ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2016 AND 2015

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

Report of Independent Accountants

To the Board of Directors and Shareholders of Ablerex Electronics Co., Ltd. and Subsidiaries

Opinion

We have audited the accompanying consolidated balance sheets of Ablerex Electronics Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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 (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Appropriateness of cut-off of project construction revenue

<u>Description</u>

For accounting policy of revenue recognition, please refer to Note 4(23).

The Group's operating revenue were classified as sales revenue and project construction revenue. The project construction revenue constituted 39% of consolidated operating revenue comprising of selling large equipment and providing installment and maintenance services. Installment was a significant part of the contract due to the risk and reward had not been transferred completely and revenue could only be recognized when acceptance occurs. The Group recognizes project construction revenue when customer completed the acceptance and using manual control, with respect to the recognition timing of revenue involved management's judgement. Considered the recognition amount and timing of the Group's project construction revenue were material to its financial statements, and therefore, it was identified as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in order to assess cut-off of project construction revenue:

1. Assessed and obtained an understanding of the Group's internal control procedures of the project construction revenue recognition, and confirmed the related internal controls were performed effectively.
2. Performed cut off test on project construction revenue transactions, and selected samples to check the project construction revenue had been recorded in the period accordingly.
3. Tested the accuracy and completeness of project construction list, including selected delivery orders, invoices and product warranties and mutual ticked in order to confirm the recognition amount and timing were appropriate.

Valuation of allowance for inventory valuation losses

Description

For the description of accounting policy on inventory valuation, please refer to Note 4(10); for the accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for the details of allowance for inventory valuation losses, please refer to Note 6(3).

As of December 31, 2016, the Group’s inventories and allowance for inventory valuation losses amounted to NT $1,065,953 thousand and NT $124,368 thousand, respectively.

The Group is engaged in the design, manufacture and sales of uninterruptible power supply systems, equipment to power quality devices and others. Due to the rapid technological innovations and the competitive nature of the market, there is a higher risk of inventory losses due to the market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realisable value. Obsolete or slow-moving inventories were assessed individually.

The Group’s estimation and determination of the net realizable value of inventories are subjected to management’s judgment, involves a high level of uncertainty and has a material effect on the financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the adequacy of the measurement of net realisable value and provision on allowance for inventory valuation losses:

1. Assessed the reasonableness of policies relating to the provision of allowance for inventory valuation loses and procedures based on our understanding of the Group’s operation and industry.
2. Obtained an understanding of the Group’s warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.
3. Verified the accuracy of the inventory aging report and net realisable value report in order to confirm that the information in the reports were consistent with the Group’s inventory policies.
4. Checked the appropriateness of the estimation basis adopted by the Group for the evaluation of the net realizable value, verified the accuracy of inventory selling and purchase prices, and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ablerex Electronics Co., Ltd. as at and for the years ended December 31, 2016 and 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chou, Hsiao-Tzu Lee,Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan
March 27, 2017

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
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 355,461	12	$ 424,743	15
1150	Notes receivable, net		4,895	-	25,388	1
1170	Accounts receivable, net	6(2)	508,383	18	596,870	20
1180	Accounts receivable due from related parties, net	7	14,064	-	-	-
1200	Other receivables, net		6,404	-	5,370	-
130X	Inventories, net	6(3)	941,585	33	922,428	32
1410	Prepayments		25,331	1	34,619	1
1470	Total other current assets	6(1) and 8	194	-	194	-
11XX	**Total current assets**		1,856,317	64	2,009,612	69
	Non-current assets					
1600	Property, plant and equipment, net	6(4), 7 and 8	924,197	32	820,705	28
1780	Intangible assets		48,394	2	45,696	1
1840	Deferred income tax assets	6(19)	30,755	1	28,915	1
1900	Other non-current assets	6(5) and 8	23,956	1	27,900	1
15XX	**Total non-current assets**		1,027,302	36	923,216	31
1XXX	**Total assets**		$ 2,883,619	100	$ 2,932,828	100

