# ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS AND

## REPORT OF INDEPENDENT ACCOUNTANTS

## DECEMBER 31, 2015 AND 2014

---

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of ABLEREX ELECTRONICS CO., LTD.

We have audited the accompanying consolidated balance sheets of ABLEREX ELECTRONICS CO., LTD. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we 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 disclosures in the financial statements. An 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 provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of ABLEREX ELECTRONICS CO., LTD. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of ABLEREX ELECTRONICS CO., LTD. (not presented herein) as of and for the years ended December 31, 2015 and 2014, on which we have expressed unqualified opinions on these non-consolidated financial statements.

*PricewaterhouseCoopers, Taiwan*

March 23, 2016

---

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| | ASSETS | Notes | December 31, 2015 AMOUNT | % | December 31, 2014 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 424,743 | 15 | $ 493,007 | 17 |
| 1150 | Notes receivable, net | | 25,388 | 1 | 22,120 | 1 |
| 1170 | Accounts receivable, net | 6(2) | 596,870 | 20 | 575,365 | 20 |
| 1180 | Accounts receivable due from related parties, net | 7 | - | - | 159 | - |
| 1200 | Other receivables, net | | 5,370 | - | 27,788 | 1 |
| 130X | Inventories | 6(3) | 922,428 | 32 | 918,231 | 31 |
| 1410 | Prepayments | | 34,619 | 1 | 29,578 | 1 |
| 1470 | Total other current assets | 6(1) and 8 | 194 | - | 194 | - |
| 11XX | **Total current assets** | | 2,009,612 | 69 | 2,066,442 | 71 |
| | **Non-current assets** | | | | | |
| 1600 | Property, plant and equipment | 6(4), 7 and 8 | 820,705 | 28 | 749,190 | 26 |
| 1780 | Intangible assets | | 45,696 | 1 | 43,920 | 1 |
| 1840 | Deferred income tax assets | 6(19) | 28,915 | 1 | 26,821 | 1 |
| 1900 | Other non-current assets | 6(5) and 8 | 27,900 | 1 | 22,059 | 1 |
| 15XX | **Total non-current assets** | | 923,216 | 31 | 841,990 | 29 |
| 1XXX | **Total assets** | | $ 2,932,828 | 100 | $ 2,908,432 | 100 |

(Continued)

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| | LIABILITIES AND EQUITY | Notes | December 31, 2015 AMOUNT | % | December 31, 2014 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(6) | $ 135,883 | 5 | $ 123,384 | 4 |
| 2150 | Notes payable | | 3,487 | - | 1,558 | - |
| 2170 | Accounts payable | | 435,787 | 15 | 556,247 | 19 |
| 2200 | Other payables | 6(7) | 124,457 | 4 | 121,105 | 4 |
| 2230 | Current income tax liabilities | 6(19) | 33,965 | 1 | 31,175 | 1 |
| 2250 | Provisions for liabilities - current | 6(8) | 59,944 | 2 | 54,322 | 2 |
| 2300 | Other current liabilities | 6(10) | 308,028 | 11 | 189,444 | 7 |
| 21XX | **Total current liabilities** | | 1,101,551 | 38 | 1,077,235 | 37 |
| | **Non-current liabilities** | | | | | |
| 2570 | Deferred income tax liabilities | 6(19) | 78,612 | 2 | 74,462 | 2 |
| 2640 | Net defined benefit liability-non-current | 6(9) | 21,077 | 1 | 23,373 | 1 |
| 25XX | **Total non-current liabilities** | | 99,689 | 3 | 97,835 | 3 |
| 2XXX | **Total liabilities** | | 1,201,240 | 41 | 1,175,070 | 40 |
| | **Equity attributable to owners of parent** | | | | | |
| | **Share capital** | 6(11) | | | | |
| 3110 | Common stock | | 450,000 | 15 | 450,000 | 15 |
| | **Capital surplus** | 6(12) | | | | |
| 3200 | Capital surplus | | 819,878 | 28 | 819,878 | 28 |
| | **Retained earnings** | 6(13) | | | | |
| 3310 | Legal reserve | | 166,549 | 6 | 145,346 | 5 |
| 3350 | Unappropriated retained earnings | | 255,648 | 9 | 278,629 | 10 |
| | **Other equity interest** | | | | | |
| 3400 | Other equity interest | | 30,075 | 1 | 30,415 | 1 |
| 31XX | **Total equity attributable to owners of parent** | | 1,722,150 | 59 | 1,724,268 | 59 |
| 36XX | **Non-controlling interests** | | 9,438 | - | 9,094 | 1 |
| 3XXX | **Total equity** | | 1,731,588 | 59 | 1,733,362 | 60 |
| | **Significant commitments and contingent liabilities** | 7 and 9 | | | | |
| | **Significant event after the balance sheet date** | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 2,932,828 | 100 | $ 2,908,432 | 100 |

The accompanying notes are an integral part of these consolidated financial statements.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

| | Items | Notes | Year ended December 31 2015 AMOUNT | 2015 % | 2014 AMOUNT | 2014 % |
|---|---|---|---|---|---|---|
| 4000 | **Sales revenue** | 6(14) and 7 | $ 2,737,210 | 100 | $ 2,827,996 | 100 |
| 5000 | **Operating costs** | 6(3)(17)(18) | ( 2,098,097) | ( 77) | ( 2,170,487) | ( 77) |
| 5950 | **Gross profit from operations** | | 639,113 | 23 | 657,509 | 23 |
| | **Operating expenses** | 6(17)(18) and 7 | | | | |
| 6100 | Selling expenses | | ( 207,385) | ( 7) | ( 210,362) | ( 7) |
| 6200 | General and administrative expenses | | ( 120,006) | ( 4) | ( 101,880) | ( 4) |
| 6300 | Research and development expenses | | ( 125,720) | ( 5) | ( 119,779) | ( 4) |
| 6000 | **Total operating expenses** | | ( 453,111) | ( 16) | ( 432,021) | ( 15) |
| 6900 | **Net operating income** | | 186,002 | 7 | 225,488 | 8 |
| | **Non-operating income and expenses** | | | | | |
| 7010 | Other income | 6(15) | 11,813 | - | 14,800 | - |
| 7020 | Other gains and losses | 6(16) | 26,723 | 1 | 27,572 | 1 |
| 7050 | Finance costs | | ( 2,807) | - | ( 1,940) | - |
| 7000 | **Total non-operating income and expenses** | | 35,729 | 1 | 40,432 | 1 |
| 7900 | **Profit before income tax** | | 221,731 | 8 | 265,920 | 9 |
| 7950 | Income tax expense | 6(19) | ( 44,996) | ( 1) | ( 54,054) | ( 2) |
| 8200 | **Profit for the year** | | $ 176,735 | 7 | $ 211,866 | 7 |
| | **Other comprehensive income** | | | | | |
| | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| 8311 | Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans | 6(9) | $ 2,304 | - | ($ 8,318) | - |
| 8349 | Income tax related to the components of other comprehensive income that will not be reclassified to profit or loss | 6(19) | ( 392) | - | 1,414 | - |
| 8310 | **Components of other comprehensive income that will not be reclassified to profit or loss** | | 1,912 | - | ( 6,904) | - |
| | **Components of other comprehensive income that will be reclassified to profit or loss** | | | | | |
| 8361 | Financial statements translation differences of foreign operations | | ( 476) | - | 26,237 | 1 |
| 8399 | Income tax relating to the components of other comprehensive income | 6(19) | 55 | - | ( 4,406) | - |
| 8360 | **Components of other comprehensive income that will be reclassified to profit or loss** | | ( 421) | - | 21,831 | 1 |
| 8500 | **Total comprehensive income** | | $ 178,226 | 7 | $ 226,793 | 8 |
| | **Profit (loss) attributable to:** | | | | | |
| 8610 | Owners of the parent | | $ 176,310 | 7 | $ 212,026 | 7 |
| 8620 | Non-controlling interest | | 425 | - | ( 160) | - |
| | | | $ 176,735 | 7 | $ 211,866 | 7 |
| | **Comprehensive income attributable to:** | | | | | |
| 8710 | Owners of the parent | | $ 177,882 | 7 | $ 226,636 | 8 |
| 8720 | Non-controlling interest | | 344 | - | 157 | - |
| | | | $ 178,226 | 7 | $ 226,793 | 8 |
| | **Earnings per share (in dollars)** | | | | | |
| 9750 | **Basic earnings per share** | 6(20) | $ 3.92 | | $ 4.71 | |
| 9850 | **Diluted earnings per share** | 6(20) | $ 3.89 | | $ 4.68 | |

