MPI CORPORATION and Subsidiaries

Consolidated Financial Statements for the

Years Ended March 31, 2016 and 2015, and

Independent Auditors' Report

MPI CORPORATION and Subsidiaries

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of MPI Corporation

We have reviewed the accompanying consolidated balance sheets of MPI Corporation and its subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income for the three-month and three-month periods ended March 31, 2016 and 2015, and the consolidated statements of changes in equity and of cash flows for the three -month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as discussed in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of Company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 4(3), the financial statements of certain non-significant subsidiaries and investments accounted for under the equity method were consolidated and measured based on their unreviewed financial statements as of and for the three-month periods ended March 31, 2016 and 2015. Total assets of these subsidiaries and investments amounted to NT$490,456 thousand and NT$605,948 thousand, representing 7% and 10% of the related consolidated totals, and total liabilities amounted to NT$83,129 thousand and NT$127,814 thousand, representing 3% and 5% of the related consolidated totals, as of March 31, 2016 and 2015, respectively. Total comprehensive income of these subsidiaries including share of profit of associates NT $(6,167) thousand and NT $(4,859) thousand, constituting (12%) and (6%) of the consolidated totals for the three-month periods then ended respectively. As described in Note 6(6), it related to the investments accounted for under the equity method balances of NT $113,196 thousand and NT $107,840 thousand as of March 31, 2016 and 2015, respectively, the related shares of investment income from the associates amounted to NT $(1,300) thousand and NT $2,438 thousand. And the related share of other comprehensive income of subsidiaries amounted to NT $0 thousand.

Based on our reviews, except for the effect of such adjustments, if any, that might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent auditors as described in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above in order for them to be in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

Chih-Ling Chen, CPA
Sun Rise CPAs & Company
Taipei, Taiwan, Republic of China
May 11, 2016

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (ASSETS)

March 31 ,2016, December 31,2015 AND March 31,2015

(All amounts are expressed in New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

ASSETS	Note	March 31,2016 Amounts	%	December 31,2015 Amounts	%	March 31,2015 Amounts	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	$ 631,417	9	$ 473,793	7	$ 661,485	11
Notes receivable, net	6(2)	23,265	－	26,568	－	26,534	－
Accounts receivable, net	6(3)	629,148	9	769,566	12	646,949	10
Accounts receivable -related parties, net	6(3).7	43,303	1	81,938	1	90,826	1
Other receivables		18,121	－	19,725	－	13,183	－
Other receivables -related parties, net	7	71	－	－	－	298	－
Income tax receivable		4,726	－	1,603	－	12	－
Inventories, net	6(4)	1,876,545	27	1,636,177	25	1,820,101	29
Prepayments		143,943	2	125,854	2	138,823	2
Other current assets	8	12,699	－	10,587	－	13,408	－
Total Current Assets		3,383,238	48	3,145,811	47	3,411,619	53
NONCURRENT ASSETS							
Investments accounted for using equity method	6(6)	113,196	2	112,301	2	107,840	2
Property, plant and equipment	6(7).7.8	3,018,871	43	2,962,969	45	2,309,042	37
Intangible assets	6(8)	82,497	1	81,467	1	66,940	1
Deferred income tax assets		58,344	1	59,193	1	46,531	1
Other noncurrent assets		319,881	5	289,730	4	361,523	6
Total Noncurrent Assets		3,592,789	52	3,505,660	53	2,891,876	47
TOTAL ASSETS		$ 6,976,027	100	$ 6,651,471	100	$ 6,303,495	100

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

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (LIABILITIES AND EQUITY)

March 31 ,2016, December 31,2015 AND March 31,2015

(All amounts are expressed in New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

		March 31,2016		December 31,2015		March 31,2015	
LIABILITIES AND EQUITY	Note	Amounts	%	Amounts	%	Amounts	%
CURRENT LIABILITIES							
Short-term loans	6(9)	$ 703,859	10	$ 554,217	9	$ 4,263	-
Current financial liabilites at fair value through profit o	6(12)	180	-	1,682	-	-	-
Notes payable		-	-	56	-	-	-
Accounts payable		449,659	7	394,182	6	452,211	7
Accounts payable-related parties	7	13,354	-	2,992	-	35,482	1
Payables on equipment		45,676	1	127,068	2	154,320	2
Other payables	6(10)	424,227	6	479,110	7	354,607	6
Other payables-related parties	7	1,602	-	6,667	-	12,955	-
Income tax payable		48,089	1	42,783	1	81,473	1
Provisions	6(11)	1,231	-	1,240	-	3,562	-
Sales revenue received in advance	7	561,206	8	492,069	8	697,498	11
Corporate bonds payable – current portion	6(12)	582,217	8	579,433	9	-	-
Current portion of long-term liabilities	6(13)	9,328	-	9,328	-	9,329	-
Lease obligations payable－current	6(7)	17,974	-	-	-	-	-
Other current liabilities		18,722	-	23,199	-	15,423	-
Total Current Liabilities		2,877,324	41	2,714,026	42	1,821,123	28
NONCURRENT LIABILITIES							
Non-current Financial liabilities at Fair Value through	6(12)	-	-	-	-	781	-
Payable bonds	6(12)	-	-	-	-	571,163	9
Long-term loans	6(13)	247,636	4	250,068	4	55,963	1
Deferred income tax liabilities		10,817	-	11,679	-	15,958	-
Lease obligations payable－noncurrent	6(7)	67,404	1	-	-	-	-
Accrued pension cost	6(14)	25,114	-	26,014	-	20,093	-
Other noncurrent liabilities		1,256	-	1,256	-	1,256	-
Total Other Liabilities		352,227	5	289,017	4	665,214	10
TOTAL LIABILITIES		3,229,551	46	3,003,043	46	2,486,337	38
EQUITY	6(15)						
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Capital common stock		796,054	11	796,054	12	796,054	13
Capital surplus		885,735	13	871,572	13	871,572	14
Retained earnings							
Appropriated as legal capital reserve		462,706	7	462,706	7	410,942	7
Unappropriated earnings		1,564,456	23	1,509,840	23	1,689,160	28
Total Retained Earnings		2,027,162	30	1,972,546	30	2,100,102	35
Other							
Foreign currency translation adjustments		22,603	-	26,872	-	32,693	-
Total others		22,603	-	26,872	-	32,693	-
Treasury stock		-	-	(34,454)	(1)	-	-
Equity attributable to shareholders of the parent		3,731,554	54	3,632,590	54	3,800,421	62
NONCONTROLLING INTERESTS		14,922	-	15,838	-	16,737	-
TOTAL EQUITY		3,746,476	54	3,648,428	54	3,817,158	62
TOTAL LIABILITIES AND EQUITY		$ 6,976,027	100	$ 6,651,471	100	$ 6,303,495	100

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

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to March 31, 2016 and 2015

(All amounts are expressed in New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

