purchased or sold reaching 300 million NTD or more than 20% of the paid-in capital in the current period.	Attached table 2
5	Acquisition amount of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	Attached table 3
6	Amount on disposal of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	N/A
7	Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital.	Attached table 4
8	Accounts receivable-related party reaching 100 million NTD or more than 20% of the Paid-in capital.	Attached table 5
9	Transactions of derivative instruments.	N/A
10	Business relationship and important transactions between parent company and subsidiaries.	Individual financial statement Not required to be disclosed

Attached Table 1: Loans to others

No. (Note 1)	Lender	Borrower	Account titles	Related party	Maximum balance in current period (Note 2)	Balance ending	Drawdown (Note 3)	Interest rate range	Nature of loans to others	Amount of transaction	Reasons necessary for offering short-term loans	Allowance for bad debt	Collateral		Limit of loans to particular borrower (Note 5)	Limit of total loans (Note 5)
													Name	Value		
0	The Company	MEGTAS CO.,LTD.	Other receivable accounts-related party	Yes	$10,983	$7,980	$3,096	5.35%~ 5.60%	Short-term loans	—	Working capital	—	—	—	$372,570	$1,490,282

Note 1:"0" for the Company, and each investee is numbered in sequential order starting from 1.

Note 2:The maximum balance of the loan to others accumulated in the current year until the reporting month.

Note 3:The facility of the loan to others still effective until the reporting month.

Note 4:The Company's board of directors resolved on May 13, 2014 to loan the fund to its subsidiary, MEGTAS CO., LTD., in the amount of NT$3,003 thousand.

The Company's board of directors resolved on March 24, 2015 to loan the fund to its subsidiary, MEGTAS CO., LTD., in the amount of NT$7,980 thousand.

The subsidiary, MEGTAS CO., LTD., has repaid NT$3,003 thousand of the loan on July 22, 2015.

Note 5:According to the Company's Operating Procedure for Loaning to Others, the limit of loan shall be set in the following manners:

(1) The limit of total loans to others shall be no more than 40% of the net worth in the Company's latest financial statement: NT$3,725,704 thousand (the Company's net worth on December 31, 2014) X 40% ＝ NT$1,490,282 thousand.

(2) The limit of loan to any single subsidiary shall be no more than 10% of the net worth in the Company's latest financial statement: NT$3,725,704 thousand (the Company's net worth on December 31, 2014) X 10% ＝ NT$372,570 thousand.

Attached table 2: Cumulative amount of the same marketable securities purchased or sold reaching 300 million NTD or more than 20% of the paid-in capital in the current period

Holder of securities	Type and name of securities	Account title	Trading counterpart	Related party?	Beginning		Buy in		Sold out				Ending	
					Quantity	Amount	Quantity	Amount	Quantity	Selling price	Cost of book value	Gain (loss) from disposition	Quantity	Amount
MPI	MMI HOLDING CO.,LTD.	Investment under equity method	Capital increase in cash	The Company's subsidiaries are stated as follows:	8,390,045	$ 253,874	11,000,000	$ 349,990	—	—	—	—	19,390,045	$ 603,864
MMI HOLDING CO.,LTD.	Lumitek (Changchou) Co. Ltd.	Investment under equity method	Capital increase in cash	The Company's subsidiaries are stated as follows:	—	USD 4,000,000 ($120,500)	—	USD 11,000,000 ($349,990)	—	—	—	—	—	USD 15,000,000 ($470,490)

Attached table 3: Acquisition amount of real estate reaching 300 million NTD or more than 20% of the Paid-in capital

Acquirer	Name of property	Date of occurrence	Trading value	Payment	Trading counterpart	Relationship	The information about previous transfer, if the trading counterpart is a related party.				Pricing basis	Purpose and status	Other covenants
							Owner	Affiliation with issuer of securities	Date of transfer	Amount			
The Company	Land	2015/7/20	$251,454	Paid in full	Natural person	Non-related party	—	—	—	—	Based on the market condition and professional appraisal report	Construction of factory premises	—

Attached table 4: Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital:

Seller/ buyer	Trading counterpart	Relationship	Status				Distinctive terms and conditions of trade and the reasons		Accounts/notes receivable (payable)		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount	Extension of loan Duration	Unit price	Duration of loan	Balance	Percentage in total accounts/notes receivable (payable)	
The Company	MJC Electronics Corporation	Subsidiary of the Company's director, MJC	Sale	$ 502,113	13 %	same as that applicable to the general customer	—	—	Receivable accounts $ 63,814	7%	

The Company	Lumitek (Changchou) Co. Ltd.	The Company Subsidiary	Sale	$ 291,173	8%	same as that applicable to the general customer	—	—	Receivable accounts $215,435	24%	

Attached Table 5: Accounts receivable-related party reaching 100 million NTD or more than 20% of the Paid-in capital

Name of company stated into receivable accounts	Trading counterpart	Relationship	Balance of receivable accounts-related parties	Turnover rate	Overdue receivable accounts-related parties		Subsequent recovered amount of receivable accounts-related parties	Allowance for bad debt
					Amount	Treatment		
MPI Corporation	Lumitek (Changchou) Co. Ltd.	The Company's subsidiaries are stated as follows:	Receivable accounts $ 215,435	146%	—	—	—	—

(II) <u>Information about investees</u>

The information about name, territory, business lines, original investment amount, shares held at ending, income and investment income recognized in the current period of the investees in which the Company may exert material influence or control directly or indirectly (exclusive of investees in Mainland China) in 2015 is stated as follows:

Investor	Investee	Territory	Business lines	Original investment amount		Held at ending			Investee Income in the current period (Note 1)	Investment income recognized in the current period (Note 2) (Note 3)	Remark
				End of the period	End of last year	Quantity	Ratio	Book value			
MPI Corporation	MPI TRADING CORP.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Trading of probe cards and semi-automatic probers	$ 32	$ 32	1,000	100%	$ 53,601	$ 4,996	$ 4,996	Subsidiary of MPI Corporation
MPI Corporation	MMI HOLDING CO.,LTD.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Holding company	$ 603,864	$ 253,874	19,390,045	100%	$ 476,494	$ (11,696)	$ (11,095)	Subsidiary of MPI Corporation (Note 4)
MPI Corporation	MEGTAS CO.,LTD.	134Gunseo-ri,Jikson-eub,Seobuk-gu,Cheonan,Chungnam,331-811, Korea	Manufacturing, processing and sale of semi-conductor equipment and industrial mechanical spare parts, and manufacturing and sale of pottery and electronic spare parts	$ 39,906	$ 39,906	300,000	60%	$ 23,351	$ (1,697)	$ (1,150)	Subsidiary of MPI Corporation
MPI Corporation	Chain-Logic International Corp.	3F, No. 153, Zhonghe Street, Zhubei City, Hsinchu County	Professional agent of semi-conductor	$ 50,000	$ 50,000	5,000,000	100%	$ 230,787	$ 15,116	$ 15,123	Subsidiary of MPI Corporation
MPI Corporation	Chia Hsin Investment Co., Ltd.	3F, No. 10, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	General General investment	$ 33,500	$ 33,500	3,350,000	100%	$ 2,295	$ (2,130)	$ (2,130)	Subsidiary of MPI Corporation

MPI Corporation	Yi Hsin Investment Co., Ltd.	3F, No. 10, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	General General investment	$ 33,500	$ 33,500	3,350,000	100%	$ 2,295	$ (2,130)	$ (2,130)	Subsidiary of MPI Corporation
MPI Corporation	Won Tung Technology Co., Ltd.	1F, No. 100, Jiaren Street, Zhubei City, Hsinchu County	Manufacturing of telecommunication appliances, wholesale and retail of electronic materials, and manufacturing of electronic components	$ 500	$ 500	50,000	100%	$ 304	$ (24)	$ (24)	Subsidiary of MPI Corporation
MPI Corporation	Lumitek Co.,LTD	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	Manufacturing of electronic spare parts	$ 1,976	$ 1,976	843,968	2.28%	$ (139)	$ (30,868)	—	MPI adopted the evaluation under equity method.
MPI Corporation	Allstron Corporation	3F, No. 8, Lane 98, Jiaren Street, Neighborhood 36, Xinan Vil., Zhubei City, Hsinchu County	High-frequency wafer measurement probe card manufacturer	$ 50,000	$ 50,000	1,550,000	100%	$ 48,253	$ (187)	$ (187)	Subsidiary of MPI Corporation (Note 5)
Chain-Logic International Corp.	CHAIN-LOGIC TRADING CORP.	Offshore Incorporations (Mauritius) Limited, G.P.O.BOX 365,307 St James Court, St Denis Street, Port Louis, Republic of Mauritius.	Primarily engaged in international trading	$ 46,921	$ 46,921	1,400,100	100%	$ 86,479	$ 2,120	—	Subsidiary of Chain-Logic International Corp.
Chain-Logic International Corp.	Chia Ying Investment Co., Ltd.	3F, No. 8, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	General investment	$ 33,300	$ 33,300	3,330,000	100%	$ 312	$ 4,564	—	Subsidiary of Chain-Logic International Corp.
Chia Ying Investment Co., Ltd.	Lumitek Co.,LTD	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	Manufacturing of electronic spare parts	$ 18,000	$ 18,000	1,836,000	4.95%	—	$ (30,868)	—	Chia Ying Investment Co., Ltd. adopted the evaluation under equity method.
Chia Hsin Investment Co., Ltd.	Lumitek Co.,LTD	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	Manufacturing of electronic spare parts	$ 33,000	$ 33,000	2,397,000	6.46%	$ 1,619	$ (30,868)	—	Chia Hsin Investment Co., Ltd. adopted the evaluation under equity method.
Yi Hsin Investment Co., Ltd.	Lumitek Co.,LTD	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	Manufacturing of electronic spare parts	$ 33,000	$ 33,000	2,397,000	6.46%	$ 1,619	$ (30,868)	—	Yi Hsin Investment Co., Ltd. adopted the evaluation under equity method.

Note 1: Except MEGTAS CO., LTD., which recognized the investment income based on the

financial statements audited and certified by other external auditors, the investment income of the others were recognized based on the financial statements audited by the parent company's external auditors.

Note 2: The investment income recognized in the current period includes the investment income recognized under equity method and realized (unrealized) gain recognized from upstream/side stream transactions.

Note 3: The subsidiaries' income recognized in the current period includes the investment income to be recognized for their re-investment pursuant to the requirements.

Note 4: In order to meet the need for business expansion, the Group's subsidiary, MMI HOLDING CO., LTD., increased capital by US$4,000,000 (equivalent to NT$120,500 thousand) in January 2014, and by US$7,500,000 (equivalent to NT$235,875 thousand) in February 2015, by US$600,000 (equivalent to NT$19,140 thousand) in August 2015, and by US$2,900,000 (equivalent to NT$94,975 thousand) in November 2015. So far, the Group has invested a total of US$19,390,045 in the subsidiary, MMI HOLDING CO., LTD., totaling 19,390,045 shares, at the par value of US$1 per share. The Company's shareholding was 100%.

In order to expand the market in Mainland China, the Group invested Lumitek (Changchou) Co. Ltd. by US$4,000,000 (equivalent to NT$120,500 thousand) in January 2014, via the Group's subsidiary, MMI HOLDING CO., LTD., and increased capital by US$7,500,000 thousand (equivalent to NT$235,875 thousand) again in February 2015, and by US$600,000 (equivalent to NT$19,140 thousand) again in August 2015, and by US$2,900,000 (equivalent to NT$94,975 thousand) in November 2015. Until now, a total of US$15,000,000 has been invested in Lumitek (Changchou) Co. Ltd., and the subsidiary, MMI HOLDING CO., LTD., held it wholly. The investment project was approved by Investment Commission, Ministry of Economic Affairs.

Note 5: For the information about the Company's investee, Allstron Corporation, please see Note 6(6).

(III) Information related to investments in China

1. Information related to investments in the territories of Mainland China

Name of Chinese investee	Business lines	Paid-in capital	Mode of investment	Accumulated investment balance, beginning	Amount remitted or recovered in the current period		Accumulated investment balance, ending	Investee income recognized in current period	Direct and indirect shareholding of the Company	Recognized in the current period Investment income recognized in the current period (Note 4)	Book value, ending	Accumulated investment income received until the end of period
CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	Primarily engaged in international trading	USD 1,400,000 ($46,917)	(Note 1)	USD 1,400,000 ($ 46,917)	–	–	USD 1,400,000 ($ 46,917)	$ 2,119	100 %	$ 2,119	$ 80,880	$15,852
Mjc Microelectronics (Shanghai) Co., Ltd.	Design and production of electronic equipment, testing instrument and probe card for semi-conductor testing, and sale of self-made products	USD 1,500,000 ($52,033)	(Note 2)	USD 600,000 ($20,813)	–	–	USD 600,000 ($ 20,813)	$ 1,959	40 %	$ 784	$ 45,190	$40,273
MET	Electronic and communication technology development and import/export of electronic parts	RMB 500,000 ($ 2,396)	(Note 3)	–	–	–	–	$ 2,529	40 %	$ 1,012	$ 2,744	–
LEDA-ONE (Shenzhen) Co.	Production of new electronic components, LED prober, LED sorting machine, and LED spectrometer, and development of new electronic components	USD 1,800,000 ($54,111)	(Note 2)	USD 1,800,000 ($ 54,111)	–	–	USD 1,800,000 ($ 54,111)	$ (20,738)	100 %	$(20,738)	$ 18,918	–
MMK (Kunshan)	Design and production of electronic equipment, testing instrument and probe card for semi-conductor testing, and sale of self-made products	USD 4,900,000 ($143,558)	(Note 2)	USD 1,960,000 ($ 57,423)	–	–	USD 1,960,000 ($ 57,423)	$ 12,933	40 %	$ 5,573	$ 64,325	–
Lumitek (Changchou) Co. Ltd.	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.	USD 15,000,000 ($470,490)	(Note 2)	USD 4,000,000 ($120,500)	USD 11,000,000 ($349,990)		USD 15,000,000 ($470,490)	$ 2,694	100 %	$ 2,694	$ 467,827	–

Note 1: Reinvest the company in Mainland China via the offshore subsidiary, CHAIN-LOGIC TRADING CORP..

Note 2: Reinvest the company in Mainland China via the offshore subsidiary, MMI HOLDING CO., LTD..

Note 3: Reinvest the company in Mainland China by own fund via the China investee, Mjc Microelectronics (Shanghai) Co., Ltd..

Note 4: The investment income was recognized based on the financial statements audited by the parent company's external auditors.

Note 5: The motion for liquidation of LEDA-ONE (Shenzhen) Co. submitted by the Company and approved by the directors' meeting on September 5, 2014 was still pending liquidation on the reporting date.

2. Information related to ceiling on investment in Mainland China

Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (Note)
USD 20,760,000 (NTD 649,754)	USD 21,760,000 (NTD 666,191)	NTD 2,189,057

Note: The ceiling shall be the higher of the net worth or 60% of the consolidated net worth.

3. Important transactions:

For the important transactions of the Company with the investees in Mainland China, direct or indirect, in 2015 (which have been eliminated when preparing the consolidated financial statements), please see the “Information related to the investees” and “Major business dealings and transactions between the parent company and its subsidiaries” referred to in Note 13 to the consolidated financial statements.

XIV. Information by department

Please see the consolidated financial statements 2015.

Statement of Declaration

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2015 (Jan. 1, 2015- Dec. 31, 2015) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included into the consolidated financial statement of the parent company and subsidiaries pursuant to the IAS No. 27. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statement of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

Declared by:

Company name: MPI Corporation

CEO: Steve Chen (affixation of seal)

March 23, 2016

Independent Auditor's Audit Report

To MPI Corporation:

We have audited the consolidated balance sheets of **MPI Corporation and its subsidiaries** as of December 31, 2015 and 2014, and the consolidated comprehensive income statements, consolidated statements of changes in shareholders' equity and consolidated cash flow statements for the period from January 1 to December 31, 2015 and 2014. The financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. Information on the subsidiaries of MPI Corporation included in the aforementioned statements covering the period of 2015 and 2014. and the information on direct investment as disclosed in note XIII are valuated as audited by other public accountants. Said subsidiaries' total assets of are NT$52,276 thousand and NT$54,580 thousand or accounted for 0.79% and 0.85% of the consolidated total assets as of December 31, 2015 and 2014, respectively. As of January 1 to December 31, 2015 and 2014, MPI Corporation had net operating revenue amounted to NT$56,362 thousand and NT$53,336 thousand, or accounted for 1.40% and 1.28% of the consolidated net operating revenue, respectively.

We conducted the audit in accordance with the "Standards on the Audit of Financial Statements" and the accounting principle generally accepted in the Republic of China. These principle and standards required the undersigned to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements of individual entities and in consolidation. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements as referred to, on the basis of our audits and the audit reports of other public accountants, as stated in the first paragraph, are present fairly, in all material aspects of the financial of **MPI Corporation and its subsidiaries** as of December 31, 2015 and 2014, and the results of January 1 to December 31, 2015 and 2014 operation and cash flows of all entities in consolidation for the periods then ended in conformity with the "Criteria for the Compilation of Financial Statements by Issuers of Securities", the IFRS, international accounting standards, interpretation and the statements of interpretation recognized by Financial Supervisory Commission.

We hereby express an unqualified opinion in favor of **MPI Corporation** on the financial statements of the parent company only so prepared for 2015 and 2014.

Nexia Sun Rise CPAs & Co.

CPA: ____________________________

Wu, Kuei-Chen

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Chen, Tsan-Huang

Securities and Futures Bureau Approval No.: (85)
Tai-Tsai-Cheng-6-Tze No. 40484
Securities and Futures Bureau Approval No.:
Ching-Kuan-Chen-Shen-Tze No. 1020045056

March 23, 2016

MPI Corporation and its subsidiaries

Consolidated Balance Sheet (Assets)

December 31 2015 and 2014

Currency unit: in NTD 1,000

Code	Assets	Note	December 31, 2015 Amount	%	December 31, 2014 Amount	%
	Current assets					
1100	Cash and cash equivalent	VI (I)	$ 473,793	7	$ 975,612	15
1150	Receivable notes, net	VI (II)	26,568	-	44,848	1
1170	Receivable accounts, net	VI(III)	769,566	12	588,924	9
1180	Account receivables -related parties-net	VI (III) and VII	81,938	1	102,922	2
1200	Other receivable accounts		19,725	-	22,383	-
1220	Income tax assets in the current period		1,603	-	134	-
130X	Inventory, net	VI (IV)	1,636,177	25	1,711,592	27
1410	Prepayment		125,854	2	139,902	2
1470	Other current assets	VIII	10,587	-	11,732	-
11XX	Total current assets		3,145,811	47	3,598,049	56
	Non-current assets					
1515	Financial assets at fair value through profit or loss - noncurrent	VI (XII)	-	-	608	-
1543	Financial assets measured at cost - noncurrent	VI (V)	-	-	20,231	-
1550	Investment under equity method	VI (VI)	112,301	2	123,852	2
1600	Property, plant and equipment	VI (VII), VII, and VIII	2,962,969	45	2,167,777	34
1780	Intangible assets	VI (VIII)	81,467	1	69,274	1
1840	Deferred income tax assets		59,193	1	41,753	1
1900	Other non-current assets		289,730	4	365,873	6
15XX	Total non-current assets		3,505,660	53	2,789,368	44
1XXX	Total assets		$ 6,651,471	100	$ 6,387,417	100

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen　　President: Scott Kuo　　Chief Accounting Officer: Rose Jao

MPI Corporation and its subsidiaries
Consolidated Balance Sheet (Liabilities and Shareholders' Equity)
December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Liabilities and Shareholders' Equity	Note	December 31, 2015 Amount	%	December 31, 2014 Amount	%
	Current liabilities					
2100	Short-term loan	VI (IX)	$ 554,217	9	$ 4,384	-
2121	Financial liabilities held for trading - current	VI (XII)	1,682	-	-	-
2150	Note payables		56	-	2,260	-
2170	Accounts payable		394,182	6	500,805	8
2180	Account payables-related parties	VII	2,992	-	8,024	-
2213	Payables for equipment		127,068	2	141,920	2
2219	Other payable accounts	VI (X)	479,110	7	539,627	9
2220	Other payables –related parties	VII	6,667	-	13,856	-
2230	Income tax liabilities in the current period		42,783	1	66,279	1
2250	Provision for liabilities –current	VI (XI)	1,240	-	4,856	-
2310	Cash on receipt	VII	492,069	8	663,286	10
2321	Current portion of call option	VI (XII)	579,433	9	-	-
2322	Current portion of long-term loan	VI (XIII)	9,328	-	9,329	-
2399	Other current liabilities		23,199	-	19,047	1
21XX	Total current liabilities		2,714,026	42	1,973,673	31
	Non-current liabilities					
2530	Corporate bond payable	VI (XII)	-	-	574,962	9
2540	Long-term loan	VI (XIII)	250,068	4	58,295	1
2570	Deferred income tax liabilities		11,679	-	15,307	
2640	Accrued pension liabilities	VI (XIV)	26,014	-	20,934	
2670	Other non-current assets- others		1,256	-	1,383	
25XX	Total non-current liabilities		289,017	4	670,881	10
2XXX	Total liabilities		3,003,043	46	2,644,554	41
	Equity	VI (XV)				
31XX	Equity attributable to the parent company		796,054	12	795,364	12
3110	Common shares		871,572	13	885,012	14
3200	Capital surplus					
	Retained earnings					
3310	Legal Reserve		462,706	7	410,942	6
3350	Undistributed Earnings		1,509,840	23	1,593,614	25
3300	Total retained earnings		1,972,546	30	2,004,556	31
	Other equities					
3410	Exchange difference arising from translation of the financial statement of foreign operations		26,872	-	40,772	2
3400	Total other equities		26,872	-	40,772	2
3500	Treasury stock		(34,454)	(1)	-	-
31XX	Total equity attributable to the parent company		3,632,590	54	3,725,704	59
36XX	Non-controlling equity		15,838	-	17,159	-
3XXX	Total equities		3,648,428	54	3,742,863	59
1XXX	Total liabilities and equities		$ 6,651,471	100	$ 6,387,417	100