The accompanying notes are an integral part of these consolidated financial statements.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained Earnings | | | | | |
| | Notes | Common Stock | Capital surplus, additional paid-in capital | Legal reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Total | Non-controlling interests | Total equity |
| 2014 | | | | | | | | | |
| Balance at January 1, 2014 | | $ 450,000 | $ 819,878 | $ 130,958 | $ 200,395 | $ 8,901 | $ 1,610,132 | $ 8,937 | $ 1,619,069 |
| Appropriation and distribution of retained earnings: | 6(13) | | | | | | | | |
| Legal reserve | | - | - | 14,388 | ( 14,388 ) | - | - | - | - |
| Cash dividends to shareholders | | - | - | - | ( 112,500 ) | - | ( 112,500 ) | - | ( 112,500 ) |
| Profit for the year | | - | - | - | 212,026 | - | 212,026 | ( 160 ) | 211,866 |
| Other comprehensive income for the year | 6(9)(19) | - | - | - | ( 6,904 ) | 21,514 | 14,610 | 317 | 14,927 |
| Balance at December 31, 2014 | | $ 450,000 | $ 819,878 | $ 145,346 | $ 278,629 | $ 30,415 | $ 1,724,268 | $ 9,094 | $ 1,733,362 |
| 2015 | | | | | | | | | |
| Balance at January 1, 2015 | | $ 450,000 | $ 819,878 | $ 145,346 | $ 278,629 | $ 30,415 | $ 1,724,268 | $ 9,094 | $ 1,733,362 |
| Appropriation and distribution of retained earnings: | 6(13) | | | | | | | | |
| Legal reserve | | - | - | 21,203 | ( 21,203 ) | - | - | - | - |
| Cash dividends to shareholders | | - | - | - | ( 180,000 ) | - | ( 180,000 ) | - | ( 180,000 ) |
| Profit for the year | | - | - | - | 176,310 | - | 176,310 | 425 | 176,735 |
| Other comprehensive income for the year | 6(9)(19) | - | - | - | 1,912 | ( 340 ) | 1,572 | ( 81 ) | 1,491 |
| Balance at December 31, 2015 | | $ 450,000 | $ 819,878 | $ 166,549 | $ 255,648 | $ 30,075 | $ 1,722,150 | $ 9,438 | $ 1,731,588 |

The accompanying notes are an integral part of these consolidated financial statements.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2015 | 2014 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Consolidated profit before tax for the year | | $ 221,731 | $ 265,920 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| Provision for bad debts | 6(2) | 6,652 | 2,391 |
| Net loss on financial liabilities at fair value through profit or loss | | - | 49 |
| Depreciation expense | 6(4)(17) | 54,352 | 52,524 |
| Amortisation expense (including amortisation charges on long-term prepaid rent) | 6(17) | 6,682 | 7,325 |
| Loss on disposal of property, plant and equipment | 6(16) | 2,489 | 621 |
| Interest income | 6(15) | ( 2,468 ) | ( 3,880 ) |
| Financial costs | | 2,807 | 1,940 |
| Unrealised foreign exchange loss (gain) | | 1,392 | ( 1,028 ) |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Notes receivable, net | | ( 3,268 ) | 2,265 |
| Accounts receivable | | ( 28,157 ) | ( 131,755 ) |
| Accounts receivable due from related parties, net | | 159 | ( 159 ) |
| Inventories | | ( 7,603 ) | ( 215,852 ) |
| Other receivables | | 22,331 | ( 21,669 ) |
| Prepayments | | ( 5,041 ) | ( 13,542 ) |
| Other current assets | | - | ( 194 ) |
| Net changes in liabilities relating to operating activities | | | |
| Financial liabilities at fair value through profit or loss - current | | - | ( 49 ) |
| Notes payable | | 1,929 | ( 635 ) |
| Accounts payable | | ( 120,460 ) | 129,722 |
| Other payables | | 4,085 | 7,299 |
| Provisions for liabilities - current | | 5,622 | 4,646 |
| Other current liabilities | | 118,584 | 21,222 |
| Defined benefit liability | | 8 | ( 716 ) |
| Cash generated from operations | | 281,826 | 106,445 |
| Interest received | | 2,555 | 3,843 |
| Interest paid | | ( 3,540 ) | ( 1,978 ) |
| Income tax paid | | ( 40,578 ) | ( 46,026 ) |
| Net cash provided by operating activities | | 240,263 | 62,284 |

(Continued)

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2015 | 2014 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of property, plant and equipment | | $ 524 | $ 883 |
| Acquisition of property, plant and equipment | 6(4) | ( 126,046 ) | ( 82,406 ) |
| Acquisition of intangible assets | | ( 2,990 ) | - |
| Increase in prepayment fo equipment | | ( 11,674 ) | ( 3,068 ) |
| Increase in deposit | | ( 3,671 ) | ( 3,351 ) |
| Decrease in deposit | | 9,144 | 31,402 |
| Increase in other non-current assets | | ( 5,459 ) | ( 3,151 ) |
| Net cash used in investing activities | | ( 140,172 ) | ( 59,691 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in short-term borrowings | | 1,626,889 | 1,201,519 |
| Repayment of short-term borrowings | | ( 1,614,390 ) | ( 1,132,422 ) |
| Cash dividends paid | 6(13) | ( 180,000 ) | ( 112,500 ) |
| Net cash used in financing activities | | ( 167,501 ) | ( 43,403 ) |
| Effect of exchange rate changes on cash and cash equivalents | | ( 854 ) | 13,861 |
| Decrease in cash and cash equivalents | | ( 68,264 ) | ( 26,949 ) |
| Cash and cash equivalents at beginning of year | | 493,007 | 519,956 |
| Cash and cash equivalents at end of year | | $ 424,743 | $ 493,007 |

The accompanying notes are an integral part of these consolidated financial statements.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) Ablerex Electronics Co., Ltd (the "Company"), formerly known as UIS Abler Electronics Co., Ltd., was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) on April 27, 1998. The Company merged with PEC Technology Co., Ltd. on April 1, 2002, with the Company as the surviving company and was then renamed as Ablerex Electronics Co., Ltd. The shares of the Company have been trading on the Taipei Exchange since September 9, 2010.

(2) The Company and its subsidiaries (collectively referred herein as the "Group") are mainly primarily engaged in the following business activities:

(a) Manufacturing and sales of uninterruptible power supply systems.

(b) Manufacturing and sales of equipment to power quality devices.