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

	LIABILITIES AND EQUITY	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(6)	$ 240,000	8	$ 135,883	5
2150	Notes payable		6,501	-	3,487	-
2170	Accounts payable		526,361	18	435,787	15
2200	Other payables	6(7)	122,740	4	124,457	4
2230	Current income tax liabilities	6(19)	20,695	1	33,965	1
2250	Provisions for liabilities - current	6(8)	39,713	2	59,944	2
2300	Other current liabilities	6(10)	185,507	7	308,028	11
21XX	**Total current liabilities**		1,141,517	40	1,101,551	38
	Non-current liabilities					
2570	Deferred income tax liabilities	6(19)	78,574	2	78,612	2
2640	Net defined benefit liability-non-current	6(9)	22,034	1	21,077	1
25XX	**Total non-current liabilities**		100,608	3	99,689	3
2XXX	**Total liabilities**		1,242,125	43	1,201,240	41
	Equity attributable to owners of parent					
	Share capital	6(11)				
3110	Common stock		450,000	16	450,000	15
	Capital surplus	6(12)				
3200	Capital surplus		819,878	28	819,878	28
	Retained earnings	6(13)				
3310	Legal reserve		184,180	6	166,549	6
3350	Unappropriated retained earnings		191,762	7	255,648	9
	Other equity interest					
3400	Other equity interest		(12,957)	-	30,075	1
31XX	**Total equity attributable to owners of parent**		1,632,863	57	1,722,150	59
36XX	**Non-controlling interests**		8,631	-	9,438	-
3XXX	**Total equity**		1,641,494	57	1,731,588	59
	Significant commitments and contingent liabilities	7 and 9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,883,619	100	$ 2,932,828	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
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	Year ended December 31 2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
4000	**Sales revenue**	6(14) and 7	$ 2,421,044	100	$ 2,737,210	100
5000	**Operating costs**	6(3)(17)(18)	(1,840,372)	(76)	(2,098,097)	(77)
5950	**Gross profit from operations**		580,672	24	639,113	23
	Operating expenses	6(17)(18) and 7				
6100	Selling expenses		(197,643)	(8)	(207,385)	(7)
6200	General and administrative expenses		(120,447)	(5)	(120,006)	(4)
6300	Research and development expenses		(139,208)	(6)	(125,720)	(5)
6000	**Total operating expenses**		(457,298)	(19)	(453,111)	(16)
6900	**Net operating income**		123,374	5	186,002	7
	Non-operating income and expenses					
7010	Other income	6(15)	9,738	1	11,813	-
7020	Other gains and losses	6(16)	8,930	-	26,723	1
7050	Finance costs		(2,056)	-	(2,807)	-
7000	**Total non-operating income and expenses**		16,612	1	35,729	1
7900	**Profit before income tax**		139,986	6	221,731	8
7950	Income tax expense	6(19)	(38,483)	(2)	(44,996)	(1)
8200	**Profit for the year**		$ 101,503	4	$ 176,735	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)	($ 1,857)	-	$ 2,304	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	316	-	(392)	-
8310	**Components of other comprehensive (loss) income that will not be reclassified to profit or loss**		(1,541)	-	1,912	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(52,646)	(2)	(476)	-
8399	Income tax relating to the components of other comprehensive income	6(19)	8,840	-	55	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(43,806)	(2)	(421)	-
8500	**Total comprehensive income**		$ 56,156	2	$ 178,226	7
	Loss attributable to:					
8610	Owners of the parent		$ 101,536	4	$ 176,310	7
8620	Non-controlling interest		(33)	-	425	-
			$ 101,503	4	$ 176,735	7
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 56,963	2	$ 177,882	7
8720	Non-controlling interest		(807)	-	344	-
			$ 56,156	2	$ 178,226	7
	Earnings per share (in dollars)					
9750	**Basic earnings per share**	6(20)	$ 2.26		$ 3.92	
9850	**Diluted earnings per share**	6(20)	$ 2.24		$ 3.89	

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 END DECEMBER 31
(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 statement translation differences of foreign operations	Total	Non-controlling interests	Total equity
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 2014 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 (loss) for the year	6(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
2016									
Balance at January 1, 2016		$ 450,000	$ 819,878	$ 166,549	$ 255,648	$ 30,075	$ 1,722,150	$ 9,438	$ 1,731,588
Appropriation and distribution of 2015 earnings：	6(13)								
Legal reserve		-	-	17,631	(17,631)	-	-	-	-
Cash dividends to shareholders		-	-	-	(146,250)	-	(146,250)	-	(146,250)
Profit (loss) for the year		-	-	-	101,536	-	101,536	(33)	101,503
Other comprehensive loss for the year	6(19)	-	-	-	(1,541)	(43,032)	(44,573)	(774)	(45,347)
Balance at December 31, 2016		$ 450,000	$ 819,878	$ 184,180	$ 191,762	($ 12,957)	$ 1,632,863	$ 8,631	$ 1,641,494

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
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 139,986	$ 221,731
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(4)(17)	53,221	54,352
Amortisation expense (including amortisation charges on long-term prepaid rent)	6(17)	8,154	6,682
(Reversal of) provision for bad debts	6(2)	(1,106)	6,652
Financial costs		2,056	2,807
Interest income	6(15)	(1,512)	(2,468)
Loss on disposal of property, plant and equipment	6(16)	765	2,489
Unrealised foreign exchange loss (gain)		(317)	1,392
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		20,493	(3,268)
Accounts receivable		89,593	(28,157)
Accounts receivable due from related parties, net		(14,064)	159
Other receivables		(1,097)	22,331
Inventories		(20,574)	(7,603)
Prepayments		9,288	(5,041)
Changes in operating liabilities			
Notes payable		3,014	1,929
Accounts payable		90,574	(120,460)
Other payables		1,537	4,085
Provisions for liabilities - current		(20,231)	5,622
Other current liabilities		(122,521)	118,584
Defined benefit liability		(900)	8
Cash inflow generated from operations		236,359	281,826
Interest received		1,575	2,555
Interest paid		(5,310)	(3,540)
Income tax paid		(43,137)	(40,578)
Net cash flows from operating activities		189,487	240,263

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

	Notes	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(4)	($ 170,068)	($ 126,046)
Proceeds from disposal of property, plant and equipment		-	524
Acquisition of intangible assets		(8,318)	(2,990)
Increase in prepayment of equipment		(8,709)	(11,674)
(Increase) decrease in refundable deposit		(851)	5,473
Increase in other non-current assets		-	(5,459)
Net cash flows used in investing activities		(187,946)	(140,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		1,435,816	1,626,889
Repayment of short-term borrowings		(1,331,699)	(1,614,390)
Cash dividends paid	6(13)	(146,250)	(180,000)
Net cash flows used in financing activities		(42,133)	(167,501)
Effect of exchange rate changes on cash and cash equivalents		(28,690)	(854)
Net decrease in cash and cash equivalents		(69,282)	(68,264)
Cash and cash equivalents at beginning of year		424,743	493,007
Cash and cash equivalents at end of year		$ 355,461	$ 424,743

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

(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 27, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

New standards, interpretations and amendments endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
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	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 above standards and interpretations have no significant impact to the Group's financial condition and operating result based on the Group's assessment.