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen　　President: Scott Kuo　　Chief Accounting Officer: Rose Jao

MPI Corporation and its subsidiaries

Consolidated Income Statement

January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	Note	2015 Amount	2015 %	2014 Amount	2014 %
	Net Sales	VII				
4110	Sale revenue		$ 3,712,683	92	$ 4,063,300	98
4170	Less: sales return		(3,270)	-	(15,321)	-
4190	Less: sales discount		(2,289)	-	(3,907)	-
4614	Revenue from commission		65,254	2	53,149	1
4660	Revenue from processing		240,792	6	58,911	1
4000	Subtotal of operating revenue		4,013,170	100	4,156,132	100
5000	Operating cost	VI(IV) and VII	(2,220,098)	(55)	(2,221,139)	(53)
5900	Gross profit		1,793,072	45	1,934,993	47
5910	Unrealized income (loss) from sales		(320)	-	(1,248)	-
5920	Realized income (loss) from sales		3,359	-	2,774	-
5950	Net gross profit		1,796,111	45	1,936,519	47
	Operating expense	VII				
6100	Selling expenses		(396,216)	(10)	(367,544)	(9)
6200	Management expenses		(260,632)	(7)	(282,312)	(7)
6300	R&D expenses	VI (VIII)	(819,423)	(20)	(728,996)	(18)
6000	Subtotal operating expenses		(1,476,271)	(37)	(1,378,852)	(34)
6900	Operating profit		319,840	8	557,667	13
	Non-operating revenue and expense					
7020	Other gains and losses, net	VI(XVII)	19,578	1	31,232	1
7050	Financial cost	VI(XVII)	(13,397)	-	(3,238)	-
7060	Net portions of incomes/loss of affiliated and joint ventures accounted for under the equity method	VI (VI)	6,728	-	(7,433)	-
7100	Interest revenue	VII	2,126	-	2,532	-
7110	Rent revenue	VII	8,888	-	9,598	-
7190	Other revenue-others	VII	15,751	-	9,025	-
7000	Subtotal non-operating incomes and expenses		39,674	1	41,716	1
7900	Net profit (loss) before tax		359,514	9	599,383	14
7950	Income tax expenses	VI(XVIII)	(65,373)	(2)	(82,085)	(2)
8200	Net profit		294,141	7	517,298	12
	Other consolidated income/loss					
8310	Titles not reclassified into income					
8311	Re-measurement of defined benefit plan		(8,408)	-	(3,915)	-
8360	Titles potentially reclassified into income subsequently					
8361	Exchange difference arising from translation of the financial statement of foreign operations		(14,542)	-	15,850	1
8300	Other net consolidated incomes		(22,950)	-	11,935	1
8500	Total comprehensive income in current period (total)		$ 271,191	7	$ 529,233	13
	Net gain/loss attributable to					
8610	Parent company shareholders		$ 294,820	7	$ 517,636	12
8620	Uncontrolled equity		(679)	-	(338)	-
	Corporate earnings in current period		$ 294,141	7	$ 517,298	12
	Consolidated income attributable to					
8710	Parent company shareholders		$ 272,512	7	$ 529,102	13
8720	Uncontrolled equity		(1,321)	-	131	-
	Total consolidated income in current period		$ 271,191	7	$ 529,233	13
			After taxation		After taxation	
	Earnings per common share: (Unit: NTD)	VI (XIX)				
9750	Basic EPS		$ 3.71		$ 6.62	
9850	Diluted EPS		$ 3.42		$ 6.11	

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen President: Scott Kuo Chief Accounting Officer: Rose Jao

MPI Corporation and its subsidiaries

Consolidated Statement of Changes in Shareholders' Equity
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Item	Code	Capital stock: Common shares	Capital surplus	Retained earnings: Legal Reserve	Retained earnings: Special Reserve	Retained earnings: Undistributed Earnings	Other Equities: Exchange difference arising from translation of the financial statement of foreign operations	Treasury stock	Total equity attributed to parent company shareholders	Non-controlling equity	Total equities
	Code	3110	3,200	3310	3320	3350	3410	3500	31xx	36xx	3xxx
Balance on January 1, 2014	A1	$ 786,124	$ 740,781	$ 383,839	$ 17,571	$ 1,254,511	$ 25,391	$ (152,606)	$ 3,055,611	$ 17,082	$ 3,072,639
Allocation and distribution of earnings:											
Legal reserve	B1			27,103		(27,103)			-		-
Cash dividend for common shares	B5					(165,086)			(165,086)		(165,086)
Reversal of special Reserve	B17				(17,571)	17,571					
Changes in other capital surplus:											
Elements of equity recognized upon issuance of convertible corporate bonds (preferred shares) - generated from recognition of equity	C5		28,585						28,585		28,585
Net profit in Jan 1~Dec 31, 2014	D1					517,636			517,636	(338)	517,298
Other comprehensive incomes in Jan 1~Dec 31, 2014	D3					(3,915)	15,381		11,466	469	11,935
Total comprehensive income	D5	-	-	-	-	513,721	15,381	-	529,102	131	529,233
Corporate bond conversion	I1	9,240	82,350						91,590		91,590
Payment transactions on the basis of shares	N1		33,296					152,606	185,902		185,902
Increase/decrease in non-controlling equity	O1										
Balance on December 31, 2014	Z1	$ 795,364	$ 885,012	$ 410,942	$ -	$ 1,593,614	$ 40,772	$ -	$ 3,725,704	$ 17,159	$ 3,742,863
Balance on January 1, 2015	A1	$ 795,364	$ 885,012	$ 410,942	$ -	$ 1,593,614	$ 40,772	$ -	$ 3,725,704	$ 17,159	$ 3,742,863
Allocation and distribution of earnings:											
Legal reserve	B1			51,764		(51,764)			-		
Cash dividend for common shares	B5										
Changes in other capital surplus:						(318,422)			(318,422)		(318,422)
Elements of equity recognized upon issuance of convertible corporate bonds (preferred shares) - generated from recognition of equity	C5		(325)						(325)		(325)
Changes of affiliates and joint ventures under equity method	C7		(19,306)						(19,306)		(19,306)
Net profit in Jan 1~Dec 31, 2015	D1					294,820			294,820	(679)	294,141
Other comprehensive incomes in Jan 1~Dec 31, 2015	D3					(8,408)	(13,900)		(22,308)	(642)	(22,950)
Total comprehensive income	D5	-	-	-	-	286,412	(13,900)	-	272,512	(1,321)	271,191
Corporate bond conversion	I1	690	6,191						6,881		6,881
Repurchase of treasury stock	L1							(34,454)	(34,454)		(34,454)
Balance on December 31, 2015	Z1	$ 796,054	$ 871,572	$ 462,706	$ -	$ 1,509,840	$ 26,872	$ (34,454)	$ 3,632,590	$ 15,838	$ 3,648,428

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen President: Scott Kuo Chief Accounting Officer: Rose Jao

MPI Corporation and its subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	2015	2014
AAAA	Cash flows from operation – indirect approach		
A10000	Net profit before tax in current period	$ 359,514	$ 599,383
A20000	Adjustments		
A20010	Income/expenses		
A20100	Depreciation expenses	268,359	140,413
A20200	Amortization expenses	47,684	33,880
A20300	Provisions (reversal) of doubtful accounts	4,984	8,695
A20400	Net loss (gain) from financial assets and liabilities at fair value through profit or loss	2,285	(1,782)
A20900	Interest expenses	13,397	3,238
A21200	Interest revenue	(2,126)	(2,532)
A21900	Share-based payment for remuneration and cost	-	33,840
A22300	Portions of gain/loss from affiliates and joint ventures accounted for under the equity method	(6,728)	7,433
A22500	Capital gains/loss from dispositions and scrap of property, plants and equipment	307	1,920
A23100	Loss (gain) from disposition of investment	(5,706)	-
A23900	Unrealized gain/loss from sales	320	1,248
A24000	Realized gain/loss from sales	(3,359)	(2,774)
A29900	Others – exchange gain/loss from prepayment for purchase of equipment	1,677	(454)
A30000	Changes in assets/liabilities related to operating activities		
A31000	Net changes in assets related to operating activities		
A31130	Decrease (increase) of note receivables	18,280	(27,293)
A31150	Decrease (increase) of account receivables	(185,891)	(86,029)
A31160	Decrease (increase) of account receivables -related parties	21,366	(62,510)
A31180	Decrease (increase) of other receivables	2,518	(14,764)
A31200	Decrease (increase) of inventory	75,415	(211,400)
A31230	Decrease (increase) of prepayments	14,049	(42,707)
A31240	Decrease (increase) of other current assets	1,179	644
A32000	Net changes in liabilities related to operations		
A32130	Decrease (increase) of note payables	(2,204)	208
A32150	Decrease (increase) of account payables	(106,623)	107,659
A32160	Decrease (increase) of account payables -related parties	(5,032)	5,917
A32180	Decrease (increase) of other payables	(60,622)	179,605
A32190	Decrease (increase) of other payables - related parties	(7,189)	6,306
A32200	Increase (decrease) of provisions for debts	(3,616)	(4,788)
A32210	Increase (decrease) of cash on receipt	(171,217)	(10,620)
A32230	Increase (decrease) of other current liabilities	4,152	(972)
A32240	Increase (decrease) of net defined benefit liability - noncurrent	(3,327)	(2,941)
A33000	Cash inflows (outflows) from operations	271,846	658,823
A33100	Collected interest	2,267	2,393
A33300	Paid interest	(2,259)	(1,735)
A33400	Paid stock dividends	(318,422)	(165,086)
A33500	Paid income tax	(111,407)	(68,544)
AAAA	Net cash inflows (outflows) from operations	(157,975)	425,851

(To be continued)

MPI Corporation and its subsidiaries

Consolidated Statement of Cash Flows (continued from previous page)

January 1 to December 31, 2015 and 2014

Currency unit: in NTD 1,000

Code	Item	2015	2014
BBBB	Cash flows from investments		
B01300	Disposition of financial assets measured at cost	25,938	-
B02200	Acquisition of subsidiaries (less earned cash)	-	(45,632)
B02700	Acquisition of property, plant, and equipment	(1,087,949)	(620,119)
B02800	Disposition of property, plant, and equipment	149	1,405
B04500	Acquisition of intangible assets	(28,057)	(16,773)
B06500	Increase of other financial assets	(34)	-
B06600	Decrease of other financial assets	-	239
B06700	Increase of other non-current assets	-	(270,568)
B06800	Decrease of other non-current assets	43,636	-
BBBB	Net cash inflows (outflows) from investing activities	(1,046,317)	(951,448)
CCCC	Cash flow from financing		
C00100	Increase of short-term loans	549,833	119
C01200	Issuance of corporate bonds	-	694,797
C01600	Borrowing of long-term loan	191,771	-
C01700	Retirement of long-term loans	-	(9,329)
C04300	Increase of other non-current liabilities	-	1,163
C04400	Decrease of other non-current liabilities	(127)	-
C04900	Repurchase cost of treasury stock	(34,454)	-
C05100	Employees' subscription for treasury stock	-	152,062
C05800	Uncontrolled equity	(642)	469
CCCC	Net cash inflows (outflows) from financing activities	706,381	839,281
DDDD	Effect of exchange rate fluctuation on cash and cash equivalents	(3,908)	38,132
EEEE	Increase (decrease) of cash and cash equivalents in current period	(501,819)	351,816
E00100	Balance of cash and cash equivalents at beginning of period	975,612	623,796
E00200	Balance of cash and cash equivalents at ending of period	$ 473,793	$ 975,612

(The notes to this statement and the Auditors' Report by Wu, Keui-Chen, and Chen, Tsan-Huang, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report.)

Chairman: Steve Chen President: Scott Kuo Chief Accounting Officer: Rose Jao

MPI Corporation and its subsidiaries

Notes to the consolidated financial statements

January 1 to December 31, 2015 and 2014

(Expressed in NT$1,000, Unless Otherwise Noted)

I. Company profile

(I) MPI Corporation (hereinafter referred to as the "Company") was founded according to the Company Law and other related laws on July 25, 1995. Upon capital increase for several times, the Company's paid-in capital has been NT$796,054 thousand and outstanding stock has been 79,005,392 shares (less the treasury stock totaling 600,000 shares) until December 31, 2015. Upon resolution of the special shareholders' meeting on December 28, 2006, the Company raised the authorized capital as NT$1,000,000,000, divided into 100,000,000 shares at par value of NT$10 per share. The board of directors is authorized to issue the stock in lots. NT$50,000 thousand is withheld from the gross capital referred to in the preceding paragraph, divided into 5,000,000 shares at par value of NT$10 per share, available for the subscription by exercise of stock warrants and issued upon resolution of a directors' meeting.

(II) The Company and its subsidiaries (hereinafter referred to as the "Group" collectively) primarily engage in manufacturing, processing, maintenance, import/export and trading of semi-conductor production process and testing equipments.

(III) The Company was approved to initiate the IPO in July 2001, and started to trade on Taiwan Stock Exchange as of January 6, 2003.

II. Date and procedure for ratification of financial report

The consolidated financial statements have been approved and released by the Board of Directors on March 23, 2016.

III. Application of new and amended standards and interpretations

(I) Effect upon adoption of the new and amended International Financial Reporting Standards ("IFRSs") recognized by Financial Supervisory Commission ("FSC").

Pursuant to Letter No. Financial-Supervisory-Securities-Audit-1030010325 issued by the Financial Supervisory Commission ("FSC") on April 3, 2014, all companies listed or traded on TWSE, TPEX, or Emerging Stock Market must adopt the FSC-approved IFRS (2013 version, excluding IFRS 9 - Financial Instruments) and the Criteria for the Compilation of Financial Statements by Issuers of Securities to be applied as of 2015 (hereinafter referred to as "2013 IFRSs" collectively) for financial statement preparations starting in 2015. Below are explanations to the newly introduced and revised standards and interpretations:

The new / amended / revised standards or interpretation	Effective Date Promulgated by IASB
Amendments to IFRS No. 1 "IFRS No. 7 Comparison and Disclosure with Limited Exemption to the First-time Adopters"	July 1, 2010
Amendments to IFRS No. 1 "Severe Inflation and the Removal of the Fixed Date for the First-time Adopters"	July 1, 2011
Amendments to IFRS No. 1 "Government Loans"	January 1, 2013
Amendments to IFRS No. 7 "Disclosures - transfers of financial assets"	July 1, 2011
Amendments to IFRS No. 7 "Disclosures - Offsetting financial assets and financial liabilities"	January 1, 2013
IFRS No. 10 "Consolidated Financial Statements"	January 1, 2013 (Investment entity effective as of January 1, 2014)
IFRS No. 11 "Joint Agreements	January 1, 2013
IFRS No. 12 "Disclosure of Interests in Other Entities"	January 1, 2013
IFRS No. 13 "Fair Value Measurement"	January 1, 2013
Amendments to IAS 1 "Presentation of items of other comprehensive income"	July 1, 2012
Amendments to IAS 12 "Deferred Income Tax: Recovery of the Underlying Assets"	January 1, 2012
Amendments to IAS No. 19 "Employee Benefits"	January 1, 2013
Amendments to IAS No. 27 "Separate Financial Statements"	January 1, 2013
Amendments to IAS No. 28 "Investment in Associates and Joint Ventures"	January 1, 2013
Amendments to IAS No. 32 "Offsetting financial assets and financial liabilities"	January 1, 2014
IFRSs Interpretation No. 20, "Stripping Cost of Quarries in the Production Phase"	January 1, 2013

The effects upon the Company's adoption of 2013 IFRSs are stated as following:

1. IFRS No. 12 "Disclosure of Interests in Other Entities"

   The Standard integrates the disclosure requirements imposed by all of the standards toward the equity of subsidiaries, joint agreements, affiliates, and entities not included into the consolidated financial statements as held by an enterprise, and also requires disclosure of the relevant information. The Group will add the disclosure of information about the entities consolidated and not consolidated into the financial statements.

2. IFRS No. 13 "Fair Value Measurement"

   Definition of the fair value under the Standard: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measurement of fair value shall be built based on the market participants' view. The measurement on non-financial assets shall be based on the highest and best use. Meanwhile, the Standard requires the relevant disclosure about measurement of fair value. Upon evaluation, the Standard was held rendering no material effect to the Group's financial position and operating result, and the Company will add the disclosure about measurement of fair value.

3. Amendments to IAS No. 1 “Presentation of Financial Statements”

   The presentation of the other consolidated profit and loss is amended according to the Standards. The items expressed in the other consolidated profit and loss are classified into two categories according to their nature: “items that are not reclassified as profit and loss subsequently” and “items that are reclassified as profit and loss subsequently.” According to the amendment referred to above, for the consolidated profit and loss account that is expressed in an amount before tax, the related tax should be presented separately in accordance with the said two categories. The Group will change the way to present the comprehensive income statement based on said Standard.

4. Amendments to IAS No. 19 “Employee Benefits”

   According to the amendments to said Standards, the net interest shall be decided by net defined benefit liability (asset) multiplying by the discount rate, and replace the interest cost and expected return of the plan assets prior to the amendments. To delete the actuarial income, the "buffering" or the accounting policy which states it into income in full amount upon occurrence may apply, and the actuarial income is required to be stated into other comprehensive incomes upon occurrence. Service cost in previous period shall be stated into income upon occurrence, and no longer expenses amortized under the straight line method within the average period before the vested conditions are met. An enterprise shall state termination benefits when the offer for termination benefit cannot be revoked any longer or the relevant reorganization cost is stated, whichever earlier, instead of stating termination benefits as liabilities and expenses only when the relevant termination is expressly committed. Meanwhile, the requirements about disclosure of defined benefit plans were also added into the Standard. Upon evaluation, the first-time adoption of the Standard did not render material effect on the Group's financial position and operating result.

(II) <u>Effect when the Company has yet to adopt the new and amended IFRSs that have been approved by the Financial Supervisory Commission ("FSC")</u>

N/A.

(III) <u>Effect of IFRSs that have been released by IASB but have not yet approved by the Financial Supervisory Commission ("FSC")</u>

2013 IFRSs issued by IASB but not yet endorsed by the FSC:

The new / amended / revised standards or interpretation	Effective Date Promulgated by IASB
IFRS No. 9 “Financial Instruments"	January 1, 2018
Amendment to IFRS No. 10 and IAS No. 28 “The Assets Sales or Purchase between Investors and Their Affiliates or Joint Ventures”	To be decided by IASB
Amendments to IFRS No. 10, IFRS No. 12, and IAS No. 28 regarding "Investment entities: applying the consolidation exception"	January 1, 2016

Amendments to IFRS No. 11 regarding "Acquisitions of interests in joint operations"	January 1, 2016
Amendment to IFRS No. 14 “The Control of Deferred Account”	January 1, 2016
IFRS No. 15, “Revenue from customer contracts”	January 1, 2018
IFRS No. 16 “Lease"	January 1, 2019
Amendments to IAS No. 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS No. 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS No. 12 “Recognition of unrealized loss deferred income tax assets”	January 1, 2017
Amendments to IAS No. 16 and IAS No. 38 regarding "Clarification of acceptable methods of depreciation and amortization"	January 1, 2016
Amendments to IAS No. 16 and IAS No. 41 regarding "Agriculture: Bearer plants"	January 1, 2016
Amendment to IAS No. 19 “Defined benefit plans: Employee’s appropriation”	July 1, 2014
Amendments to IAS No. 27 regarding "Equity method in separate financial statements"	January 1, 2016
Amendments to IAS No. 36 “Recoverable amount disclosures for non-financial assets”	January 1, 2014
Amendment to IAS No. 39 “Derivatives Contract Replacement and Hedge Accounting Continuity”	January 1, 2014
IFRSIC No. 21 “Taxation”	January 1, 2014
Improvement on IFRSs from 2010 to 2012	July 1, 2014
Improvement on IFRSs from 2011 to 2013	July 1, 2014
Improvement on IFRSs from 2012 to 2014	January 1, 2016

The Group is currently evaluating how the above standards and interpretations would affect its financial position and business performance. Further impacts will be disclosed once the evaluation is completed.

IV. Summary of Significant Accounting Policies

The important accounting policies applied by the financial statements are summarized as follows: Unless otherwise provided, the following accounting policies have been applied during the presentation period of the consolidated financial statements.

(I) Statement of compliance

1. The consolidated financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the "Regulations") and IFRSs recognized by FSC to disclose all of the necessary to be disclosed in the annual consolidated financial statements.

(II) Basis for preparation

1. Basis for measurement

   Except the following important items in the balance sheet, the consolidated financial statement was prepared based on the historical cost:

(1) Financial instruments at fair value through profit or loss (including derivative financial instruments);

(2) Available-for-sale financial assets measured at fair value;

(3) Defined benefit liability stated based on the net after pension fund assets less the present value of defined benefit obligations.