(c) Manufacturing and sales of solar energy equipment.

(d) Maintenance and technical services.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 23, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans.

B. IAS 1, 'Presentation of financial statements'

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

C. IFRS 12, 'Disclosure of interests in other entities'

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

After the Group's assessment, the above-mentioned items have no material impact on the consolidated financial reports.

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

None.

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

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

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| IFRS 9, 'Financial instruments' | January 1, 2018 |
| Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28) | To be determined by IASB |
| Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28) | January 1, 2016 |
| Accounting for acquisition of interests in joint operations (amendments to IFRS 11) | January 1, 2016 |
| IFRS 14, 'Regulatory deferral accounts' | January 1, 2016 |
| IFRS 15, 'Revenue from contracts with customers' | January 1, 2018 |
| IFRS 16, 'Leases' | January 1, 2019 |
| Disclosure initiative (amendments to IAS 1) | January 1, 2016 |
| Disclosure initiative (amendments to IAS 7) | January 1, 2017 |
| Recognition of deferred tax assets for unrealised losses (amendments to IAS 12) | January 1, 2017 |

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38) | January 1, 2016 |
| Agriculture: bearer plants (amendments to IAS 16 and IAS 41) | January 1, 2016 |
| Defined benefit plans: employee contributions (amendments to IAS 19R) | July 1, 2014 |
| Equity method in separate financial statements (amendments to IAS 27) | January 1, 2016 |
| Recoverable amount disclosures for non-financial assets (amendments to IAS 36) | January 1, 2014 |
| Novation of derivatives and continuation of hedge accounting (amendments to IAS 39) | January 1, 2014 |
| IFRIC 21, 'Levies' | January 1, 2014 |
| Improvements to IFRSs 2010-2012 | July 1, 2014 |
| Improvements to IFRSs 2011-2013 | July 1, 2014 |
| Improvements to IFRSs 2012-2014 | January 1, 2016 |

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

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

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised past service cost and unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligations.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) December 31, 2015 | Ownership (%) December 31, 2014 | Description |
|---|---|---|---|---|---|
| The Company | Ablerex Electronics (Samoa) Co., Ltd. | Investment holdings | 100 | 100 | Note |
| The Company | Joint Rewards Trading Corp. | Management service | 100 | 100 | Note |
| The Company | Ablerex Corporation | Sales of uninterruptible power supply systems and solar energy equipment and others | 100 | 100 | Note |
| The Company | Ablerex International Co., Ltd. | Sales of uninterruptible power supply systems and solar energy equipment and others | 100 | 100 | Note |
| The Company | Ablerex Electronics (S) Pte. Ltd. | Sales of uninterruptible power supply systems and solar energy equipment and others | 100 | 100 | Note |
| The Company | Ablerex Electronics U.K. Ltd. | Investment holdings | 100 | 100 | Note |
| Ablerex Electronics U.K. Ltd. | Ablerex Electronics Italy S.R.L. | Sales of uninterruptible power supply systems and solar energy equipment and others | 100 | 100 | Note |
| Ablerex Electronics (Samoa) Co., Ltd. | Ablerex Overseas Co., Ltd. | Investment holdings | 100 | 100 | Note |
| Ablerex Overseas Co., Ltd. | Ablerex Electronics (Suzhou) Co., Ltd. | Manufacturing and sales of uninterruptible power supply systems and solar energy equipment and others | 100 | 100 | Note |
| Ablerex Overseas Co., Ltd. | Ablerex Electronics (Beijing) Co., Ltd. | Sales of uninterruptible power supply systems and solar energy equipment and | 80 | 80 | Note |

Note: These investee companies were recognised based on financial statements of subsidiaries audited and attested by R.O.C. parent company's CPA.

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

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

E. Significant restrictions

Cash and short-term deposits of $84,213 deposited in Mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution)

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

(4) <u>Foreign currency translation</u>

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

The group classifies assets that do not meet the above criteria as non-current.

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

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

(b) Liabilities arising mainly from trading activities;

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

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

The group classifies liabilities that do not meet the above criteria as non-current.

(6) Cash and cash equivalents

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

(7) Accounts receivable

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

(8) Impairment of financial assets

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

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

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

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

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

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

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

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

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

Financial assets measured at amortised cost

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

(9) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

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

(11) Property, plant and equipment

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

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

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

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

| | |
|---|---|
| Buildings | 10～50 years |
| Machinery and equipment | 5～10 years |
| Transportation equipment | 5 years |
| Office equipment | 3～8 years |

(12) Leases (lessee)

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

(13) Intangible assets

A. Trademark right and patent rights

Trademark right and patent rights are stated at cost, have a finite useful life and are amortised on a straight-line basis over its estimated useful life of 5 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.

C. Goodwill

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

(14) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortised cost where no impairment loss was recognised.

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

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

(15) Borrowings

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

(16) Notes and accounts payable

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

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

A. Financial liabilities measured at fair value through profit or loss refer to financial liabilities held for trading, which primarily are derivatives other than those designated as hedge instruments under hedge accounting.

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

(18) Derecognition of financial liabilities

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

(19) Provisions

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees' , directors' and supervisors' remuneration

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

(21) <u>Income tax</u>

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

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

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

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

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

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales revenue

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

B. Service revenue

The Group provides related services of maintaining systems and uninterrupted power supply equipment. Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed by surveys of work performed. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are likely to be recoverable.

(25) Government grants

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

(26) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

A. Realisability of deferred income tax assets

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

As of December 31, 2015, the Group recognised deferred tax assets amounting to $28,915.

B. Evaluation of inventories

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

As of December 31, 2015, the carrying amount of inventories was $922,428.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Cash on hand and petty cash (revolving funds) | $ 581 | $ 881 |
| Checking accounts and demand deposits | 394,698 | 419,355 |
| Time deposits | 29,658 | 72,965 |
| | 424,937 | 493,201 |
| Transferred to 'Other current assets' | ( 194) | ( 194) |
| | $ 424,743 | $ 493,007 |

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

B. For details on cash and cash equivalents provided as a pledge or collateral, please refer to Note 8.

(2) Accounts receivable

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Accounts receivable | $ 613,002 | $ 584,845 |
| Less: allowance for bad debts | ( 16,132) | ( 9,480) |
| | $ 596,870 | $ 575,365 |

A. The Group has established a related credit risk management system for maintaining the quality of the accounts receivable. The credit risk management system considers factors that influence the ability of customers to fulfil payments such as each customer's historical record, financial status, internal ratings, as well as changes in industry etc. The credit quality of the Group's accounts receivable that were neither past due nor impaired were good.