		January 1 ~ March 31,2016		January 1 ~ March 31,2015	
Items	Note	Amounts	%	Amounts	%
OPERATING REVENUE, NET	7				
Sales revenue		$ 806,460	89	$ 877,518	94
Less: sales returns		-	-	(400)	-
sales discounts and allowances		-	-	(58)	-
Commission revenue		20,515	2	15,740	2
Processing Fees revenue		81,271	9	38,488	4
Operating Revenue, net		908,246	100	931,288	100
OPERATING COSTS	6(4).7	(504,541)	(56)	(501,260)	(54)
GROSS PROFIT		403,705	44	430,028	46
Realized (Unrealized) Gross profit on sales to subsidiaries and associates		136	-	1,784	-
GROSS PROFIT, NET		403,841	44	431,812	46
OPERATING EXPENSES	7				
Selling expenses		(82,627)	(9)	(89,526)	(10)
General & administrative expenses		(78,497)	(8)	(65,709)	(7)
Research and development expenses	6(8)	(180,312)	(20)	(179,546)	(19)
Operating expense, net		(341,436)	(37)	(334,781)	(36)
OPERATING INCOME		62,405	7	97,031	10
NON-OPERATING INCOME AND EXPENSES					
Other gains and losses	6(17)	(1,702)	-	8,196	1
Finance costs	6(17)	(5,707)	-	(3,089)	-
Share of profits of subsidiaries and associates	6(6)	1,300	-	2,438	-
Interest income	7	642	-	769	-
Rent income	7	2,059	-	2,582	-
Gain on doubtful debt recoveries	6(3)	1,016	-	754	-
Other non-operating revenue-other items	7	1,482	-	5,467	1
Total Non-operating Income		(910)	-	17,117	2
INCOME BEFORE INCOME TAX		61,495	7	114,148	12
INCOME TAX BENEFIT(EXPENSE)	6(18)	(7,948)	(1)	(18,551)	(2)
NET INCOME		53,547	6	95,597	10
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(4,116)	(1)	(8,552)	(1)
Other comprehensive income for the year, net of income tax		(4,116)	(1)	(8,552)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 49,431	5	$ 87,045	9
NET INCOME(LOSS) ATTRIBUTABLE TO：					
Shareholers of the parent		$ 54,616	6	$ 95,546	10
Noncontrolling interests		(1,069)	-	51	-
		$ 53,547	6	$ 95,597	10
TOTAL COMPREHENSIVE INCOME(LOSS)					
Shareholers of the parent		$ 50,347	5	$ 87,467	9
Noncontrolling interests		(916)	-	(422)	-
		$ 49,431	5	$ 87,045	9
		After-tax		After-tax	
EARNINGS PER COMMON SHARE(NTD)	6(19)				
Basic earnings per share		$ 0.69		$ 1.20	
Diluted earnings per share		$ 0.64		$ 1.12	

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to March 31, 2016 and 2015

(All amounts are expressed in New Taiwan Dollars unless otherwise stated)

Item	Capital- Common Stock	Capital Surplus	Retained Earnings: Legal Capital Reserve	Retained Earnings: Unappropriated Earnings	Others: Foreign Currency Translation Reserve	Treasury Stock	Total	Non-controlling Interests	Total Equity
	3110	3200	3310	3350	3410	3500	31xx	36XX	3XXX
BALANCE,JANUARY,1,2015	$ 795,364	$ 885,012	$ 410,942	$ 1,593,614	$ 40,772	$ -	$ 3,725,704	$ 17,159	$ 3,742,863
Capital Reserve From Stock Warrants		(325)					(325)		(325)
Disposal of investments accounted for under the equity method		(19,306)					(19,306)		(19,306)
Net Income for the three-month period ended March 31,2015				95,546			95,546	51	95,597
Other comprehensive income for the three-month period ended March 31,2015				-	(8,079)		(8,079)	(473)	(8,552)
Total comprehensive income	-	-	-	95,546	(8,079)	-	87,467	(422)	87,045
Convertible Bonds Transferred To Common Stock	690	6,191					6,881		6,881
BALANCE,MARCH,31,2015	$ 796,054	$ 871,572	$ 410,942	$ 1,689,160	$ 32,693	$ -	$ 3,800,421	$ 16,737	$ 3,817,158
BALANCE,JANUARY,1,2016	$ 796,054	$ 871,572	$ 462,706	$ 1,509,840	$ 26,872	$ (34,454)	$ 3,632,590	$ 15,838	$ 3,648,428
Net Income for the three-month period ended March 31,2016				54,616			54,616	(1,069)	53,547
Other comprehensive income for the three-month period ended March 31,2016				-	(4,269)		(4,269)	153	(4,116)
Total comprehensive income	-	-	-	54,616	(4,269)	-	50,347	(916)	49,431
Issuance of stock from exercise of employee stock options	-	14,163				34,454	48,617		48,617
BALANCE,MARCH,31,2016	$ 796,054	$ 885,735	$ 462,706	$ 1,564,456	$ 22,603	$ -	$ 3,731,554	$ 14,922	$ 3,746,476

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

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to March 31, 2016 and 2015

(All amounts are expressed in New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

Items	Jan 1 ~ Mar 31,2016	Jan 1 ~ Mar 31,2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 61,495	$ 114,148
Adjustments to reconcile net income to net		
Depreciation	88,135	45,498
Amortization	13,673	11,113
(Reversal) allowance for doubtful receivables	(1,016)	(754)
Gains on Financial Assets (Liabilities) at Fair Value through Profit or Loss	(1,502)	1,384
Interest expense	5,707	3,089
Interest revenue	(642)	(769)
Compensation cost of employee stock options	14,268	-
Loss (gain) on equity-method investments	(1,300)	(2,438)
(Gain) loss on disposal of property, plant and equipment	169	5
(Gain) loss on disposal of financial assets measured at cost	-	(5,706)
(Realized) Unrealized gross profit on sales to subsidiaries and associates	(136)	(1,784)
Adjustments-exchange (Gain) loss on prepayments for equipment	(137)	(470)
Decrease (Increase) in notes receivable	3,303	18,313
Decrease (Increase) in accounts receivable	141,003	(58,119)
Decrease (Increase) in accounts receivable-related parties	39,095	12,997
Decrease (Increase) in other receivables	1,662	9,178
Decrease (Increase) in other receivables-related parties	(71)	(298)
Decrease (Increase) in inventories	(240,368)	(108,509)
Decrease (Increase) in prepayments	(18,089)	1,080
Decrease (Increase) in other current assets	(2,098)	(1,672)
(Decrease) Increase in notes payable	(56)	(2,260)
(Decrease) Increase in accounts payable	55,477	(48,594)
(Decrease) Increase in accounts payable-related parties	10,362	27,458
(Decrease) Increase in other accounts payable	(55,093)	(185,004)
(Decrease) Increase in other accounts payable-related parties	(5,066)	(901)
(Decrease) Increase in provision of liabilities	(8)	(1,295)
(Decrease) Increase in sales revenue received in advance	69,138	34,212
(Decrease) Increase in other current liabilities	(4,477)	(3,624)
Decrease(Increase) in accrued pension cost	(900)	(840)
Cash generated from operations	172,528	(144,562)
Interest received	583	791
Interest (excluding capitalization of interest)	(2,714)	(342)
Income taxes paid	(5,779)	(7,362)
Net cash Provided By Operating Activities	164,618	(151,475)

(Continue)

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to March 31, 2016 and 2015

(All amounts are expressed in New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

Items	Jan 1 ~ Mar 31,2016	Jan 1 ~ Mar 31,2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets measured at cost	-	25,938
Additions to property, plant and equipment	(142,941)	(189,952)
Proceeds from sale of property, plant and equipment	480	-
Intangible assets	(6,110)	(1,236)
Increase in other financial assets	(14)	(4)
Increase in other non-current assets	(38,970)	(3,410)
Net cash Provided Used In Investing Activities	(187,555)	(168,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	149,642	-
Decrease in short-term loans	-	(121)
Repayments of long-term loans	(2,432)	(2,332)
Decrease in nocurrent liabilities	-	(127)
Employees to repurchase of treasury stock	34,349	-
Increase (decrease) in noncontrolling interests	153	(474)
Net cash (Used In) Financing Activities	181,712	(3,054)
Effects of exchange rate change on cash	(1,151)	9,066
Net increase in cash and cash equivalents	157,624	(314,127)
Cash and cash equivalents at beginning of year	473,793	975,612
Cash and cash equivalents at end of year	$ 631,417	$ 661,485

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(UNAUDITED)

1. **GENERAL**

(1) MPI Corporation ("the Company"), a company limited by shares, was incorporated under the Corporation Law and other relevant laws and regulations on July 25, 1995. As of March 31, 2016, the paid-in capital amounted to NT$ 796,054 thousand dollars.

(2) The Company and Subsidiaries primarily offers the following services:

A. Maintenance, purchase, sales, research and development of computers and peripheral equipment;

B. Import/export of semiconductors, integrated conductors and electronic parts;

C. Import/export of high-precision automatic machines;

D. Import/export of machinery and accessories；

F.Test, maintenance, manufacturing and import/export trading of parts of semiconductors；

(3) The consolidated financial statements of MPI Corporation as of and for the year ended March 31, 2016, comprise MPI Corporation and its subsidiaries (the Group).

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 5/11, 2016.