2. Functional currency and presentation of currency

The functional currency of each of the Group's entities shall be subject to the currency applicable in the main economic environment in which its business place is situated. The consolidated financial statements should be presented based on the Company's functional currency, NTD. Unless otherwise noted, all of the financial information presented in NTD should be held presented in NTD 1,000 as the currency unit.

(III) Basis for consolidation

1. Principles for preparation of consolidated financial statements

(1) The Group included all of the subsidiaries into the consolidated financial statements. Subsidiaries mean the entities controlled by the Group (including structured entities). When the Group is exposed to the changes of remuneration participated by the entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Group is held controlling the entities. The subsidiaries are included into the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.

(2) Unrealized gains on transactions between the Group companies are eliminated to the extent of the Group's interest in the associates. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) Elements of the income and other comprehensive income shall be vested in parent company shareholders and non-controlling equity. The total comprehensive income shall be vested in parent company shareholders and non-controlling equity, even if the non-controlling equity suffers loss.

(4) Where the changes in shareholdings of subsidiaries don't result in forfeiture of controlling power (transactions with non-controlling equity), they shall be processed as equity transactions, which are identified as the transactions with parent company shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected consideration shall be stated into equity directly.

(5) When the Group forfeits control over its subsidiaries, its residual investment in the subsidiaries shall be re-measured based on fair value, and identified as the

fair vale of financial asset recognized initially or cost of the investment in affiliates or joint ventures recognized initially. The price difference between the fair value and book value is stated into current income. Where the accounting treatment for the values related to the subsidiaries as stated into other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, if the gain or loss stated into other comprehensive income previously would be reclassified into income when the related assets or liabilities are dispose dof, the gain or loss shall be reclassified into income from equity, when the Group forfeits control over the subsidiaries.

2. Subsidiaries included into the consolidated financial statements and status of change thereof:

Investor	Name of Subsidiary	Nature of business	Equity (%)		Note
			2015.12.31	2014.12.31	
The Company	Chain-Logic International Corp.	Professional agent and trading of semi-conductor	100%	100%	Founded on March 1, 1994
The Company	MPI TRADING CORP.(Samoa)	Trading of probe cards and semi-automatic probers	100%	100%	Founded on December 22, 2000
The Company	MMI HOLDING CORP.(Samoa)	General investment	100%	100%	Founded on August 7, 2002
The Company	MEGTAS CO.,LTD.	Manufacturing, processing and sale of semi-conductor equipment and industrial mechanical spare parts, and manufacturing and sale of pottery and electronic spare parts	60%	60%	Founded on September 1, 2010
The Company	Chia Hsin Investment Co., Ltd.	General investment	100%	100%	Founded on April 30, 2004
The Company	Yi Hsin Investment Co., Ltd.	General investment	100%	100%	Founded on April 30, 2004
The Company	Won Tung Technology Co., Ltd.	Manufacturing of telecommunication appliances, wholesale and retail of electronic materials, and manufacturing of electronic components	100%	100%	Founded on December 22, 2010
Chain-Logic International Corp.	CHAIN-LOGIC TRADING CORP. Mauritius	International trading	100%	100%	Founded on November 19, 2001
Chain-Logic International Corp.	Chia Ying Investment Co., Ltd.	General investment	100%	100%	Founded on April 30, 2004

CHAIN-LOGIC TRADING CORP.	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	International trading	100%	100%	Founded on February 8, 2002
MMI HOLDING CORP.	LEDA-ONE (Shenzhen) Co.	Production, management and development of new electronic components, et al.	100%	100%	Founded on May 7, 2010
MMI HOLDING CORP.	Lumitek (Changchou) Co. Ltd.	Design, development, production and sale of LED dice production process	100%	100%	Founded on January 10, 2014

(Note 1) In order to expand the wafer measurement probe card production, the Group acquired 100% of shares of Allstron Corporation and had control over the company in 2014. The investment cost was NT$50,000 thousand.

(Note 2) In order to expand the market in Mainland China, the Group invested Lumitek (Changchou) Co. Ltd. by US$4,000,000 (equivalent to NT$120,500 thousand) in January 2014, via the Group's subsidiary, MMI HOLDING CO., LTD., and increased capital by US$7,500,000 thousand (equivalent to NT$235,875 thousand) again in February 2015, and by US$600,000 (equivalent to NT$19,140 thousand) again in August 2015, and by US$2,900,000 (equivalent to NT$94,975 thousand) in November 2015. The investment project was approved by Investment Commission, Ministry of Economic Affairs.

External auditors audited the financial statements of said subsidiaries. The investment income was recognized based on the shareholdings according to the financial statements of said investees ended the same period as audited by external auditors.

The financial statements 2015 and 2014 of said subsidiary, MEGTAS CO., LTD., were audited by other external auditors commissioned by it, instead of the Company's external auditors. The investment (losses) recognized according to the financial statements audited by other external auditors and based on the shareholdings were NT$1,018 thousand and NT$506 thousand.

3. Subsidiaries not included into the consolidated financial statements: N/A.
4. Different adjustment and treatment by subsidiaries in the accounting period: N/A.
5. Nature and scope of the important restrictions on enterprise's acquisition or use of the group's assets and solvency: N/A.
6. Subsidiaries over which the Group holds important non-controlling equity: N/A.

(IV) Foreign currency

1. Foreign currency transactions

The foreign currency exchange shall be stated at the functional currency translated at the exchange rate prevailing on the date of transaction. The monetary items denominated in the foreign currency on the reporting date shall be stated at the functional currency translated at the exchange rate on the same day. The exchange gain or loss refers to the difference between the amount upon adjustment of the valid interest, payment on the same period based on the amortized cost denominated in the functional currency, the amount translated from the amortized cost denominated in foreign currency at the exchange rate on the reporting date. The non-monetary items at fair value denominated in foreign currency shall be stated at the functional currency re-translated at the exchange rate prevailing on the same date of fair value measurement, while the non-monetary items at historical cost denominated in foreign currency shall be stated at the functional currency translated at the exchange rate on the date of transaction. Other than the foreign currency exchange difference generated from the translation of available-for-sale financial assets, financial liabilities designated as net investment hedge for foreign operations or qualified cash flow hedging, which shall be stated as other comprehensive income, any difference shall be stated as income.

2. Foreign operations

   Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be translated into functional currency at the exchange rate prevailing on the reporting date. Unless in the case of inflation, the income and expense & loss items shall be translated into functional currency at the average exchange rate in the current period, and the exchange different generated therefor shall be stated as other comprehensive income.

   When disposition of foreign operations results in loss of control, common control or any material effect, the accumulated exchange difference related to the foreign operations shall be reclassified into income in whole. If the disposition involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposition involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income on a pro rata basis.

   If no repayment program is defined with respect to receivable or payable items of foreign operations denominated in currency and it is impossible to repay the same in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held a part of the net investment in the foreign operations and stated as other comprehensive income.

(V) <u>Current and non-current assets and liabilities</u>

Assets which meet one of the following conditions shall be classified into current assets, and any assets other than the current assets shall be classified into noncurrent assets:

1. Assets expected to be realized, or intent to be sold or consumed, in the Company's normal operating cycle.
2. Assets primarily held for the purpose of trading.

3. Assets expected to be realized within 12 months after the date of the balance sheet.
4. Cash or cash equivalent, exclusive of the assets to be used for an exchange or to settle a liability, or otherwise remain restricted at more than 12 months after the date of the balance sheet.

Liabilities which meet one of the following conditions shall be classified into current liabilities, and any liabilities other than the current liabilities shall be classified into noncurrent liabilities:

1. Liabilities expected to be repaid in the Company's normal operating cycle.
2. Assets primarily held for the purpose of trading.
3. Assets expected to be discharged within 12 months after the date of the balance sheet.
4. Liabilities of which the Company does not have an unconditional right to defer settlement for at least 12 months after the date of the balance sheet. Terms of a liability that could, at the option of the counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

(VI) Cash and cash equivalent

Cash or cash equivalent include cash on hand, demand deposits, and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The bank time deposits to initially expire within one year are intended to satisfy the short-term cash commitment instead of investment or others, which may be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and, therefore, are stated as cash or cash equivalent.

(VII) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a part to the financial instrument contract.

1. Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, and loans and accounts receivable.

(1) Financial instruments at fair value through profit or loss

Such assets mean the financial assets held for trading or designated to be measured at fair value through profit or loss.

The financial assets held for trading are acquired or incurred principally for the purpose of sale in the near term or repurchase. Financial assets other than those held for trading are measured at fair value through profit and loss if they meet any of the following conditions:

The performance of financial assets is evaluated based on fair value.

Financial instrument with embedded derivatives.

Such financial assets are measured at fair value at the time of initial recognition.

The relevant transaction costs shall be stated as income when they are incurred. The following measurement shall be based on fair value, and then the gain or loss generated therefor should be measured (including the relevant stock dividend revenue and interest revenue) and recognized as income and stated as non-operating revenue and expenses. The purchase or disposal of financial instruments in customary transactions shall be subject to accounting on the date of transaction.

If the financial assets are the equity investments without public market price and the fair value of which cannot be reliably measured, they should be measured at the cost less the impairment loss and stated as “financial asset measured at cost”.

(2) Account receivables

Accounts receivables refer to financial assets without a public market price available but with fixed or determinable payments, including accounts receivable and other receivables. The loans and accounts receivable shall be initially evaluated based on fair value, plus the directly attributable transaction cost. The subsequent measurement shall be based on the amortized cost using effective interest method less impairment, unless the recognition of the interest on short-term accounts receivable is insignificant.

(3) Impairment on financial assets

The impairment on any financial assets other than financial assets at fair value through profit or loss shall be evaluated on each reporting date. If there is any objective evidence showing that the future cash flow of the financial assets is impaired due to a single or multiple events occurring after the initial recognition of the financial assets, the financial assets should be deemed impaired.

The objective evidence about impairment on financial assets include obvious financial problems confronting the issuer or debtor, breach (e.g. overdue or non-performance of interest or principal payment), the debtor likely to wind up or proceed with other financial reorganizations, and the active market of financial assets extinguishing due to financial difficulty.

For some accounts receivable was held unimpaired upon individual evaluation, the impairment should be evaluated on a combined basis again. The combined objective evidence for accounts receivable might include the Company’s past experience in collection, the increase in overdue payment, and observable national or regional economic changes related to the defaulted accounts receivable.

The recognized impairment loss on the financial assets measured at cost is the difference in the book value of financial assets and the present value after the projected cash flow is discounted at the rate of return on the similar asset market. The impairment loss cannot be reversed subsequently.

The impairment loss on financial assets should be deducted from the book value of financial assets, provided that the book value of accounts receivable is adjusted through allowance accounts. If the accounts receivable were held uncollectible, they should have been written off against the allowance accounts. The accounts initially written off but collected afterwards were credited into the allowance evaluation accounts. The changes in book value of allowance evaluation accounts were stated as income.

(4) Derecognition of financial assets

The Group will derecognize financial assets only when the contractual rights toward the cash flow of the assets are terminated or the financial assets are transferred and the risk and return over the ownership of the assets are transferred to another enterprise.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The obligation and equity instruments issued by the Company are classified into financial liabilities or equities according to definitions of the financial liabilities and equity instruments referred to in an agreement.

The equity instruments mean any contracts signifying the residual equity of the Group's assets less its liabilities. The equity instruments issued by the Group should be recognized based on the payment of acquisition less the direct issuing cost.

The compound financial instruments issued by the Group reflect that the holders own the convertible corporate bonds which may be converted into capital stock. The quantity of issued shares will remain unchanged, irrelevant with the change in fair value, if any.

The amount of elements of the compound financial instrument liability recognized initially excludes the measurement on fair value of similar liability of the equity conversion option. The amount of elements of equity recognized initially is measured based on the price difference between fair value of the entire compound financial instrument and fair value of elements of liability. Any directly attributable trading cost shall be amortized to the elements of liability and equity on a pro rata basis subject to the book value of initial liability and equity.

Upon the initial recognition, the elements of compound financial instrument liability is measured based on the cost amortized under effective interest method. It is necessary to re-measure the elements of equity of compound financial instruments upon the initial recognition.

The interest and loss or gain related to financial liabilities should be recognized as income and stated into non-operating revenue and expenses.

The financial liabilities shall be re-classified into equity at the time of conversion, and no income is generated from the conversion.

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

Such assets mean the financial assets held for trading or designated to be measured at fair value through profit or loss.

The financial liabilities held for trading are acquired or incurred principally for the purpose of sale or repurchase in the near term or repurchase. Financial liabilities other than those held for trading are measured at fair value through profit and loss if they meet any of the following conditions:

The performance of financial liabilities is evaluated based on fair value.

Financial instrument with embedded derivatives.

Such financial liabilities are measured at fair value at the time of initial recognition. The relevant transaction costs shall be stated as income when they are incurred. The following measurement shall be based on fair value, and then the gain or loss generated therefor should be measured (including the relevant interest expenses) and recognized as income and stated as non-operating revenue and expenses.

(3) Other financial liabilities

When recognizing the financial liabilities other than those held for trading and not designated to be measured at fair value through profit or loss (including short-term and long-term loans, accounts payable and other payables) initially, such liabilities shall be evaluated based on fair value, plus the directly attributable transaction cost. The following measurement shall be based on the cost after amortization under the effective interest rate method, unless the recognition of interest on short-term loan and accounts payable is of no importance. The interest expenses on asset costs, which are not capitalized, should be stated as "financial cost" under the non-operating revenue and expenses.

(4) Derecognition of financial liabilities

The Group will derecognize financial liabilities upon performance, cancellation or expiration of contractual obligations.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported in the balance sheet in net amount only when the Group is entitled to the right to offset exercisable under laws and intends to settle in net amount, or assets are realized and liabilities are repaid at the same time.

(VIII) Inventory

The inventories shall be stated at the lower of cost and net realizable present value. The cost should include the costs of acquisition, production or processing or others incurred when the inventory is sellable or producible and at the location where the inventory is sellable or producible, and calculated under weighted average method. The costs of inventories for finished goods and work in process include the manufacturing expenses amortized based on the normal productivity on a pro rata basis.

Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs under the normal operation.

(IX) Investment in affiliates

An affiliate means an entity in which the Group has major influence over the financial and operating policies but has no control over the same. The Group will be assumed having major influence when it holds 20%~50% of the voting right in the investee.

Under the equity method, the investment is stated at cost at time of acquisition initially. The investment includes trading cost. The book value of investment in affiliates includes the goodwill identified at the time of initial investment less any accumulated impairment loss.

The consolidated financial statements shall include the income from the invested affiliates recognized subject to the shareholdings and other comprehensive income upon adjustment made in line with the Group's accounting policy, from the date when the Group has major influence until the date when the Group loses the major influence.

The unrealized gains from transactions between the Group and affiliates have been derecognized from the Group's equity in the investees. The unrealized loss shall be derecognized in the same manner applicable to unrealized gains, provided that the unrealized loss is limited to that arises under no impairment evidence is available.

When the Group's share of loss from any affiliate to be recognized on a pro rata basis is equivalent to or more than its equity in the affiliate, it shall stop recognizing the loss, but shall recognize the additional loss and relevant liabilities only when legal obligation or constructive obligation is incurred or the Group makes payment on behalf of the investee.

Where the Group forfeits its material influence over an affiliate when the Group disposes of the affiliate, the capital surplus related to the affiliate will be stated as income, provided that where it still has material influence over the affiliate, the capital surplus shall be stated as income based on the proportion of disposition.

(X) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment shall be recognized and measured using a cost model, and measured at the cost less accumulated depreciation and accumulated impairment. The costs include the expenses directly attributable to the acquisition of assets. The costs of self-built assets include the costs of raw materials and direct labor, any other costs directly attributable to usable status of investment assets, costs of dismantling and removal of the items and recovery of premises, and loan cost that meets the requisite asset capitalization. Meanwhile, the costs also includes the purchase of property, plant and equipment denominated in foreign currency.

When property, plant and equipment consist of various components, and the total cost for the item is significant and it is advisable to apply different depreciation ratio or methods, the property, plant and equipment should be treated separately (for major components).

The gain or loss on disposal of property, plant and equipment shall be decided based on the price difference between the book value of property, plant and equipment and proceeds on disposal of the same and recognized as the “other gains and losses” in the income statement on a net basis.

2. After cost

   If the future economic effect expected to be generated from the after expenses of property, plant and equipment is very likely to flow into the Group and the amount thereof may be measured, the expenses shall be stated as a part of the book value and the relocated book value should be derecognized. The routine maintenance and repairs of property, plant and equipment shall be stated as income when incurred.

3. Depreciation

   The depreciation shall be calculated at the cost of assets less residual value using the straight-line method over the estimated useful years, and evaluated based on the various major components of the assets. If the useful years for any component are different from those of other components, the component shall be depreciated separately. The depreciation shall be stated as income.

   No depreciation of land is required.

   The estimated useful years in the current period and comparative period are stated as follows:

Item	Useful years
House and building	
Plant and dormitory	50
Clean room	20
Electrical and mechanical facilities	20
Others	10-20
Machine & equipment	5-13
Transportation equipment	4-6
Furniture and fixtures	3-10
Research equipment	2-13
Other equipments	3-9

4. Depreciation, useful years and residual value shall be reviewed at the end of each fiscal year. If the expected value is different from the previous estimate, adjustment should be made if necessary, and the changes shall be treated as changes in accounting estimates.

(XI) Lease

None of the Group's lease terms and conditions has transferred the risk and return attached to the title of assets to the lessee. All of the leases are classified as operating leases. The income from lease shall be stated as income based on the straight line method within the related lease period. The lease payment shall be stated as expenses based on the straight line method within the related lease period. The contingent rent under operating lease shall be stated as expenses when it is incurred.

(XII) Intangible assets

1. Goodwill

   Where the acquisition cost of identifiable net assets acquired upon merger, if any, is more than the fair value of the assets, the excess shall be stated as goodwill. The goodwill shall be measured at cost less accumulated impairment.

   For the investment under equity method, the face value of goodwill is included into that of the investment. Meanwhile, the impairment loss on such investment is not allocated to goodwill or any assets, but a part of the book value of the investment under equity method.

2. R&D

   The research stage means the activity carried out in order to secure and understand new scientific or technical knowledge. The related expenses thereof are stated as income when they are occurred.

   The expenses at the development stage shall be stated as intangible assets when they meet all of the following conditions at the same time; otherwise, they shall be stated as income when they are occurred:

   (1) Achievement of the technical feasibility for completion of intangible assets to enable the intangible assets to be usable or sellable.
   (2) Intend to complete the intangible assets and use or sell the same.
   (3) Able to use or sell the intangible assets.
   (4) The intangible assets are very likely to generate future economic effects.
   (5) Possession of sufficient technology, finance and other resources to complete the development, and use or sell the intangible assets.
   (6) Expenses at development stage attributed to the intangible assets may be measurable reliably.

3. Other intangible assets

   The other intangible assets acquired by the Group shall be stated at cost less accumulated amortization and accumulated impairment.

4. After expenses

   The after expenses may be capitalized only when they are able to increase the future economic effect of the relevant specific assets. The other expenses shall be stated as income when incurred, including the goodwill and brand developed internally.

5. Amortization

   The amortizable amount shall be the cost of assets less residual value.

Other than goodwill and intangible assets with indefinite useful years, the intangible assets shall be amortized under straight-line method over useful years since the intangible assets become usable, and the amortization is recognized as income: Computer software 2-5 years

Residual value, amortization period and method of amortization shall be reviewed at the end of each fiscal year at least. The changes, if any, shall be treated as changes in accounting estimates.

(XIII) Impairment on non-financial assets

1. The Group will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss would be recognized if the recoverable amount falls below the asset's face value. The recoverable amount means the higher of fair value of one asset less its disposition cost, or its useful value. Impairment loss recognized in previous years on assets other than goodwill may be reversed if the basis of impairment no longer existed or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.
2. The recoverable amount of goodwill, intangible assets with indefinite useful years and intangible assets not available for use shall be estimated periodically. Impairment loss would be recognized if the recoverable amount falls below the face value. The impairment loss on goodwill shall not be reversed in following years.
3. Goodwill shall be amortized to cash generation unit for the purpose of testing impairment. The amortization is identified by operations to amortize goodwill into cash generation unit or cash generation unit group expected to benefit from the merger of businesses generating the goodwill.

(XIV) Reserve for liabilities

The reserve for liabilities shall be recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Group's reserve for liabilities for warranty shall be recognized when the goods or services are sold. The reserve for liabilities shall be measured under weighted method based on the historical warranty information and potential results subject to the relevant possibility.

(XV) Treasury stock

The issued stock recalled by the Group is stated based on the consideration paid for repurchase (including direct vested cost), recognized as "treasury stock" at the net after tax and presented as a deduction from equity. Where the gain on disposal of treasury stock is higher than the book value, the difference shall be credited under the title “additional paid-in capital-transaction of treasury stock”. Where the gain is lower than the book value, the difference is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. The book value thereof is calculated based on the weighted average method according to the type of stock (common stock or special shares) and causes for the withdrawal.

Cancellation of treasury stock shall be credited under the title “treasury stock”, and debited as “additional paid-in capital-stock premium” and “capital stock”. Where the book value of treasury stock is higher than the total of the book value and stock premium, the balance is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. Where the book value of treasury stock is lower than the total of the book value and stock premium, the difference should be credited as the additional paid-in capital generated from the transactions of treasury stock under the same type.

