Acter Co., Ltd. and Subsidiaries
Consolidated Financial Statements

March 31, 2016 and 2015
(With Independent Auditor's Review Thereon)

Independent Auditors' Report

The Board of Directors
Acter Co., Ltd.:

We have reviewed the accompanying consolidated statements of financial position of Acter Co., Ltd. (the "Company") and subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended March 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our review.

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

Included in the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$1,404,508 thousand and NT$1,852,638 thousand, representing 17% and 27% of the related consolidated total assets and the total liabilities amounted to NT$586,123 thousand and NT$874,639 thousand, representing 11% and 21% of the related consolidated liabilities as of March 31, 2016 and 2015, respectively. The total comprehensive income of these subsidiaries amounted to NT$11,259 thousand and NT$14,850 thousand, representing 18% and 39% of the related consolidated comprehensive income for the three months ended March 31, 2016 and 2015, respectively.

Except as described in the third paragraph, the financial statements of equity-accounted investee were not reviewed by independent accountants. Long-term investment in the company amounted to NT$1,034 thousand and NT$1,316 thousand as of March 31, 2016 and 2015, and the related investment loss amounted to NT$ 79 thousand and NT$ 78 thousand for the three months ended March 31, 2016 and 2015.

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations, and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.
The auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and the equity-accounted investee been reviewed as described in the preceding paragraphs, we are not aware of any material modifications that should be made to the consolidated financial statements referred to the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and guidelines of International Accounting Standards No. 34 “Interim Financial Reporting” which are endorsed by the Financial Supervisory Commission, Republic of China.

May 11, 2016

Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations, and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Financial Position

March 31, 2016, and 2015

(In Thousands of New Taiwan Dollars)

		March 31,2016		December 31,2016		March 31,2015	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and cash equivalents (Note 6(1) and 20)	$ 1,856,703	22	1,495,223	19	1,080,773	16
1125	Available-for-sale financial assets－current (Note 6(2))	212,496	3	211,765	3	219,167	3
1150	Notes receivable, net (Note 6(3) and 20)	105,894	1	245,882	3	118,749	2
1170	Accounts receivable, net (Note 6(3) and 20)	2,563,416	30	2,496,791	30	1,794,760	26
1190	Construction contracts receivable (Note 6(4))	1,141,558	13	1,419,880	17	1,198,486	17
1200	Other receivables (Note 6(3) and 20)	41,101	-	36,402	-	67,999	1
1220	Current income tax assets	22,666	-	12,096	-	2,825	-
1310	Inventories, net (Note 6(5))	1,405,252	17	1,150,641	14	1,224,802	18
1476	Other financial assets－current (Note 8)	223,797	3	201,263	3	276,209	4
1479	Other current assets	243,967	3	242,109	3	288,497	4
		7,825,850	92	7,512,052	92	6,272,267	91
	Non-current assets:						
1523	Available-for-sale financial assets－noncurrent (Note 6(2) and 20)	7,330	-	15,221	-	22,230	-
1550	Investment accounted for using equity method	1,034	-	1,138	-	1,316	-
1600	Property, plant and equipment (Note 6(8))	380,393	5	380,354	5	333,420	5
1760	Investment property, net(Note 6(9))	30,455	-	30,537	-	30,785	-
1840	Deferred tax assets	179,606	2	155,981	2	110,887	2
1985	Long-term prepaid rents	39,280	1	40,308	-	40,795	1
1990	Other non-current assets (Note 6(2))	33,565	-	50,616	1	70,090	1
		671,663	8	674,155	8	609,523	9
	Total Assets	$ 8,497,513	100	8,186,207	100	6,881,790	100

		March 31,2016		December 31,2015		March 31,2015	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:						
2100	Short-term loans (Note 6(11) and (20))	$ 97,679	1	183,857	2	77,744	1
2150	Notes payable (Note 6(20))	216,876	3	268,998	3	258,286	4
2170	Accounts payable (Note 6(20))	2,201,770	26	2,346,595	29	1,597,630	23
2180	Payables to related parties (Note 6(20) and 7)	724	-	459	-	108	-
2190	Construction contracts payable (Note 6(4))	751,633	9	539,968	7	638,019	9
2201	Accrued salaries and bonuses	99,942	1	196,919	2	78,895	1
2230	Current tax liabilities	99,096	1	55,447	1	43,254	1
2250	Provisions－current (Note 6(10) and (20))	207,115	3	192,982	2	186,023	3
2311	Advance sales receipts(Note 6(12))	1,299,770	15	975,010	12	979,538	14
2399	Other current liabilities(Note 9)	183,633	2	154,869	2	80,647	1
		5,158,238	61	4,915,104	60	3,940,144	57
	Non-current liabilities:						
2570	Deferred tax liabilities	169,874	2	172,129	2	159,918	2
2640	Accrued pension liabilities	34,588	-	34,905	-	34,436	1
2645	Guarantee deposit received	252	-	252	-	252	-
		204,714	2	207,286	2	194,606	3
	Total Liabilities	5,362,952	63	5,122,390	62	4,134,750	60
	Equity Attributable to Shareholders of the parent company(Note 6(14))**:**						
3100	Common stock	473,359	6	466,159	6	466,159	7
3200	Capital surplus	1,028,875	12	978,475	12	977,817	14
3300	Retained earnings	1,527,131	17	1,451,733	18	1,183,386	17
3400	Other equity interest	(37,564)	-	23,145	-	(71)	-
	Total Equity attributable to the parent of company	2,991,801	35	2,919,512	36	2,627,291	38
36xx	**Non-controlling interests**(Note 6(6))	142,760	2	144,305	2	119,749	2
	Total Equity	3,134,561	37	3,063,817	38	2,747,040	40
	Total Liabilities And Equity	$ 8,497,513	100	8,186,207	100	6,881,790	100