(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 IFRSs endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments' with IFRS 4'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

A. IFRS 9, ‘Financial instruments’

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

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

B. IFRS 15, ‘Revenue from contracts with customers’

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

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

Step 1: Identify contracts with customer.

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

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

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

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

C. Amendments to IFRS 15, ‘Clarifications to IFRS 15 Revenue from Contracts with Customers‘

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

D. IFRS 16, 'Leases'

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

E. Amendments to IAS 7, 'Disclosure initiative'

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

F. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'

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

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(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, 2016	Ownership (%) December 31, 2015	Description
The Company	Ablerex Electronics (Samoa) Co., Ltd.	Investment holdings	100	100	Note 1
The Company	Joint Rewards Trading Corp.	Management service	100	100	Note 1
The Company	Ablerex Corporation	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex International Co., Ltd.	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex Electronics (S) Pte. Ltd.	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex Electronics U.K. Ltd.	Investment holdings	100	100	Note 1
The Company	Wada Denki Co., Ltd.	Sales of uninterruptible power supply systems and solar energy equipment and others	100	-	Note 1, 2
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 1
Ablerex Electronics (Samoa) Co., Ltd.	Ablerex Overseas Co., Ltd.	Investment holdings	100	100	Note 1
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Suzhou) Co., Ltd.	Manufacturing and sales of uninterruptible power supply systems and solar energy equipment and	100	100	Note 1
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Beijing) Co., Ltd.	Sales of uninterruptible power supply systems and solar energy equipment and	80	80	Note 1

Note 1： The consolidated financial statements as at December 31, 2016 and 2015 were prepared based on individual company's financial statements of the same period which have been audited by independent accountants.

Note 2：Wada Denki Co., Ltd. was incorporated on September 16, 2016, and has been approved by the Investment Commission, Ministry of Economic Affairs on November 18, 2016. Thus, was included in the consolidated financial statements commencing from the acquisition date.

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 $118,149 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) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are 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.

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash and cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known 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;
and

(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	5～8 years
Leasehold improvements	10 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) 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.

(18) 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.

(19) 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.

(20) Income tax

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.

(21) 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.

(22) 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.

(23) 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.

(24) 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 judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

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, 2016, the carrying amount of inventories was $941,585.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand and petty cash (revolving funds)	$ 708	$ 581
Checking accounts and demand deposits	325,373	394,698
Time deposits	29,574	29,658
	355,655	424,937
Transferred to 'Other current assets'	(194)	(194)
	$ 355,461	$ 424,743

Note: Overdue receivable and allowance for bad debts-Overdue receivable recognized in other non-current assets.

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

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

(2) Accounts receivable

	December 31, 2016	December 31, 2015
Accounts receivable	$ 523,409	$ 613,002
Overdue receivables	36,806	21,908
Less: allowance for bad debts － accounts receivable	(15,026)	(16,132)
Less: allowance for bad debts － overdue receivable	(36,806)	(21,908)
	$ 508,383	$ 596,870

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, 2016	December 31, 2015
Up to 45 days	$ 23,534	$ 37,425
46 to 90 days	2,181	1,442
91 to 180 days	-	2,365
Over 180 days	-	-
	$ 25,715	$ 41,232

The above ageing analysis was based on past due date.

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

	2016		
	Individual provision	Group provision	Total
At January 1	$ 21,908	$ 16,132	$ 38,040
Provision for impairment(reversal)	14,898	(1,106)	13,792
At December 31	$ 36,806	$ 15,026	$ 51,832

	2015		
	Individual provision	Group provision	Total
At January 1	$ 21,640	$ 9,480	$ 31,120
Provision for impairment(reversal)	268	6,652	6,920
At December 31	$ 21,908	$ 16,132	$ 38,040

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

(3) Inventories

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 236,508	($ 51,241)	$ 185,267
Work in process	66,486	(6,156)	60,330
Semi-finished goods	135,248	(40,902)	94,346
Finished goods	63,526	(7,909)	55,617
Goods	90,682	(18,160)	72,522
Goods in transit	34,375	-	34,375
Unfinished constructions	439,128	-	439,128
	$ 1,065,953	($ 124,368)	$ 941,585

	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

The cost of inventories recognised as expense for the period:

	2016	2015
Cost of goods sold	$ 1,770,245	$ 2,014,624
Maintenance cost	35,422	36,788
Loss on decline in market value	9,859	14,400
Others	24,846	32,285
	$ 1,840,372	$ 2,098,097