(XVI) Recognition of revenue

1. Sale of products

   The revenue generated from sale of goods in normal activities is stated at the fair value of received or receivable consideration after taking the sale returns, sales discount and quantity discount into consideration. The revenue shall be recognized when there is persuasive evidence (normally an executed sale agreement), major risk and return over the ownership are transferred to the buyer, it is very likely to collect the payment, the related cost and possible sale return may be estimated reliably, participation in management of products is discontinued and revenue may be measured reliably. If a discount is likely to be incurred and the amount thereof may be measured reliably, it shall be stated as deduction from revenue when the sale is recognized.

   The timing of transfer of risk and return shall be subject to the individual provisions in the sale agreement.

2. Labor service

   The revenue generated from provision of labor services shall be recognized based on the progress in completion of the transaction on the reporting date.

3. Revenue from commission

   When the Group acts as agent instead of principal in a transaction, the revenue is stated based on the net commission as collected.

4. Rent revenue

   The income from sublease of the real property shall be stated as "rent revenue" under non-operating revenue and expenditure.

5. Dividend revenue

   When the Group is entitled to collect dividends, the related dividend revenue shall be recognized.

(XVII) Cost of borrowing

1. Loans shall be measured based on the fair value less trading cost at the time of initial recognition. The subsequent measurement of any difference between the price (less trading cost) and redemption value shall be stated at the amortized cost under effective interest method within the borrowing period.
2. When it is very likely to withdraw the expenses paid for setting the borrowing limit, in part or in whole, the expenses shall be stated as the trading cost for the loan, deferred and stated as effective interest adjustment when the loan is drawn down. When it is not likely to withdraw the expenses, in part or in whole, the expenses shall be stated as prepayment and amortized within the period related to the limit.

(XVIII) Government subsidies

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Group, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

(XIX) Employee benefits

1. Short-term employee benefits
   Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.
2. Pension
   (1) Defined contribution plan
   Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.
   (2) Defined benefit plan
   A. The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary using the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate shall be based on the market yield rate of corporate bonds of high credit standing that have the same currency exposure and maturity date as the obligations on the balance sheet date, but the market yield rate of government bonds (on the balance sheet date) shall apply in the country where no market of corporate bonds of high credit standing is

available.

B. The re-measurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

C. The expenses related to the service cost in the previous period shall be recognized as income immediately.

D. The interim pension cost applied the pension cost ratio decided upon actuation at the end of the previous fiscal year, and was calculated from the beginning of year until the end of the current period. In the case of material changes in market and material reduction, repayment or other important event at the end, it shall be adjusted and related information shall be disclosed pursuant to said policies.

3. Resignation benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group will not state the benefits as expenses until the offer of benefits cannot be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits falling due more than 12 months after balance sheet date are discounted to their present value.

4. Remuneration to employee and directors/supervisors

The remuneration to employees and directors/supervisors shall be recognized as expenses and liabilities only when legal or constructive obligation is constituted and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate.

(XX) Employees' share-based payment

The transaction is share-based payment for settlement of equity. The share-based payment agreement shall measure the labor services provided by employees based on the fair value of the equity instruments granted on the date of granting, which shall be recognized as the remuneration cost during the vested period, and the equity shall be adjusted relatively.

The fair value of equity instruments shall reflect the effect produced by the vested conditions and non-vested conditions of market value. The recognized remuneration cost is adjusted based on the quantity of remuneration expected to meet service conditions and non-market value vested conditions, until the amount recognized ultimately is measured based on the vested quantity on the vested date.

(XXI) Income tax

1. The income tax expenses consist of current income tax and deferred income tax. The

income tax shall be stated as income other than the income tax related to the titles stated into other comprehensive incomes or into equity directly, which shall be stated into other comprehensive income or into equities directly.

2. The Group calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Company is operating and generating taxable income on the balance sheet date. The management shall evaluate the status of income tax return within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. Undistributed earnings, if any, shall be levied 10% income tax. 10% income tax expenses for undistributed earnings will be stated in the year next to the year when the earnings are generated, upon approval of the motion for allocation of earnings at a shareholders' meeting.
3. Deferred tax is stated based on the temporary differences between taxation basis for assets and liabilities and the face value thereof on the consolidated balance sheet using the balance sheet method. The deferred income tax liabilities resulting from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business merger) shall not be recognized, insofoar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. Taxable temporary difference generated from investment in subsidiaries and affiliates, of which the time of reverse is controllable by the Group and which is not likely to be reversed in the foreseeable future, shall not be recognized. The deferred income tax assets and liabilities are measured at the tax rate in the current period of which the assets are expected to be realized or liabilities to be repaid. The tax rate shall be based on the tax rate and tax laws already legislated or substantially legislated at the end of the reporting period.
4. Deferred income tax assets shall be recognized, insofar as temporary difference is very likely to credit against future taxable income, and deferred income tax assets which are recognized and unrecognized shall be re-evaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. Unused tax credits derived from purchase of equipment or technology, R&D expenditure and equity investment can be added to deductible temporary differences

and recognized as deferred tax assets, to the extent that the Company is likely to earn taxable income to offset against.

7. The average effective tax rate used to estimate the interim income tax expenses shall apply to the interim income before tax, and the relevant information shall be disclosed pursuant to said policies.

(XXII) Business combination

1. The Group adopts the acquisition method to proceed with business combination. The consideration for combination is calculated at the fair value of the assets to be transferred or liabilities to be derived or borne and the equity instruments to be issued. The consideration for the transfer includes the fair value of any assets and liabilities generated from the contingent consideration agreement. The cost related to acquisition is stated as expense when it is incurred. The identifiable assets and liabilities acquired from the business combination shall be measured at the fair value on the day of acquisition. Based on individual acquisition transaction, the elements of non-controlling equity which refer to the current ownership, of which the holder is entitled to the business's net assets on a pro rata basis at the time of liquidation may choose to measure the fair value based on the fair value on the date of acquisition or subject to proportion of non-controlling equity in the acquired identifiable net assets. The other elements of non-controlling equity shall be measured at the fair value on the date of acquisition.
2. Goodwill arises when the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held exceeds the fair value of identifiable assets and liabilities. The price difference shall be stated as income on the date of acquisition if the fair value of identifiable assets and liabilities as acquired exceeds the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held.

(XXIII) EPS

The Group will enumerate the basic and diluted EPS vested in the Company's common stock holders. The Group’s EPS is calculated based on the income vested in the Company's common stock holders dividing by the number of shares of the weighted average outstanding common stock. The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the number of shares of the weighted average outstanding common stock. The Group's potential diluted common stock includes the stock options granted to employees.

(XXIV) Information by department

The Group consists of various members including the operations engaged in operating activities likely to earn revenue and incur expense (including the revenue and expense from the transactions with the other members within the Group). The operating results of all operations are rechecked by the Group's operating decision maker periodically for making of the decision to allocate resources to each operation and evaluation of each operation's performance. Each operation's financial information is independent from that of the others.

V. Significant accounting judgments, estimations, and major sources of hypotheses of uncertainty

The accounting estimations made by the Group were based on the reasonable expectation toward future events subject to current circumstances on the balance sheet date; nevertheless, the actual results might be different from the estimations. The estimations and hypotheses about the risk over material adjustment of book value of assets and liabilities in next fiscal year, please see the following notes:

1. Allowance for bad debt of receivable accounts

   The Group evaluates and estimates the collectible receivable accounts and allowance for bad debt according to the loan quality and collection of debt from customers and based on the past experience in collecting bad debt. If some event or change resulting in failure to collect the debt shows, it is necessary to estimate the allowance for bad debt. If the projected collected cash is different from the estimation, the difference will affect the book value of receivable accounts and bad debt expenses in the year in which the estimation is changed. Until December 31, 2015, the book value of receivable accounts has been NT$878,072 thousand (exclusive of the allowance for bad debt, NT$18,041 thousand).

2. Evaluation of inventory

   The inventories shall be stated at the lower of cost and net realizable present value. Therefore, the Group has to decide the net realizable present value of the inventory on the balance sheet date based on judgment and estimation. Due to the repaid transformation of technology, the Group evaluates the value of inventories after excluding the torn and worn, out-of-fashion or unmarketable ones on the balance sheet date, and offset the cost of inventories against net realizable value. Until December 31, 2015, the book value of the Group's inventories has been NT$1,636,177 thousand (exclusive of the allowance for inventory devaluation and obsolescence loss, NT$255,881 thousand).

3. Realizability of deferred income tax assets

   Deferred income tax assets shall be recognized only when it is very likely that there will be sufficient taxable income afford to deduct temporary difference. To evaluate the realizability of deferred income tax assets, the management has to exert judgment and estimation, including the hypotheses about expectation toward growth and profit rate of future sale revenue, applicable income tax credit and taxation planning. The transformation of global economic environments and industrial environments and changes in laws and regulations, if any, might result in material adjustment on deferred income tax assets. Until December 31, 2015, the deferred income tax assets recognized by the Group have been NT$59,193 thousand.

4. Recognition of revenue

   In principle, sale revenue is recognized at the time the earning process. The related reserve for liabilities is provided based on the estimated after-sale warranty cost potentially incurred due to historical experience and other known causes, and stated as the sale cost in the period in which the product is sold. The reasonableness of estimation is also reviewed periodically. Until December 31, 2015, the reserve for liabilities recognized by the Group have been NT$1,240 thousand.

5. Calculation of net defined benefit liability

   In the calculation of the determined welfare obligation, the Group must make use of judgment and estimate to determine relevant actuarial assumption on the balance sheet date, including the discount rate and growth of future salary. Any changes in the actuarial hypotheses might affect the value of the Group's defined benefit obligation materially. As of December 31, 2015, the book value of accrual pension liabilities of the Group amounted to NT$20,934 thousand.

6. Goodwill impairment evaluation

   The impairment on goodwill is evaluated by the Group to its sole discretion, including identifying the cash-generating units and amortizing assets, liabilities and goodwill into the related cash-generating units, and deciding the recoverable amount of related cash-generating units. For the evaluation on goodwill impairment, please refer to Note VI(VIII). As of December 31, 2015, the book value of the Group's goodwill amounted to NT$45,533 thousand.

VI. Notes to Major Accounting Titles

(I) Cash and cash equivalent

	December 31, 2015	December 31, 2014
Cash:		
Cash on hand	$ 3,687	$ 2,570
Bank deposit:		
Check deposit	10	10
Demand deposit	394,282	647,652
Time deposit	75,814	325,380
Total	$ 473,793	$ 975,612

The bank deposits provided by the Group as collateral have been re-stated as other current assets. Please see Note 8.

(II) Net note receivables

	December 31, 2015	December 31, 2014
Receivable notes	$ 26,568	$ 44,848
Less: Allowance for bad debt	−	−
Receivable notes, net	$ 26,568	$ 44,848

The Group's receivable notes were issued for business and never been provided as collateral.

(III) Receivable accounts, net

	December 31, 2015	December 31, 2014
Receivable accounts	$ 782,647	$ 602,044
Less: Allowance for bad debt	(13,081)	(13,120)

Receivable accounts, net	$ 769,566	$ 588,924

	December 31, 2015	December 31, 2014
Receivable accounts-related party	$ 82,458	$ 103,824
Less: Allowance for bad debt	(520)	(902)
Receivable accounts-related party, net	$ 81,938	$ 102,922

	December 31, 2015	December 31, 2014
Receivable on demand (stated as other non-current assets)	$ 4,441	$ 16,814
Less: Allowance for bad debt	(4,441)	(16,814)
Receivable on demand, net	$ —	$ —

1. The Group's receivable accounts were incurred for business and never been provided as collateral.
2. For the information about the changes of bad debt provided for the impairment on receivable accounts and account age analysis on loans (for the disclosure of credit risk, please see Note 12(2)):

	Impairment loss evaluated by group	Impairment loss evaluated individually	Total
January 1, 2015	$ 14,126	$ 16,710	$ 30,836
Impairment loss provided in the current period	5,700	60	5,760
Impairment loss reversed in the current period	(776)	—	(776)
Accounts written off and uncollected in the current period	(951)	(16,710)	(17,661)
Foreign exchange rate effect	(117)	—	(117)
December 31, 2015	$ 17,982	$ 60	$ 18,042
January 1, 2014	$ 7,157	$ 29,072	$ 36,229
Impairment loss provided in the current period	10,445	—	10,445
Impairment loss reversed in the current period	—	(1,750)	(1,750)
Accounts written off and uncollected in the current period	(3,625)	(10,612)	(14,237)
Foreign exchange rate effect	149	—	149
December 31, 2014	$ 14,126	$ 16,710	$ 30,836

3. Account age analysis on loans is stated as follows:

	December 31, 2015		December 31, 2014	
	Total	Impairment	Total	Impairment
Undue	$ 781,223	$ -	$ 650,296	$ -
Overdue for 1~90 days	72,742	5,092	77,892	5,452
Overdue for 91~180 days	17,780	2,667	6,402	1,017
Overdue for 181~360 days	16,490	4,123	8,505	2,031
Overdue for 1~2 years	3,438	1,719	4,199	2,100
Overdue for more than 2 years	4,441	4,441	20,236	20,236
Total	$ 896,114	$ 18,042	$ 767,530	$ 30,836

(IV) Inventory, net

	December 31, 2015	December 31, 2014
Raw material	$ 346,572	$ 373,324
Supplies	67,885	62,175
Work in progress	289,278	288,719
Semi-finished goods	212,380	155,679
Finished goods	858,149	944,009
Commodity	70,782	67,921
Materials and supplies in transit	17,012	7,535
Less: Allowance for inventory devaluation and obsolescence losses	(225,881)	(187,770)
Inventory, net	$ 1,636,177	$ 1,711,592

1. Expenses and losses related to inventory recognized in the current period:

	2015	2014
Cost of sold inventory	$ 2,164,236	$ 2,159,959
Allowance for inventory devaluation and obsolescence losses (revaluation gains)	37,979	40,388
Inventory retirement loss	3,815	56
Other operating cost - employee bonus	14,738	23,165
Revenue from sale of scraps	—	—
Estimated maintenance and warranty cost	(670)	(2,429)
Sale cost, net	$ 2,220,098	$ 2,221,139

2. Before December 31, 2015 and 2014, the Group's inventories have never been provided as collaterals.

(V) Financial assets measured at cost

The financial assets measured at cost by the Group on the reporting date are stated as follows:

	December 31, 2015	December 31, 2014
Noncurrent items:		
TAISelec Co.,Ltd	$ —	$ 20,231
Less: Impairment loss	—	—
Total	$ —	$ 20,231

1. The non-TWSE/GTSM stock investment held by the Group shall be classified into available-for-sale financial assets according to the intent of investment. Notwithstanding, because the objects are not traded in a public market and it is impossible to access sufficient industrial information about similar companies, it is impossible to reliably measure the fair value of such objects and they are classified into "financial assets measured at cost".
2. The Company transferred 18.75% of the equity of TAISelec Co., Ltd. to the non-related party upon approval of the board of directors in February 2015. The proceeds from sale was NT$25,938 thousand, and the gain from disposition was NT$5,706 thousand.
3. Before December 31, 2015 and 2014, the Group's financial assets measured at cost had never been provided as collateral.

(VI) Investment under equity method

The Investment under equity method by the Group on the reporting date is stated as follows:

Investee	December 31, 2015 Book value	December 31, 2014 Book value
Affiliates:		
Mjc Microelectronics (Shanghai) Co., Ltd.	$ 45,190	$ 45,254
MMK (Kunshan)	64,012	59,917
Lumitek Co.,LTD	3,099	18,681
Total	$ 112,301	$ 123,852

1. Changes in investment under equity method:

	2015	2014
Balance, beginning	$ 123,852	$ 126,332
Capital surplus - write-off of long-term investment	(19,306)	-
Investment income (loss) recognized under equity method	6,728	(7,433)
Exchange difference arising from translation of the financial statement of foreign operations	(2,012)	3,427
Realized (unrealized) income from downstream transactions with affiliates	3,039	1,526
Balance, ending	$ 112,301	$ 123,852

2. The information about affiliates important to the consolidated companies is stated as following:

Name of Affiliate	Nature of relationship with consolidated company	Principal business place/country where the company is registered	Proportion of ownership and voting right December 31, 2015	Proportion of ownership and voting right December 31, 2014	Measurement method
Mjc Microelectronics (Shanghai) Co., Ltd.	Primarily engaged in selling semi-conductor testing probe cards, under the strategic alliance for development of the market in territories of Mainland China by consolidated companies.	Mainland China	40%	40%	Equity method
MMK (Kunshan)	Primarily engaged in selling semi-conductor testing probe cards, under the strategic alliance for development of the market in territories of Mainland China by consolidated companies.	Mainland China	40%	40%	Equity method
Lumitek Co.,LTD	Primarily engaged in OEM service of LED dice production process; the affiliate has been dissolved on February 28, 2015.	Taiwan	20.15%	20.15%	Equity method

3. Book value and share of operating result of the affiliates not important to the Group individually

The financial information about the Group's affiliates under equity method not important the Company individually is summarized as following. Said financial information refers to the figures included into the Group's consolidated financial statements:

	December 31, 2015	December 31, 2014
Summarized total book value of the equity of individual unimportant affiliates	$ 112,301	$ 123,852

	2015	2014
Shares attributed to the Group:		
Net profit (net loss) of continuing department	$ 6,728	$ (7,433)
Income after tax of discontinued department	—	—
Other consolidated income/loss	—	—
Total comprehensive income	$ 6,728	$ (7,433)

4. The Group recognized the share of investment income under equity method based on the investees' financial statements fro January to December 2015 and 2014 audited by external auditors.

5. Guarantee

As of December 31, 2015 and 2014, the Group had not pledged its investment accounted for under the equity method as collaterals.

(VII) Property, plant and equipment

1. The details about changes in the cost, depreciation and impairment loss of property, plant and equipment in 2015 and 2014 are stated as follows:

	Land	House and building	Machine & equipment	Transportation equipment	Furniture and fixtures	Research equipment	Other equipments	Construction in progress	Total
Cost:									
January 1, 2015	$512,073	$1,204,309	$ 544,548	$ 4,244	$ 79,371	$424,972	$ 27,216	$ 4,603	$2,801,336
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Addition	251,817	90,878	498,655	-	19,826	139,657	24,760	47,504	1,073,097
Disposition	(123)	-	(9,112)	-	(4,445)	(5,632)	(67)	-	(19,379)
Transfer	-	-	(1,767)	-	-	90	-	-	(1,677)
Effect of foreign exchange rate change	-	(592)	(7,961)	(55)	(113)	(12)	(573)	-	(9,306)
December 31, 2015	$763,767	$1,294,595	$1,024,363	$ 4,189	$ 94,639	$559,075	$ 51,336	$52,107	$3,844,071
Cost:									
January 1, 2014	$291,479	$1,078,796	$ 293,752	$ 5,047	$ 68,975	$344,718	$ 26,434	$ 497	$2,109,698
Acquisition through business combination	-	-	663	-	5,527	-	132	-	6,322
Addition	220,594	124,427	215,208	2,814	18,763	27,508	3,864	4,603	617,781
Disposition	-	-	(10,773)	(3,732)	(14,736)	(264)	(5,245)	-	(34,750)
Transfer	-	-	40,788	-	588	53,010	1,706	(497)	95,595
Effect of foreign	-	1,086	4,910	115	254	-	325	-	6,690

exchange rate change									
December 31, 2014	$512,073	$1,204,309	$ 544,548	$ 4,244	$ 79,371	$424,972	$ 27,216	$ 4,603	$2,801,336
Depreciation and impairment:									
January 1, 2015	$ -	$ 166,741	$ 201,159	$ 680	$ 41,384	$210,301	$ 13,294	$ -	$ 633,559
Acquisition through business combination	-	-	-	-	-	-	-	-	-
Depreciation	-	35,827	141,132	949	16,659	68,322	5,470	-	268,359
Disposition	-	-	(9,016)	-	(4,236)	(5,604)	(68)	-	(18,924)
Effect of foreign exchange rate change	-	(245)	(1,337)	(12)	(70)	(12)	(216)	-	(1,892)
December 31, 2015	$ -	$ 202,323	$ 331,938	$ 1,617	$ 53,737	$273,007	$ 18,480	$ -	$ 881,102
Depreciation and impairment:									
January 1, 2014	$ -	$ 136,836	$ 169,616	$ 3,102	$ 36,237	$159,881	$ 13,063	$ -	$ 518,735
Acquisition through business combination	-	-	548	-	4,133	-	106	-	4,787
Depreciation	-	29,500	41,027	991	13,417	50,672	4,806	-	140,413
Disposition	-	-	(10,419)	(3,466)	(13,212)	(252)	(4,056)	-	(31,405)
Transfer	-	-	-	-	-	-	(20)	-	(20)
Effect of foreign exchange rate change	-	405	387	53	809	-	(605)	-	1,049
December 31, 2014	$ -	$ 166,741	$ 201,159	$ 680	$ 41,384	$210,301	$ 13,294	$ -	$ 633,559
Net book value									
December 31, 2015	$ 763,767	$ 1,092,272	$ 692,425	$ 2,572	$ 40,902	$ 286,068	$ 32,856	$ 52,107	$2,962,969
December 31, 2014	$ 512,073	$ 1,037,568	$ 343,389	$ 3,564	$ 37,987	$ 214,671	$ 13,922	$ 4,603	$2,167,777

2. The Company purchased from the affiliate, Lumitek Co., LTD., the land and buildings at Yang Teh Section, Xinpu Township in September 2014. The total contract amount was NT$316,800 thousand (after tax). The transfer registration was completed on October 27, 2014. The buildings would be occupied as the factory offices.
3. The Company purchased from the non-related party the land at Tai Ho Section, Zhubei City in July 2015. The total contract amount including necessary trading cost was NT$251,817 thousand. The transfer registration was completed on September 24, 2015. Factory premises would be built on the land.
4. The Company purchased from the non-related party the land at Tai Ho Section, Zhubei City in December 2015. The total contract amount was NT$123 thousand. The transfer registration was completed in December 2015.
5. The Group purchased the pre-sold house at Gehuzhong Road, Wujin District, Changzhou City, Jiangsu Province, Mainland China at the total contract amount of RMB4,320 thousand (equivalent to NT$21,988 thousand) from a non-related party in September 2014. The total contract amount has been paid in full and stated into "other noncurrent assets".