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Up to 45 days | $ 37,425 | $ 14,844 |
| 46 to 90 days | 1,442 | 78 |
| 91 to 180 days | 2,365 | 81 |
| Over 180 days | - | - |
| | $ 41,232 | $ 15,003 |

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired (both provision) is as follows:

| | 2015 | 2014 |
|---|---|---|
| At January 1 | $ 9,480 | $ 7,089 |
| Provision of impairment | 6,652 | 2,391 |
| At December 31 | $ 16,132 | $ 9,480 |

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

(3) Inventories

| | December 31, 2015 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 234,329 | ($ 65,044) | $ 169,285 |
| Work in process | 58,505 | ( 6,464) | 52,041 |
| Semi-finished goods | 98,013 | ( 13,844) | 84,169 |
| Finished goods | 63,057 | ( 9,184) | 53,873 |
| Goods | 127,849 | ( 22,049) | 105,800 |
| Goods in transit | 6,830 | - | 6,830 |
| Unfinished constructions | 450,430 | - | 450,430 |
| | $ 1,039,013 | ($ 116,585) | $ 922,428 |

| | December 31, 2014 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 272,130 | ($ 65,554) | $ 206,576 |
| Work in process | 122,514 | ( 6,610) | 115,904 |
| Semi-finished goods | 109,492 | ( 11,011) | 98,481 |
| Finished goods | 84,736 | ( 5,334) | 79,402 |
| Goods | 93,065 | ( 12,298) | 80,767 |
| Goods in transit | 13,677 | - | 13,677 |
| Unfinished constructions | 323,424 | - | 323,424 |
| | $ 1,019,038 | ($ 100,807) | $ 918,231 |

The cost of inventories recognised as expense for the period:

| | 2015 | 2014 |
|---|---|---|
| Cost of goods sold | $ 2,014,624 | $ 2,075,620 |
| Maintenance cost | 36,788 | 33,289 |
| Loss on decline in market value | 14,400 | 7,154 |
| Others | 32,285 | 54,424 |
| | $ 2,098,097 | $ 2,170,487 |

## (4) Property, plant and equipment

| | Land | Buildings | Machinery | Transportation equipment | Office equipment | Lease improvements | Others | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| At January 1, 2015 | | | | | | | | | |
| Cost | $ 161,799 | $ 464,889 | $ 245,177 | $ 7,606 | $ 37,434 | $ 37,882 | $ 144 | $ 47,136 | $ 1,002,067 |
| Accumulated depreciation | - | ( 90,815) | ( 111,384) | ( 5,291) | ( 21,783) | ( 23,509) | ( 95) | - | ( 252,877) |
| | $ 161,799 | $ 374,074 | $ 133,793 | $ 2,315 | $ 15,651 | $ 14,373 | $ 49 | $ 47,136 | $ 749,190 |
| 2015 | | | | | | | | | |
| Opening net book amount | $ 161,799 | $ 374,074 | $ 133,793 | $ 2,315 | $ 15,651 | $ 14,373 | $ 49 | $ 47,136 | $ 749,190 |
| Additions | - | - | 7,490 | 2,645 | 5,472 | 1,204 | - | 109,235 | 126,046 |
| Transfer | - | - | 3,406 | - | - | 337 | - | - | 3,743 |
| Disposals | - | - | ( 2,848) | ( 84) | ( 81) | - | - | - | ( 3,013) |
| Depreciation charge | - | ( 20,894) | ( 23,303) | ( 951) | ( 6,039) | ( 2,764) | ( 401) | - | ( 54,352) |
| Net exchange differences | 143 | ( 162) | ( 1,015) | 90 | 14 | ( 376) | 397 | - | ( 909) |
| Closing net book amount | $ 161,942 | $ 353,018 | $ 117,523 | $ 4,015 | $ 15,017 | $ 12,774 | $ 45 | $ 156,371 | $ 820,705 |
| At December 31, 2015 | | | | | | | | | |
| Cost | $ 161,942 | $ 464,354 | $ 249,719 | $ 9,533 | $ 42,369 | $ 36,694 | $ 149 | $ 156,371 | $ 1,121,131 |
| Accumulated depreciation | - | ( 111,336) | ( 132,196) | ( 5,518) | ( 27,352) | ( 23,920) | ( 104) | - | ( 300,426) |
| | $ 161,942 | $ 353,018 | $ 117,523 | $ 4,015 | $ 15,017 | $ 12,774 | $ 45 | $ 156,371 | $ 820,705 |

| | Land | Buildings | Machinery | Transportation equipment | Office equipment | Lease improvements | Others | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| At January 1, 2014 | | | | | | | | | |
| Cost | $ 161,576 | $ 415,568 | $ 212,950 | $ 6,960 | $ 34,008 | $ 36,569 | $ 136 | $ - | $ 867,767 |
| Accumulated depreciation | - | ( 70,823) | ( 87,313) | ( 4,136) | ( 16,412) | ( 17,641) | ( 84) | - | ( 196,409) |
| | $ 161,576 | $ 344,745 | $ 125,637 | $ 2,824 | $ 17,596 | $ 18,928 | $ 52 | $ - | $ 671,358 |
| 2014 | | | | | | | | | |
| Opening net book amount | $ 161,576 | $ 344,745 | $ 125,637 | $ 2,824 | $ 17,596 | $ 18,928 | $ 52 | $ - | $ 671,358 |
| Additions | - | 2,839 | 27,764 | 380 | 3,529 | 758 | - | 47,136 | 82,406 |
| Transfer | - | 35,489 | - | - | - | - | - | - | 35,489 |
| Disposals | - | - | ( 1,350) | - | ( 154) | - | - | - | ( 1,504) |
| Depreciation charge | - | ( 20,594) | ( 22,137) | ( 976) | ( 5,510) | ( 3,301) | ( 6) | - | ( 52,524) |
| Net exchange differences | 223 | 11,595 | 3,879 | 87 | 190 | ( 2,012) | 3 | - | 13,965 |
| Closing net book amount | $ 161,799 | $ 374,074 | $ 133,793 | $ 2,315 | $ 15,651 | $ 14,373 | $ 49 | $ 47,136 | $ 749,190 |
| At December 31, 2014 | | | | | | | | | |
| Cost | $ 161,799 | $ 464,889 | $ 245,177 | $ 7,606 | $ 37,434 | $ 37,882 | $ 144 | $ 47,136 | $ 1,002,067 |
| Accumulated depreciation | - | ( 90,815) | ( 111,384) | ( 5,291) | ( 21,783) | ( 23,509) | ( 95) | - | ( 252,877) |
| | $ 161,799 | $ 374,074 | $ 133,793 | $ 2,315 | $ 15,651 | $ 14,373 | $ 49 | $ 47,136 | $ 749,190 |

A. The significant components of buildings include buildings, air conditioners, elevators and utility constructions. Buildings are depreciated over 30 to 50 years, and others are depreciated over 10 to 20 years.

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

C. Amount of borrowing costs capitalised as part of property, plant and equipment is $0.

(5) Other non-current assets

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Prepayments for equipment | $ 14,101 | $ 3,199 |
| Guarantee deposits | 4,786 | 10,259 |
| Long-term prepaid rents – land use rights | 1,183 | 1,226 |
| Others | 7,830 | 7,375 |
| | $ 27,900 | $ 22,059 |

Information about the long-term prepaid rents - land use rights that were pledged to others as collateral is provided in Note 8.

(6) Short-term borrowings

| Type of borrowings | December 31, 2015 | Interest rate range | Collateral |
|---|---|---|---|
| Bank borrowings | | | |
| Unsecured borrowings | $ 115,660 | 1.07%～1.12% | None |
| Secured borrowings | 20,223 | 4.83% | Please see Note 8 |
| | $ 135,883 | | |

| Type of borrowings | December 31, 2014 | Interest rate range | Collateral |
|---|---|---|---|
| Bank borrowings | | | |
| Unsecured borrowings | $ 82,572 | 1.1%～1.18% | None |
| Secured borrowings | 40,812 | 5.88% | Please see Note 8 |
| | $ 123,384 | | |

Unused line of credits is as follow:

| Type of borrowings | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Bank borrowings | | |
| Unsecured borrowings | $ 1,094,715 | $ 1,133,928 |
| Secured borrowings | 156,728 | 137,742 |
| | $ 1,251,443 | $ 1,271,670 |

For collaterals on bank borrowings and book value information, please refer to Note 8.