3. **ADOPTION OF NEW AND AMENDED STANDARDS 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

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date to be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Amendment to IFRS 15 Clarifications to IFRS 15	January 1, 2018
IFRS 16 Leases	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Amendment to IAS 7 Disclosure Initiative	January 1, 2017
Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012 and Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

4. <u>SUMMARY OF SIGNIFICANTACCOUNTING POLICIES</u>

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

(1) Compliance statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 "Interim Financial Reporting" as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these 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) Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(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 (%)			Description
			March 31, 2016	December 31, 2015	March 31, 2015	
MPI	Chain-Logic International Corp.	professional equipment agent and provides technologic service for the manufacturing of high-tech industry such as LED, LCD, Semiconductor, and etc.	100%	100%	100%	Established in January 25,1994
MPI	MPI TRADING CORP.(Samoa)	Selling Probe Card and Test Equipment	100%	100%	100%	Established in December 22, 2000.
MPI	MMI HOLDING CO., LTD.(Samoa)	Investment activities	100%	100%	100%	Established in August 7, 2002.

MPI	MEGTAS CO., LTD. (Korea)	Test, maintenance, manufacturing and import/export trading of parts of semiconductors	60%	60%	60%	Established in September 1, 2010.
MPI	JIA-SIN INVESTMENT CORP.	Investment activities	100%	100%	100%	Established in April 30, 2004.
MPI	YI-SIN INVESTMENT CORP.	Investment activities	100%	100%	100%	Established in April 30, 2004.
MPI	WANG-TONG CORP.	Maintenance, purchase, sales, research and development of computers and peripheral equipment;	100%	100%	100%	Established in December 22, 2010.
MPI	ALLSTRON CORP.	Manufacturing of high frequency wafer foundry measuring probing	100%	100%	100% (Note1)	Established in March 31, 2006. The Company started on January 1, 2014 as the acquisition date, acquiring 100% of the shares.
Chain-Logic International Corp.	CHAIN-LOGIC TRADING CORP. (Mauritius)	International trading business	100%	100%	100%	Established in November 19, 2001.
Chain-Logic International Corp.	JIA-YING INVESTMENT CORP.	Investment activities	100%	100%	100%	Established in April 30, 2004.
CHAIN-LOGIC TRADING CORP.	CHAIN LOGIC （SHANGHAI） INTERNATIONAL CORP.	International trading	100%	100%	100%	Established in February 8, 2002.
MMI HOLDING CO., LTD.	LEDA-ONE (Shenzhen) CORPORATION	development of computers and peripheral equipment	100%	100%	100%	Established in May 7, 2010.
MMI HOLDING CO., LTD.	Lumitek (ChangZhou) Co.,Ltd.	Selling and manufacturing of high-tech industry such as LED.	100%	100%	100% (Note 2)	Established in January 10, 2014.

(Note1) To develop the market of China, the Group through MMI HOLDING CO.,LTD invested Lumitek (Chan gzhou) Co.,Ltd. USD$4,000,000 (NT$120,500 thousand dollars) in 2014. And increased investment USD$11,000,000 (NT$349,990 thousand dollars) holding 100% of shares in 2015.

The financial statements of the entity as of and for the THREE-month periods ended March 31, 2016 and 2015 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary except MMI HOLDING CO., LTD. and Lumitek (ChangZhou) Co.,Ltd.

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

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

E. Significant restrictions：None.

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

（4）Foreign Currencies

A. Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of the reporting period (the reporting date), foreign currency monetary amounts are reported using the closing rate. Exchange differences due to settlement of transactions or translation for monetary items are recognized in profit or loss.

Non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

B. Translation of foreign operations

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

① Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

② Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; And

③ All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) 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 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.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

（5） Classification of Current and Non-current Assets and Liabilities

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
B. It holds the asset primarily for the purpose of trading;
C. It expects to realize the asset within twelve months after the reporting period;
D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

A. It expects to settle the liability in its normal operating cycle;
B. It holds the liability primarily for the purpose of trading;
C. The liability is due to be settled within twelve months after the reporting period;
D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

（6）Cash and Cash Equivalents

Cash and cash equivalents comprise cash, revolving funds, and cash in bank and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits should be recognized as other current and non-current financial assets.

(7) Financial Instruments

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

A. Financial Assets

The Group adopts trade-date accounting to recognize and derecognize financial assets. Financial assets are classified into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets and receivables.

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

Financial assets at fair value through profit or loss are comprised of financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in short term.

If financial assets do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

(b) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables including notes and accounts receivable and other receivables are measured at amortized cost using the effective interest method, less any impairment, except for those loans and receivables with immaterial discounted effect.

(c) Impairment of financial assets

Financial assets, other than those carried at MPI, are assessed for indicators of impairment at the end of each reporting period. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets;

their estimated future cash flows have been affected.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of inactive market for a security.

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

(d) Derecognition of financial assets

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

B. Financial Liabilities and Equity Instrument

(a) Classification and subsequent measurement

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus—stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

① Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or losses.

② Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

③ Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

④ Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

⑤ When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus – stock warrants.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in short term.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

(c) Other financial liabilities

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

(d) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

（8）<u>Inventories</u>

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

(9) Investment in subsidiaries

Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

Under the equity method, an investment in an associate controlled entity is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate and jointly controlled entity as well as the distribution received. The Group also recognizes their share in the changes in the associates and jointly controlled entity.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

When a consolidated entity transacts with an associate or a joint controlled entity, profits and losses resulting from the transactions with the associate or jointly controlled entity are recognized in the Company' consolidated financial statements only to the extent of interests in the associate or jointly controlled entity that are not owned by the Group.

(10) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost; Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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. If 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.

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:

Items	Useful Lives
Buildings	10–50
Machinery and equipment	5–13
Transportation equipment	4–6
Office equipment	3–10
Research equipment	2–13
Other equipment	3–9

(11) Leases

A. Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. Other leases are operating leases. Receivables collected are periodically recognized as rental income during the lease contract.

Under an operating lease, rental income or lease payments are recognized as income or expense, respectively, on a straight-line basis over the lease term.

B. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

(12) Intangible assets

A. Goodwill

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

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.

B.Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 5 years.

C.Internally generated intangible assets—research and development expenditures

(a)Research expenditures are recognised as an expense as incurred.

(b)Development expenditures that do not meet the following criteria are recognised as expenses as incurred, but are recognised as intangible assets when the following criteria are met:

① It is technically feasible to complete the intangible asset so that it will be available for use or sale;

② An entity intends to complete the intangible asset and use or sell it;

③ An entity has the ability to use or sell the intangible asset;

④ It can be demonstrated how the intangible asset will generate probable future economic benefits;

⑤ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; And

⑥ The expenditure attributable to the intangible asset during its development can be reliably measured.

(13) Impairment of Non-financial Assets

A. The Group measures whether impairment occurred in non-financial assets every reporting period, and estimates the recoverable amount. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will determine the recoverable amount for the asset's cash-generating unit.

B. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

C. A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

(14) Provisions

Provisions (including warranties, decommissioning, restructuring, onerous contracts, and contingent liabilities from business combinations, etc.) are recognized when the Group have 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.

(15) Treasury stock

A. Treasury stock is stated at cost.

B. The cost of treasury stock is accounted for on a weighted-average basis.

C. Upon disposal of the treasury stock, if the disposal price exceeds the cost of the treasury stock disposed of, the difference is credited to “capital reserve – treasury stock”. If the disposal price is less than the cost, the difference is debited to the capital reserve arising from the treasury stock of the same class. Where the capital reserve is insufficient to cover the difference, the remaining amount is charged against retained earnings.

(16) Revenue Recognition Method

A. Sales of goods

Revenue is measured at the fair value of the consideration received or receivable taking into account of returns, rebates 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 recognized 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. Sales of services

Revenue from delivering services is recognized 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.

C. Commission Revenue

When the Group is the representative instead of the consignor in the transaction, the revenue is recognized in net commission.

D. Rental Revenue

The revenue is generated from subletting real estate which is recognized as Rent Revenue under Non-operating income and expense.

E. Dividend Revenue

Revenue is recognized when the Group’s right to receive the payment is established.

(17) Borrowing Costs

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(18) Government grants

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

(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 recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized 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

① 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. 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 high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

② 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.