6. The Group purchased the pre-sold house at Gehuzhong Road, Wujin District, Changzhou City, Jiangsu Province, Mainland China at the total contract amount of RMB1,642 thousand (equivalent to NT$8,202 thousand) from a non-related party in 2015. The total contract amount has been paid in full and stated into "other noncurrent assets".
7. Guarantee
   For details about the secured long-term loan and facility until December 31, 2015 and 2014, please see Note 8.
8. For the capitalized interest, please see Note 6(17) 2. Financial cost.

(VIII) Intangible assets

The details about changes in the cost, amortization and impairment loss of intangible assets in 2015 and 2014 are stated as follows:

January~December 2015	Goodwill	Computer software	Total
January 1, 2015	$ 45,533	$ 23,741	$ 69,274
Addition	—	26,809	26,809
Reclassification	—	1,248	1,248
Amortization expenses	—	(15,860)	(15,860)
Impairment	—	—	—
Exchange difference, net	—	(4)	(4)
December 31, 2015	$ 45,533	$ 35,934	$ 81,467

January~December 2014	Goodwill	Computer software	Total
January 1, 2014	$ —	$ 17,977	$ 17,977
Addition	—	16,773	16,773
Reclassification	—	—	—
Acquisition through business combination	45,533	—	45,533
Amortization expenses	—	(11,014)	(11,014)
Impairment	—	—	—
Exchange difference, net	—	5	5
December 31, 2014	$ 45,533	$ 23,741	$ 69,274

1. Recognized amortization and impairment
   The amortization expenses for intangible assets and other deferred expenses (stated as other noncurrent assets) 2015 and 2014 were stated as the following items in the comprehensive income statement:

	2015	2014
Operating cost	$ 16,912	$ 12,112
Operating expense	30,772	21,768
Total amortization expenses	$ 47,684	$ 33,880

2. R&D expenditure
   In FY2015 and FY2014, the R&D spending deriving from intangible assets internally developed amounted to NT$819,423 thousand and NT$728,996 thousand, respectively, recognized under the title of “Operating expenses –R&D expenses” in

the comprehensive income statement.

3. Acquisition of subsidiaries

The Group acquired 100% of the shares of Allstron Corporation ("Allstron") in March 2014 and controlled the company in whole. Allstron is a probe card manufacturer engaged in high-frequency wafer measurement primarily.

Acquisition of the control over Allstron enabled the Group to improve the Group's production process via Allstron's patented technology. Meanwhile, the Group secured the acquiree's clientele via the acquisition. Accordingly, the Group is expected to increase the Group's market shares of semi-conductor production process and testing equipment and products. The Group also expects to reduce the cost through the scale of economy.

The Group set the date of acquisition on January 1, 2014. For the three months until March 31, 2014, Allstron's revenue and net profit (loss) attributable to the Group were NT$1,112 thousand, the operating revenue, and NT$1,149 thousand, the net (loss).

The transfer consideration and the assets and liabilities recognized on the date of acquisition are stated as following:

(1) Transfer consideration: NT$50,000 thousand in cash

(2) Identifiable assets, and liabilities

The fair value of the identifiable assets and liabilities acquired and borne on the date of acquisition is stated as following:

Cash and cash equivalent	$	4,368
Accounts receivable		506
Other receivable accounts		12
Inventory		1,264
Prepayment		1
Other current assets		1
Property, plant and equipment (Note 6(7))		1,535
Other non-current assets		175
Accounts payable		302
Other payable accounts		3,088
Other current liabilities		5
Fair value of identifiable net assets	$	4,467

(3) Goodwill

Goodwill recognized due to acquisition:

Transfer consideration	$	50,000
Less: Fair value of identifiable net assets		(4,467)
Goodwill	$	45,533

The goodwill arose from acquisition of Allstron primarily originated from the measurement application product lines in the electronic industry, such as high-frequency wafer measurement, related patented technology for wide-distance probe card measurement to meet the changeable needs in the electronic industry, and its employees' value. Meanwhile, the payment of transfer consideration was made as it was expected that consolidation synergy, growth of revenue and future market development may be generated from the integration of Allstron's and the Group's semi-conductor production process and testing equipment businesses. Notwithstanding, as said benefits failed to meet the conditions for recognition of identifiable intangible assets and, therefore, were not recognized independently. No income tax effect was expected to be derived from the recognized goodwill.

The Group's goodwill arise due to merger and acquisition of the subsidiary. The transfer consideration was set based on the value of investment in Allstron calculated under income-based method referred to in the appraisal report issued by the expert. The income-based method applied Allstron's financial forecast for next five years and estimated discount rate as the evaluation basis.

There was no sign showing impairment on goodwill caused by material changes before December 31, 2015.

(IX) Short-term loan

	December 31, 2015		December 31, 2014	
Nature of loan	Amount	Interest rate	Amount	Interest rate
Credit loan	$ 4,217	5.31% ~5.60%	$ 4,384	5.60%
Mortgage loan	550,000	1.18%	—	
Total	$ 554,217		$ 4,384	

1. For the information about exposure of the Group's interest rate and liquidity risks, please refer to Note 12(2).
2. Collateral for bank loan.

For bank loans secured by the Group’s assets, please see Note 8.

(X) Other payable accounts

	December 31, 2015	December 31, 2014
Payable expenses	$ 405,819	$ 458,523
Payable employees' remuneration (bonus)	29,189	48,242
Short-term employee benefits	33,884	15,199
Payable stock dividends	—	—
Others (all less than 5%)	10,218	17,663
Total	$ 479,110	$ 539,627

(XI) Reserve for liabilities

	Warranty		Warranty
Balance, January 1, 2015	$ 4,856	**Balance, January 1, 2014**	$ 9,645
Increase (decrease)	(3,616)	Increase (decrease)	(4,789)
Balance, December 31, 2015	$ 1,240	**Balance, December 31, 2014**	$ 4,856
Current	$ 1,240	Current	$ 4,856
Non-current	—	Non-current	—
Balance, December 31, 2015	$ 1,240	**Balance, December 31, 2014**	$ 4,856

The Group's reserve for warranty and liabilities in 2015 and 2014 was primarily related to the sale of semi-conductor production process and testing equipments. The reserve for warranty and liabilities was estimated based on the historical warranty information. The Group expects that the liabilities would be mostly incurred in the following year of the sale.

(XII) Corporate bond payable

	December 31, 2015	December 31, 2014
Total amount of 3rd domestic unsecured convertible corporate bond	$ 700,000	$ 700,000
Less: Conversion amount	(99,300)	(92,400)
Less: Corporate bond discount	(21,267)	(32,638)
Corporate bond payable, net	$ 579,433	$ 574,962
Current	$ 579,433	$ -
Non-current	-	574,962
Total	$ 579,433	$ 574,962
Embedded financial derivatives - financial liabilities (assets)	$ 1,682	$ (608)
Elements of equity	$ 28,261	$ 28,586

1. In order to purchase factory premises and machine & equipment and repayment of bank loan, the Company issued 3rd domestic unsecured convertible corporate bonds upon resolution of the board of directors on October 16, 2014, and upon approval of FSC via its approval letter under Ching-Kuan-Chen-Fa-Tze No. 1030042656 dated November 4, 2014. The issuance conditions are stated as following:
   (1) Total issued amount: NT$700 million
   (2) Duration: 3 years (November 18, 2014~November 18, 2017)
   (3) Coupon rate: 0%
   (4) Duration: The day following expiration of one month after the date of issuance (December 19, 2014) until the expiry date (November 18, 2017).
   (5) Conversion price and adjustment thereof:
      A. The conversion price at the time of issuance shall be NT$100 per share.
      B. In the case of changes in shares of common stock (e.g. capital increase in cash, recapitalization of earnings and recapitalization from capital surplus, et al.), the conversion price shall be adjusted relatively.
      C. The Company's board of directors resolved on August 7, 2015 to authorize the Chairman to issue 3rd domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 3rd Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of September 13, 2015, the Company's 3rd domestic unsecured convertible corporate bonds shall be adjusted as NT$93.4 per share.

(6) Bondholders' put option: The bondholders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, November 18, 2016, upon expiration of two years after issuance of the bonds. The bondholders may ask the Company to redeem the bonds at 100% of the book value thereof in cash within 40 days prior to the record date for exercise of put option.

(7) The Company's right of redemption:

A. From the date following expiration of one month upon offering of the bonds (December 19, 2014) until 40 days prior to expiration of the duration (October 9, 2017), if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may exercise the call option to repurchase the bonds from the bondholders at the book value thereof in cash.

B. From the date following expiration of one month upon offering of the bonds (December 19, 2014) until 40 days prior to expiration of the duration (October 9, 2017), if the balance of the outstanding bonds is less than 10% of the initial total issue price, the Company may exercise the call option to repurchase the bonds from the bondholders at the book value thereof in cash.

(8) Date and method of repayment of principal: Except those converted to the Company’s common stock by the bondholders according to the Regulations, or those redeemed upon exercise of the put option, or those redeemed by the Company earlier pursuant to the Regulations, or those repurchased by the Company from securities firms for cancellation, the others would be repaid in cash in full amount upon maturity.

2. Until December 31, 2015 and 2014, the book value of 3rd domestic unsecured convertible corporate bonds which have been converted upon request cumulatively was NT$99,300 thousand and NT$92,400 thousand, respectively. The issued stock totaled 993 thousand shares and 924 thousand shares respectively, and the capital surplus-convertible corporate bond conversion premium generated therefor was NT$88,540 thousand NT$82,350 thousand, respectively.

3. The Company analyzed the 3rd domestic unsecured convertible corporate bonds according to IFRS No.7 and identified the bonds as the compound financial instruments. Therefore, the Company separated the conversion option from liabilities and stated it into equity and liability respectively. The information about convertible corporate bonds in the financial statements is stated as following:

November 18, 2014

	(Issuing date)
Total issuing amount of convertible corporate bond	$ 700,000
Cost of convertible corporate bond	(5,203)
Elements of equity at the time of issuance - conversion option	(32,933)
Embedded financial derivatives at the time of issuance	(980)
Corporate bond payable, net on the issuing date	$ 660,884

The elements of equity were stated into capital surplus-stock option at the time of issuance. At the time of issuance, the fair value of embedded non-equity derivative was re-evaluated at the end of 2015, which was stated into the "financial asset (liability) held for trading". The "gain (loss) from financial assets and liabilities at fair value through profit or loss" was NT$2,285 thousand and NT$1,782 thousand in 2015 and 2014.

The effective interest rate for the 3rd domestic unsecured convertible corporate bonds was 1.9183%. The interest expenses of convertible corporate bond recognized in 2015 and 2014 were NT$11,032 thousand and NT$1,515 thousand.

(XIII) Long-term loan

Bank	Nature	Limit	Duration	December 31, 2015
Land Bank of Taiwan - Tunghsinchu Branch	Mortgage loan	$201,100	2015/09/30~2020/09/30	$ 201,100
Land Bank of Taiwan - Tunghsinchu Branch	Mortgage loan	$163,000	2009/03/02~2022/03/02	58,296
Less: current portion				(9,328)
Total				$ 250,068
Interest rate range				1.49 %~1.53 %

Bank	Nature	Limit	Duration	December 31, 2014
Land Bank of Taiwan - Tunghsinchu Branch	Mortgage loan	$163,000	2009/03/02~2022/03/02	$ 67,624
Less: current portion				(9,329)
Total				$ 58,295
Interest rate range				1.56 %

1. For the information about exposure of the Group's interest rate and liquidity risks, please refer to Note 12(2).
2. Collateral for bank loan.

   For bank loans secured by the Group’s assets, please see Note 8.

(XIV) Pension

1. Defined benefit plan

   (1) The Company and its domestic subsidiaries have instituted regulations for the defined pension plan under the “Labor Standards Law” applicable to the years of services of employees before July 1, 2005, which is the day that the new “Labor Pension Act” came into full force, and the following years of services of employees who choose to continue applying the Labor Standard Law upon enforcement of the Labor Pension Act. Employees who meet the retirement

requirements will be paid the pension based on their years of service and average salary or wage of the last six (6) months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The Company and its domestic subsidiaries contribute 2% of the total salaries of the employees to the special pension fund account with Bank of Taiwan supervised by the Employee Pension Fund Reserve Supervisory Committee. Until the end of December 2015, the balance of the pension funds contributed to the special pension fund account at Bank of Taiwan was $51,495 thousand.

(2) The amount recognized in the balance sheet is stated as following:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligation	$ 77,509	$ 67,321
Fair value of planned assets	(51,495)	(46,387)
Net defined benefit liability	$ 26,014	$ 20,934

(3) Changes in the present value of defined benefit obligation:

	2015	2014
Present value of defined benefit obligation, January 1	$ 67,321	$ 61,573
Service cost in current period	161	209
Interest cost	1,359	1,474
Actuarial loss/gain		
Actuarial loss (gain) from changes of financial hypotheses	2,624	(1,218)
Empirical adjustment	6,044	5,283
Present value of defined benefit obligation, December 31	$ 77,509	$ 67,321

(4) Changes in fair value of planned assets:

	2015	2014
Fair value of planned assets, January 1	$ 46,387	$ 41,614
Interest revenue	967	827
Return (loss) on remuneration of planned assets	260	149
Contribution by employer	3,881	3,797
Benefit payment-from planned assets	-	-
Fair value of planned assets, December 31	$ 51,495	$ 46,387

(5) Total expenses recognized in comprehensive income statement:

	2015	2014
Service cost in current period	$ 161	$ 209
Interest cost of defined benefit obligation	1,359	1,474
Interest revenue from planned assets	(967)	(827)
Defined benefit cost stated into income	$ 553	$ 856

(6) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement

Fund" (The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was not impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of Article 19 of IAS. For the fair value of the total assets under the Fund on December 31, 2015 and 2014, please see the labor pension fund utilization report published by the government each year.

(7) Actuarial hypotheses about pension are summarized as following: (expressed under weighted average method)

	2015	**2014**
Discount rate	1.80%	2.00%
Future salary and benefit level	2.25%~2.75%	2.25%~2.75%

Until December 31, 2015, the weighted average duration of the pension plan has been 17~20 years.

(8) Analysis of sensitivity

In the calculation of the determined welfare obligation, the Group must make use of judgment and estimate to determine relevant actuarial assumption on the reporting date, including the discount rate and update of future salary. Any changes in the actuarial hypotheses might materially affect the value of the Group's defined benefit obligation materially.

(9) The variance in the estimation of the Group's discount rate and future salary level increase rate from the management will affect the book value of pension benefit obligation in the following manners:

	Discount rate		**Future raise rate**	
	Increase by 0.25%	**Decrease by 0.25%**	**Increase by 1.00%**	**Decrease by 1.00%**
December 31, 2015				
Effect on defined benefit obligation %	(4.05%) ~(4.24%)	4.25% ~4.46%	17.90% ~19.04%	(15.11%) ~(15.79%)
Amount of effect on defined benefit obligation	$ (3,265)	$ 3,434	$ 14,632	$ (12,163)
December 31, 2014				
Effect on defined benefit obligation %	(4.32%) ~(4.33)	4.55% ~4.56%	19.48% ~19.67%	(16.22%) ~(16.25%)
Amount of effect on defined benefit obligation	$ (2,935)	$ 3,096	$ 13,341	$ (11,020)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

(10) The Group is expected to contribute NT$3,890 thousand to the Plan in the reporting period of next year.

2. Defined contribution plan

(1) As of July 1, 2005, the Group instituted the defined contribution retirement plan according to the "Labor Pension Act", applicable to the native employees. The Group shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the "Labor Pension Act" chosen by employees. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.

(2) Foreign subsidiaries shall contribute specific ratio of the local employees' total salary, on a monthly basis, as the pension or fund of endowment insurance according to the local government regulations. The pension of each employee shall be arranged and managed by government. Except that the subsidiaries shall be obligated to contribute the fund on a monthly basis, the subsidiaries shall bear no other obligations.

(3) The pension expenses recognized under the Group's defined contributed pension regulations were NT$46,944 thousand and NT$40,682 thousand in 2015 and 2014.

(XV) Equity

1. The Company's outstanding common stock at beginning and ending is reconciled as follows:

Unit: share

	2015	2014
Balance, January 1	79,536,392	76,612,392
Transfer of treasury stock to employees	-	2,000,000
Corporate bond conversion	69,000	924,000
Repurchase of treasury stock	(600,000)	-
Balance, December 31	79,005,392	79,536,392

2. Capital surplus

(1) Pursuant to the R.O.C. Company Law amended in January 2012, capital surplus shall be first used to offset a deficit and then new shares or cash may be allocated

based on realized capital surplus subject to shareholdings. Realized capital surplus referred to in the preceding paragraph included the surplus generated from donations and the excess of the issuance price over the par value of capital stock. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be transferred to common stock up to an annual limit of 10% of the paid-in capital.

(2) The balance of the Company's capital surplus:

	December 31, 2015	December 31, 2014
Common stock premium	$ 210,163	$ 210,163
Convertible corporate bond conversion premium	569,216	563,025
Treasury stock trading	44,073	44,073
Donation from shareholders	1	1
Changes in net worth of equity of affiliates recognized under equity method	-	19,306
Others-issuance of new shares due to acquisition of shares of another company	19,858	19,858
Stock option (Elements of equity of convertible corporate bonds)	28,261	28,586
Total	$ 871,572	$ 885,012

A. The conversion of 1st and 2nd non-secured domestic convertible corporate bonds already issued by the Company has been completed and generated the capital surplus-convertible corporate bond conversion premium, NT$480,676 thousand, and capital surplus-treasury stock trading, NT$8,477 thousand.

B. The Group repurchased a total of 500,000 shares at the cost of NT$35,387 thousand in accordance with the "Regulations Governing Transfer of 1st Repurchased Shares to Employees". Upon resolution of the board of directors on November 26, 2009, the treasury stock was transferred to employees and the record date of employees' subscription for shares was set as November 26, 2009. The board of directors resolved to transfer the shares, in whole, to the employees of the Company and the subsidiary, Chain-Logic International Corp., at the price of NT$61.53 per share. According to the estimation under Black-Scholes evaluation model, the fair value was NT$14.03 per share. The capital surplus-treasury stock trading, NT$2,300 thousand, was generated therefor.

C. The Company received the shareholders' waiver of equity and 8 shares were transferred to the Company in June 2013. According to laws, the equity acquired by the Company upon receipt of the shareholders' waiver of the same shall be held as treasury stock and stated at the fair value of the stock on the same day, credited into capital surplus-donation from shareholders, NT$1,000.

D. The Group reinvested the affiliate, Lumitek Co.,LTD, via its subsidiaries, Chia Hsin Investment Co., Ltd., Yi Hsin Investment Co., Ltd. and Chia Ying Investment Co., Ltd.. The Group has carried out the capital increase in cash and exercise of stock options based on employee stock warrant. Because the subsidiary did not subscribe for equity in proportion to its ownership percentage, the changes in net worth of equity of affiliates, NT$19,306 thousand, were recognized under the capital surplus-equity method. Upon dissolution of Lumitek Co.,LTD on February 28, 2015, said capital surplus was settled as NT$0.

E. The Company issued new shares and swapped the equity with the subsidiary, Chain-Logic International Corp. on June 15, 2002. The Company's shareholding is 100%. The difference between the investment cost and net worth of the acquired equity was NT$19,858 thousand on the date of investment, stated as capital surplus-others.

3. Retained earnings

(1) According to the Company's Articles of Incorporation, if the Company has profits after final account for the concerning fiscal year, the profits shall be allocated in the following order: (1) Payment of tax. (2) Covering of loss; (3) 10% set aside as legal reserve; (4) Provision of special reserve pursuant to laws; (5) The remainder, if any, plus allocable earnings at the end of the year may be subject to the motion for distribution of allocable earnings prepared by the board of directors and submitted to a shareholders' meeting for resolution. Where the earnings are resolved to be allocated, they shall be allocated in the following manners:

- Employee bonus: at least 20% of the allocable earnings.
- Remuneration to directors/supervisors: no more than 3% of the allocable earnings.
- Shareholders bonus: the remainder less the allocated amount referred to in the preceding two sub-paragraphs.

The counterparts whom the stock dividends may be allocated to shall include the employees of affiliated companies.

(2) The shareholders' meeting resolved to amend the Company Act of Incorporation as following on June 17, 2011: For the time being, the Company's industrial development is still growing, the dividend policy requires that the board of directors shall draft the motion for allocation of earnings each year and submit the same to a shareholders' meeting for ratification, subject to the Company's present and future investment environments, funding demand, status of competition domestically/overseas and capital budget and by taking care of shareholders' interest, balanced stock dividend and the Company's long-term financial planning into consideration. The earnings will be allocated in the form of cash dividend or stock dividend, subject to the funding demand and level of

dilution of EPS. The cash dividend to be allocated, if any, shall be no less than 10% of the total stock dividend.