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Comprehensive Income

For The Three Months Ended March 31, 2016 And 2015

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Three Months ended March 31			
		2016		2015	
		Amount	%	Amount	%
	Operating revenues:				
4521	Construction revenue (Note 6(4))	$ 1,640,516	91	1,178,698	87
4529	Less: allowances	(4,459)	-	(323)	-
		1,636,057	91	1,178,375	87
4110	Sales	150,047	8	157,529	12
4800	Other operating revenue	14,606	1	18,379	1
		1,800,710	100	1,354,283	100
	Operating cost (Note 6(13) and (17)):				
5520	Construction cost (Note 7)	1,403,628	78	1,033,771	76
5110	Cost of goods sold (Note 6(5))	96,290	5	122,292	9
5800	Other operating cost	-	-	39	-
		1,499,918	83	1,156,102	85
	Gross profit	300,792	17	198,181	15
	Operating expenses (Note 6(13) and (17)):				
6100	Selling	27,783	2	30,100	2
6200	General and administrative	135,233	8	84,452	6
6300	Research and development	4,604	-	12,871	1
		167,620	10	127,423	9
	Operating income	133,172	7	70,758	6
	Non-operating income and expenses:				
7050	Finance costs	(713)	-	(502)	-
7010	Other income (Note 6(16))	5,268	-	5,097	-
7060	Share of loss of associates accounted for using equity method	(79)	-	(78)	-
7020	Other gains and losses, net (Note 6(16))	(43,146)	(2)	(3,993)	-
		(38,670)	(2)	524	-
7900	**Profit before tax**	94,502	5	71,282	6
7950	**Income tax expense** (Note 6(18))	18,399	1	16,726	1
	Profit for the year	**76,103**	**4**	**54,556**	**5**
8300	**Other comprehensive income, net of tax:**				
8360	**Actuarial gain (loss) from defined benefit plans**				
8361	Foreign currency translation differences－foreign operations	(30,193)	(2)	(17,478)	(1)
8362	Net change in fair value of available-for-sale financial assets	12,823	1	(2,082)	-
8399	Income tax related to components of other comprehensive income(Note 6(18))	(5,057)	-	(2,966)	-
8300	**Other comprehensive income, net**	(12,313)	(1)	(16,594)	(1)
8500	**Comprehensive income**	**$ 63,790**	**3**	**$ 37,962**	**4**
	Profit attributable to ：				
8610	Shareholders of the parent	$ 75,398	4	$ 53,390	5
8620	Non-controlling interests	705	-	1,166	-
		$ 76,103	**4**	**$ 54,556**	**5**
	Comprehensive income attributable to：				
8710	Shareholders of the parent	$ 63,534	3	$ 37,052	4
8720	Non-controlling interests	256	-	910	-
		$ 63,790	**3**	**$ 37,962**	**4**
	Earnings per share ((attributable to shareholders of the parent)) (Note 6(19))				
9750	**Basic earnings per share**	**$ 1.63**		**$ 1.16**	
9850	**Diluted earnings per share**	**$ 1.60**		**$ 1.16**	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Changes In equity