(4) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Construction in progress	Total
At January 1, 2016									
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
2016									
Opening net book amount	$ 161,942	$ 353,018	$ 117,523	$ 4,015	$ 15,017	$ 12,774	$ 45	$ 156,371	$ 820,705
Additions	8,108	143,503	9,202	2,857	6,398	-	-	-	170,068
Transfer	-	164,561	1,127	-	2,966	-	-	(156,371)	12,283
Disposals	-	-	(453)	(142)	(170)	-	-	-	(765)
Depreciation charge	-	(23,782)	(20,144)	(1,267)	(5,868)	(2,160)	-	-	(53,221)
Net exchange differences	(70)	(16,550)	(7,266)	(132)	(379)	(476)	-	-	(24,873)
Closing net book amount	$ 169,980	$ 620,750	$ 99,989	$ 5,331	$ 17,964	$ 10,138	$ 45	$ -	$ 924,197
At December 31, 2016									
Cost	$ 169,980	$ 750,860	$ 239,556	$ 11,140	$ 42,882	$ 18,406	$ 147	$ -	$ 1,232,971
Accumulated depreciation	-	(130,110)	(139,567)	(5,809)	(24,918)	(8,268)	(102)	-	(308,774)
	$ 169,980	$ 620,750	$ 99,989	$ 5,331	$ 17,964	$ 10,138	$ 45	$ -	$ 924,197

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold 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

A. The significant components of buildings include buildings, air conditioners, elevators and utility constructions. Buildings are depreciated over 30 to 35 years, and others are depreciated over 10 years.

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

C. There was no borrowing costs capitalised as part of property, plant and equipment.

(5) Other non-current assets

	December 31, 2016	December 31, 2015
Overdue receivable	$ 36,806	$ 21,908
receivable	(36,806)	(21,908)
Prepayments for equipment	8,709	14,101
Guarantee deposits	5,637	4,786
Long-term prepaid rents – land use rights	1,058	1,183
Others	8,552	7,830
	$ 23,956	$ 27,900

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, 2016	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 240,000	1.00%～1.05%	None
Secured borrowings	-	0.00%	None
	$ 240,000		

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		

Unused line of credits is as follow:

Type of borrowings	December 31, 2016	December 31, 2015
Bank borrowings		
Unsecured borrowings	$ 884,125	$ 1,094,715
Secured borrowings	162,422	156,728
	$ 1,046,547	$ 1,251,443

For collaterals on bank borrowings and book value information, please refer to Notes 7 and 8.

(7) Other payables

	December 31, 2016	December 31, 2015
Payable for wages and salaries and other short-term employee benefits	$ 94,833	$ 86,081
Others	27,907	38,376
	$ 122,740	$ 124,457

(8) Provisions for liabilities -current

	Years ended December 31,	
	2016	2015
Warranty:		
At January 1	$ 59,944	$ 54,322
Additional provisions	17,394	25,619
Used during the year	(37,625)	(19,997)
At December 31	$ 39,713	$ 59,944

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 insufficient 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 contributions to cover the deficit by next March.

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

	December 31, 2016	December 31, 2015
Present value of funded defined benefit obligations	($ 50,923)	($ 49,373)
Fair value of plan assets	28,889	28,296
Net defined benefit liability	($ 22,034)	($ 21,077)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 49,373)	$ 28,296	($ 21,077)
Current service cost	(73)	-	(73)
Past service cost	887	-	887
Interest (expense) income	(738)	433	(305)
	(49,297)	28,729	(20,568)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(231)	(231)
Change in demographic assumptions	(334)	-	(334)
Change in financial assumptions	(1,656)	-	(1,656)
Experience adjustments	364	-	364
	(1,626)	(231)	(1,857)
Pension fund contribution	-	391	391
Balance at December 31	($ 50,923)	$ 28,889	($ 22,034)

	Present value of defined benefit obligations	Fair value of plan assets	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 assets (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)

(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 earnings is less than aforementioned rates, government shall make payment for the deficit after being 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 IAS 19 paragraph 142. The composition 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:

	2016	2015
Discount rate	1.25%	1.50%
Future salary increases	2.00%	2.00%

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, 2016				
Effect on present value of defined benefit	($ 1,637)	$ 1,710	$ 1,693	($ 1,628)
December 31, 2015				
Effect on present value of defined benefit	($ 1,674)	$ 1,752	$ 1,739	($ 1,670)

The sensitivity analysis above is based on other conditions that 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 calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 amounts to $1,394.

(g) As of December 31, 2016, the weighted average duration of that retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 256
1-2 year(s)	1,760
3-5 years	5,367
Over 5 years	52,739
	$ 60,122

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 China 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, 2016 and 2015 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, 2016 and 2015 were $25,093 and $26,122, respectively.

(10) Other current liabilities

	December 31, 2016	December 31, 2015
Advance receipts for unfinished constructions	$ 165,948	$ 263,494
Others	19,559	44,534
	$ 185,507	$ 308,028

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, 2016, 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 21, 2016 and June 25, 2015, the Company's shareholders during their meeting resolved to distribute a dividend of $3.25 per share and $4 per share for 2015 and 2014 distribution of earnings, totalling to $146,250 and $180,000, respectively.

F. For information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(18).

(14) Sales revenue

	2016	2015
Sales revenue	$ 2,356,691	$ 2,668,659
Service revenue	64,353	68,551
	$ 2,421,044	$ 2,737,210

(15) Other income

	2016	2015
Interest income	$ 1,512	$ 2,468
Others	8,226	9,345
	$ 9,738	$ 11,813

(16) Other gains and losses

	2016	2015
Net currency exchange gain	$ 12,626	$ 30,106
Loss on disposal of property, plant and equipment	(765)	(2,489)
Others	(2,931)	(894)
	$ 8,930	$ 26,723

(17) Expenses by nature

By nature \ By function	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	$ 210,415	$ 265,041	$ 475,456	$ 231,583	$ 246,459	$ 478,042
Depreciation charges	37,709	15,512	53,221	38,068	16,284	54,352
Amortisation charges	1,426	6,728	8,154	1,826	4,856	6,682

(18) Employee benefit expense

	2016	2015
Wages and salaries	$ 396,145	$ 405,913
Labor and health insurance fees	36,395	34,151
Pension costs	24,584	26,651
Other personnel expenses	18,332	11,327
	$ 475,456	$ 478,042

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors’ and supervisors’ remuneration. The ratio shall be 6% to 10% for employees’ compensation and shall not be higher than 2% for directors’ and supervisors’ remuneration.