(3) According to the company laws amended in May 2015, employee bonus and remuneration to directors/supervisors shall not be allocated from earnings any longer. The Company has had the amended Articles of Incorporation resolved and approved by the board of directors on November 11, 2015. Therefore, if the Company has a profit at the year's final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.

The motion for amendments to the Articles of Incorporation will be submitted to the general shareholders' meeting 2016 for resolution.

(4) Legal reserve

According to the Company Law amended in January 2012, the Company shall contribute 10% from the income after tax as the legal reserve until it is equivalent to the gross capital. When the Company suffers no loss, new shares or cash may be allocated from the legal reserve upon resolution of the shareholders' meeting, provided that the new shares or cash allocated shall be no more than 25% of the paid-in capital.

(5) Special reserve

The Company provided and reversed special reserve according to the letter under Ching-Kuan-Chen-Fa-Tze No. 1010012865 and "Q&A for Provision of Special Reserve Upon First-Time Adoption of IFRSs". If there is any reversal of the decrease in stockholders' equity, the earnings may be distributed based on the reversal proportion.

The Company resolved to reverse the special reserve, NT$17,571 thousand, at the general shareholders' meeting on June 17, 2014.

The Company doesn't need to provide special reserve, pursuant to the related laws in, in 2015.

(6) The Company resolved to allocate the cash dividend, NT$318,422 thousand (NT$4 per share), to shareholders from earnings 2014 on June 12, 2015.

The Company resolved to allocate the cash dividend, NT$165,086 thousand (NT$2.1 per share), to shareholders from earnings 2013 on June 17, 2014.

(7) For the information about remuneration (bonus) to employees and remuneration to directors/supervisors, please see Note 6(20).

4. Treasury stock

(1) Cause of repurchase and increase/decrease in quantity:

Unit: share

Cause	2015			
	Quantity, beginning	Increase in current period	Decrease in current period	Quantity, ending
For transfer of shares to employees	—	600,000	—	600,000

Unit: share

Cause	2014			
	Quantity, beginning	Increase in current period	Decrease in current period	Quantity, ending
For transfer of shares to employees	2,000,000	—	2,000,000	—

(2) According to the Securities and Exchange Act, the number of outstanding shares repurchased may not exceed ten percent of the Company's total number of issued shares. The total amount of the repurchased shares may not exceed the amount of retained earnings plus premium on capital stock and realized capital surplus. The Company repurchased the treasury stock totaling 600,000 shares, i.e. NT$34,454 thousand, from August to October 2015.

(3) According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged. Before the transfer, the treasury stock shall not be entitled to any shareholder right.

(4) According to the Securities and Exchange Act, the shares repurchased by a company for transfer of the same to employees shall be transferred within three years from the date of repurchase. The shares not transferred within the said time limit shall be deemed as not issued by the company, and amendment registration shall be processed.

(5) In order to recruit and retain the technical and professional talents for the Company, and encourage their long-term service, loyalty, productivity and sense of belonging to create interest for the Company and shareholders jointly, the Company established the "Regulations Governing Share Repurchase and Transfer of Shares to Employees", in accordance with Article 28-2 of Securities and Exchange Act, and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies promulgated by FSC. The Regulations were approved upon resolution of the board of directors on March 7, 2014. The treasury stock, totaling 2,000,000 shares, was transferred to employees of the Company and Chain-Logic International Corp. wholly owned by the Company on the record date of stock option, namely March 7, 2014, at NT$76.26 per share. According to the estimation under Black-Scholes evaluation model, the fair value was NT$16.92 per share on the grant date. The Company

recognized the remuneration cost, NT$33,840 thousand (stated as salary expenses). The parameters adopted by the evaluation model are stated as following:

		2014
		Transfer of treasury stock to employees
Evaluation model	Black-Scholes model	
Hypotheses	Duration of subscription (days)	2014/3/7～2014/3/11
	Stock dividend ratio (%)	4.42 %
	Subscription price	$ 76.26
	Market value on the date of granting	$ 93.1
	Projected fluctuation rate of stock price	103.528 %
	Interest rate without risk	0.475 %

The price difference between the transfer consideration less necessary trading cost, NT$152,062 thousand, and capital surplus-employee stock option, NT$33,840 thousand, and the repurchase cost, NT$152,606 thousand, was stated into the capital surplus-treasury stock exchange, NT$33,296 thousand.

(XVI) Share-based payment

As of December 31, 2015, information on outstanding ESO is shown below: N/A

(XVII) Non-operating revenue and expense

1. Other gains and losses, net

	2015	2014
Gain (loss) from disposition of property, plant and equipment	$ (78)	$ 840
Gain on disposition of investment	5,706	—
Gain (debt) from financial assets at fair value through profit or loss	—	1,782
Debt (loss) from financial assets at fair value through profit or loss	(2,285)	—
Foreign currency exchange gain (loss), net	17,149	31,323
Others	(914)	(2,713)
Total	$ 19,578	$ 31,232

For the notes to gain on disposition of investment, please refer to Note 4(6).

2. Financial cost

	2015	2014
Interest expenses		
Bank loan	$ 4,054	$ 3,001
Convertible corporate bond	11,032	1,515
Subtotal	15,086	4,516
Less: capitalized interest	(1,689)	(1,278)
Total	$ 13,397	$ 3,238

(XVIII) Income tax

1. The Group's income tax expenses (gains) are specified as following:

	2015	2014
Income tax in the current period		

	2015	2014
Generated in the current period	$ 86,634	$ 90,350
Overestimated (underestimated) income tax in previous year	(193)	111
Total income tax in the current period	86,441	90,461
Deferred income tax		
Occurrence and reversal of temporary difference	(21,068)	(8,376)
Effect of changes in tax rate	—	—
Total deferred income tax	(21,068)	(8,376)
Total	$ 65,373	$ 82,085

2. The income tax expenses recognized by the Group in the other comprehensive income statements 2015 and 2014 were both 0.
3. The income tax expense recognized under the title of equity in FY2015 and FY2014 were both NT$0.
4. Relations between income tax expenses (gains) and accounting profit

	2015	2014
Net profit (loss) before tax	$ 359,514	$ 599,383
Income tax on net profit (loss) before tax calculated at the domestic tax rate applicable in the place where the Company is situated (17%)	$ 61,117	$ 101,895
Tax rate difference effect in foreign jurisdiction	16,647	(1,521)
Income tax effect included into the items that shall not be recognized pursuant to tax laws	21,417	14,801
Income tax effect on deferred income tax assets/liabilities	(21,068)	(8,376)
Changes of foreign exchange rate of deferred income tax assets/liabilities	—	—
Unrecognized deferred income tax assets	15	14
Tax-free income	(24,178)	(54,393)
Maximum foreign-tax deduction	(706)	(1,761)
Income tax effect on investment credit	(21,027)	(16,936)
Imposition of 10% income tax on undistributed earnings	16,014	9,641
Income tax effect under minimum tax system	17,335	38,610
Overestimated (underestimated) income tax in previous year	(193)	111
Total	$ 65,373	$ 82,085

5. Deferred income tax assets and liabilities
   (1) Recognized deferred income tax assets and liabilities

	2015				
	January 1	**Recognized in income statement**	**Recognized in other comprehensive income**	**Exchange difference**	**December 31**
Deferred income tax assets					
Temporary difference					
Unrealized inventory devaluation and obsolescence losses	$ 31,922	$ 6,294			$ 38,216
Unrealized exchange loss	446	(170)			276
Unrealized warranty cost	826	(615)			211
Bad debt loss	2,666	(2,414)			252

Unrealized gain on inter-affiliate accounts	5,672	14,372			20,044
Tax difference on depreciation expenses	13	-			13
Recognition of pension expenses (excess)	208	(27)			181
Loss carryforwards	-	-			-
Total	$ 41,753	$ 17,440			$ 59,193
Deferred income tax liabilities					
Temporary difference					
Unrealized exchange gain	$ (3,059)	$ 1,840			$ (1,219)
Unrealized net investment income (foreign)	(8,471)	2,327			(6,144)
Recognition of pension expenses (deficit)	(3,777)	(539)			(4,316)
Total	$ (15,307)	$ 3,628			$ (11,679)

	2014				
	January1	**Recognized in income statement**	**Recognized in other comprehensive income**	**Exchangedifference**	**December 31**
Deferred income tax assets					
Temporary difference					
Unrealized inventory devaluation and obsolescence losses	$ 25,055	$ 6,867			$ 31,922
Unrealized exchange loss	225	221			446
Unrealized warranty cost	1,640	(814)			826
Bad debt loss	4,686	(2,020)			2,666
Unrealized gain on inter-affiliate accounts	1,400	4,272			5,672
Tax difference on depreciation expenses	14	(1)			13
Recognition of pension expenses (excess)	223	(15)			208
Investment credit	81	(81)			-
Loss carryforwards	-	-			-
Total	$ 33,324	$ 8,429			$
Deferred income tax liabilities					
Temporary difference					
Unrealized exchange (gain)	$ (414)	$ (2,645)			$ (3,059)
Unrealized net investment income (foreign)	(11,548)	3,077			(8,471)
Recognition of pension expenses (deficit)	(3,292)	(485)			(3,777)
Total	$ (15,254)	$ (53)			$(15,307)

(2) Unrecognized deferred income tax assets

	December 31, 2015	**December 31, 2014**
Loss carryforwards	$ 6,445	$ 6,445
Investment credit	-	-
Amount of unrecognized deferred income tax assets	$ 6,445	$ 6,445

According to the Income Tax Act, taxation may be made on its net income after deduction of losses incurred in the preceding ten years as verified and determined by the local collection authority-in-charge from the current income. Said items were not recognized as deferred income tax assets, because it is still uncertain whether said companies are not likely to have sufficient taxable income to cover the temporary difference.

The taxation loss which has not been recognized by the Group before December 31, 2015 shall be deducted by the following deadline:

Item	Balance to be credited	Last year of credit
Loss in 2006	139	2016
Loss in 2007	75	2017
Loss in 2008	71	2018
Loss in 2009	110	2019
Loss in 2010	71	2020
Loss in 2011	15,152	2021
Loss in 2012	11,872	2022
Loss in 2013	10,243	2023
Loss in 2014	87	2024
Loss in 2015	92	2025
Total	$ 37,912	

The investment credit tax on deferred income tax assets which has been recognized by the Company before December 31, 2015 shall be credited by the following deadline:

Item	Total credit	Deducted amount	Credited balance in current period	Balance to be credited	Last year of credit
R&D expenditure (projected) in 2015	$ 74,980	$ —	$ 21,027	$ —	(non-deferred)
	$ 74,980	$ —	$ 21,027	$ —	

(Note) According to the "Regulations Governing Investment Credit Applicable to a Company's R&D Expenditure" promulgated on November 8, 2010, the tax credit shall be no more than 30% of the income tax payable in the year and prohibited from being deferred until next year.

(3) Unrecognized deferred income tax liabilities

	December 31, 2015	December 31, 2014
Taxable temporary difference	$ -	$ -
Amount of unrecognized deferred income tax liabilities	$ -	$ -

6. Authorization of income tax

The status of authorization of the Group's tax return in the territories of Taiwan:

	The status of authorization of tax return
The Company	Authorized until 2013
Subsidiary - Chain-Logic International Corp.	Authorized until 2013
Subsidiary - Chia Ying Investment Co., Ltd.	Authorized until 2013
Subsidiary - Chia Hsin Investment Co., Ltd.	Authorized until 2013
Subsidiary - Yi Hsin Investment Co., Ltd.	Authorized until 2013
Subsidiary - Won Tung Technology Co., Ltd.	Authorized until 2013
Subsidiary - Allstron Corporation	Authorized until 2013

7. Information about the Company's two-in-one tax policy:

	December 31, 2015	December 31, 2014
Deductible tax account-Balance	$ 203,331	$ 172,375
	2015 (Projected)	**2014 (Actual)**
Deductible rate of earnings allocation	16.30 %	14.70 %

Said information about the two-in-one tax policy refers to the amount treated according to the letter of Ministry of Finance under Tai-Tsai-Shui No. 10204562810 dated October 17, 2013.

According to Article 66-6 of the amended Income Tax Law, the tax deduction applicable to individual shareholders residing within the territories of the R.O.C. may be discounted at 50% as of January 1, 2015 when the earnings are allocated.

8. Information about the Company's undistributed earnings

Except the balance, NT$322 thousand, before 1997, the remainder of the Company's undistributed earnings refers to those after 1998.

(XIX) EPS

1. Basic EPS

The basic EPS is calculated based on the income vested in the Company's common stock holders dividing by the weighted average number of outstanding common stock.

2. Diluted EPS

The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the weighted average number of outstanding common stock.

3. The Company's basic EPS and diluted EPS are calculated as follows:

	2015			2014		
	Amount after tax	**Weighted average number of outstanding common stock (thousand shares)**	**EPS (NT$)**	**Amount after tax**	**Weighted average number of outstanding common stock (thousand shares)**	**EPS (NT$)**
Basic EPS						
Net profit attributed to the Company's common stock shareholders	$ 294,820	79,429	$ 3.71	$ 517,636	78,234	$ 6.62
Diluted EPS						
Net profit attributed to the Company's common stock shareholders	$ 294,820	79,429		$ 517,636	78,234	
Effect of all potential diluted common stocks						
3rd domestic unsecured convertible		6,431			6,076	

corporate bond						
Employee stock option exercise adjustment	—	—		—	—	
Employee stock bonus	—	470		—	412	
Net profit attributed to the Company's common stock shareholders plus effect of potential common stocks	$ 294,820	86,330	$ 3.42	$ 517,636	84,722	$ 6.11

For the details about capital increase, please see Note 6(15).

(XX)Employee benefits, depreciation, depletion and amortization expenses are summarized as following by function

Nature \ Function	2015			2014		
	Operating cost	**Operating expense**	**Total**	**Operating cost**	**Operating expense**	**Total**
Employee benefit expense						
Salary expense (including employee bonus)	621,349	635,716	1,257,065	561,324	671,688	1,233,012
Labor/health insurance expenses	40,739	44,524	85,263	36,149	41,466	77,615
Pension expenses	21,363	26,134	47,497	18,141	23,397	41,538
Other employee benefit expenses (Note)	41,818	26,188	68,006	78,549	25,578	104,127
Depreciation expenses	203,605	64,754	268,359	70,477	69,936	140,413
Depletion expenses	—	—	—	—	—	—
Amortization expenses	16,912	30,772	47,684	12,112	21,768	33,880

(Note) The other employee benefit expenses including meal expenses, overtime pay and workers' benefits.

1. According to the Company's existing articles of incorporation, the Company shall allocate remuneration (bonus) to employees and remuneration to directors/supervisors when allocating the earnings. For the details about capital increase, please see Note 6(15).

   Notwithstanding, according to the Company Law amended on May 20, 2015, the Company shall allocate remuneration to employees in specific amount or at specific percentage, subject to the status of earnings in then year.
2. The Company has approved the motion for amendments to the Articles of Incorporation on November 11, 2015:

   Where the Company retains income before tax after the account settlement, it shall allocate 5%~15% thereof as the remuneration to employees, and 1%~3% thereof as the remuneration to directors/supervisors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors/supervisors on a pro rata basis as referred to in the preceding paragraph.

The allocation of remuneration to employees and directors/supervisors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.

Employees’ remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria.

The motion for amendments to the Articles of Incorporation will be submitted to the general shareholders' meeting 2016 for resolution.

3. The Company estimated the remuneration (bonus) to employees was NT$28,640 thousand and NT$48,242 thousand, respectively, in 2015 and 2014, and the remuneration to directors/supervisors NT$7,160 thousand and NT$12,061 thousand. Said values were stated into salary expenses. The values in 2015 were estimated based on the earnings gained until the current period (this year), and the values in 2014 was estimated based on the net profit after tax until the current year (that year) at the percentage defined in the Articles of Incorporation after such factors as legal reserve, et al. was taken into consideration.
4. The remuneration to employees and directors/supervisors 2015 resolved to be allocated at the directors' meeting on March 23, 2016 was identical with that recognized in the financial statement 2015, and the remuneration to employees will be paid in cash. The remuneration will be paid after the amended Articles of Incorporation is resolved at the general shareholders' meeting 2016.
5. Upon resolution by the shareholders' meeting, the Company's actual cash dividend to shareholders and remuneration to directors/supervisors in 2014 were NT$49,168 thousand and NT$11,240 thousand. The difference between the employee bonus, NT$48,242 thousand, and remuneration to directors/supervisors, NT$12,061 thousand, as recognized in the financial statements 2016 was NT$105 thousand, resulting from the amendment to the estimated employee bonus and remuneration to directors/supervisors after the Company took the shareholders' equity and employee benefits, and also the standards in the same trade and future operation into consideration. The difference was held as a change in the accounting estimation and adjusted as income 2015.
6. Upon resolution by the shareholders' meeting, the Company's actual cash dividend to shareholders and remuneration to directors/supervisors in 2013 were NT$23,306 thousand and NT$5,827 thousand. The difference between the employee bonus, NT$28,071 thousand, and remuneration to directors/supervisors, NT$7,017 thousand, as recognized in the financial statements 2013 was NT$5,955 thousand, resulting from the amendment to the estimated employee bonus and remuneration to directors/supervisors after the Company took the shareholders' equity and employee benefits, and also the standards in the same trade and future operation into

consideration. The difference was held as a change in the accounting estimation and adjusted as income 2014.

7. The information about remuneration (bonus) to employees and remuneration to directors/supervisors approved by the Board of Directors and resolved by a shareholders' meeting may be viewed at the “MOPS”.

(XXI) Supplementary information about cash flow

1. Investing activities paid in cash in part only:

	2015	2014
Purchase of property, plant and equipment	$ 1,073,097	$ 746,591
Add: Payables for equipment, beginning	141,920	16,983
Less: Payables for equipment, ending	(127,068)	(141,920)
Less: Acquisition through business combination	—	(1,535)
Cash paid in current period	$ 1,087,949	$ 620,119

2. Financing activities not affecting cash flow:

	2015	2014
Conversion of corporate bond conversion into capital stock	$ 690	$ 9,240

VII. Transactions with related parties

(I) Parent company and ultimate controller

The Company is the ultimate controller of the Group.

(II) Important transactions with related parties

The balance and transaction between the Company and its subsidiaries have been derecognized from the consolidated financial statements and were not disclosed accordingly. The details about transactions between the Group and other related parties are disclosed as following:

1. Operating revenue

The Group's sales value to related parties are stated as follows:

Type	2015	2014
Sale of products:		
-Affiliates	$ 45,436	$ 104,490
-The Company's director	559,295	480,645
Sale of labor services:		
-The Company's director	64,778	39,108
Total	$ 669,509	$ 624,243

The price of the Group’s sale to related parties was not significantly different from the Group's general selling price.

2. Purchase

The Group's purchase value to related parties are stated as follows:

Type	2015	2014
Affiliates	$ 31,034	$ 36,078
The Company's director	62,211	27,796
Total	$ 93,245	$ 63,874

The price of the Group’s purchase from related parties was not significantly different from the Company's price of purchase from the general suppliers.

3. Receivable accounts-related parties

The Company's receivable accounts-related parties are stated as following:

Title	Type	December 31, 2015	December 31, 2014
Receivable accounts	Affiliates	$ 18,633	$ 12,668
Receivable accounts	The Company's director	63,825	91,156
Total		$ 82,458	$ 103,824

4. Payable accounts-related parties

The Group's payable accounts-related parties are stated as following:

Title	Type	December 31, 2015	December 31, 2014
Accounts payable	Affiliates	$ 82	$ 2,308
Accounts payable	The Company's director	2,910	5,716
Other payable accounts	Affiliates	-	295
Other payable accounts	The Company's director	6,667	13,561
Total		$ 9,659	$ 21,880

5. Exchange of property

(1) Acquisition of property, plant, and equipment

Type	Nature	2015	2014
The Company's director	Machine & equipment	$ 203	$ -
Affiliates	Other equipments	130	-
Affiliates	Land	-	220,594
Affiliates	Building	-	91,624
Total		$ 333	$ 312,218

(2) Disposition of property, plant, and equipment: N/A.

6. Financing from related party (stated as other payable accounts-related party)

The Group's loan from related parties are stated as follows:

2015: N/A

2014: N/A

7. Purchase of labor services from related parties

The Group's expenditure in labor services to related parties are stated as follows:

Type	2015	2014
Promotion-expenditure in commission:		
-Affiliates	$ 3,482	$ 1,937
-The Company's director	1,981	4,452

Promotion-expenditure in royalty:		
-The Company's director	42,776	42,021
Total	$ 48,239	$ 48,410

For the calculation of the royalty to related parties, please see Note 9(2).

8. Others

(1) Payment on behalf of others (stated as other current assets)

Type	December 31, 2015	December 31, 2014
The Company's director	$ 583	$ 1,817
Affiliates	-	92
Total	$ 583	$ 1,909

Payment of goods on behalf of others for triangle trade

(2) Advance sale receipts

Type	December 31, 2015	December 31, 2014
Affiliates	$ 23	$ 23
The Company's director	688	209
Total	$ 711	$ 232

(3) Receipt under custody (stated as other current liabilities)

Type	December 31, 2015	December 31, 2014
The Company's director	$ 5,800	$ 3,387

Payment of goods and general receipt under custody for triangle trade.