For The Three Months Ended March 31, 2016 And 2015

(Expressed in Thousands of New Taiwan Dollars

	Attributable to Shareholders of the Parent										Non-controlling interests	Total Equity
			Retained earnings				Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation adjustment	Unrealized on gains (losses) available-for -sale financial assets	Others	Total		
Balance, January 1, 2016	$ 461,359	936,951	333,976	36,885	759,135	1,129,996	58,501	(2,634)	-	55,867	84,205	2,668,378
Profit for the period	-	-	-	-	53,390	53,390	-	-	-	-	1,166	54,556
Other comprehensive income for the period	-	-	-	-	-	-	(14,256)	(2,082)	-	(16,338)	(256)	(16,594)
Total comprehensive income	-	-	-	-	53,390	53,390	(14,256)	(2,082)	-	(16,338)	910	34,634
Changes in ownership interest in subsidiaries	-	6,066	-	-	-	-	-	-	-	-	-	6,066
Remuneration cost of employee restricted stock	4,800	34,800	-	-	-	-	-	-	(39,600)	(39,600)	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	34,634	34,634
Balance, March 31, 2016	**$ 466,159**	**977,817**	**333,976**	**36,885**	**812,525**	**1,183,386**	**44,245**	**(4,716)**	**(39,600)**	**(71)**	**119,749**	**2,747,040**
Balance, January 1, 2015	$ 466,159	978,475	343,459	36,888	1,071,386	1,451,733	58,573	(14,583)	(20,845)	23,145	144,305	3,063,817
Profit for the period	-	-	-	-	75,398	75,398	-	-	-	-	705	76,103
Other comprehensive income for the period	-	-	-	-	-	-	(24,687)	12,823	-	(11,864)	(449)	(12,313)
Total comprehensive income	-	-	-	-	75,398	75,398	(24,687)	12,823	-	(11,865)	256	63,790
Remuneration cost of employee restricted stock	7,200	50,400	-	-	-	-	-	-	(48,845)	(48,845)	-	8,755
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,801)	(1,801)
Balance, March 31, 2015	**$ 473,359**	**1,028,875**	**343,459**	**36,888**	**1,146,784**	**1,527,131**	**33,886**	**(1,760)**	**(69,690)**	**(37,564)**	**142,760**	**3,134,561**

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Cash Flows

For The Three Months Ended March 31, 2016 And 2015

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the Three months Ended March 31	
	2016	**2015**
Cash flows from operating activities:		
Profit before tax	$ 94,502	71,282
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation(Including investment property)	5,776	6,503
Amortization	2,063	2,044
Provision for bad debt expense	31,145	118
Compensation cost arising from employee stock options	8,755	-
Provision for (Gain on reversal of) inventory obsolescence	1,135	(204)
Share of loss of associates accounted for using equity method	79	78
Gain on disposal of investments	17,381	(89)
Other	(440)	(369)
	65,894	8,081
Changes in operating assets and liabilities		
Changes in operating assets		
Notes receivable	139,988	46,713
Accounts receivable	(93,721)	(111,195)
Construction contracts receivable	278,322	189,419
Inventories	(255,746)	(149,206)
Other financial assets	(31,025)	(66,814)
	37,818	(91,083)
Changes in operating liabilities		
Notes payable	(52,122)	(26,875)
Accounts payable	(128,532)	(493,114)
Construction contracts payable	211,665	134,064
Advance sales receipts	324,760	365,826
Other current liabilities	(70,071)	(75,572)
	285,700	(95,671)
Total adjustments	389,412	(178,673)
Cash inflow generated from operations	483,914	(107,391)
Interest received	1,874	2,764
Interest paid	(750)	(1,812)
Income taxes paid	(14,359)	(8,877)
Net cash generated by (used in) operating activities	470,679	(115,316)
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(10,000)	(15,000)
Proceeds from disposal of available-for-sale financial assets	12,265	30,109
Acquisition of property, plant and equipment	(5,482)	(542)
Proceeds from disposal of property, plant and equipment	46	-
Decrease in other non-current assets	16,084	15,547
Net cash used in investing activities	12,913	30,114
Cash flows from financing activities:		
Decrease in short-term loans	(86,178)	(491)
Change in non-controlling interests	(1,801)	34,634
Net cash used in financing activities	(87,979)	34,143
Effect of exchange rate changes on cash and cash equivalents	(25,133)	(9,613)
Net increase (decrease)in cash and cash equivalents	370,480	(60,672)
Cash and cash equivalents at beginning of period	1,495,223	1,141,445
Cash and cash equivalents at end of period	$ 1,865,703	1,080,773

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
March 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

1. **Organization and business scope**

Acter Co., Ltd. (the "Company") was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The Company's registered office address is located at 33F-1, No. 787, Zhongming S. Rd., South District., Taichung City 402, Taiwan (R.O.C.).The consolidated financial statements of the Company as of and for the year ended March 31, 2015 comprised the Company and its subsidiaries (together referred to as the "Group"). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the rest of the Group entities are described in Notes 4 (2). Acter's common shares were publicly listed on the Taipei Exchange ("TPEx") on November 10, 2010.

2. **Approval date and procedures of the consolidated financial Statements**

The consolidated financial statement for the years ended March 31, 2016 and 2015 was subjected to the consent of more than one-half of the entire membership of the audit committee and was authorized for issue by the Board of Directors on May 11, 2016.