B. For the years ended December 31, 2016 and 2015, employees’ compensation was accrued at $8,068 and $13,665, respectively; while directors’ and supervisors’ remuneration was accrued at $2,689 and $4,555, respectively. The aforementioned amounts were recognized in salary expenses. The employees’ compensation and directors’ and supervisors’ remuneration were estimated and accrued based on 6% and 2% of distributable profit of current year as of the year ended December 31, 2016.

The difference of $4 between employees’ compensation (directors’ and supervisors’ remuneration) as resolved by Board of Directors and the amount recognised in the 2015 financial statements of $13,665 ($4,555) had been adjusted in profit or loss for 2016. The appropriation was in the form of cash.

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:

	2016		2015	
Current tax:				
Current tax on profits for the period	$	26,857	$	42,846
Tax on undistributed earnings		1,434		392
Adjustments in respect of prior years		2,914		39
Total current tax		31,205		43,277
Deferred tax:				
Origination and reversal of temporary differences		7,278		1,719
Income tax expense	$	38,483	$	44,996

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

	2016		2015	
Currency translation differences	($	8,840)	($	55)
Remeasurement of defined benefit obligations	(	316)		392
	($	9,156)	$	337

B. Reconciliation between income tax expense and accounting profit:

	2016		2015	
Tax calculated based on profit before tax and statutory tax rate	$	35,917	$	47,615
Expenses disallowed by tax regulation		2,271	(	221)
Effect from tax credit of investment	(	4,504)	(	3,086)
Adjustments in respect of prior years		2,914		39
Effect from Alternative Minimum Tax		451		257
Tax on undistributed earnings		1,434		392
Income tax expense	$	38,483	$	44,996

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

	At January 1, 2016	Recognised in profit or loss	Recognised in other comprehensive income	At December 31, 2016
Temporary differences:				
–Deferred tax assets:				
Unrealised warranty provision	$ 10,191	($ 3,440)	$ -	$ 6,751
Allowance for market value decline and loss for inventories	10,643	1,855	-	12,498
Accrued pension liabilities	3,582	(152)	316	3,746
Allowance for bad debts	1,840	3,183	-	5,023
Others	2,659	78	-	2,737
	28,915	1,524	316	30,755
–Deferred tax liabilities:				
Gain on foreign long-term equity investments	(66,447)	(8,493)	-	(74,940)
Translation differences of foreign operations	(12,251)	-	8,840	(3,411)
Others	86	(309)	-	(223)
	(78,612)	(8,802)	8,840	(78,574)
	($ 49,697)	($ 7,278)	$ 9,156	($ 47,819)

	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)

D. The Company's income tax returns through 2014 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, 2016 and 2015, the balance of the imputation tax credit account was

$29,314 and $32,275, respectively. The creditable tax rate was 17.72% for 2015 and is estimated to be 15.29% for 2016.

(20) Earnings per share

	2016		
	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	$ 101,536	45,000	$ 2.26
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company	101,536	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	276	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 101,536	45,276	$ 2.24

	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' compensation	-	359	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 176,310	45,359	$ 3.89

(21) Operating leases

The Group leases offices and company vehicles 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 $11,307 and $10,911 for these leases in profit or loss for the years ended December 31, 2016 and 2015, respectively. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than one year	$ 5,762	$ 8,777
Later than one year but not later than five years	2,784	3,564
Later than five years	-	-
	$ 8,546	$ 12,341

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Sales revenue

	2016	2015
Entities with significant influence to the Group	$ 16,338	$ 16,338
Other related parties	33	33
	$ 16,371	$ 16,371

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)

	2016	2015
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 0.5 year and the future minimum lease payments amounts to $1,788.

C. Receivables from related parties

	December 31, 2016	December 31, 2015
Entities with significant influence to the Group	$ 14,064	$ -

D. Property transactions:

(1) Acquisition of property, plant and equipment

	December 31, 2016	December 31, 2015
Entities with significant influence to the Group	$ 77,800	$ -

(2) Construction in progress

	December 31, 2016	December 31, 2015
Entities with significant influence to the Group	$ -	$ 23,652

(3) Guaranteed note for construction of real estate

	December 31, 2016	December 31, 2015
Entities with significant influence to the Group	$ 4,084	$ -

E. Endorsements and guarantees

As of December 31, 2016 and 2015, there were unsecured bank borrowings amounting to $240,000 thousand and $50,000 thousand, respectively. The Company's key management was joint guarantor.

F. Commitments

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

	December 31, 2016	December 31, 2015
Entities with significant influence to the Group	$ 1,646	$ 1,616

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

	December 31, 2016	December 31, 2015
Entities with significant influence to the Group	$ -	$ 52,148

(2) Key management compensation

	2016	2015
Salaries and other short-term employee benefits	$ 28,996	$ 29,766
Termination benefits	933	904
	$ 29,929	$ 30,670

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2016	December 31, 2015	Purpose
Other current assets —time deposits	$ 194	$ 194	Performance guarantee for contracts
Property, plant and equipment —land and buildings	141,373	160,263	Short-term borrowings or guarantee for line of credit
Other non-current assets —long-term prepaid rent	1,058	1,183	Short-term borrowings or guarantee for line of credit
	$ 142,625	$ 161,640	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

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.