(4) Temporary receipts (stated as other current liabilities)

Type	December 31, 2015	December 31, 2014
The Company's director	$ -	$ 116

(5) Manufacturing expenses (stated as operating cost)

Type	Nature	2015	2014
Affiliates	Processing expenses	$ 5,380	$ 2,818
Affiliates	Other expenses	$ 665	$ 385
The Company's director	Other expenses	$ 4	$ 37

(6) Selling expenses

Type	Nature	2015	2014
Affiliates	Stationary	$ 1	$ -
The Company's director	Repair and maintenance expense	$ 4	$ -
The Company's director	Other expenses	$ 1,440	$ 377

(7) Management expenses

Type	Nature	2015	2014
Affiliates	Other expenses	$ 232	$ -
Affiliates	Management consulting fees	$ 685	$ 1,464

(8) Research expense

Type	Nature	2015	2014
The Company's director	Other expenses	$ -	$ 33
Affiliates	Stationary	$ 4	$ -
Affiliates	Other expenses	$ 1,089	$ -
Affiliates	Miscellaneous purchases	$ 535	$ -
Affiliates	Consumable raw materials and supplies	$ 220	$ -

(9) Rent revenue

Type	2015	2014
Affiliates	$ 1,314	$ 2,839

The main contents of lease contract:

Subject matter	Duration of lease	Mode of collection
Sublet the factory premises building at Wenshan Road, Xinpu Township, Hsinchu County	2014/11/01~2017/10/31	NT$1,359 thousand per month (before tax) The rent of health center was NT$296 thousand (before tax) after January 1, 2015; The rent of health center was NT$185 thousand (before tax) after February 1, 2015; The rent of health center was NT$162 thousand (before tax) after March 1, 2015; The rent of health center was NT$105 thousand (before tax) after April 1, 2015; The rent of health center was NT$67 thousand (before tax) after June 1, 2015; The rent of health center was NT$61 thousand (before tax) after July 1, 2015; The rent of parking lots was calculated subject to the actual service condition on a monthly basis.

(10) Other revenue

Type	2015	2014
The Company's director	$ 6,504	$ —
Affiliates	$ 1,476	$ 5,797

(III) Information about remuneration to the management

Information about remuneration to the Group's management is stated as follows:

	2015	2014
Salary and other short-term employee benefits	$ 13,857	$ 11,866
Resignation benefits	—	—
Retirement benefits	—	—
Other long-term benefits	—	—
Share-based payment	—	—
Total	$ 13,857	$ 11,866

Said remuneration to the management is decided by the Remuneration Committee subject to personal performance and market trend. For the relevant information, please see the annual report of the general shareholders' meeting.

VIII. Pledged assets

The following assets have been provided to the Group as the collaterals for bank loans, import business tax and sale commitment. The book value thereof is stated as follows:

	December 31, 2015	December 31, 2014
Land	$ 699,538	$ 447,844
Building	937,299	963,761
Pledged time deposit (stated as other current assets)	8,968	8,935
Total	$ 1,645,805	$ 1,420,540

IX. Significant contingent liability and unrecognized contractual commitment

(I) Contingency: N/A.

(II) Commitment:

1. In order to upgrade the product quality and local content rate, the Group entered into the cooperative contract with the following companies. The main contents of the contract are stated as follows:

Cooperative company	Payment method	Product by technical cooperation
the Company's director-MICRONICS JAPAN CO., LTD.	The technical remuneration equivalent to 3% of the total sales value of all probe cards manufactured and sold by the Company shall be payable once per quarter.	Provide the technology and intelligence for improvement on precision of the position of pins applied to IC wafer inspection.

2. Balance of unused letter of credit issued by the Group, guarantee money paid and service charges: N/A.

3. The Group rented the land lots in Tainan Science Park from Southern Taiwan Science Park Administration for construction of Luchu 1st Plant and 2nd Plant. The lease commenced from February 15, 2005 and October 1, 2006 respectively. According to the lease contract, the lease of the land shall persist for no more than 20 years, and the lease shall expire on December 31, 2024. Upon expiration of the lease, both parties may enter into a new contract; otherwise, the contract shall terminate naturally and the Group is prohibited from claiming the continuance of lease or irregular lease with any excuse. In the case of land price re-set by the government pursuant to laws, the rent shall be adjusted and collected based on the re-set land price. Further, the Company rented the land at Taiho Section, Zhubei City, Hsinchu County from a non-related party for parking lots. The lease shall be effective from May 15, 2012 to May 14, 2017, for a total of 5 years. The Company shall surrender the land to the lessor upon expiration of termination of the lease contract.

The income expenses for said two lots of long-term operating leased land were both stated as NT$5,603 thousand in 2015 and 2014.

The future payable rent for important long-term operating lease is stated as follows:

	December 31, 2015
Less than one year	$ 5,603
one year to five years	16,182
More than five years	15,538
Total	$ 37,323

4. The outstanding amount under the purchase orders signed for the Group's purchase of equipment is stated as following:

	December 31, 2015	December 31, 2014
Purchase of property, plant and equipment	$ 73,940	$ 11,202

X. **Significant disaster loss**: N/A.

XI. **Significant subsequent events:** N/A.

XII. **Others**

(I) Financial instruments

1. Information about fair value of financial instrument

	December 31, 2015		December 31, 2014	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Cash and cash equivalent	$ 473,793	$ 473,793	$ 975,612	$ 975,612
Receivable notes and receivable accounts	878,072	878,072	736,694	736,694
Other receivable accounts	19,725	19,725	22,383	22,383
Other financial assets-current	10,587	10,587	11,732	11,732
Financial assets held for trading - noncurrent	—	—	608	608
Total	$1,382,177	$1,382,177	$1,747,029	$1,747,029
Financial liabilities				
Short-term loan	$ 554,217	$ 554,217	$ 4,384	$ 4,384
Financial liabilities held for trading - current	1,682	1,682	—	—
Payable notes and payable accounts	397,230	397,230	511,089	511,089
Other payable accounts	612,845	612,845	695,403	695,403
Current portion of call option	579,433	579,433	—	—
Long-term loan (including the current portion)	259,396	259,396	67,624	67,624
Corporate bond payable	—	—	574,962	574,962
Total	$2,404,803	$2,404,803	$1,853,462	$1,853,462

2. Valuation technology and hypotheses applied by measurement at fair value:

The fair value of financial assets and liabilities means the value of the spot trading of the instruments with buyers with willingness (not by force or liquidation). The Group adopts the following methods and hypotheses for valuation of fair value of financial assets and liabilities:

(1) The book value of cash and cash equivalent, receivable accounts, payable accounts, other current assets and other current liabilities shall be the fair value of the same. The reason is that the maturity date of said instruments is close.

(2) The fair value of financial assets and liabilities with standard terms and conditions and traded in open market shall be decided subject to the market quotation (including TWSE/GTSM stock and bond, et al.).

(3) The fair value of derivative financial instruments shall be valued based on the open quotation. When the open quotation is unavailable, the fair value of derivative financial instruments other than options shall be subject to the cash flow discounting analysis, based on the yield rate curve applicable in the duration of such instruments.

3. Fair value recognized in the balance sheet:

The Group applied the input which was observable in the market as possible as it could when measuring its assets and liabilities. The level of fair value is concluded as following based on the input used by the valuation technology:

1st level: Open quotation of the same assets or liabilities in an active market on the date when the assets or liabilities may be acquired (beore adjustment). The active market means the market in which there are frequent and large volumes of transactions to provide the information about pricing on an ongoing basis.

2nd level: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

3rd level: Inputs for the asset or liability that are not based on.

	1st level	2nd level	3rd level	Total
December 31, 2015				
Financial assets	—	—	—	—
Financial liabilities				
Financial liabilities held for trading - current Convertible corporate bond	—	$ 1,682	—	$ 1,682
December 31, 2014				
Financial assets				
Financial assets held for trading - noncurrent Convertible corporate bond	—	$ 608	—	$ 608
Financial liabilities	—	—	—	—

(1) The methods and hypotheses used by the Group to measure fair value are stated as following:

With respect to more complicate financial instruments, the Group applied the evaluation models consisting of the evaluation methods and technologies extensively employed in the same trade to measure the fair value. Such evaluation model is used to applying to the debt instruments or securitization products, including financial derivatives and embedded derivatives.

(2) There was no transfer between Level 1 and Level 2 for the measurement of fair value from January 1 to December 31, 2015 and 2014.

(3) Among the total gains (losses) stated into the income, the gains (losses) related to the financial derivatives were NT$2,285 thousand and NT$1,782 thousand until December 31, 2015 and 2014.

(II) Financial risk management

1. Purpose

(1) The Group's financial risk management aims to manage the market risk, credit risk and liquidity risk related to operating activities, and to identify, measure and administer said risks based on policies and risk preference.

(2) The Group has established adequate policies, procedures and internal controls pursuant to the related regulations, in order to manage said financial risk. The important financial activities shall be audited and approved by the board of directors according to the related regulations and internal control system. In the duration of financial management activities, the Group shall strictly comply with the requirements related to financial risk management defined by the Company.

2. Nature and degree of important financial risk

(1) Market risk

The Group's market risk arises from market price fluctuation resulting in fluctuation of the fair value or cash flow of financial instruments. The market risk primarily includes foreign exchange risk, interest rate risk and other pricing risks.

Practically, few single risk variances would change independently. Additionally, changes of various risk variances are generally correlative to each other. Notwithstanding, the sensitivity analysis of the following risks does not take the interaction of related risk variances into consideration.

A. Foreign exchange risk

The Group's foreign exchange risk arises primarily from the operating activities (revenue or expense denominated in the currency different from the Group's functional currency) and net investment in foreign operations.

The Group's receivable accounts denominated in foreign currency are identical with payable accounts denominated in foreign currency in some currencies and, therefore, the equivalent positions would produce the hedging effect naturally. Considering that said natural hedging did not meet the hedging accounting policy, the Group did not adopt the hedging accounting policy. Further, the net investment in foreign operations was identified as strategic investment. Therefore, the Company did not adopt any hedging policy against it.

The sensitivity analysis on the Company's foreign exchange risk was primarily intended to be conducted against the titles in foreign currencies at the end of the financial reporting and the effect produced by the revaluation/devaluation of related foreign currencies on the Group's income and equity. The Group's foreign exchange risk arises primarily from fluctuation in the foreign exchange rate of USD, Japanese Yen and Euro.

The Group's business lines involved some non-functional currencies (the functional currency of the Company and some of its subsidiaries was NTD, and that of some subsidiaries is USD, RMB or Won). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

	December 31, 2015			
	Currency unit	**Amount in foreign currency (thousand dollars)**	**Applicable foreign exchange rate, ending (Dollar)**	**Book value (NTD) (thousand dollars)**
Financial assets	NTD/USD	$ 9,688	32.819	$ 317,988
	NTD/JPY	$ 5,675	0.2727	$ 1,548
	NTD/EUR	$ 671	35.882	$ 24,094
	NTD/RMB	$ 43,589	4.995	$ 217,736
	NTD/KRW	$ 671	0.028105	$ 17
	NTD/HKD	$ 4	4.181	$ 16
	NTD/SGD	$ 6	23.248	$ 132
	NTD/MYR	$ 7	7.3425	$ 52
Financial liabilities	NTD/USD	$ 3,018	32.665	$ 98,597
	NTD/JPY	$ 65,757	0.274	$ 18,034
	NTD/EUR	$ 175	34.037	$ 6,305
	NTD/SGD	$ 17	23.248	$ 389
	NTD/KRW	$ 270	0.028105	$ 8
	NTD/RMB	$ 27	4.99525	$ 136

	December 31, 2014			
	Currency unit	**Amount in foreign currency (thousand dollars)**	**Applicable foreign exchange rate, ending (Dollar)**	**Book value (NTD) (thousand dollars)**
Financial assets	NTD/USD	$ 12,023	31.573	$ 379,595
	NTD/JPY	$ 7,083	0.264	$ 1,873
	NTD/EUR	$ 11	38.458	$ 434
	NTD/RMB	$ 46,534	5.007	$ 232,984
	NTD/KRW	$ 2,732	0.0292	$ 80
	NTD/HKD	$ 4	4.028	$ 18
	NTD/SGD	$ 4	23.9295	$ 88
	NTD/MYR	$ 10	8.692	$ 90
Financial liabilities	NTD/USD	$ 4,577	31.563	$ 144,461
	NTD/JPY	$102,664	0.257	$ 26,416

NTD/EUR	$	82	38.439	$	3,152
NTD/SGD	$	28	24.0245	$	676

In consideration of the Group's multiple functional currency types, the information about exchange gain or loss for currency is disclosed by summarization. The foreign currency exchange gain (loss) (including the realized and unrealized) was NT$17,149 thousand and NT$31,323 thousand in 2015 and 2014.

B. Interest rate risk

The interest rate risk arises when the fluctuation of market interest rate results in fluctuation in fair value of financial instruments or in future cash flow. The Group's interest rate risk arises primarily from the loan with floating interest rate.

The Group maintained adequate portfolio with fixed and floating interest rates to manage the interest rate risk.

C. Pricing risk

Due to the fact that in the investment held by the Group indicated in the individual balance sheet, the Group did not hold the financial assets including equity instruments. Therefore, the Group did not suffer significant pricing risk.

D. Other risks over market value

In addition to meeting expected consumption and sale needs, the Group did not sign any product contract which did not apply net settlement.

E. Under the circumstance that all of the other factors remained unchanged, the sensitivity analysis on the changes in related risks before tax on December 31, 2015 and 2014 is stated as following:

December 31, 2015

Primary risk	**Range of change**	**Sensitivity of income**
Foreign exchange risk risk	Fluctuation in foreign exchange rate+/- 3%	+/-NT$13,226 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	(2,023) thousand

December 31, 2014

Primary risk	**Range of change**	**Sensitivity of income**
Foreign exchange risk risk	Fluctuation in foreign exchange rate+/- 3%	+/-NT$13,212 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	(169) thousand

(2) Credit risk

A. Credit risk represents the financial loss that would be incurred by the Group if its customers or financial instrument trading counterparts fail to perform the contracts.

B. According to the loan policy expressly defined internally in the Group, each business dept. within the Group shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is set by the management according to the internal or external ratings. The management will also control the periodic drawdown of credit limits. The main credit risk results from derivative financial instruments and the balance deposited in banks and financial organizations, and customers' credit risk, including the unearned accounts receivable and undertaken transactions. The Group also applied some credit enhancement instruments (e.g. advance sale receipts) in a timely manner to reduce customers' credit risk.

C. In 2015 and 2014, no circumstances resulting in excess of the credit limit have taken place. Meanwhile, the management expects no material loss resulting from trading counterpart's failure to perform contract.

D. The Group grants the loan period varying based on the evaluation on each trading customer, generally O/A 90 days or 150 days. For the information about the changes of bad debt provided for the Group's impairment on receivable accounts and account age analysis on loans, please see Note 6(3).

E. The Group's Finance Dept. manages the credit risk over the deposits in banks and other financial instruments according to the Group's policy. The Group's trading counterparts were decided by the internal control procedure, who were trustworthy banks and corporations which were not expected to breach the contracts. Therefore, there should be no significant credit risk.

F. Guarantee

According to the Group's policy, the Group may only make financial guarantee for the subsidiaries wholly owned by the Group. Before December 31, 2015 and 2014, the Group has never made any endorsements/guarantees.

(3) Liquidity risk

A. The liquidity risk arises when the Group fails to deliver cash or other financial assets to repay financial liabilities and to perform the related obligation. The Group managed the liquidity in a manner ensuring that the Company has sufficient working fund to repay matured liabilities under the general and critical circumstances, so as to avoid unacceptable loss or impairment on the Group's goodwill.

B. The Group's will call the management meeting periodically to assist Financial Accounting Dept. control the need for cash flow and the optimal investment return in cash. Generally, the Group will ensure that it has sufficient cash to meet the need for expected operating expenditure for 90 days, including performance of financial obligation, but excluding the potential effect which it is impossible to expect reasonably under extreme circumstances, e.g. natural calamity. The unused limit of the Group's loan totaled NT$937,000 thousand on December 31, 2015.

C. The following table refers to the non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. Nevertheless, the Group did not hold derivative financial liabilities.

	December 31, 2015			
Non-derivative lfinancial liabilities	**Within 1 year**	**1~2 years**	**More than 2 years**	**Total**
Short-term loan	$ 554,217	$ -	$ -	$ 554,217
Payable accounts (including related party)	397,230	-	-	397,230
Other payable accounts (including related party)	612,845	-	-	612,845
Long-term loan (including the current portion)	9,328	9,328	240,740	259,396
Corporate bond payable	579,433	-	-	579,433
Total	$2,153,053	$ 9,328	$ 240,740	$2,403,121

	December 31, 2014			
Non-derivative financial liabilities	**Within 1 year**	**1~2 years**	**More than 2 years**	**Total**
Short-term loan	$ 4,384	$ -	$ -	$ 4,384
Payable accounts (including related party)	511,089	-	-	511,089
Other payable accounts (including related party)	695,403	-	-	695,403
Long-term loan (including the current portion)	9,329	9,329	48,966	67,624
Corporate bond payable	-	574,962	-	574,962
Total	$1,220,205	$ 584,291	$ 48,966	$1,853,462

(III) Capital risk management

The Group’s capital management objective is intended to protect the Group's continued operation and ensure maintenance of well-founded credit ratings and optimal capital structure to reduce capital cost, in order to support the enterprise's operation and maximization of shareholders' return. The Group manages and adjusts the capital structure subject to the economic condition. The Group might adjust the stock dividend to be paid, refund of capital, issuance of new shares or realization of assets to reduce liabilities, in order to maintain and adjust the capital structure.

The Group controls its capital structure based on the debt/equity ratio. Said ratio is net liabilities dividing by the net worth. The Group maintained the same strategy in 2015 as that in 2014, dedicated to maintaining the debt/equity ratio less than 100%. The Group's debt ratios on December 31, 2015 and 2014 are stated as following:

	December 31, 2015	December 31, 2014
Total liabilities	$ 3,003,043	$ 2,644,554
Total net worth	3,648,428	3,742,863
Debt/equity ratio	82%	71%

XIII. Disclosures of Notes

(I) Information about important transactions

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group shall also disclose the information about important transactions:

No.	Contents	January~ December 2015
1	Loans to others	Attached table 1
2	Endorsement/guarantees made for others	N/A
3	Marketable securities-ending	N/A
4	Cumulative amount of the same marketable securities purchased or sold reaching 300 million NTD or more than 20% of the paid-in capital in the current period.	Attached table 2
5	Acquisition amount of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	Attached table 3
6	Amount on disposal of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	N/A
7	Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital.	Attached table 4
8	Accounts receivable-related party reaching 100 million NTD or more than 20% of the Paid-in capital.	N/A
9	Transactions of derivative instruments.	N/A
10	Business relationship and important transactions between parent company and subsidiaries.	Attached table 5

Attached table 1: Loans to others

No. (Note 1)	Lender	Borrower	Account titles	Related party?	Maximum balance in current period (Note 2)	Balance, ending	Drawdown (Note 3)	Interest rate range	Nature of loans to others	Amount of transaction	Reasons necessary for offering short-term loans	Allowance for bad debt	Collateral		Limit of loans to particular borrower (Note 5)	Limit of total loans (Note 5)
													Name	Value		
0	The Company	MEGTAS CO.,LTD.	Other receivable accounts-related party	Yes	$10,983	$7,980	$3,096	5.35%~ 5.60%	Short-term loans	—	Working capital	—	—	—	$372,570	$1,490,282

Note 1:"0" for the Company, and each investee is numbered in sequential order starting from 1.

Note 2:The maximum balance of the loan to others accumulated in the current year until the reporting month.

Note 3:The facility of the loan to others still effective until the reporting month.

Note 4:The Company's board of directors resolved on May 13, 2014 to loan the fund to its subsidiary, MEGTAS CO., LTD., in the amount of NT$3,003 thousand.

The Company's board of directors resolved on March 24, 2015 to loan the fund to its subsidiary, MEGTAS CO., LTD., in the amount of NT$7,980 thousand.

The subsidiary, MEGTAS CO., LTD., has repaid NT$3,003 thousand of the loan on July 22, 2015.

Note 5: According to the Company's Operating Procedure for Loaning to Others, the limit of loan shall be set in the following manners:

(1) The limit of total loans tp ptjers shall be no more than 40% of the net worth in the Company's latest financial statement: 3,725,704 thousand (the Company's net worth on December 31, 2014) X 40% ＝ 1,490,282 thousand.

(2) The limit of loan to any single subsidiary shall be no more than 10% of the net worth in the Company's latest financial statement: 3,725,704 thousand (the Company's net worth on December 31, 2014) X 10% ＝ 372,570 thousand.