3. **Adoption of new Standards and interpretations**

(1) New standards and amendments issued by the IASB but not yet endorsed by the FSC

The new standards and amendments issued by the IASB after the recent yearly report date but not yet endorsed by the FSC at the end of the quarterly financial report date were as follows:

New standards and amendments	Effective date per IASB
· IFRS 9 "Financial Instruments"	January 1, 2018
· Amended IFRS 10 and IAS 28 "*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* "	Effective date to be determined by IASB
· Amended IFRS 10, IFRS 12, and IAS 28 "*Investment Entities: Applying the Consolidation Exception* "	January 1, 2016
· Amended IFRS 11 "*Accounting for Acquisitions of Interests in Joint Operations* "	January 1, 2016
· IFRS 14 *Regulatory Deferral Accounts*	January 1, 2016
· IFRS 15 *Revenue from Contracts with customers*	January 1, 2018
· IFRS 16 *"Leases"*	January 1, 2019
· Amended IFRS 15 "*Revenue from Contracts with customers"*	January 1, 2018
· Amended IAS 1 "*Disclosure Initiative"*	January 1, 2016
· Amended IAS 7 "*Disclosure Initiative"*	January 1, 2017
· Amended IAS 12 "*Recognition of Deferred Tax Assets for Unrealized Losses"*	January 1, 2017
· Amended IAS 16 and IAS 38 "*Clarification of Acceptable Methods of Depreciation and Amortization"*	January 1, 2016
· Amended IAS 16 and IAS 41"*Agirculture: Bearer Plants"*	January 1, 2016
· Amended IAS 19 "*Defined Benefit Plans: Employee Contributions"*	July 1, 2015
· Amended IAS 27 "*Equity method in separate financial statements*"	January 1, 2016
· Amended IAS 36 "*Recoverable Amount Disclosures for Non-Financial Assets* "	January 1, 2015
· Amended IAS 39 "*Novation of Derivatives and Continuation of Hedge Accounting*"	January 1, 2015

· Annual improvements to IFRSs of 2010-2012 and 2011-2013 cycle	July 1, 2015
· Annual improvements of reporting year to IFRSs of 2012-2015	January 1, 2016
· Amended IFRIC 21 "*Levies*"	January 1, 2015

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

Except as above described, the assessments of new standards and amendments issued by the IASB but not yet endorsed by the FSC are the same as Note 3 in the Group financial statements for the year ended December 31, 2015.

4. Summary of Significant accounting policies

(1) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China (hereinafter referred to the Regulations) and guidelines of IAS 34 Interim Financial Reporting which are endorsed by FSC. These consolidated interim financial statements do not include all of the information which International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as "IFRS endorsed by the FSC") required for annual financial statements.

The significant accounting policies presented in the quarter consolidated financial statements is the same with the 2016 consolidated financial statements, the related information refer to note 4 of the Group financial statements for the year ended December 31, 2015.

(2) Basis of consolidation

Except as described Note (3(1)) is excluded), the same principles of consolidation have been applied in the Group financial statements as those applied in the Group financial statements for the year ended December 31, 2015. The relative information refers to Note 4 (3) of the Group financial statements for the year ended December 31, 2015.

A. List of subsidiaries in the consolidated financial statements

			Shareholding ratio		
Investor	**Subsidiary**	**Nature of business**	**2016.3.31**	**2015.12.31**	**2015.3.31**
(a)The Company	Nova Technology Corp. (Nova Tech) (Note 2)	Wholesaling of electronic and chemical equipment	87.41%	87.41%	88.95%
	HerSuo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100%	100%	100%
	Enrich Tech Co., Ltd(Enrich)	Integrated construction company	60%	60%	60%
	Sheng Huei International Co., Ltd. (Sheng Huei International)	Holding company	100%	100%	100%
	Nova Technology Singapore Pte., Ltd. (NTS)	Auto-supply system for semiconductors	100%	100%	100%
(b) Nova Tech	Winmax Technology(Shanghai) Corp.(Winmax)	Design and manufacture of air containers and liquid containers	100%	100%	100%
	Winmega Technology Corp.(Winmega) (Note 5)	Wholesaling of electronic and chemical equipment	100%	100%	100%
(c) Sheng Huei International	Sheng Huei (Suzhou) Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%

Investor	Subsidiary	Nature of business	Shareholding ratio 2016.3.31	2015.12.31	2015.3.31
	Acter International Ltd. (Acter International)	Holding company and trading of clean rooms and air conditioners	100%	100%	100%
	New Point Group Ltd. (New Point)	Holding company and trading of clean rooms and air conditioners	100%	100%	100%
	Sheng Huei Engineering Technology Co., Ltd.	Set-up of electronic protection systems and central air conditioners	100%	100%	100%
(d) NTS	Nova Technology Malaysia Sdn. Bhd.(NTM)	Auto-supply system for semiconductors	100%	100%	100%
	Novamex Indonesia, PT. (NMI) (Note 1)	Huge machinery and other goods trading	100%	100%	100%
	Acter Engineering Co. Ltd.(Acter Engineering)	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%
(e) Sheng Huei (Suzhou) Enginering Co., Ltd.	Shenzhen Ding –Mao Trade Co., Ltd.	Electronic equipment and machinery trading	100%	100%	100%
	SCEC (Suzhou) Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	57.81%	57.81%	57.81%
	SCEC (Shanghai) Corporation (SCEC Shanghai)	Construction and set-up of electronic equipment and chemical oil equipment and piping installation	57.81%	57.81%	57.81%
(f) Acter International	Sheng Huei (Shenzhen) Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%
(g) New Point	Zhangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100%	100%	100%

Note 1: The ownership consists of 99% from NTS and 1% from NTM.