On April 29, 2016, the civil court of Taiwan Taipei District Court has made a verdict stating that the Company is obliged to pay for the trading price of US$587,598.2 including business tax of $632 when Alltek delivers the products in the quantity under dispute. Owing to Altek's late delivery, Altek is also responsible for the Company's damage because of trading price difference in another order of materials at US$23,486.14. After offset, the Company shall pay US$564,112.06 including business tax of $632 to Altek.

The administrative judgment of the first instance seemed unfavorable to the Company although the Judge took a point of view which was consistent with the Company's appointed lawyer. However, the Company and the appointed lawyer agreed that the judge might err in referencing the evidence which resulted in substantial difference between the ordered compensation and the Company's claim. Hence, the Company appealed in compliance with the laws. On February 20, 2017, the first preliminary trial was held. Both parties provided related evidence to reinforce the argument. On May 15, 2017, the second preliminary trial will be held for the Company to defend its own rights.

Currently, it is assumed that the Company will not incur major financial loss and thus did not recognise related loss and liabilities.

(2) Commitments

A. As of December 31, 2016 and 2015, 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, 2016	December 31, 2015
Property, plant and equipment	$ -	$ 70,979

Warranty and performance guarantee

As of December 31, 2016 and 2015, promissory notes issued for the warranty and performance guarantee of sales amounted to $54,852 and $44,587, respectively.

B. Operating leases agreements

Please see Note 6(21).

C 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

A. The appropriations of 2016 earnings had been proposed by the Board of Directors on March 27, 2017. Details are summarized below:

	2016	
	Amount	Dividends per share
Legal reserve	$ 10,154	
Cash dividends	90,000	$ 2.00

As of March 27, 2017, the appropriations of 2016 earnings has not been resolved at the stockholders' meeting.

B. On March 27, 2017, the Board of Directors proposed to appropriate a $1 cash dividend for each share from additional paid-in capital surplus. As of March 27, the appropriation proposal has not been approved at the shareholders' meeting.

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 2016, the Group's strategy, which was unchanged from 2015, was to maintain the gearing ratio of about 40%. The gearing ratios at December 31, 2016 and 2015 were as follows:

	December 31, 2016	December 31, 2015
Total liabilities	$ 1,242,125	$ 1,201,240
Total equity	1,641,494	1,731,588
Total assets	$ 2,883,619	$ 2,932,828
Gearing ratio	43%	41%

(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

<u>Foreign exchange risk</u>

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, 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:

(Foreign currency: Functional currency)	December 31, 2016			2015		
				Sensitivity analysis		
	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	$ 8,292	32.25	$ 267,417	1%	$ 2,674	$ -
RMB:NTD	2,045	4.64	9,489	1%	95	-
RMB:USD	616	0.14	2,860	1%	29	-
SGD:USD	1,346	0.69	45,211	1%	$ 452.00	
Financial liabilities						
Monetary items						
USD:NTD	$ 1,395	32.25	$ 44,989	1%	$ 450	$ -
USD:RMB	582	6.94	16,813	1%	168	-

(Foreign currency: Functional currency)	December 31, 2015			2014		
				Sensitivity analysis		
	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	-

v. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015, amounted to $12,626 and $30,106, respectively.

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, 2016	Less than 3 months	Between 3 months and 1 year	Over 1 year	Book value
Short-term borrowings	$240,267	$ -	$ -	$ 240,267
Notes payable	6,501	-	-	6,501
Accounts payable	513,637	12,724	-	526,361
Other payables	90,069	25,957	6,714	122,740

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

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:

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, 2016: Please see Note 13(1) G.

(b) Selling amount and percentage and related receivables' percentage and balance at December 31, 2016: 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, 2016: None.

(e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2016: Please see Note 13(1) A.

(f) Other significant transactions that affected the gains and loss or financial status for the period, 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
Energy Division	: Domestic sales and market promotion of self-manufactured energy-related products

(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, 2016

	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external parties	$ 1,018,023	$ 1,183,501	$ 189,320	$ 30,200	$ -	$2,421,044
Inter-segment revenue	79,613	2,571,976	11,613	-	(2,663,202)	-
Segment revenue	$ 1,097,636	$ 3,755,477	$ 200,933	$ 30,200	($ 2,663,202)	$2,421,044
Segment income/(loss)	$ 114,299	$ 173,948	$ 72,134	$ 18,729	($ 255,736)	$ 123,374

Year ended December 31, 2015

	First Business Division	Second Business Division	Technical Services Division	Energy 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	$ -	($ 205,185)	$ 186,002

(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, 2016 and 2015 are as follows:

	2016	2015
Reportable segments income before tax	$ 123,374	$ 186,002
Other income	9,738	11,813
Other gains and losses	8,930	76,723
Finance costs	(2,056)	(2,807)
Income before tax from continuing operations	$ 139,986	$ 274,538

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, 2016 and 2015 are as follows:

	2016	2015
Uninterruptible power supplies	$ 943,494	$ 1,162,012
Project construction	954,732	749,838
Photovoltaic devices	27,910	291,220
Active power filters	136,942	204,598
Service revenue	64,354	68,551
Others	293,612	260,991
	$ 2,421,044	$ 2,737,210