(7) Other payables

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Payable for wages and salaries and other short-term employee benefits | $ 86,081 | $ 80,380 |
| Others | 38,376 | 40,725 |
| | $ 124,457 | $ 121,105 |

(8) Provisions for liabilities -current

| | Years ended December 31, | |
|---|---|---|
| | 2015 | 2014 |
| Warranty: | | |
| At January 1 | $ 54,322 | $ 49,676 |
| Additional provisions | 25,619 | 54,482 |
| Used during the year | ( 19,997) | ( 49,836) |
| At December 31 | $ 59,944 | $ 54,322 |

The Group's provisions for warranties are primarily for uninterruptible power supplies and solar energy related products. The provisions for warranties are estimated based on historical warranty data of uninterruptible power supplies and solar energy related products.

(9) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Present value of funded defined benefit obligations | ($ 49,373) | ($ 50,426) |
| Fair value of plan assets | 28,296 | 27,053 |
| Net defined benefit liability | ($ 21,077) | ($ 23,373) |

(c) Movements in net defined benefit liabilities are as follows:

| | Present value of defined benefit obligations | Fair value of plan asset | Net defined benefit liability |
|---|---|---|---|
| Year ended December 31, 2015 | | | |
| Balance at January 1 | ($ 50,426) | $ 27,053 | ($ 23,373) |
| Current service cost | ( 75) | - | ( 75) |
| Interest (expense) income | ( 1,007) | 553 | ( 454) |
| | ( 51,508) | 27,606 | ( 23,902) |
| Remeasurements: | | | |
| Return on plan asset (excluding amounts included in interest income or expense) | - | 169 | 169 |
| Change in demographic assumptions | ( 725) | - | ( 725) |
| Change in financial assumptions | 3,442 | - | 3,442 |
| Experience adjustments | ( 582) | - | ( 582) |
| | 2,135 | 169 | 2,304 |
| Pension fund contribution | - | 521 | 521 |
| Balance at December 31 | ($ 49,373) | $ 28,296 | ($ 21,077) |

| | Present value of defined benefit obligations | Fair value of plan asset | Net defined benefit liability |
|---|---|---|---|
| Year ended December 31, 2014 | | | |
| Balance at January 1 | ($ 41,773) | $ 26,002 | ($ 15,771) |
| Current service cost | ( 66) | - | ( 66) |
| Interest (expense) income | ( 835) | 534 | ( 301) |
| Past service cost | 714 | - | 714 |
| | ( 41,960) | 26,536 | ( 15,424) |
| Remeasurements: | | | |
| Return on plan asset (excluding amounts included in interest income or expense) | - | 81 | 81 |
| Change in demographic assumptions | ( 1,017) | - | ( 1,017) |
| Change in financial assumptions | ( 6,784) | - | ( 6,784) |
| Experience adjustments | ( 665) | - | ( 665) |
| | ( 8,466) | 81 | ( 8,385) |
| Pension fund contribution | - | 436 | 436 |
| Balance at December 31 | ($ 50,426) | $ 27,053 | ($ 23,373) |

(d)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 utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 utilisation 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. If the earning is less than aforementioned rates, government shall make payment for the deficit after authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS19 paragraph 142. The constitution of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

| | 2015 | 2014 |
|---|---|---|
| Discount rate | 1.50% | 2.00% |
| Future salary increases | 2.00% | 3.00% |

Assumptions regarding future mortality experience are set based on the fifth Taiwan Standard Ordinary Experience Mortality Table (2012 TSO).

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| December 31, 2015 | | | | |
| Effect on present value of defined benefit | ($ 1,674) | $ 1,752 | $ 1,739 | ($ 1,670) |
| December 31, 2014 | | | | |
| Effect on present value of defined benefit | ($ 1,828) | $ 1,917 | $ 1,893 | ($ 1,815) |

The sensitivity analysis above is based on other conditions are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculate net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Group in the year ended December 31, 2016 are $1,416.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 14 year. The analysis of timing of the future pension payment was as follows:

| | | |
|---|---|---|
| Within 1 year | $ | 227 |
| 1-2 year(s) | | 330 |
| 3-5 years | | 3,230 |
| Over 5 years | | 55,399 |
| | $ | 59,186 |

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

(b) The Company's mainland indirect subsidiaries, Ablerex Electronics (Suzhou) Co., Ltd. and Ablerex Electronics (Beijing) Corporation Limited., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2015 and 2014 was both 20%. Other than the monthly contributions, the Group has no further obligations. Ablerex Corporation, Ablerex Electronics (S) Pte. Ltd. and Ablerex Electronics Italy S.R.L have a defined contribution plan under the local regulations and have no further obligations. Other consolidated subsidiaries do not have any employee.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were $26,122 and $23,864, respectively.

(10) Other current liabilities

| | December 31, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| Advance receipts for unfinished constructions | $ | 263,494 | $ | 158,676 |
| Others | | 44,534 | | 30,768 |
| | $ | 308,028 | $ | 189,444 |

Advance receipts for unfinished constructions are contractual payments received in advance for project constructions undertaken by the Group.

(11) Share capital

As of December 31, 2015, the Company's authorized capital was $800,000, consisting of 80 million shares of ordinary stock, and the paid-in capital was $450,000 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The Group's ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period.

(12) Capital surplus

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

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained.

B. The Company's dividend distribution policy is based on the Company's current operation status, future capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be less than 20% of the total dividends distributed to shareholders.

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

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

E. On June 25, 2015 and June 23, 2014, the Company's shareholders during their meeting resolved to distribute a dividend of $4 per share and $2.5 for 2014 and 2013 distribution of earnings, totalling to $180,000 and $112,500.

F. The information relating to employee's remuneration (bonus) and directors' and supervisors' remuneration please refer to note 6(18).

(14) Sales revenue

| | 2015 | 2014 |
|---|---|---|
| Sales revenue | $ 2,668,659 | $ 2,754,618 |
| Service revenue | 68,551 | 73,378 |
| | $ 2,737,210 | $ 2,827,996 |

(15) Other income

| | 2015 | 2014 |
|---|---|---|
| Interest income | $ 2,468 | $ 3,880 |
| Others | 9,345 | 10,920 |
| | $ 11,813 | $ 14,800 |

(16) Other gains and losses

| | 2015 | 2014 |
|---|---|---|
| Net currency exchange gain | $ 30,106 | $ 29,681 |
| Loss on disposal of property, plant and equipment | ( 2,489) | ( 621) |
| Others | ( 894) | ( 1,488) |
| | $ 26,723 | $ 27,572 |

(17) Expenses by nature

| By function / By nature | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefit expense | $ 231,583 | $ 247,825 | $ 479,408 | $ 231,843 | $ 228,696 | $ 460,539 |
| Depreciation charges | 38,068 | 16,284 | 54,352 | 36,748 | 15,776 | 52,524 |
| Amortisation charges | 1,826 | 4,856 | 6,682 | 1,511 | 5,814 | 7,325 |

(18) Employee benefit expense

| | 2015 | 2014 |
|---|---|---|
| Wages and salaries | $ 407,279 | $ 385,407 |
| Labor and health insurance fees | 34,151 | 30,779 |
| Pension costs | 26,651 | 23,584 |
| Other personnel expenses | 11,327 | 20,769 |
| | $ 479,408 | $ 460,539 |

A. In accordance with the Company's Articles of Incorporation, upon the distribution of earnings, the Company shall appropriate 6% to 10% of the earnings as employees' bonus and directors' and supervisors' remuneration shall not exceed 2%.