Note 2: Nova Tech increased capital in November, 2015, with 15% shares reserved for employee purchase. The Group participated in this investment by its shareholding ratio, making the shareholding of Nova tech decrease from 88.95% to 87.41%.

B. Subsidiaries excluded from consolidation: None.

(3) Income Taxes

The preparation of the consolidated interim financial statements in conformity with IAS 34 “Interim financial reporting” paragraph B12 measurement and disclosure of income tax expense for the interim period.

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This is recognized and allocated to current and deferred taxes proportionately.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation, and recognized directly in equity or other comprehensive income as tax expense.

(4) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

5. **Major sources of accounting assumptions, judgments and estimation uncertainty**

The preparation of the consolidated interim financial statements in conformity with IAS 34 "Interim financial reporting" approved by FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of the consolidated interim financial statements, the major source of significant judgments and estimates of uncertainty made by the Company's management during the adoption of the Company's accounting policy is expected to be in alignment with the refer to Note 5 of the Group financial statements for the year ended December 31, 2015.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

For information on assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next year, please refer to Note 6 (4) construction contracts.

6. **Significant account disclosure**

The significant accounting policies presented in the quarter consolidated financial statements is the same with the 2015 consolidated financial statements , the related information, please refer to Note 6 of the Group financial statements for the year ended December 31, 2015.

(1) Cash and cash equivalents

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Petty cash and cash on hand	$ 2,566	4,296	28,870
Checking and demand deposits	1,191,812	853,034	706,386
Time deposits	123,800	122,400	125,752
Cash equivalent - repurchased commercial paper	547,525	515,493	219,765
	$ 1,865,703	**1,495,223**	**1,080,773**

The above-mentioned repurchased commercial paper rate as of March 31, 2016, December 31, 2015 and March 31, 2015 were 0.36%~0.40%, 0.40%~0.44% and 0.62%~0.63%, respectively, and they mature from May 4 to June 3, 2016, January 4 to February 1, 2016 and from April 14, 2015, respectively.

(2) Investment in financial assets

		March 31, 2016	December 31, 2015	March 31, 2015
Current:				
Available-for-sale financial assets				
Beneficiary securities - open-end funds	$	212,496	211,765	219,167
Non-current:				
Available-for-sale financial assets				
Xantia Corporation Co., Ltd.		-	5,283	12,360
Holy Stone Healthcare Co., Ltd.		7,330	9,938	9,870
Financial assets carried at cost				
Taichung International Entertainment Co., Ltd. (under other noncurrent assets)		45	45	45
Total	$	219,871	227,031	241,442

A. The Group had sold the available-for-sale financial assets Xantia Corporation Co., Ltd. amounted to $1,714, write off the amount $14,363 cumulative loss under other comprehensive income and the loss on disposal of investments was amounted to $17,932. The related amount had been collected before March 31, 2016. The loss on disposal of investments, please refer to Note 6(16).

B. The aforesaid financial assets were not pledged.

(3) Notes and accounts receivable, and other receivables net

From operating activities:		March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable	$	105,894	245,882	118,749
Accounts receivable		2,763,539	2,669,818	1,935,372
Less: Allowance for impairment		(200,123)	(173,027)	(140,612)
	$	**2,669,310**	**2,742,673**	**1,913,509**
Other receivables		51,994	47,295	67,999
Less: Allowance for impairment		(10,893)	(10,893)	-
Total	$	2,710,411	2,779,075	1,981,508

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

		March 31, 2016	December 31, 2015	March 31, 2015
Past due 1day to 120 days	$	710,274	365,242	425,001
Past due 121days to 180 days		48,791	45,359	9,614
Past due 181days to 360 days		120,372	183,577	65,739
Past due 361days to 540 days		58,489	19,080	32,324
	$	937,926	613,258	532,678

A. Accounts receivable includes retained construction receivable, which amounted to $79,097, $69,073 and $39,625 as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

B. The notes and accounts receivable are not discounted or pledged.

C. Impairment loss is the difference between the carrying amount and the amount expected to be collected. The movement in the allowance for impairment with respect to notes and accounts receivable and other receivables for the three months ended March 31, 2016 and 2015 were as follows:

For the three months ended March 31

	2016	2015
Balance, January 1	$ 183,920	141,813
Impairment loss recognized	31,145	118
Effect of exchange rate changes	(4,049)	(1,319)
Balance, March 31	$ 211,016	140,612

(4) Construction contracts

A. Construction revenue and loss

Construction contract revenue of the Group has been determined based on the percentage - of - completion method. The extent of completion is determined based on contract costs incurred for work performed to date in proportion to the estimated total contract costs. Any expected excess of the total contract costs over the total contract revenue is immediately recognized as construction cost.