(6) Geographical information

The Group's geographical information for the years ended December 31, 2016 and 2015 are as follows:

	2016		2015	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,026,519	$ 918,238	$ 884,350	$ 815,955
Japan	4,379	-	228,791	-
Turkey	120,524	-	302,438	-
Italy	146,074	424	267,783	529
USA	170,537	12,411	194,754	13,207
Germany	83,571	-	105,257	-
Singapore	138,578	59,837	130,351	59,824
Others	730,862	-	623,486	-
	$ 2,421,044	$ 990,910	$ 2,737,210	$ 889,515

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2016 and 2015 are as follows:

	2016		2015	
	Revenue	Segment	Revenue	Segment
F	$ 280,984	First Business Division	$ 79,414	First Business Division
C	231,198	Second Business Division	131,481	Second Business Division
A	301,959	Second Business Division	301,959	Second Business Division
J	-	Second Business Division	228,769	Second Business Division

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	The Company	Ablerex-IT	Other recivables	Y	$ 31,360 (USD 1,000 thousand)	$ 22,575 (USD 700 thousand)	$ 15,849 (USD 491 thousand)	1.5%-1.75%	Short-term financing	$ -	Turnover of operation	$ -	None	$ -	$ 326,573	$ 653,145	Note 1 Note 3
0	The Company	Ablerex-IT	Other recivables	Y	$ 6,467 (USD 203 thousand)	$ -	$ -	-	Business dealings	41,543	Turnover of operation	-	None	-	41,543	653,145	Note 1
1	Ablerex-HK	Ablerex-SZ	Inter-company transactions	Y	$ 96,840 (USD 3,000 thousand)	$ 96,840 (USD 3,000 thousand)	$ -	-	Short-term financing	-	Turnover of operation	-	None	-	326,573	653,145	Note 1 Note 2 Note 4

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on total loans to others is 40% of the Company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year on the year of financing. Limit on loans to a single party with short-term financing is 20% of the Company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.

Note 2: In accordance with the Ablerex-HK's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted. The deadline of each loan is 1 year from the lending day.

Note 3: The maximum credit to be drawn as approved by the Board of Directors was USD1,000 thousand. As of December 31, 2016, the amount of loan grant allowed was USD 700 thousand, and the actual loans granted was USD 491 thousand.

Note 4: The maximum credit to be drawn as approved by the Board of Directors was USD 3,000 thousand. As of December 31, 2016, the amount of loan grant allowed was USD 3,000 thousand, and the actual loans granted was USD 0 thousand.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2016

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016	Outstanding endorsement/ guarantee amount at December 31, 2016	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	The Company	Ablerex-HK	Subsidiary	$ 326,573	$ 290,520	$ 290,520	$ -	$ -	18%	$ 816,432	Y	N	N	Note

Note: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on the Company endorsements/guarantees to others is 50% of the Company's net assets, and limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets. Limit on endorsements/guarantees for companies with business relations is the higher value of purchases or sales during current year.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

For the year ended December 31, 2016

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Ablerex-SG	Subsidiary	(Sales)	($ 111,811)	(5%)	Note 3	Note 3	Note 3	$ 40,009	8%	-
Ablerex-SG	The Company	Parent Company	Purchases	USD 3,476 thousand	90%	Note 3	Note 3	Note 3	(USD 1,241 thousand)	(92%)	
The Company	Ablerex-HK	Subsidiary	Purchases	$ 1,107,894	71%	Note 1	Note 1	Note 1	($ 231,078)	(48%)	
Ablerex-HK	The Company	Parent Company	(Sales)	(USD 34,343 thousand)	(95%)	Note 1	Note 1	Note 1	USD 7,165 thousand	89%	-
Ablerex-HK	Ablerex-SZ	An indirectly-owned Subsidiary	Purchases	USD 34,343 thousand	95%	Note 2	Note 2	Note 2	(USD 6,736 thousand)	(93%)	-
Ablerex-SZ	Ablerex-HK	An indirectly-owned Subsidiary	(Sales)	(RMB 227,187 thousand)	(87%)	Note 2	Note 2	Note 2	RMB 46,725 thousand	87%	-

Note 1: The transaction price is commensurate with the purchase price from Ablerex-SZ; the receivable (payable) policy is Net 60 days E.O.M.
Note 2: The transaction price is the Ablerex-SZ production cost plus an agreed gross margin; the receivable (payable) policy is Net 60 days E.O.M.
Note 3: Transaction price are determined according to the agreements between the parties；the receivable(payable) police is Net 120 days E.O.M.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

December 31, 2016

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2016	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ablerex-HK	The Company	Subsidiary	USD 7,165 thousand	4.42	$ -	-	USD 6,260 thousand	$ -
Ablerex-SZ	Ablerex-HK	Affiliate	RMB 46,725 thousand	4.09	-	-	RMB 43,133 thousand	-