However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported during the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Company has amended its Articles of Incorporation on January 25, 2016 through the Board of Directors. In accordance with the amended Articles of Incorporation, after the Company covers accumulated deficit with current year earnings, the remainder, if any, the Company shall provide for employees' remuneration of not less than 6% but not more than 10%, and directors' and supervisors' remuneration of not more than 2%. The amended Articles of Incorporation will be submitted to the shareholders during their meeting for approval in 2016.

B. For the years ended December 31, 2015 and 2014, employees' remuneration (bonus) was accrued at $13,665and $11,557, respectively; while directors' and supervisors' remuneration was accrued at $4,555 and $3,852, respectively. The aforementioned amounts were recognized in salary expenses. The employees' remuneration and directors' and supervisors' remuneration were estimated and accrued based on 6% and 2% of profit of current year distributable for the year ended December 31, 2015. The employees' remuneration and directors' and supervisors' remuneration resolved by the board of directors were $13,666 and $4,550, and the employees' remuneration will be distributed in the form of cash.

The expenses recognised for the year 2014 were accrued based on the net income of 2014 and the percentage of 6% and 2% for employees and directors/supervisors, respectively, taking into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. The difference of $244 between employees' bonus (directors' and supervisors' remuneration) as resolved by the shareholders during their meeting and the amount recognised in the 2014 financial statements of $11,557 ($3,852) had been adjusted in profit or loss for 2015.

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

(19) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | | 2015 | | 2014 |
|---|---|---|---|---|
| Current tax: | | | | |
| Current tax on profits for the period | $ | 42,846 | $ | 47,431 |
| Tax on undistributed earnings | | 392 | | 2,839 |
| Adjustments in respect of prior years | | 39 | ( | 947) |
| Total current tax | | 43,277 | | 49,323 |
| Deferred tax: | | | | |
| Origination and reversal of temporary differences | | 1,719 | | 4,731 |
| Income tax expense | $ | 44,996 | $ | 54,054 |

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

| | | 2015 | | 2014 |
|---|---|---|---|---|
| Currency translation differences | ($ | 55) | $ | 4,406 |
| Remeasurement of defined benefit obligations | | 392 | ( | 1,414) |
| | $ | 337 | $ | 2,992 |

B. Reconciliation between income tax expense and accounting profit:

| | | 2015 | | 2014 |
|---|---|---|---|---|
| Tax calculated based on profit before tax and statutory tax rate | $ | 47,615 | $ | 56,183 |
| Expenses disallowed by tax regulation | ( | 221) | ( | 651) |
| Effect from tax credit of investment | ( | 3,086) | ( | 3,421) |
| Adjustments in respect of prior years | | 39 | ( | 947) |
| Effect from Alternative Minimum Tax | | 257 | | 51 |
| Tax on undistributed earnings | | 392 | | 2,839 |
| Income tax expense | $ | 44,996 | $ | 54,054 |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

| | At January 1, 2015 | Recognised in profit or loss | Recognised in other comprehensive income | At December 31, 2015 |
|---|---|---|---|---|
| Temporary differences: | | | | |
| –Deferred tax assets: | | | | |
| Unrealised warranty provision | $ 9,235 | $ 956 | $ - | $ 10,191 |
| Allowance for market value decline and loss for inventories | 8,511 | 2,132 | - | 10,643 |
| Accrued pension liabilities | 3,973 | 1 | ( 392) | 3,582 |
| Allowance for bad debts | 1,812 | 28 | - | 1,840 |
| Others | 3,290 | ( 631) | - | 2,659 |
| | 26,821 | 2,486 | ( 392) | 28,915 |
| –Deferred tax liabilities: | | | | |
| Gain on foreign long-term equity investments | ( 61,279) | ( 5,168) | - | ( 66,447) |
| Translation differences of foreign operations | ( 12,306) | - | 55 | ( 12,251) |
| Others | ( 877) | 963 | - | 86 |
| | ( 74,462) | ( 4,205) | 55 | ( 78,612) |
| | ($ 47,641) | ($ 1,719) | ($ 337) | ($ 49,697) |

| | At January 1, 2014 | Recognised in profit or loss | Recognised in other comprehensive income | At December 31, 2014 |
|---|---|---|---|---|
| Temporary differences: | | | | |
| –Deferred tax assets: | | | | |
| Unrealised warranty provision | $ 8,445 | $ 790 | $ - | $ 9,235 |
| Allowance for market value decline and loss for inventories | 7,650 | 861 | - | 8,511 |
| Accrued pension liabilities | 2,681 | ( 122) | 1,414 | 3,973 |
| Allowance for bad debts | 2,169 | ( 357) | - | 1,812 |
| Others | 2,405 | 885 | - | 3,290 |
| | 23,350 | 2,057 | 1,414 | 26,821 |
| –Deferred tax liabilities: | | | | |
| Gain on foreign long-term equity investments | ( 54,989) | ( 6,290) | - | ( 61,279) |
| Translation differences of foreign operations | ( 7,900) | - | ( 4,406) | ( 12,306) |
| Others | ( 379) | ( 498) | - | ( 877) |
| | ( 63,268) | ( 6,788) | ( 4,406) | ( 74,462) |
| | ($ 39,918) | ($ 4,731) | ($ 2,992) | ($ 47,641) |

D. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

E. The Company's unappropriated retained earnings are all generated in and after 1998.

F. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $32,275 and $34,910, respectively. The creditable tax rate was 17.32% for 2014 and is estimated to be 12.62% for 2015.

(20) Earnings per share

| | 2015 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent company | $ 176,310 | 45,000 | $ 3.92 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent company | 176,310 | 45,000 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' bonus | - | 359 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 176,310 | 45,359 | $ 3.89 |

| | 2014 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent company | $ 212,026 | 45,000 | $ 4.71 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent company | 212,026 | 45,000 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' bonus | - | 299 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 212,026 | 45,299 | $ 4.68 |

(21) Operating leases

The Group leases in offices and official cars under non-cancellable operating lease agreements. The lease terms are between 2013 and 2019, and most of these lease agreements are renewable at the end of lease period. The Group recognised rental expenses of $10,911 and $10,603 for these leases in profit or loss for the years ended December 31, 2015 and 2014, respectively. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Not later than one year | $ 8,777 | $ 7,822 |
| Later than one year but no later than five years | 3,564 | 8,999 |
| Later than five years | - | - |
| | $ 12,341 | $ 16,821 |

7. RELATEDS PARTY TRANSACTIONS

(1) Significant related party transactions

A. Sales revenue

| | 2015 | 2014 |
|---|---|---|
| Entities with significant influence to the Group | $ 5,180 | $ 4,401 |

The transaction prices and terms of the Group and entities with significant influence over the Group are determined in accordance with the agreed contracts. The credit term is commensurate with non-related parties, which is 60~120 days after monthly billings.

B. Use of assets (rent expenses)

| | 2015 | 2014 |
|---|---|---|
| Entities with significant influence to the Group | $ 4,398 | $ 4,398 |

Expenses are primarily leases of offices and plants. The rent is determined in accordance with contract agreements; rent is payable monthly. The contract will expire in about 1.42 year and the future minimum lease payments amounts to $6,306.

C. Receivables from related parties

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Entities with significant influence to the Group | $ - | $ 159 |

D. Construction in progress

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Entities with significant influence to the Group | $ 23,652 | $ - |

E. Commitments

(a) Promissory notes issued for the warranty of sales and performance guarantees of lease contracts.