③ Past-service costs are recognised immediately in profit or loss

④ Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either 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 expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(20) Share-based payment

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

(21) Income tax

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

B. The current income tax expense 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 tax is recognized, 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 balance sheet. However, the deferred 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 tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 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 tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(22) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity’s net assets in the event of liquidation at either fair value or the present ownership instruments’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of any previous equity interest in the acquire over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognized and the fair value of previously held equity interest in the acquire is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(23) Earnings Per Common Share

Basic earnings per share (EPS) are computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding in the year. Diluted EPS reflects the potential dilution that could occur if dilative securities and other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company.

(24) Operating segments

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

5. CRITICALACCOUNTING 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. The above information is addressed below:

(1) Estimated impairment of accounts receivable

If there is any objective evidence of impairment, the Group will take account of estimates of future cash flows. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Significant impairment loss may occur if actual cash flows are less than forecasted.

As of March 31, 2016, the carrying amount of accounts receivable was $ 695,716 thousand dollars. (Was deducted allowance for uncollectible accounts, $ 14,123 thousand dollars)

(2) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

As of March 31, 2016, the carrying amount of accounts receivable was $ 1,873,545 thousand dollars. (Was deducted allowance for uncollectible accounts, $ 221,636 thousand dollars)

(3) Realization of Deferred Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Company's subjective judgment and estimate, including the future revenue growth and profitability, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of March 31, 2016, the Group recognized deferred income tax assets amounting to $58,344 thousand dollars.

(4) Revenue recognition

In principle, sales revenues are recognized when the earning process is completed. The Group estimate discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

As of March 31, 2016, provisions for discounts and returns amounted to $1,231 thousand dollars.

(5) Estimation of defined benefit obligation

Accrued pension liabilities and the resulting pension expenses under the defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

As of March 31, 2016, the carrying amount of accrued pension obligations was $25,114 thousand dollars.

(6) Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(8) for the information of goodwill impairment. As of March 31, 2016, the Group recognised goodwill, amounting to $45,533 thousand dollars.

6. DETAILS OF SIGNIFICANTACCOUNTS

(1) Cash and cash equivalents

	March 31, 2016	December 31, 2015	March 31, 2015
Cash:			
Cash on hand	$ 3,937	$ 3,687	$ 2,015
Cash in banks:			
Checking deposits	45	10	—
Demand deposits	555,260	394,282	598,351
Time deposits	72,175	75,814	61,119
Total	$ 631,417	$ 473,793	$ 661,485

(2) Notes receivable, net

	March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable	$ 23,265	$ 26,568	$ 26,534
Less: Allowance for doubtful accounts	—	—	—
Notes receivable, net	$ 23,265	$ 26,568	$ 26,534

(3) Accounts receivable, net

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable	$ 639,056	$ 782,647	$ 656,488
Less: Allowance for doubtful accounts	(9,908)	(13,081)	(9,539)
Accounts receivable, net	$ 629,148	$ 769,566	$ 646,949

Accounts receivable-related parties

	March 31, 2016	December 31, 2015	March 31, 2015
Less: Allowance for doubtful accounts	$ 43,363	$ 82,458	$ 90,826
Accounts receivable-related parties, net	(60)	(520)	—
	$ 43,303	$ 81,938	$ 90,826

Overdue receivable	March 31, 2016	December 31, 2015	March 31, 2015
Less: Allowance for doubtful accounts	$ 4,155	$ 4,441	$ 19,726
Overdue receivable, net	(4,155)	(4,441)	(19,726)
Accounts receivable	$ —	$ —	$ —

A. Movements on the Group provision for impairment of accounts receivable are as follows:

	Group provision	Individual provision	Total
At January 1,2016	$ 17,982	$ 60	$ 18,042
Provision for impairment	—	—	—
Reversal of impairment	(1,016)	—	(1,016)
Write-offs during the period	(2,395)	(479)	(2,874)
Unwinding of discount and premium	(29)	—	(29)
At March 31,2016	$ 14,542	$ (419)	$ 14,123
At January 1,2015	$ 14,889	$ 15,947	$ 30,836
Provision for impairment	—	—	—
Reversal of impairment	(754)	—	(754)
Write-offs during the period	(763)	—	(763)
Unwinding of discount and premium	(54)	—	(54)
At March 31,2015	$ 13,318	$ 15,947	$ 29,265

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

	March 31, 2016		December 31, 2015		March 31, 2015	
	Total	impairment	Total	impairment	Total	impairment
Up to 90 days	$641,371	$ -	$ 781,223	$ -	$693,068	$ -
1~90 days	41,063	2,874	72,742	5,092	55,145	3,860
91 to 180 days	8,069	1,210	17,780	2,667	17,376	2,607
181 to 360 days	6,827	1,707	16,490	4,123	4,228	1,057
361 to 720 days	8,354	4,177	3,438	1,719	4,031	2,015
Over721 days	4,155	4,155	4,441	4,441	19,726	19,726
Total	$709,839	$14,123	$ 896,114	$ 18,042	$793,574	$ 29,265

(4) Inventories

	March 31, 2016	December 31, 2015	March 31, 2015
Raw materials	$ 320,055	$ 346,572	$ 386,048
Supplies	70,872	67,885	66,908
Work-in-process	327,840	289,278	313,320
Semi-finished goods	249,591	212,380	173,491
Finished goods	1,077,856	858,149	997,340
Merchandise	51,357	70,782	92,408
Materials and supplies in transit	610	17,012	—
Less：Allowance to reduce inventory to market	(221,636)	(225,881)	(209,414)
Inventories, net	$ 1,876,545	$ 1,636,177	$ 1,820,101

A. The detail of cost of goods sold

	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Cost of inventories sold	$ 498,350	$ 477,003
Loss on market price decline inventories (gain from price recovery)	4,239	21,214
Loss on obsolescence of inventory	—	—
Other operating costs- employees' bonus	2,759	3,893
Income from sale of scrap and wastes	—	—
Estimated warranty liabilities	(807)	(850)
Operating Cost	$ 504,541	$ 501,260

B. As of March 31, 2016, December 31, 2015 and March 31, 2015, the inventory were not pledged as collateral.

(5) Financial assets carried at cost

	March 31, 2016	December 31, 2015	March 31, 2015
Non-current items:			
TAISelec Co.,Ltd	—	—	—
Accumulated impairment	—	—	—
Total	—	—	—

A. According to the Company's intention, its investment in TAISelec Co., Ltd Corporation stocks should be classified as available-for-sale financial assets. However, as TAISelec Co., Ltd Corporation stocks are not traded in active market, and no sufficient industry information of companies similar to TAISelec Co., Ltd Corporation or TAISelec Co., Ltd Corporation's financial information cannot be obtained, the fair value of the investment in TAISelec Co., Ltd Corporation stocks cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost'.

B. The transfer of the Company's Board of Directors held TAISelec Co., Ltd 18.75% stake in relation to non-person, in the Republic in February 2015 transfer, sale price was NT $ 25,938 thousand dollars, dispose of the interests of NT $ 5,706 thousand dollars.

C. As of March 31, 2016, December 31, 2015 and March 31, 2015, the financial assets carried at cost were not pledged as collateral.