	For the three months ended March 31	
	2016	**2015**
Construction revenue recognized in the periods	$ 1,636,057	1,178,375

B. Construction-in-progress

	March 31, 2016	December 31, 2015	March 31, 2015
Accumulated construction costs incurred (including contract costs that relate to future activity)	$ 8,891,912	8,851,988	7,911,674
Add: Accumulated construction profit and losses	270,854	187,938	169,339
	9,162,766	9,039,926	8,081,013
Less: Progress billings	(8,772,841)	(8,160,014)	(7,520,546)
	$ 389,925	879,912	560,467
Construction contracts receivable presented as an asset	$ 1,141,558	1,419,880	1,198,486
Construction contracts payable presented as a liability	(751,633)	(539,968)	(638,019)
	$ 389,925	879,912	560,467
Accumulated advance received	$ 13,333	4,575	5,237

(5) Inventories

	March 31, 2016	December 31, 2015	March 31, 2015
Finished goods and merchandise	$ 87,918	85,842	76,090
Work in process and semi-finished goods	1,212,793	972,673	1,090,639
Raw materials	108,685	95,135	82,220
	1,409,396	1,153,650	1,248,949
Less: provision for inventory devaluation	(4,144)	(3,009)	(24,147)
	$ 1,405,252	1,150,641	1,224,802

For the three months ended March 31, 2016 and 2015, the Group wrote down an operating cost (reversal of provision) of $1,135 and ($204), respectively, from the write-down of inventory cost to net realizable value.

The inventories are not pledged for the year ended of March 31, 2016, December 31, 2015 and March 31, 2015.

(6) Investment in equity-accounted investees and Acquisition of non-controlling interests

The Group had not participated in the capital increased of Enrich Tech. in March, 2015. The shareholding of Enrich Tech decreased from 100% to 60%. The transaction generated non-controlling interests amounting to $34,634 for the three months ended March 31, 2015.

(7) Significant subsidiaries of non-controlling interest

Non-controlling interests of subsidiaries of the Group that are significant to the Group are as follows:

		Percentage of non-controlling ownership		
Subsidiaries	**Main Business Location/ Registered Country**	**March 31, 2016**	**December 31, 2016**	**March 31, 2016**
Nova Tech	R.O.C.	**12.59%**	**12.59%**	**11.05%**
Enrich Tech	R.O.C.	**40%**	**40%**	**40%**
SCEC Shanghai	China	**42.19%**	**42.19%**	**42.19%**
SCEC Suzhou	China	**42.19%**	**42.19%**	**42.19%**

The following information of the aforementioned subsidiaries has been prepared in accordance with IFRS endorsed by the FSC. Included in these information are adjustment made about the fair value and relevant difference in accounting principles between the Company and its subsidiary as at acquisition date. Intra-group transactions were not eliminated in this information.

A. Information regarding of Nova Tech:

	March 31,2016	**December 31,2015**	**March 31,2015**
Current assets	$ 1,034,584	$ 991,167	641,438
Non-current assets	592,407	565,950	421,663
Current liabilities	(756,966)	(692,842)	(395,946)
Non-current Liabilities	(62,516)	(56,345)	(39,910)
Net assets	816,509	807,930	627,245
Non-controlling interest	102,808	101,727	69,311

	For the three months ended March 31	
	2016	**2015**
Operating revenue	$ 295,588	$ 288,059
Net income for the period	23,545	35,717
Other comprehensive income	(14,966)	(3,018)
Comprehensive income	8,579	32,699
Net income attributable to non-controlling interest	2,965	3,947
Comprehensive income attributable to non-controlling interest	1,080	3,145
Cash flows from operating activities	$ 143,966	$ (18,910)
Cash flows from investing activities	(443)	29,852
Cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	$ 143,523	$ 10,942

B. Information regarding of Enrich Tech:

	March 31,2016	December 31,2015	March 31,2015
Current assets	$ 75,858	$ 62,349	69,820
Non-current assets	977	1,093	676
Current liabilities	(19,449)	(9,339)	(14,459)
Net assets	54,386	54,103	56,037
Non-controlling interest	21,755	21,642	22,415

	For the three months ended March 31	
	2016	2015
Operating revenue	$ 30,294	$ 12,061
Net income for the period	282	(598)
Other comprehensive income	-	-
Comprehensive income	282	(598)
Net income attributable to non-controlling interest	113	(80)
Comprehensive income attributable to non-controlling interest	113	(80)
Cash flows from operating activities	$ 6,835	$ (11,158)
Cash flows from investing activities	4	-
Cash flows from financing activities	-	44,625
Net increase (decrease) in cash and cash equivalents	$ 6,839	$ 33,467