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Entities with significant influence to the Group | $ 1,616 | $ 1,808 |

(b) Capital expenditure contracted for at the balance sheet date but not yet incurred: property, plant, and equipment

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Entities with significant influence to the Group | $ 52,148 | $ 36,000 |

(2) Key management compensation

| | 2015 | 2014 |
|---|---|---|
| Salaries and other short-term employee benefits | $ 29,766 | $ 26,897 |
| Termination benefits | 904 | 701 |
| | $ 30,670 | $ 27,598 |

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

| | Book value | | |
|---|---|---|---|
| Pledged asset | December 31, 2015 | December 31, 2014 | Purpose |
| Other current assets －time deposits | $ 194 | $ 194 | Performance guarantee for contracts |
| Property, plant and equipment －land and buildings | 160,263 | 168,014 | Short-term borrowings or guarantee for line of credit |
| Other non-current assets －long-term prepaid rent | 1,183 | 1,226 | Short-term borrowings or guarantee for line of credit |
| | $ 161,640 | $ 169,434 | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

Please see Note 11(2).

(2) Commitments

A. As of December 31, 2015 and 2014, other than the details of contingencies and commitments between the Group and related parties as provided in Note 7(1) E, contingencies and commitments between the Group and third parties are as follows:

Capital expenditure contracted for at the balance sheet date but not yet incurred

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Property, plant and equipment | $ 70,979 | $ 136,834 |

Warranty and performance guarantee

As of December 31, 2015 and 2014, promissory notes issued for the warranty and performance guarantee of sales amounted to $44,587 and $89,315, respectively.

B. Operating leases agreements

Please see Note 6(21).

C. Unused letters of credit

As of December 31, 2015 and 2014, the Company‘s issued but unused letters of credit for imported products amounted to USD$0 and USD$0, respectively.

D. Details of endorsements/guarantees provided by the Company to subsidiaries are provided in Note 13(1) B.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 25, 2013, the Company received a court notice from the Taiwan Taipei District Court on a civil lawsuit claim by Alltek Technology Corporation (hereon referred to as “Alltek”). Alltek, a supplier of the Company, alleged that the Company is liable for compensation for non-performance of purchase orders amounting to $73,651, losses incurred amounting to $11,451, plus interest at 5% per annum from February 25, 2013 until the date of settlement. However, due to lack of materials, Alltek failed to fulfil its obligation to deliver all goods on time, and as a result, the Company cancelled the purchase orders of the remaining goods not delivered. The parties were unable to settle the dispute on whether the remaining goods should be followed through, thus the case was brought to trial. On February 14, 2014, Alltek revised its litigation assertion in court. Alltek claimed that the Company is liable for compensation of US $587,598.2 (NT $18,650) and indemnity of $1,812 for losses arising from input VAT, plus interest at 5% per annum from February 25, 2013 until the date of settlement.

In order to protect the best interests of the Company and its stockholders, the Company has appointed a lawyer to handle all relevant matters. The appointed lawyers’ opinion as of March 15, 2016 is as follows:

A. Alltek has an obligation to deliver goods and failed to fulfil it. As a result, Alltek cannot claim for compensation from the Company.

B. In accordance with related regulations, claims against the Company on losses arising from input VAT are not legitimate claims, thus there are no grounds for the claims to be held.

C. The Company will claim a loss of $23,963 against Alltek for delays in delivery of goods in the past and propose to set off the amount against the claims held by Alltek. The remainder, amounting to RMB $1,381,692 ( NT $6,660), will be claimed against Alltek. Losses that may arise from the litigation against the Company are expected to be remote.

After evaluation, the Group does not consider it likely that the case will result in material losses. Consequently, no estimated losses or liabilities were recognised. The case is currently under Taiwan Taipei District Court’s judicial examination, and thus legal proceedings have not been finalized.

12. OTHERS

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the gearing ratio about 40%. The gearing ratios at December 31, 2015 and 2014 were as follows:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Total liabilities | $ 1,201,240 | $ 1,175,070 |
| Total equity | 1,731,588 | 1,733,362 |
| Total assets | $ 2,932,828 | $ 2,908,432 |
| Gearing ratio | 41% | 40% |

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current assets, other non-current assets – guarantee deposits, short-term loans, notes payable, accounts payable and other payables) are approximate to their fair values.

B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

| | December 31, 2015 | | | 2015 Sensitivity analysis | | |
|---|---|---|---|---|---|---|
| (Foreign currency: Functional currency) | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) | Degree of variation | Effect on profit or loss before tax | Effect on other comprehensive income |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD:NTD | $ 12,171 | 32.83 | $ 399,574 | 1% | $ 3,996 | $ - |
| RMB:NTD | 2,986 | 5.06 | 15,109 | 1% | 151 | - |
| RMB:USD | 1,489 | 0.15 | 7,534 | 1% | 75 | - |
| SGD:USD | 1,945 | 0.71 | 45,337 | | | |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD:NTD | $ 1,040 | 32.83 | $ 34,143 | 1% | $ 341 | $ - |
| USD:RMB | 619 | 6.49 | 20,322 | 1% | 203 | - |

| | December 31, 2014 | | | 2014 Sensitivity analysis | | |
|---|---|---|---|---|---|---|
| (Foreign currency: Functional currency) | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) | Degree of variation | Effect on profit or loss before tax | Effect on other comprehensive income |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD:NTD | $ 15,275 | 31.65 | $ 483,454 | 1% | $ 4,835 | $ - |
| RMB:NTD | 8,369 | 5.10 | 42,682 | 1% | 427 | - |
| RMB:USD | 1,441 | 0.16 | 7,297 | 1% | 73 | - |
| SGD:USD | 691 | 0.76 | 16,621 | 1% | 166 | - |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD:NTD | $ 1,088 | 31.65 | $ 34,435 | 1% | $ 344 | $ - |
| USD:RMB | 3,711 | 6.21 | 117,453 | 1% | 1,175 | - |

v. Please refer to the following table for the detail of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

| | Year ended December 31, 2015 | | | | | | Year ended December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Unrealized Exchange gain (loss) | | | | | | Unrealized Exchange gain (loss) | | | | | |
| | Foreign currency amount (In thousands) | | Exchange rate | Book value (NTD) | | | Foreign currency amount (In thousands) | | Exchange rate | Book value (NTD) | | |
| Financial assets | | | | | | | | | | | | |
| Monetary items | | | | | | | | | | | | |
| USD:NTD | $ | - | 31.74 | $ | 2,989 | | $ | - | 30.31 | $ | 11,060 | |
| RMB:NTD | | - | 5.05 | | 30 | | | - | 4.92 | | 694 | |
| USD:RMB | USD | 3 | 0.16 | | 95 | | (USD | 1) | 0.16 | ( | 30) | |
| SGD:USD | USD | 1 | 0.73 | | 32 | | (USD | 5) | 0.79 | ( | 152) | |
| Financial liabilities | | | | | | | | | | | | |
| Monetary items | | | | | | | | | | | | |
| USD:NTD | $ | - | 31.74 | ($ | 490) | | $ | - | 30.31 | ($ | 699) | |
| RMB:NTD | | | | | | | | | | | | |
| USD:RMB | RMB | 41 | 6.28 | | 207 | | RMB | 2,631 | 6.16 | | 12,945 | |

Price risk

Not applicable.

Interest rate risk

The Group’s borrowings are mostly with fixed interest rate and maturity within one year. Therefore, the Group does not expect to be exposed to significant interest rate risk.