(6) Investments accounted for using equity method

Names of Investee company	March 31, 2016 Amounts	December 31, 2015 Amounts	March 31, 2015 Amounts
Associates：			
MJC Microelectronics Shanghai Co.,Ltd.	$ 44,776	$ 45,190	$ 44,922
MJC Microelectronics Kunshan Co.,Ltd.	65,194	64,012	61,388
Lumitek Corporation	3,226	3,099	1,530
Total	$ 113,196	$ 112,301	$ 107,840

A. The variation during as follow：

	Jan.1~Mar. 31, 2016	2015	Jan.1~Mar. 31, 2015
At January 1	$ 112,301	$ 123,852	$ 123,852
Capital surplus	—	(19,306)	—
Cash dividend	—	-	—
Investment income under equity method	1,300	6,728	2,438
Cumulative translation adjustments	(541)	(2,012)	(20,234)
Unrealized Gross Profit	136	3,039	1,784
At March 31	$ 113,196	$ 112,301	$ 107,840

B.The financial information of the Group's principal associates is summarized below:

Company name	Nature of relationship	Principal place of business	Shareholding ratio March 31, 2016	December 31, 2015	March 31, 2015	Methods of measurement
MJC Microelectronics Shanghai Co.,Ltd.	To develop the Market of China.	China	40%	40%	40%	Equity method
MJC Microelectronics Kunshan Co.,Ltd.	To develop the Market of China.	China	40%	40%	40%	Equity method
Lumitek Corporation	To dismiss in Feb.28,2015	Taiwan	20.15%	20.15%	20.15%	Equity method

C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

	March 31, 2016	December 31, 2015	March 31, 2015
The carrying amount of the Group's individually immaterial associates	$ 113,196	$ 112,301	$ 107,840

	Jan.1~Mar. 31, 2016		Jan.1~Mar. 31, 2015	
Profit or loss for the period from continuing operations	$	1,300	$	2,438
Loss for the period from discontinued operations		—		—
Other comprehensive income- net of tax		—		—
Total comprehensive income	$	1,300	$	2,438

D. As of March 31, 2016 and 2015, the financial statements of investments accounted for using equity method were consolidated and measure based on their unreviewed financial statements.

E. As of March 31, 2016, December 31, 2015 and March 31, 2015, the Investments accounted for using equity method were not pledged as collateral.

(7) Property, plant and equipment

A. The Company in July 2015 to Non related party purchased land located Taihe segment Zhubei City, the sale of a total of $251,817 thousand dollars for contract dollars. And settled transfer on September 24, 2015, serves the purpose of staff's dormitory.

B. The Company in December 2015 to Non related party purchased land located Taihe segment Zhubed City, the sale of a total of $123 thousand dollars for contract dollars. And settled transfer in December, 2015.

C. The Group in September 2014 to Non related party purchased pre - sale housing, the sale of a total of RMB 4,320,000.

D. The Group to Non related party purchased pre-sale housing in 2015, the sale of a total of RMB 1,641,816.

E. About Leased assets as follows：

a. Leased assets, net：

	Jan.1~Mar. 31, 2016		2015		Jan.1~Mar. 31, 2015	
Cost						
Machinery	$	90,094	$	—	$	—
Less：Accumulated depreciation		(4,505)		—		—
effect of movements in exchange rate		(211)				
Leased assets, Net.	$	85,378	$	—	$	—

b. The content of capital were summarized as follows：

The company sign the five -year lease agreement with Non related party in January of the 2016, lessee will pay RMB$ 366 thousand dollars to buy the capital lease assets at the expiration of lease term. lease assets detail：

Lessor	Properties	Rental Paid	Payment Terms
Non related party	Agilent Technologies	NT$ 90,094	2016.01.01～2020.12.31

c. Future payments for Payables on leased were as follows：

	Total	Financing Expenses	Present Value
Current			
Up to 1 years	$ 18,682	$ 708	$ 17,974
Non-current			
1 to 5 years	70,058	2,654	67,404
Total	$ 88,740	$ 3,362	$ 85,378

F. The collateralized land and building for loans amounted please see note 8 for details.

G. Total capitalized interest amounted see note 6(17) for details.

H. The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Transportation	Office equipment	Research equipment	Other equipment	Leased assets	construction in progress	Total
Cost:										
At January 1, 2016	$ 763,767	$ 1,294,595	$ 1,024,363	$ 4,189	$ 94,639	$ 559,075	$ 51,336	$ -	$ 52,107	$ 3,844,071
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-
Additions	-	-	19,663	-	2,543	2,083	160	90,094	11,550	126,093
Disposals	-	-	(350)	(1,320)	(48)	(586)	(33)	-	-	(2,337)
Reclassifications	-	-	11,028	-	131	9,814	-	-	-	20,973
effect of movements in exchange rate	-	(154)	(2,424)	(14)	26	12	(33)	(222)	-	(2,809)
At March 31, 2016	$ 763,767	$ 1,294,441	$ 1,052,280	$ 2,855	$ 97,291	$ 570,398	$ 51,430	$ 89,872	$ 63,657	$ 3,985,991
Cost:										
At January 1, 2015	$ 512,073	$ 1,204,309	$ 544,548	$ 4,244	$ 79,371	$ 424,972	$ 27,216	$ -	$ 4,603	$ 2,801,336
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-
Additions	-	950	33,180	-	2,353	31,943	370	-	16,614	85,410
Disposals	-	-	(126)	-	(259)	(198)	-	-	-	(583)
Reclassifications	-	-	24,479	-	248	45,919	-	-	-	70,646
effect of movements in exchange rate	-	(278)	30,612	(26)	19	-	(254)	-	-	30,073
At March 31, 2015	$ 512,073	$ 1,204,981	$ 632,693	$ 4,218	$ 81,732	$ 502,636	$ 27,332	$ -	$ 21,217	$ 2,986,882
Accumulated depreciation and impairment：										
At January 1, 2016	$ -	$ 202,323	$ 331,938	$ 1,617	$ 53,737	$ 273,007	$ 18,480	$ -	$ -	$ 881,102
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-
Additions	-	10,419	46,546	230	4,716	19,322	2,397	4,505	-	88,135
Disposals	-	-	(350)	(678)	(45)	(582)	(33)		-	(1,688)
effect of movements in exchange rate	-	(68)	(417)	(5)	19	12	41	(11)	-	(429)
At March 31, 2016	$ -	$ 212,674	$ 377,717	$ 1,164	$ 58,427	$ 291,759	$ 20,885	$ 4,494	$ -	$ 967,120
Accumulated depreciation and impairment：										
At January 1, 2015	$ -	$ 166,741	$ 201,159	$ 680	$ 41,384	$ 210,301	$ 13,294	$ -	$ -	$ 633,559
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-
Additions	-	8,325	15,559	238	3,721	16,587	1,068	-	-	45,498
Disposals	-	-	(126)	-	(254)	(198)	-	-	-	(578)
effect of movements in exchange rate	-	(111)	(350)	(3)	74	-	(249)	-	-	(639)
At March 31, 2015	$ -	$ 174,955	$ 216,242	$ 915	$ 44,925	$ 226,690	$ 14,113	$ -	$ -	$ 677,840
Book value										
At March 31, 2016	$ 763,767	$ 1,081,767	$ 674,563	$ 1,691	$ 38,864	$ 278,639	$ 30,545	$ 85,378	$ 63,657	$ 3,018,871
At December 31, 2015	$ 763,767	$ 1,092,272	$ 692,425	$ 2,572	$ 40,902	$ 286,068	$ 32,856	$ -	$ 52,107	$ 2,962,969
At March 31, 2015	$ 512,073	$ 1,030,026	$ 416,451	$ 3,303	$ 36,807	$ 275,946	$ 13,219	$ -	$ 21,217	$ 2,309,042

(8) Intangible assets

The costs of intangible assets, amortization, and the impairment loss of the Group as of and for the ended of March 31, 2016 and 2015 were as follows:

2016	Goodwill	Software	Total
At January 1	$ 45,533	$ 35,934	$ 81,467
Additions	—	6,110	6,110
Reclassifications	—	—	—
Amortization	—	(5,079)	(5,079)
Impairment loss	—	—	—
effect of movement in exchange rate	—	(1)	(1)
At March 31	$ 45,533	$ 36,964	$ 82,497

2015	Goodwill	Software	Total
At January 1	$ 45,533	$ 23,741	$ 69,274
Additions	—	1,236	1,236
Reclassifications	—	—	—
Amortization	—	(3,568)	(3,568)
Impairment loss	—	—	—
effect of movement in exchange rate	—	(2)	(2)
At March 31	$ 45,533	$ 21,407	$ 66,940

B. Research and development expenditures are recognized as Operating-Research and development, which represented $180,312 thousand dollars and $179,546 thousand dollars respectively for the three-month ended of 2016 and 2015.

C. Acquisition of subsidiaries

The Company started on January 1, 2014 as the acquisition date. Allstron Corp is the specialty manufacturer of high frequency wafer foundry measuring probing. We are able to improve the product production because using Allstron Corp patented technology by taking over Allstron Corp. In addition, we expect to increase the market share for the semi-conductor products and testing equipment that we have gained the customers through the acquired company. Therefore, we highly expect cost down by economic scale.