Attached table 2: Cumulative amount of the same marketable securities purchased or sold reaching 300 million NTD or more than 20% of the paid-in capital in the current period

Buyer/ seller	Type and name of securities	Account title	Trading counterpart	Related party?	Beginning		Buy in		Sold out				Ending	
					Quantity	Amount	Quantity	Amount	Quantity	Selling price	Cost of book value	Gain (loss) from disposition	Quantity	Amount
MPI	MMI HOLDING CO.,LTD.	Investment under equity method	Capital increase in cash	The Company's subsidiaries are stated as follows:	8,390,045	$253,874	11,000,000	$349,990	—	—	—	—	19,390,045	$ 603,864
MMI HOLDING CO.,LTD.	Lumitek (Changchou) Co. Ltd.	Investment under equity method	Capital increase in cash	The Company's subsidiaries are stated as follows:	—	USD 4,000,000 ($120,500)	—	USD 11,000,000 ($349,990)	—	—	—	—	—	USD 15,000,000 ($470,490)

Attached table 3: Acquisition amount of real estate reaching 300 million NTD or more than 20% of the Paid-in capital

Acquirer	Name of property	Date of occurrence	Trading value	Payment	Trading counterpart	Relationship	The information about previous transfer, if the trading counterpart is a related party.				Pricing basis	Purpose and status	Other covenants
							Owner	Affiliation with issuer of securities	Date of transfer	Amount			
The Company	Land	2015/7/20	$251,454	Paid in full	Natural person	Non-related party	—	—	—	—	Based on the market condition and professional appraisal report	Construction of factory premises	—

Attached table 4: Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital

Purchaser/seller	Trading counterpart	Relationship	Status				Distinctive terms and conditions of trade and the reasons		Accounts/notes receivable (payable)		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount	Duration of loan	Unit price	Duration of loan	Balance	Percentage in total accounts/ notes receivable (payable)	
The Company	MJC Electronics Corporation	Subsidiary of the Company's director, MJC	Sale	$ 502,401	13 %	same as that applicable to the general customer	—	—	Receivable accounts $ 63,814	7 %	

Attached table 5. Business relationship and important transactions between parent company and subsidiaries

1. 2015

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
0	MPI Corporation	Chain-Logic International Corp.	1	Sale revenue	$ 18,610	Note 4	—
				Receivable accounts	$ 3,785	Note 6	—
				Other receivable accounts	$ 1,000	Note 8	—
				Rent revenue	$ 3,870	Note 7	—
				Administrative and general expenses – other expenses, less	$ 37	Note 7	—
				Other gains (losses)	$ 349	Note 4	—
0	MPI Corporation	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	1	Sale revenue	$ 38,132	Note 4	1%
				Receivable accounts	$ 28,075	Note 6	—
0	MPI Corporation	LEDA-ONE (Shenzhen) Co.	1	Sale revenue	$ 4,686	Note 4	—
0	MPI Corporation	MEGTAS CO.,LTD.	1	Other receivable accounts	$ 3,172	Note 9	—
				Interest revenue	$ 174	Note 9	—
0	MPI Corporation	Lumitek (Changchou) Co. Ltd.	1	Sale revenue	$ 291,173	Note 4	7%
				Receivable accounts	$ 215,435	Note 6	3%
				Other gains (losses)	$ 18,239	Note 4	—

				Other receivable accounts	$ 17,327	Note 9	—
1	Chain-Logic International Corp.	MPI Corporation	2	Sale revenue	$ 3,521	Note 4	—
				Receivable accounts	$ 1,689	Note 6	—
				Other receivable accounts	$ 675	Note 8	—
				Revenue from commission	$ 56,878	Note 5	1%
				Receivable commission	$ 36,876	Note 6	1%
				Advance sale receipts	$ 165	Note 4	—
1	Chain-Logic International Corp.	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	1	Sale revenue	$ 12,505	Note 4	—
				Receivable accounts	$ 6,568	Note 6	—
1	Chain-Logic International Corp.	MEGTAS CO.,LTD.	3	Revenue from commission	$ 1,243	Note 5	—
1	Chain-Logic International Corp.	Chia Ying Investment Co., Ltd.	1	Other receivable accounts	$ 25	Note 8	—
2	MPI TRADING CORP.	MPI Corporation	2	Sale revenue	$ 547	Note 4	—
3	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	MPI Corporation	2	Sale revenue	$ 303	Note 4	—
				Revenue from commission	$ 30,687	Note 5	1%
				Receivable accounts	$ 18,238	Note 6	—
3	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	LEDA-ONE (Shenzhen) Co.	3	Sale revenue	$ 363	Note 4	—
3	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	Lumitek (Changchou) Co. Ltd.	3	Sale revenue	$ 8,593	Note 4	—
				Receivable accounts	$ 8,826	Note 6	—
4	MEGTAS CO.,LTD.	MPI Corporation	2	Sale revenue	$ 938	Note 4	—
4	MEGTAS CO.,LTD.	Chain-Logic International Corp.	3	Sale revenue	$ 2,475	Note 4	—
				Receivable accounts	$ 112	Note 6	—
4	MEGTAS CO.,LTD.	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	3	Sale revenue	$ 3,758	Note 4	—
				Receivable accounts	$ 973	Note 6	—
5	Lumitek (Changchou) Co. Ltd.	CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	3	Sale revenue - maintenance	$ 889	Note 4	—
				Receivable accounts	$ 192	Note 6	—
6	LEDA-ONE (Shenzhen) Co.	Lumitek (Changchou) Co. Ltd.	3	Sale revenue	$ 1,583	Note 4	—

2. 2014

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	% of consolidated total operating revenue or total assets (Note 3)
0	MPI Corporation	MPI Trading Corp.	1	Sales revenue	$ 52,628	Note 4	1%
0	MPI Corporation	Chain-Logic International Corp.	1	Sales revenue	$ 21,605	Note 4	1%
				Receivable notes	$ 5,299	Note 6	—
				Receivable accounts	$ 208	Note 6	—
				Other receivable accounts	$ 930	Note 8	—
				Rent revenue	$ 4,203	Note 7	—
				Administrative and general expenses – other expenses, less	$ 42	Note 7	—
				Other gains (losses)	$ 472	Note 4	
0	MPI Corporation	Chain Logic (Shanghai) International Corp.	1	Sales revenue	$ 80,834	Note 4	2%
				Receivable accounts	$ 75,052	Note 6	1%
0	MPI Corporation	Leda-One (Shenzhen) Corp.	1	Sales revenue	$ 18,298	Note 4	—
				Receivable accounts	$ 7,718	Note 6	—
0	MPI Corporation	MEGTAS Co.,Ltd.	1	Other receivable accounts	$ 3,078	Note 9	—
				Interest revenue	$ 159	Note 9	—
0	MPI Corporation	Lumitek (Changchou) Co. Ltd.	1	Sales revenue	$ 177,047	Note 4	4%
				Receivable accounts	$ 184,757	Note 6	3%
1	Chain-Logic International Corp.	MPI Corporation	2	Sales revenue	$ 3,941	Note 4	—
				Receivable accounts	$ 2,420	Note 6	—
				Other receivable accounts	$ 36	Note 8	—
				Revenue from commission	$ 60,981	Note 5	1%
				Receivable commission	$ 17,514	Note 6	—
				Advance sale receipts	$ 127	Note 4	—
				Other gains (losses)	$ 1	Note 4	—
1	Chain-Logic International Corp.	Chain Logic (Shanghai) International Corp.	1	Sales revenue	$ 10,204	Note 4	—
				Receivable accounts	$ 2,683	Note 6	—
1	Chain-Logic International Corp.	Leda-One (Shenzhen) Corp.	3	Sales revenue	$ 70	Note 4	—
1	Chain-Logic International Corp.	MEGTAS Co.,Ltd.	3	Revenue from commission	$ 1,355	Note 5	—

1	Chain-Logic International Corp.	Lumitek (Changchou) Co. Ltd.	3	Sales revenue Receivable accounts	$ 220 $ 220	Note 4 Note 6	— —
2	Leda-One (Shenzhen) Corp.	Lumitek (Changchou) Co. Ltd.	3	Sales revenue Receivable accounts Other gains (losses)	$ 5,632 $ 2,903 $ 10	Note 4 Note 6 Note 4	— — —
3	Chain Logic (Shanghai) International Corp.	MPI Corporation	2	Revenue from commission Receivable accounts	$ 8,661 $ 8,140	Note 5 Note 6	— —
3	Chain Logic (Shanghai) International Corp.	Leda-One (Shenzhen) Corp.	3	Sales revenue	$ 83	Note 4	—
3	Chain Logic (Shanghai) International Corp.	Lumitek (Changchou) Co. Ltd.	3	Sales revenue Receivable accounts	$ 49,774 $ 49,720	Note 4 Note 6	1% 1%
4	MEGTAS Co.,Ltd.	MPI Corporation	2	Sales revenue Receivable accounts	$ 39 $ 40	Note 4 Note 6	— —
4	MEGTAS Co.,Ltd.	Chain-Logic International Corp.	3	Sales revenue Receivable accounts	$ 1,093 $ 169	Note 4 Note 6	— —
4	MEGTAS Co.,Ltd.	Chain Logic (Shanghai) International Corp.	3	Sales revenue Receivable accounts	$ 8,451 $ 1,126	Note 4 Note 6	— —
5	Allstron Corporation	MPI Corporation	2	Sales revenue Other receivable accounts Other gains (losses)	$ 906 $ 468 $ 20	Note 4 Note 6 Note 4	— — —

Note 1: Transactions between parent company and its subsidiaries are numbered as follows:

(1) "0" for parent company.

(2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related-party transactions are divided into the three categories as follows (If it refers to the same transaction between parent company and subsidiary or subsidiary and subsidiary, the transaction is not required to be disclosed repeatedly. For example, if the parent company has disclosed any transaction between it and its subsidiary, the subsidiary is not required to disclose the same transaction again. If either of the subsidiaries which trade with each other has disclosed the transaction, the other subsidiary is not required to disclose the same transaction again.)

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: For assets and liabilities, the proportion to the consolidated total income or total assets is shown as the Ratio of Shareholding to the consolidated total assets for the years ended on Dec. 31. For income, it shall be shown as a Ratio of Shareholding to the consolidated Total incomes for the years ended on June 30.

Note 4: Processed under the general trading conditions and price.

Note 5: Based on the price agreed by both parties.

Note 6: O/A 30~180 days, same as that applicable to the general customers or suppliers.

Note 7: Based on the rent agreed by both parties.

Note 8: Out-of-pocket expenses of the general expenditure.

Note 9: Financing.

(II) Information about investees

The information about name, territory, business lines, original investment amount, shares held at ending, income and investment income recognized in the current period of the investees in which the Group may exert material influence or control directly or indirectly (exclusive of investees in Mainland China) in 2015 is stated as following:

Investor	Investee	Territory	Business lines	Original investment amount		Held at ending			Investee income recognized in current period (Note 1)	Investment income recognized in the current period (Note 2) (Note 3)	Remark
				End of the period	End of last year	Quantity	Ratio	Book value			
MPI Corporation	MPI TRADING CORP.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Trading of probe cards and semi-automatic probers	$ 32	$ 32	1,000	100%	$ 53,601	$ 4,996	$ 4,996	Subsidiary of MPI Corporation
MPI Corporation	MMI HOLDING CO.,LTD.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Holding company	$ 603,864	$ 253,874	19,390,045	100%	$ 476,494	$ (11,696)	$ (11,095)	Subsidiary of MPI Corporation (Note 4)
MPI Corporation	MEGTAS CO.,LTD.	134 Gunseo-ri, Jikson-eub, Seobuk-gu, Cheonan, Chungnam,331-811, Korea	Manufacturing, processing and sale of semi-conductor equipment and industrial mechanical spare parts, and manufacturing and sale of pottery and electronic spare parts	$ 39,906	$ 39,906	300,000	60%	$ 23,351	$ (1,697)	$ (1,150)	Subsidiary of MPI Corporation
MPI Corporation	Chain-Logic International Corp.	3F, No. 153, Zhonghe Street, Zhubei City, Hsinchu County	Professional agent of semi-conductor	$ 50,000	$ 50,000	5,000,000	100%	$ 230,787	$ 15,116	$ 15,123	Subsidiary of MPI Corporation
MPI Corporation	Chia Hsin Investment Co., Ltd.	3F, No. 10, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	General investment	$ 33,500	$ 33,500	3,350,000	100%	$ 2,295	$ (2,130)	$ (2,130)	Subsidiary of MPI Corporation
MPI Corporation	Yi Hsin Investment Co., Ltd.	3F, No. 10, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	General investment	$ 33,500	$ 33,500	3,350,000	100%	$ 2,295	$ (2,130)	$ (2,130)	Subsidiary of MPI Corporation
MPI Corporation	Won Tung Technology Co., Ltd.	1F, No. 100, Jiaren Street, Zhubei City, Hsinchu County	Manufacturing of telecommunication appliances, wholesale and retail of electronic materials, and manufacturing of electronic components	$ 500	$ 500	50,000	100%	$ 304	$ (24)	$ (24)	Subsidiary of MPI Corporation
MPI Corporation	Lumitek Co.,LTD	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	Manufacturing of electronic spare parts	$ 1,976	$ 1,976	843,968	2.28 %	$ (139)	$ (30,868)	—	MPI adopted the evaluation under equity method.

MPI Corporation	Allstron Corporation	No. 8, Lane 98, Jiaren Street, Neighborhood 36, Xinan Vil., Zhubei City, Hsinchu County	High-frequency wafer measurement probe card manufacturer	$ 50,000	$ 50,000	1,550,000	100%	$ 48,253	$ (187)	$ (187)	Subsidiary of MPI Corporation (Note 5)
Chain-Logic International Corp.	CHAIN-LOGIC TRADING CORP.	Offshore Incorporations (Mauritius) Limited, G.P.O.BOX 365,307 St James Court, St Denis Street, Port Louis, Republic of Mauritius.	Primarily engaged in international trading	$ 46,921	$ 46,921	1,400,100	100%	$ 86,479	$ 2,120	–	Subsidiary of Chain-Logic International Corp.
Chain-Logic International Corp.	Chia Ying Investment Co., Ltd.	3F, No. 8, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City, Hsinchu County	General investment	$ 33,300	$ 33,300	3,330,000	100%	$ 312	$ 4,564	–	Subsidiary of Chain-Logic International Corp.
Chia Ying Investment Co., Ltd.	Lumitek Co.,LTD	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	Manufacturing of electronic spare parts	$ 18,000	$ 18,000	1,836,000	4.95 %	–	$ (30,868)	–	Chia Ying Investment Co., Ltd. adopted the evaluation under equity method.
Chia Hsin Investment Co., Ltd.	Lumitek Co.,LTD	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	Manufacturing of electronic spare parts	$ 33,000	$ 33,000	2,397,000	6.46 %	$ 1,619	$ (30,868)	–	Chia Hsin Investment Co., Ltd. adopted the evaluation under equity method.
Yi Hsin Investment Co., Ltd.	Lumitek Co.,LTD	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	Manufacturing of electronic spare parts	$ 33,000	$ 33,000	2,397,000	6.46 %	$ 1,619	$ (30,868)	–	Yi Hsin Investment Co., Ltd. adopted the evaluation under equity method.

Note 1: Except MEGTAS CO., LTD., which recognized the investment income based on the financial statements audited and certified by other external auditors, the investment income of the others were recognized based on the financial statements audited by the parent company's external auditors.

Note 2: The investment income recognized in the current period includes the investment income recognized under equity method and realized (unrealized) gain recognized from upstream/side stream transactions.

Note 3: The subsidiaries' income recognized in the current period includes the investment income to be recognized for their re-investment pursuant to the requirements.

Note 4: In order to meet the need for business expansion, the Group's subsidiary, MMI HOLDING CO., LTD., increased capital by US$4,000,000 thousand (equivalent to NT$120,500 thousand) in January 2014, and by US$7,500,000 (equivalent to NT$235,875 thousand) in February 2015, by US$600,000 (equivalent to NT$19,140 thousand) in August 2015, and by US$2,900,000 (equivalent to NT$94,975 thousand) in November 2015. So far, the Group has invested a total of US$19,390,045 in the subsidiary, MMI HOLDING CO., LTD., totaling 19,390,045 shares, at the par value of US$1 per share. The Company's shareholding was 100%.

In order to expand the market in Mainland China, the Group invested Lumitek (Changchou) Co. Ltd. by US$4,000,000 (equivalent to NT$120,500 thousand) in January 2014, via the Group's subsidiary, MMI HOLDING CO., LTD., and increased capital by US$7,500,000 thousand (equivalent to NT$235,875 thousand) again in February 2015, and by US$600,000 (equivalent to NT$19,140 thousand) again in August 2015, and by US$2,900,000 (equivalent to NT$94,975 thousand) in November 2015. Until now, a total of US$15,000,000 has been invested in Lumitek (Changchou) Co. Ltd., and the subsidiary, MMI HOLDING CO., LTD., held it wholly. The investment project was approved by Investment Commission, Ministry of Economic Affairs.

Note 5: For the information about the Group's investee, Allstron Corporation, please see Note 6(8).

(III) Information related to investments in China:

1. Information related to investments in the territories of Mainland China

Name of Chinese investee	Business lines	Paid-in capital	Mode of investment	Accumulated investment balance, beginning	Amount remitted or recovered in the current period		Accumulated investment balance, ending	Investee income recognized in current period	Direct and indirect shareholding of the Company	Investment income recognized in the current period (Note 4)	Book value, ending	Accumulated investment income received until the end of period
CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP.	Primarily engaged in international trading	USD 1,400,000 ($46,917)	(Note 1)	USD 1,400,000 ($ 46,917)	–	–	USD 1,400,000 ($ 46,917)	$ 2,119	100 %	$ 2,119	$ 80,880	$15,852
Mjc Microelectronics (Shanghai) Co., Ltd.	Design and production of electronic equipment, testing instrument and probe card for semi-conductor testing, and sale of self-made products	USD 1,500,000 ($52,033)	(Note 2)	USD 600,000 ($20,813)	–	–	USD 600,000 ($ 20,813)	$ 1,959	40 %	$ 784	$ 45,190	$40,273
MET	Electronic and communication technology development and import/export of electronic parts	RMB 500,000 ($ 2,396)	(Note 3)	–	–	–	–	$ 2,529	40 %	$ 1,012	$ 2,744	–
LEDA-ONE (Shenzhen) Co.	Production of new electronic components, LED prober, LED sorting machine, and LED spectrometer, and development of new electronic components	USD 1,800,000 ($54,111)	(Note 2)	USD 1,800,000 ($ 54,111)	–	–	USD 1,800,000 ($ 54,111)	$ (20,738)	100 %	$(20,738)	$ 18,918	–
MMK (Kunshan)	Design and production of electronic equipment, testing instrument and probe card for semi-conductor testing, and sale of self-made products	USD 4,900,000 ($143,558)	(Note 2)	USD 1,960,000 ($ 57,423)	–	–	USD 1,960,000 ($ 57,423)	$ 12,933	40 %	$ 5,573	$ 64,325	–
Lumitek (Changchou) Co. Ltd.	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and	USD 15,000,000 ($470,490)	(Note 2)	USD 4,000,000 ($120,500)	USD 11,000,000 ($349,990)		USD 15,000,000 ($470,490)	$ 2,694	100 %	$ 2,694	$ 467,827	–

	new electronic components; procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.											

Note 1: Reinvest the company in Mainland China via the offshore subsidiary, CHAIN-LOGIC TRADING CORP..

Note 2: Reinvest the company in Mainland China via the offshore subsidiary, MMI HOLDING CO., LTD..

Note 3: Reinvest the company in Mainland China by own fund via the China investee, Mjc Microelectronics (Shanghai) Co., Ltd..

Note 4: The investment income was recognized based on the financial statements audited by the parent company's external auditors.

Note 5: The motion for liquidation of LEDA-ONE (Shenzhen) Co. submitted by the Company and approved by the directors' meeting on September 5, 2014 was still pending liquidation on the reporting date.

2. Information related to ceiling on investment in Mainland China

Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (Note)
USD 20,760,000 (NTD 649,754)	USD 21,760,000 (NTD 666,191)	NTD 2,189,057

Note: The ceiling shall be the higher of the net worth or 60% of the consolidated net worth.

3. Important transactions:

For the important transactions of the Group with the investees in Mainland China, direct or indirect, in 2015 (which have been eliminated when preparing the consolidated financial statements), please see the “Information related to the investees” and “Major business dealings and transactions between the parent company and its subsidiaries” .

XIV. <u>Information by department</u>

(I) General information

The Group primarily engages in manufacturing, processing, maintenance, import/export and trading of semi-conductor production process and testing equipments.

(II) To report the information about department income, assets and liabilities, and basis of measurement and reconciliation

The department income, department assets and department liabilities are consistent with those identified in the financial statements. Please see the balance sheet and comprehensive income statement.

(III) By product and labor service:

The Group engages in a single industry. Its revenue from customers is primarily generated from the sale of semi-conductor production process and testing equipment.

(IV) By territory

The Group's information by territory is stated as following. The revenue is classified based on the customers' geographical locations, while the non-current assets are classified based on the geographical locations of the assets.

	2015		2014	
By territory	**Revenue**	**Non-current assets**	**Revenue**	**Non-current assets**
Taiwan	$ 1,975,233	$ 2,886,762	$ 1,882,387	$ 2,315,783
China	846,519	434,233	963,907	269,776
U.S.A.	591,759	—	782,812	—
Korea	57,464	13,171	34,637	17,365
Other countries	542,195	—	492,389	—
Total	$ 4,013,170	$ 3,334,166	$ 4,156,132	$ 2,602,924

(Note) The non-current assets include property, plant and equipment, investment property, intangible assets and other assets, exclusive of financial instruments, deferred income tax assets, assets of retirement/termination benefits and non-current assets generated from insurance contract.

(V) Information about major customers

Information about the Group's revenue from the transaction with single customer accounting for 10% of the operating revenue, net:

Customer	**2015**
Customer A	$ 590,439
Customer M	$ 502,401
Customer	**2014**
Customer M	$ 471,969

MPI Corporation

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