(b) Credit risk

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

ii. If there is a need to exceed the credit limits, written approvals in accordance with the Group’s policy are required. Management does not expect any significant losses from non-performance by these counterparties.

iii. The Group’s accounts receivable that were neither past due nor impaired were assessed with high credit quality based on customers’ financial position and past experience.

iv. The ageing analysis of financial assets that were past due but not impaired is provided in Note 6.

v. The individual analysis of financial assets that had been impaired is provided in Note 6.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. The Group treasury monitors the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. When surplus cash held by the operating entities is over and above the balance required for working capital management, the Group treasury invests surplus cash in interest bearing current accounts, time deposits and other cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

| December 31, 2015 | Less than 3 months | Between 3 months and 1 year | Over 1 year | Book value |
|---|---|---|---|---|
| Short-term borrowings | $ 115,273 | $ 20,713 | $ - | $ 135,986 |
| Notes payable | 3,487 | - | - | 3,487 |
| Accounts payable | 414,487 | 21,290 | 10 | 435,787 |
| Other payables | 79,189 | 43,552 | 1,716 | 124,457 |

| December 31, 2014 | Less than 3 months | Between 3 months and 1 year | Over 1 year | Book value |
|---|---|---|---|---|
| Short-term borrowings | $ 103,384 | $ 20,998 | $ - | $ 124,382 |
| Notes payable | 1,558 | - | - | 1,558 |
| Accounts payable | 546,824 | 9,423 | - | 556,247 |
| Other payables | 104,257 | 16,326 | 522 | 121,105 |

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

(3) Fair value information

Not applicable.

## 13. SUPPLEMENTARY DISCLOSURES

### (1) Significant transaction information

The Group discloses related information of the following for the year ended December 31, 2015:

Ablerex Electronics Co., Ltd. (The Company)

Ablerex Electronics (Samoa) Co., Ltd. (Ablerex-Samoa)

Joint Rewards Trading Corp. (Joint)

Ablerex Corporation (Ablerex-USA)

Ablerex International Co., Ltd. (Ablerex-HK)

Ablerex Electronics (Suzhou) Co., Ltd. (Ablerex-SZ)

Ablerex Overseas Co., Ltd. (Ablerex-Overseas)

Ablerex Electronics (S) Pte Limited (Ablerex-SG)

Ablerex Electronics (Beijing) Corporation Limited (Ablerex-BJ)

Ablerex Electronics U.K. Limited (Ablerex-UK)

Ablerex Electronics Italy S.R.L. (Ablerex-IT)

The above listed related parties disclosed below are presentations and disclosures on investees that were concurrently audited by the Certified Public Accountant. For consolidated reporting purposes, all individuals disclosed below have eliminated all inter-group transactions. The disclosed information below is prepared for reference:

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

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Derivative financial instruments undertaken for the year ended December 31, 2015: None.

J. Significant inter-company transactions for the year ended December 31, 2015: Please refer to table 5.

### (2) Information on investees (not including investees in Mainland China)

Please refer to table 6.

### (3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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

(a) Purchasing amount and percentage and related receivables' percentage and balance at December 31, 2015: Please see Note 13(1) G.

(b) Selling amount and percentage and related receivables' percentage and balance at December 31, 2015: Please refer to table 8.

(c) Property transaction amounts and gains and loss arising from them: None.

(d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2015: None.

(e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2015: Please see Note 13(1) A.

(f) Other significant transactions that affected the gains and loss or financial status for the year, i.e. rendering/receiving of service: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Company has three reportable operating segments: First Business Division, Second Business Division and Technical Services Division. The primary sources of revenue from products and services are as follows:

| | | |
|---|---|---|
| First Business Division | : | promotes domestic sales of consigned and self-manufactured products |
| Second Business Division | : | responsible for international sales and market promotion of self-manufactured products |
| Technical Services Division | : | responsible for the installation, testing, and warranty of products, as well as development of the repair and maintenance business line, and purchases and sales of spare parts and miscellaneous components |

(2) Measurement of segment information

The accounting policies for the Group's operating segments are in agreement with the summary of significant accounting policies mentioned in Note 2 of the consolidated financial statements. The Group's chief operating decision-maker uses income before tax as the basis to evaluate each segment's performance.

(3) Information about segment profit or loss

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2015

| | First Business Division | Second Business Division | Technical Services Division | Reconciliation and elimination | Total |
|---|---|---|---|---|---|
| Revenue from external parties | $ 875,589 | $ 1,674,963 | $ 186,658 | $ - | $ 2,737,210 |
| Inter-segment revenue | 127,750 | 3,698,534 | 9,522 | ( 3,835,806) | - |
| Segment revenue | $ 1,003,339 | $ 5,373,497 | $ 196,180 | ($ 3,835,806) | $ 2,737,210 |
| Segment income/(loss) | $ 67,225 | $ 236,810 | $ 87,152 | $ - | $ 391,187 |

Year ended December 31, 2014

| | First Business Division | Second Business Division | Technical Services Division | Reconciliation and elimination | Total |
|---|---|---|---|---|---|
| Revenue from external parties | $ 757,945 | $ 1,854,509 | $ 215,542 | $ - | $ 2,827,996 |
| Inter-segment revenue | 72,631 | 3,823,326 | 7,274 | ( 3,903,231) | - |
| Segment revenue | $ 830,576 | $ 5,677,835 | $ 222,816 | ($ 3,903,231) | $ 2,827,996 |
| Segment income/(loss) | $ 95,249 | $ 225,094 | $ 96,512 | $ - | $ 416,855 |

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

Reconciliations of reportable segment income to the income before tax from continuing operations for the years ended December 31, 2015 and 2014 are as follows:

| | 2015 | 2014 |
|---|---|---|
| Reportable segments income before tax | $ 391,187 | $ 416,855 |
| Other segments loss before tax | ( 169,456) | ( 150,935) |
| Income before tax from continuing operations | $ 221,731 | $ 265,920 |

The Company did not provide the total assets and total liabilities amounts to the chief operating decision-maker.

(5) Information on products and services

Detailed breakdown of the Group's net sales for the years ended December 31, 2015 and 2014 are as follows:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| Uninterruptible power supplies | $ | 1,162,012 | $ | 1,162,830 |
| Project construction | | 749,838 | | 755,901 |
| Photovoltaic devices | | 291,220 | | 455,730 |
| Active power filters | | 204,598 | | 138,326 |
| Service revenue | | 68,551 | | 73,378 |
| Others | | 260,991 | | 241,831 |
| | $ | 2,737,210 | $ | 2,827,996 |

(6) Geographical information

The Group's geographical information for the years ended December 31, 2015 and 2014 are as follows:

| | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | Revenue | | Non-current assets | | Revenue | | Non-current assets | |
| Taiwan | $ | 884,350 | $ | 815,955 | $ | 872,104 | $ | 733,915 |
| Japan | | 228,791 | | - | | 419,598 | | - |
| Turkey | | 302,438 | | - | | 323,466 | | - |
| Italy | | 267,783 | | 529 | | 299,730 | | 94 |
| USA | | 194,754 | | 13,207 | | 224,606 | | 13,500 |
| Germany | | 105,257 | | - | | 154,890 | | - |
| Singapore | | 130,351 | | 59,824 | | 136,296 | | 57,401 |
| Others | | 623,486 | | - | | 397,306 | | - |
| | $ | 2,737,210 | $ | 889,515 | $ | 2,827,996 | $ | 804,910 |

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2015 and 2014 are as follows:

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Revenue | | Segment | Revenue | | Segment |
| A | $ | 301,959 | Second Business Division | $ | 323,313 | Second Business Division |
| J | | 228,769 | Second Business Division | | 419,496 | Second Business Division |