The consideration for the business combination and the fair values of identifiable assets and liabilities accounted for on acquisition date were as follows:

a. Transfer pricing：$50,000 thousand dollars.

b. Fair values of identifiable assets and liabilities acquired on acquisition date：$4,467 thousand dollars.

Cash and cash equivalents	$	4,368
Accounts receivable		506
Other receivables		12
Inventory		1,264
Advance payment		1
Other current assets		1
Property, plant and equipment (Note6(7))		1,535
Other non-current assets		175
Accounts payable		302
other payables		3,088
Other current liabilities		5
Fair value of net assets	$	4,467

c.Goodwill

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

The goodwill of acquisition Allstron Corp mainly comes from Allstron Corp's measurement application of product line in electronics industry. For example, the measurement of RFM skills uses the wide spacing probe in order to accord the changeful demands of the market and also the value of employer. Furthermore, transfer the consideration relationship includes the expect of business to business semiconductor manufacturing and integrate the testing equipment to produce combined synergy, the growth of income and the future development.

The goodwill resulted from the merger of Allstron Corp. The Transfer pricing is determined through the income approach by an independent appraisal company.

Income approach is the five-year cash flow of Allstron Corp. and based on the discount rate used to calculate the asset recoverable.

There was no impairment of intangible assets for the years ended March 31, 2016.

(9) **Short-term loans**

Nature	March 31, 2016			December 31, 2015			March 31, 2015		
		Amounts	Interest rates		Amounts	Interest rates		Amounts	Interest rates
Credit loan	$	4,259	4.67%	$	4,217	5.31% ~5.60%	$	4,263	5.60%
Secured borrowings		699,600	1.05%~ 1.08%		550,000	1.18%		—	
Total	$	703,859		$	554,217		$	4,263	

(10) **Other payables**

	March 31, 2016		December 31, 2015		March 31, 2015	
Accrued expenses	$	341,382	$	405,819	$	261,510
Salaries payable (including Bonuses payable)		34,557		29,189		56,847
Short-term employee benefits		36,688		33,884		20,817
Dividend payable		—		—		—
Others		11,600		10,218		15,433
Total	$	424,227	$	479,110	$	354,607

(11) **Provisions**

	Warranty		Warranty		Warranty
At January 1, 2016	$ 1,240	At January 1, 2015	$ 4,856	At January 1, 2015	$ 4,856
Provision made/(Payment)	(9)	Provision made/(Payment)	(3,616)	Provision made/(Payment)	(1,294)
At March 31, 2016	$ 1,231	At December 31, 2015	$ 1,240	At March 31, 2015	$ 3,562
Current	$ 1,231	Current	$ 1,240	Current	$ 3,562
Non-current	–	Non-current	–	Non-current	–
At March 31, 2016	$ 1,231	At December 31, 2015	$ 1,240	At March 31, 2015	$ 3,562

The Group gives warranties on Semiconductor Manufacturing Technology sold. Provision for warranty is estimated based on historical warranty data, and are recognized as a reduction of revenue in the second year of the related product sales.

(12) **Corporate bonds-payable**

	March 31, 2016		December 31, 2015		March 31, 2015	
The convertible bonds issued in 2014	$	700,000	$	700,000	$	700,000
Bonds transferred to common stock		(99,300)		(99,300)		(99,300)
Less: Discount of bonds payable		(18,483)		(21,267)		(29,537)
Corporate bonds-payable, net	$	582,217	$	579,433	$	571,163
Current	$	582,217	$	579,433	$	—
Non-current		—		—		571,163
At March 31, 2016	$	582,217	$	579,433	$	571,163
Embedded derivative-Financial (Assets) liability	$	180	$	1,682	$	781
Equity element	$	28,261	$	28,261	$	28,261

A. The company issued the third Domestic unsecured convertible corporate bonds on October 16, 2014 for the purpose of purchasing the factory equipments.

Terms and conditions of corporate bonds are outlined as follows：

a. Issue Amount：$700,000 thousand dollars.

b. The bonds have maturity of three years. (November 18, 2014~November 18, 2017)

c. Interest：0%

d. Conversion period ：The date after one month of the bonds issue to the maturity date

e. The price at which shares will be issued upon conversion was NTD 100 per share at the issue date and shall be adjusted accordingly if there is a capital increase in cash or marking of a free distribution by the company.

Since September 13, 2015, the price of conversion was became NT$93.4 per share.

f. A bondholder may request the company to redeem the bonds after two years from the issue date.

g. As stipulated in the contract, the company reserves the right to redeem the convertible bonds from the holders.

B. Till March 31,2016,the convertible bonds transferred to common stock were $99, 300 thousand dollars (issue 993 thousand shares), and the company recognized $88,540 thousand dollars as paid-in capital in excess of par-common stock.

C. The fair value of convertible option was separated from the third bonds payable, and was recognized in "Capital reserve from stock warrants" according to IAS No. 7. Total "Valuation gain (loss) on financial assets (liabilities)" amounted to $1,502thousand dollars and $(1,384) thousand dollars as of March 31, 2016 and 2015.

D. The effective interest rate of the third convertible bonds is 1.9183%, total interest expenses amounted to $2,783 and $2,762 thousand dollars for the three-month ended of 2016 and 2015.

(13) **Long-term Loans**

Lender	Nature	Amount	Period	March 31, 2016
Land Bank –East Shichu Branch	Secured bank borrowings	$ 201,100	2015.09.30~2020.09.30	$ 201,100
Land Bank –East Shichu Branch	Secured bank borrowings	$ 163,000	2009.03.02~2022.03.02	55,964
Less: Long-term Loans payable-current portion				(9,328)
Long-term Loans, net				$ 247,636
Interest rates for long-term loans				1.42 %~1.46%

Lender	Nature	Amount	Period	December 31, 2015
Land Bank –East Shichu Branch	Secured bank borrowings	$ 201,100	2015.09.30~2020.09.30	$ 201,100
Land Bank	Secured	$ 163,000	2009.03.02~2022.03.02	58,296

–East Shichu Branch	bank borrowings			
Less: Long-term Loans payable-current portion				(9,328)
Long-term Loans, net				$ 250,068
Interest rates for long-term loans				1.49 %~1.53 %

Lender	Nature	Amount	Period	March 31, 2015
Land Bank –East Shichu Branch	Secured bank borrowings	$163,000	2009.03.02~2022.03.02	$ 65,292
Less: Long-term Loans payable-current portion				(9,329)
Long-term Loans, net				$ 55,963
Interest rates for long-term loans				1.56 %

Land and building are rendered as collateral for Loans; please refer to note 8 for details.

(14) **Pension Benefits**

A. Defined benefit plans

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

b. For the aforementioned pension plan, the Group recognized pension costs of $150 thousand and $138 thousand dollars for the three-month periods ended March 31, 2016 and 2015, respectively.

c. Expected contributions to the defined benefit pension plans of the Group for the next annual reporting period as at March 31, 2016 is $4,219 thousand dollars.

B. Defined contribution plans

Effective July 1,2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6%

of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Company's subsidiaries in mainland China are subject to the government sponsored 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. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2016 and 2015 were $13,491 thousand dollars and $11,474 thousand dollars.