C. Information regarding of SCEC Shanghai:

	March 31,2016	December3 1,2015	March 31,2015
Current assets	$ 28,088	29,180	29,924
Non-current assets	3,109	4,040	6,577
Current liabilities	(2,646)	(3,201)	(8,388)
Net assets	28,551	30,019	28,113
Non-controlling interest	12,046	12,665	11,861

	For the three months ended March 31	
	2016	2015
Operating revenue	$ -	$ 83
Net income for the period	(882)	(1469)
Other comprehensive income	-	-
Comprehensive income	(892)	(1,469)
Net income attributable to non-controlling interest	(377)	(620)
Comprehensive income attributable to non-controlling interest	(377)	(620)
Cash flows from operating activities	$ 344	$ (7,183)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	(145)
Effect of exchange rate changes	(79)	(116)
Net increase (decrease) in cash and cash equivalents	$ 265	$ (7,444)

D. Information regarding of SCEC Suzhou:

	March 31,2016	December 31,2015	March 31,2015
Current assets	$ 20,336	$ 24,809	36,509
Non-current assets	176	222	7,612
Current liabilities	(5,928)	(5,427)	(5,811)
Net assets	14,584	19,604	38,310
Non-controlling interest	6,153	8,271	16,162

	For the three months ended March 31	
	2016	2015
Operating revenue	$ 857	$ 3,991
Net income for the period	(4,732)	(4,933)
Other comprehensive income	-	-
Comprehensive income	(4,732)	(4,933)
Net income attributable to non-controlling interest	(1,996)	(2,081)
Comprehensive income attributable to non-controlling interest	(1,996)	(2,081)
Cash flows from operating activities	$ (2,207)	$ (41,148)
Cash flows from investing activities	-	(79)
Cash flows from financing activities	-	30,739
Effect of exchange rate changes	(147)	2,256
Net increase (decrease) in cash and cash equivalents	$ (2,354)	$ (10,744)

(8) Property, plant and equipment

	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Book values:					
Balance on January 1, 2016	$ 183,187	155,478	40,269	1,420	380,354
Balance on March 31, 2016	$ 183,187	152,378	41,140	3,688	380,393
Balance on January 1, 2015	$ 151,631	138,360	49,321	1,283	340,595
Balance on March 31, 2015	$ 151,631	136,059	44,459	1,271	333,420

Please refer to Note 8 for details of the property, plant and equipment pledged as collateral.

(9) Investment Property

	Land	Building and construction	Facilities	Total
Book values:				
Balance on January 1, 2016	$ 20,937	9,585	15	30,537
Balance on March 31, 2016	$ 20,937	9,503	15	30,455
Balance on January 1, 2015	$ 20,937	9,916	15	30,868
Balance on March 31, 2015	$ 20,937	9,833	15	30,785

The board of directors of Acter resolved in November, 2006 to purchase the building on Chung Cheng land district, Taichung, for self-use or lease purposes, and the lease began in 2007. As of March 31, 2016, the future receivable for the Group is as follows:

Term	Amount
2016.4.01~2019.10.31	$ 502

a. The original recognition of investment property is measured at cost, and the subsequent measurement is also accounted for under cost model.

b. The depreciation is calculated by its depreciable amount after the original recognition of investment property, and market value is used as the fair value to asset its impairment.
c. The investment property is not pledged.

(10) Provisions

Provisions of the Group were estimated base on the contracts of the construction's historic data and expected most of the provisions occur during the warranty period.

	March 31, 2016	December 31, 2015	March 31, 2015
Provisions	$ 207,115	192,982	186,023

(11) Short-term loans

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured bank loans	$ 97,679	183,857	$ 31,098
Secured bank loans	-	-	46,646
	$ 97,679	183,857	$ 77,744
Unused facilities	$ 2,228,818	1,912,269	$ 2,405,991
Interest Rate	1.65%~1.80%	1.65%~2.00%	1.76%~1.8%

1. Issues and Repayments of Short-term loans

For the three months ended March 31, 2016, the repayment amounted to $86,178. There were no significant issues, repurchases and repayments of short-term loans for the three months ended March 31, 2015. Please refer to Note 6(12) of the 2015 annual consolidated financial statements for other related information.

2. Assets pledged for bank loans

For details of the related assets pledged for bank loans, please refer to Note 8.

(12) Advance sales receipts

Construction No.	March 31, 2016	December 31, 2015	March 31, 2015
W3-14C06X	$ -	-	234,905
W3-14C04X	406,677	414,890	214,024
W3-14C05X	-	-	135,418
W3-15C00X	-	-	83,374
W3-14C06X	-	-	74,780
W3-14C05X	101,392	103,440	51,591
W3-12C05X	-	56,753	-
W3-15C08X	103,750	31,418	-
W3-16C002X	95,519	-	-
Others(less than 5%)	592,432	368,509	185,446
	$ 1,299,770	975,010	979,538

(13)Employee benefits

A. Defined benefit plans

Due to there are no significant market volatility、significant reduction、settlement or other significant one-time items after the end of previous financial year, the Group adopts the actuarial decision cost on December 31, 2015 and 2014 to measure and disclose pension cost during the period.