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2016

Table 5 | Expressed in thousands of NTD

Individual transactions not exceeding $10,000 and their corresponding transactions are not disclosed. | (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Ablerex-HK	1	Sales	$ 58,486	Note 8	3%
		Ablerex-HK	1	Purchases	1,107,894	Note 4	51%
		Ablerex-HK	1	Accounts Payable	231,078		8%
		Ablerex-HK	1	Other Receivables	16,453		1%
		Ablerex-USA	1	Sales	84,496	Note 5	4%
		Ablerex-USA	1	Accounts Receivable	16,465		1%
		Ablerex-SG	1	Sales	111,811	Note 6	5%
		Ablerex-SG	1	Accounts Receivable	40,009		1%
		Ablerex-IT	1	Sales	41,543	Note 6	2%
		Ablerex-IT	1	Accounts Receivable	23,496		1%
		Ablerex-IT	1	Other Receivables	15,849	Note 9	1%
		Joint	1	Deduction from management fee	11,637	Note 10	1%
1	Joint	Ablerex-SZ	3	Sales	11,637	Note 10	1%
1	Ablerex-HK	Ablerex-SZ	3	Purchases	1,103,143	Note 4	50%
		Ablerex-SZ	3	Sales	58,345	Note 8	3%
		Ablerex-SZ	3	Accounts Receivable	13,924		0%
		Ablerex-SZ	3	Accounts Payable	216,853		8%
		Ablerex-SZ	3	Other Receivables	13,288		0%
2	Ablerex-SZ	Ablerex-BJ	3	Sales	56,118	Note 7	3%
		Ablerex-BJ	3	Purchases	21,696	Note 7	1%
		Ablerex-BJ	3	Accounts Receivable	20,006		1%

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Ablerex-HK conducted purchases from Ablerex-SZ, whereby the prices were based on Ablerex-SZ’s production costs. The purchases were then resold to Ablerex with a zero contribution margin; the term for receivables and payables is Net 60 days E.O.M.

Note 5: Commensurate with general sale terms; the term for receivables is Net 120 days E.O.M.

Note 6: Transaction prices are determined according to the agreements between the parties; the credit term is Net 120 days E.O.M.

Note 7: Transaction prices are determined according to the agreements between the parties; the credit term is coherent with general customers.

Note 8: Ablerex-Hk conducts purchases from Ablerex, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablerex-SZ with a zero contribution margin; the credit term is coherent with general customers.

Note 9: Ablerex lent money to Ablerex-IT, of which $15,849 calculated interest against agreed interest rate 1.5%~1.75% per annum and the rest was for business demand.

Note 10: Ablerex charged management fee from Ablerex-SZ through Joint.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2016

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2016			Net profit (loss) of the investee for the year ended December 31, 2016	Investment income(loss) recognised by the Company for the year ended December 31, 2016	Footnote
				Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
The Company	Ablerex-Samoa	Samoa	Holding company	$ 217,445	$ 217,445	6,635,000	100	$ 553,425	$ 39,298	$ 44,783	-
The Company	Joint	BVI	Providing management service	104	104	3,000	100	20	(41)	(41)	-
The Company	Ablerex-USA	U.S.	Sales of uninterruptible power supply, solar energy products, and related systems	8,303	8,303	250,000	100	52,778	3,958	4,031	Note
The Company	Ablerex-HK	Hong Kong	Sales of uninterruptible power supply, solar energy products, and related systems	43	43	10,000	100	30,864	282	282	Note
The Company	Ablerex-SG	Singapore	Sales of uninterruptible power supply, solar energy products, and related systems	48,008	48,008	2,140,763	100	78,169	4,108	4,084	Note
The Company	Ablerex-UK	UK	Holding company	4,674	4,674	100,000	100	1,058	211	(658)	Note
The Company	Ablerex-JP	Japan	Sales of uninterruptible power supply, solar energy products, and related systems	9,253	-	3,000	100	7,483	(847)	(847)	Note
Ablerex-Samoa	Ablerex -Overseas	Hong Kong	Holding company	217,445	217,445	6,635,000	100	558,783	39,332	-	-
Ablerex-UK	Ablerex-IT	Italy	Sales of uninterruptible power supply, solar energy products, and related systems	4,674	4,674	100,000	100	1,058	211	-	-

Note：The Company recognised investment income comprising of downstream and upstream transactions.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2016

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee as of December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ablerex-SZ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	$ 176,085	Note 1	$ 176,085	$ -	$ -	$ 176,085	$ 39,505	100	$ 39,505	$ 524,275	$ -	Note 2
Ablerex-BJ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	46,406	Note 1	37,894	-	-	37,894	(166)	80	(133)	34,525	-	Note 2

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ABLEREX ELECTRONICS CO., LTD.	$ 213,979	$ 213,979	$ 979,718

Note 1: Invested in cash through the third region's subsidiary, Ablerex-Samoa which invested in Ablerex-Overseas and then reinvested in Ablerex-SZ and Ablerex-BJ. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Excluding the presentation and disclosures of Ablerex-SZ concurrently reviewed by the Certified Public Accountant, the above-listed related parties disclosed below are presentations and disclosures on investees that were not concurrently reviewed by the Certified Public Accountant. For consolidated reporting purposes, all individuals disclosed below have eliminated all inter-group transactions.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2016

Table 8

(1) Selling amount and percentage and related receivables' percentage and balance at December 31, 2016:

		For the year ended December 31, 2016		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Sales	$ 58,486	5%	Resold to Ablerex-SZ through Ablerex-HK

(2) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:

		For the year ended December 31, 2016		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Miscellaneous income	$ 2,066	- %	The Company purchased the critical raw materials of $26,688 on behalf of Ablerex-SZ, and collectd revenue through Ablerex-HK's transshipment.
Ablerex-SZ	Deduction from management fee	$ 11,637	19%	Provide management service to Ablerex-SZ and collects payment through Joint.

		December 31, 2016		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Other receivables	$ 16,453	17%	