(15) **EQUITY**

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

	March 31, 2016	December 31, 2015	March 31, 2015
At January 1	79,005,392	79,536,392	79,536,392
Employee stock options exercised	600,000	—	—
Convertible Bonds Transferred To Common Stock	—	69,000	69,000
Purchase of Treasury stock	—	(600,000)	—
At March 31	79,605,392	79,005,392	79,605,392

B. Capital surplus

a. 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. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

b. The components of capital surplus were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Additional paid-in capital	$ 210,163	$ 210,163	$ 210,163
From convertible bonds	569,216	569,216	569,216
Treasury Stock Transactions	58,236	44,073	44,073
Donations	1	1	1
From share of changes in equities of subsidiaries and associates	—	–	—
Other	19,858	19,858	19,858
Option	28,261	28,261	28,261
Total	$ 885,735	$ 871,572	$ 871,572

c. The company issued the first and second Domestic unsecured convertible corporate bonds; the company recognized $480,676 thousand dollars as paid-in capital in excess of par-common stock and treasury stock transaction $8,477 thousand dollars.

d. The group issued the first and second Domestic unsecured convertible corporate bonds; the company recognized $35,596 thousand dollars as paid-in capital in excess of par-common stock.

e.The Company invest in LUMITED CORPORATION through JIA-SIN INVESTMENT CORP. and YI-SIN INVESTMENT CORP. and JIA-YING INVESTMENT CORP. handle to increase the Company’s working capital and employee stock options ,didn’t subscribe, so the additional paid-in capital from investee under equity method were $19,306 thousand dollars. Because LUMITED CORPORATION dismissed on February 28, 2015, it is $0 dollars to close the components of capital surplus.

C. Retained Earning

Under the Company's Articles of Incorporation, the Company’s annual earnings, after paying tax and offsetting deficit, that 10% of the annual earnings shall be retained as legal reserve first and special reserve; the rest earnings shall be decided and appropriated by the stockholders’ meeting except that the proportion of distribution is not more than 3% as directors’ bonus, not less than 12% as employees’ bonus, and the number after deducting the above mentioned as Shareholder's dividend.

The policy for dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the benefit of stockholders, stock dividend equilibrium, and long-term financial planning. The board of directors shall make the distribution proposal annually and present it at the stockholders’ meeting. The Company’s Articles of Incorporation also provide that profits of the Company may be distributed by way of cash dividend and or stock dividend. Accordingly, at least 10% of the dividends must be paid in the form of cash.

In accordance with the ROC Company Act amended in May 2015, the recipients of dividends and bonuses arising from earning distributions are limited to shareholders and do not include employees. The Board of Directors proposed amendments to MPI’s Articles of Incorporation on November 11, 2015, which will be approved at the annual shareholders’ meeting.

According to MPI’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;

b. Offset prior years' operation losses;

c. Appropriate 10% of the remaining amount after deducting items (a) and (b) as a legal reserve;

d. Appropriate or reverse special reserve in accordance with relevant laws or regulations, and

e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the stockholders' meeting.

D. Legal reserve

According to the ROC Company Act, a company shall first set aside 10% of its income after taxes as legal reserve until it equals the paid-in capital. After offsetting any deficit, the legal reserve may be transferred to capital and distributed as stock dividends or distributed as cash dividends for the amount in excess of 25% of the paid-in capital pursuant to a resolution adopted by the shareholders' meeting.

E. Special reserve

Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve based on the difference between the amount already set aside and the total debit balance of other shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

F. The 2015 and 2014 earnings appropriations approved by the Board of Directors meeting on March 23,2016 and the annual general shareholders' meeting ("MPI") on June 12, 2015, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2016	For Fiscal Year 2015	For Fiscal Year 2015	For Fiscal Year 2014
Cash dividends to shareholders	$ 238,816	$ 3	$ 318,422	$ 4

G. Please refer to Note 6(20) for information on the employees' compensation and remuneration to directors.

H. Treasury stock

a. Changes in the treasury stock are set forth below:

	Year ended March 31, 2016			
Reason for reacquisition	Beginning shares	Additions	Disposal	Ending shares
To be reissued to employees	600,000	—	600,000	—

	Year ended December 31, 2015			
Reason for reacquisition	Beginning shares	Additions	Disposal	Ending shares
To be reissued to employees	—	600,000	—	600,000

	Year ended March 31, 2015			
Reason for reacquisition	Beginning shares	Additions	Disposal	Ending shares
To be reissued to employees	—	—	—	—

b. Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital reserve. As of December 31, 2015, the shares bought back as treasury stock amounted to $34,454 thousand dollars.

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

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

e. Company's share-based payment transactions

The board of directors by resolution transfers of treasury shares to employees to set the base date for March 9, 2016. The Company in accordance with "for the third time to buy Back 600,000 shares $34,454 thousand dollars to the transfer of shares in employee, to use NTD57.42 per share fully transferred to the employees, and 100% shareholding of Chain-Logic International Corp. employees, Black-Scholes option-pricing model according to the estimated fair value of NTD23.78 per share, recognized Exercise employee stock warrants $14,268 thousand dollars.

Model of the parameters used are as follows：

		2016 Treasury stock transferred to employees
Valuation Model	Black-Scholes option-pricing model	
	Vesting period	March 9~14, 2016
	Dividend yield rate	4.42 %
	Exercise price	$ 57.42
	Stock price	$ 81.20
	Expected price volatility	49.60 %
	Risk-free interest rate	0.210 %

Transfer price calculated after deducting the necessary transaction costs $34,349 thousand dollars and Exercise employee stock warrants $14,268 thousand dollars, the difference with the cost of $34,454 thousand dollars to recognized the treasury Stock transactions $14,163 thousand dollars.

(16) **Share-based payment－employee compensation plan**

None.

(17) **NON-OPERATING INCOME AND EXPENSES**

A. Other gains and losses

	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Gains (losses) on disposal of property, plant and equipment	$ (166)	$ (5)
Gains (losses) on disposal of investments	—	5,706
Net gains (losses) on financial liabilities at fair value through profit or loss	1,502	(1,384)
Net currency exchange gains (losses)	(2,998)	4,441
Others	(40)	(562)
Total	$ (1,702)	$ 8,196

B. Finance costs

	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Interest expense		
Bank borrowings	$ 2,747	$ 327
The convertible bonds issued in 2014	2,783	2,762
Interest of Financial Leasing	177	—
subtotal	5,707	3,089
Less: capitalisation of qualifying assets	—	—
Total	$ 5,707	$ 3,089

(18) **Income Tax**

A. Income tax expense：

	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Current tax:		
Current tax on profits for the period	$ 8,013	$ 22,679
Adjustments in respect of prior years	(52)	—
Total current tax	7,961	22,679
Deferred tax:		
Origination and reversal of temporary differences	(13)	(4,128)
Impact of change in tax rate	—	—
Total deferred tax	(13)	(4,128)
Income tax expense	$ 7,948	$ 18,551

B. The Group recognized Income tax expenses in other comprehensive income are NT$ 0 start from January to March, at 2016 and 2015.

C. As of March 31, 2016, the investment tax credits of the Company consisted of the following:

Item	Total tax credits	Used tax Credits before the year	Used tax credits of the year	Unused tax credits	Final year tax credits are due
Research and development-2016	$ 15,771	—	$ 2,896	$ —	2016
	$ 15,771	—	$ 2,896	$ —	

D. The latest years for which income tax returns have been examined and cleared by the tax authorities were as follows:

	Year
MPI Corporation	2013
Chain-Logic International Corp.	2014
JIA-YING INVESTMENT CORP.	2014
JIA-SIN INVESTMENT CORP.	2014
YI-SIN INVESTMENT CORP.	2014
WANG-TONG CORP.	2014
Allstron Corp	2014

E. Double taxation:

	March 31, 2016	December 31, 2015	March 31, 2015
Balance in deductible tax accounts	$ 203,331	$ 203,331	$ 172,375

	2015 (Actual)	2014 (Actual)
Deduction percentage of earnings appropriation	16.30 %	14.70 %

G. The unappropriated retained earnings of the company is except that the remaining sum was $322 thousand dollars before 1997, the others belong to the unappropriated retained earnings after 1998.

(19) **Earnings Per Common Share**

	Jan.1~ Mar. 31, 2016	Jan.1~ Mar. 31, 2015
Basic EPS	After-tax	After-tax
Net Income (Numerator)(Thousands)	$ 54,616	$ 95,546
Shares (Denominator)(Thousands)	79,105	79,548
Earnings Per Share (Dollars)	$ 0.69	$ 1.20

Diluted EPS		
Net Income (Numerator)(Thousands)	$ 54,616	$ 95,546
Shares (Denominator)(Thousands)	85,619	85,643
Earnings Per Share (Dollars)	$ 0.64	$ 1.12

(20) Employee benefits, depreciation, and amortization are summarized as follows

Function / Nature	For the three-month period ended March 31,2016			For the three-month period ended March 31,2015		
	Operation cost	Operation expense	Total	Operation cost	Operation expense	Total
Employee benefit expense						
Wages and salaries	166,454	177,344	343,798	142,809	165,666	308,475
Labor and health insurance expense	10,584	11,212	21,796	3,163	3,346	6,509
Pension costs	6,588	7,053	13,641	5,335	6,277	11,612
Other personnel expense	24,371	6,470	30,841	19,682	8,079	27,761
Depreciation	69,273	18,862	88,135	26,753	18,745	45,498
Amortization	5,354	8,319	13,673	4,190	6,923	11,113

A. Under the Company Act as amended in May 2015, the Company's Articles of Incorporation should stipulate a fixed amount or ratio of annual profit to be distributed as profit sharing bonus to employees.

B. A resolution was passed at a Board of Directors meeting of the Company held on November 11, 2015 to amend the Articles of Incorporation of the Company. According to the amend Articles of Incorporation of the Company, 5%~15% of profit of the current year is distributable as employees' compensation and 1%~3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employee's compensation in the form of shares or in cash; And in addition thereto a report of such distribution is submitted to the shareholders' meeting. The Articles of Incorporation are to be amended in the shareholders' meeting in 2016.

C. For the three-month and nine-month periods ended March 31, 2016 and 2015, employee's remuneration (bonus) was accrued at $6,945 and $8,185 thousand dollars, respectively, and directors and supervisors' remuneration was accrued at $1,827 and $2,046 thousand dollars, respectively. The aforementioned amounts were recognized is salary expenses. The expense recoginsed for 2016 were accrued based on the earnings of current year； The expenses recognised for 2015 were accrued based on the net income for 2015 and the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve.

D. The Board of Directors of MPI held on March 23, 2016 approved the profit sharing bonus to employees and compensation to directors thousand in cash for payment in 2015. There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2015.

E. The amounts of employees' bonus and directors' and supervisors' remuneration of 2014 are $49,168 thousand dollars and $11,240 thousand dollars, respectively, are recognized as operating costs or operating expenses for 2014. The difference amounts from $105 thousand dollars approved by the stockholders subsequently are recognized as gain or loss in 2015.

F. The information about the appropriations of earnings resolved by the board of directors' meeting and shareholders' meeting is available at the Market Observation Post System website.

(21) **Supplemental cash flow information**

A. Investing activities with partial cash payments

	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Purchase of fixed assets	$ 146,927	$ 202,352
Add: opening balance of payable on equipment	127,068	141,920
Less: ending balance of payable on equipment	(45,676)	(154,320)
Less: ending balance of lease obligations payable	(85,378)	－
Cash paid during the period	$ 142,941	$ 189,952

B.Financing activities with no cash flow effects

	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Convertible bonds being converted to capital stocks	－	$ 690

7. Related Party Transactions

A. Parent and ultimate controlling party：

The Company is the ultimate controlling party of the Group.

B. Major transactions with related parties:

a. Sales revenue

Related parties	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Sales of goods:		
Associates	$ 19,209	$ 12,396
One director of the Company	55,727	102,169
Sales of services: ：		
One director of the Company	19,119	15,717
Total	$ 94,055	$ 130,282

b. Purchasing

Related parties	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Associates	$ 550	$ 27,265
One director of the Company	19,305	7,878
Total	$ 19,855	$ 35,143

c. Receivables from related parties:

Item	Related parties	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable	Associates	$ 19,564	$ 18,633	$ 12,919
Accounts receivable	One director of the Company	23,800	63,825	77,907
Other receivable	Associates	71	—	298
Total		$ 43,435	$ 82,458	$ 91,124

d. Payables to related parties

Item	Related parties	March 31, 2016	December 31, 2015	March 31, 2015
Accounts payable	Associates	$ 19	$ 82	$ 29,282
Accounts payable	One director of the Company	13,335	2,910	6,200
Other payables	Associates	1,138	—	579
Other payables	One director of the Company	464	6,667	12,377
Total		$ 14,956	$ 9,659	$ 48,438

e. Prepayments：None.

f. Property, plant, and equipment transactions

(a) Assets purchased from related parties:

Related parties	Nature	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Associates	Other equipment	—	$ 130

(b) Sell assets purchased to related parties：None.

g. Purchases of services

Related parties	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Selling expense - Commission expense：		

Associates	$ 83	$ 809
One director of the Company	851	426
Selling expense -Royalty		
One director of the Company	—	12,051
Total	$ 934	$ 13,286

Please refer to note 9 for the payment term of royalty expense.

h. Others

① Payment on behalf of others

Related parties	March 31, 2016	December 31, 2015	March 31, 2015
One director of the Company	$ 106	$ 583	$ 1,201
Total	$ 106	$ 583	$ 1,201

② Sales revenue received in advance

Related parties	March 31, 2016	December 31, 2015	March 31, 2015
Associates	$ 42	$ 23	$ 23
One director of the Company	688	688	31,204
Total	$ 730	$ 711	$ 31,227

③ Receipts under custody

Related parties	March 31, 2016	December 31, 2015	March 31, 2015
One director of the Company	$ 4,578	$ 5,800	$ 2,625

④ Temporary receipts

Related parties	March 31, 2016	December 31, 2015	March 31, 2015
One director of the Company	$ —	$ —	$ 97

⑤ Manufacturing overhead

Related parties	Nature	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Associates	Manufacturing Overhead-outsourced	$ 1,160	$ 252
Associates	Others	$ —	$ 345

⑥ Selling expense

Related parties	Nature	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Associates	Stationery	$ —	$ 1
One director of the Company	Others	$ —	$ 68

⑦ General & administrative expense

Related parties	Nature	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Associates	Others	$ —	$ 51

⑧ Research and development expense

Related parties	Nature	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Associates	Stationery	$ —	$ 4

Associates	Others	$ —	$ 220
Associates	Others	$ —	$ 813

⑨ Rental income

Related parties	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Associates	$ 174	$ 670

The contents of lease contract are as follow：

Objective	Lease period	Collection Term
Wenshan Rd., Xinpu Township, Hsinchu County	2014.11.01-2017.10.31	$ 1,359 thousand dollars per month（excluded VAT）from 2014. Since January 1, 2015, NT $ 296 thousand per month（excluded VAT）； Since February 1, 2015, NT $ 185 thousand per month (excluded VAT)； Since March 1, 2015, NT $ 162 thousand per(excluded VAT)； To count for actual parking space per month.

⑩ Other revenue

Related parties	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Associates	$ 438	$ 551
One director of the Company	$ —	$ 3, 768

i. Key management compensation

	Jan.1~Mar. 31, 2016	Jan.1~Mar. 31, 2015
Salaries and other short-term employee	$ 3, 251	$ 5, 406
Termination benefits	—	—
Post-employment benefits	—	—
Other long-term benefits	—	—
Share-based payments	—	—
Total	$ 3, 251	$ 5, 406

8、Pledged Assets

Certain property, plant, equipment and deposit were pledged to secure long-term debt from banks and value-added tax for imported goods. The carrying values of the collateralized properties as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Land	$ 699, 538	$ 699, 538	$ 447, 844
Buildings	930, 683	937, 299	957, 145
Pledged time deposit	8, 982	8, 968	8, 939
Total	$ 1, 639, 203	$ 1, 645, 805	$ 1, 413, 928

9. Commitments and Contingencies

(1) The Company signed a teaming agreement with the following companies to improve product quality and the independent production rate. Major term of the agreement is as follows:

Company: MICRONICS JAPAN CO., LTD.

Product for Technology Cooperation: Providing technology and information for position precision improvement of needles for inspecting IC chips.

The agreement will be automatically extended for another year if no party objects three months before the expiration date. This automatic extension is also available for subsequent years.

The technology payments are modified to 3% of the total sale of PROBE CARD which the Company manufactures and sells ；And the payment made quarterly.

Above-mentioned cooperative agreements had already been stopped on November 30,2015.

(2) At March 31, 2016 and 2015, the Group have opened and unused letters of credit：None.

10. Significant Disaster Loss

None.

11. Significant After the End of the Financial Perorting Period

None.