The Group's pension expenses recognized in profit or loss were as follows:

	For the three months ended March 31	
	2016	**2015**
Operating cost	38	32
Operating expense	144	159
	182	191

B. Defined contribution plans

The Group's pension expenses recognized in profit or loss were as follows:

	For the three months ended March 31	
	2016	**2015**
Operating cost	4,157	3,889
Operating expense	1,679	1,358
	5,836	5,247

The company, HerSuo Engineering, Nova Tech and Enrich has deposit the retirement amount to Bureau of Labor and the overseas subsidiaries have deposit the retirement amount to local social insurance institutes base on the local regulation.

(14)Capital and other equity

Except as described below, no significant changes in the Group capital and other equity for the three months ended March 31, 2016 and 2015. The related information, please refer to note 6(15) of the Group financial statements for the year ended December 31, 2015.

A. Issuance of common stock

The Company's annual shareholders' meeting approved the issuance of restricted stock to employees, with a total shares amounting to 1,200,000, and issued by batch. The first batch amounting to 480,000 shares has been issued and its total value amounted to $4,800 at December, 2014, with a par value $10, approbated by the Financial Supervisory Commission, effective on January 12, 2015. The record date of issuance of restricted stock to employees resolved by the board of directors was January 26, 2015.

In addition, the company reported to issue the restricted stock to employee on May 28, 2015, with a total shares amounting to 720,000, with a par value $10 and its total value amounted to $7,200, effective on June 12, 2015. The record date of issuance of restricted stock to employees resolved by the board of directors was January 11, 2016.

B. Capital surplus

		March 31, 2016	**December 31, 2015**	**March 31, 2015**
From issuance of common stock	$	896,599	896,599	896,599
Changes in ownership interest in subsidiaries		47,076	47,076	46,418
Restricted stock to employees		85,200	34,800	34,800

$ 1,028,875	978,475	977,817

i. The group had not participated in the capital increased of Enrich Tech. in March, 2015. The shareholding of Enrich Tech decreased from 100% to 60%, with an increase in capital surplus amounting to $6,066.

ii. The company issued 480,000 and 720,000 restricted stocks to employee at closing price $ 82.5 and $80 on January 26, 2015 and January 11, 2016, with an increase in capital surplus amounting to $34,800 and $50,400. The restricted stocks are available for employees at the price of $0 per share.

As of March 31, 2016 and 2015, the above transactions increased capital surplus amounting to $50,400 and $40,866.

C. Retained earnings

According to Acter's articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, shall be set aside as a legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remainder of such appropriation should be as follows:

i. 2% or more as bonuses to employees. However, Acter may include employees of subsidiaries in profit sharing in the form of stock.
ii. 3% as remuneration to directors.
iii. The remaining balance, excluding (i) and (ii), is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance, plus, any unappropriated earnings in previous years shall be used for distribution of stockholders' bonuses by the board of directors, depending on the capital status and economic development in the current year. Cash bonuses should not be less than 10% of the total stockholders' bonuses, and they will be recommended by the board of directors and resolved in the stockholders' meeting

The Company Act has amended that bonuses to employees and remuneration to directors are not accounted in profits distribution in May, 2015. Acter had amended the company article and resolved by the board of directors on November 10, 2015 and intend to be discuss during the 2016 annual shareholders' meeting.

Based on the unrevised Company Act, the employee bonuses and directors' remuneration were amounted to $1,002 and $196 for the three months ended March 31, 2016. These amounts were calculated using the company's net income before tax, multiplied by the proposed percentage which is stated under the company's article. These remunerations were expensed under operating costs or expenses for each period. After a resolution of the stockholders' meeting, if there is any adjustment between actual distribution and estimation, the adjustment will reflect to the profit and loss on the resolution year of stockholders meeting.

On February 25, 2016, and May 28, 2015, the board of directors and the meeting of stockholders of Acter approved the distribution plan of retained earnings. Information about dividends per share, employees' bonuses and directors' remuneration for 2015and 2014 are as follows:

	2015	2014

Dividends per share (In New Taiwan Dollars):		
Cash	$ 6.00	2.00
Employees' bonuses－cash		3,457
Directors' and supervisors' remuneration		1,707
		5,164

The above earnings distribution, which was charged to expense, had no difference from the resolution of Acter's board of directors and its accounting records.

D. Other equity interest

	Foreign currency translation differences for foreign operations	Investment in available-for-sale financial assets	Other equity-unrealized bonus	Total
Balance, January1, 2016	$ 58,573	(14,583)	(20,845)	23,145
Foreign currency translation differences (net of tax):				
The Group	(24,687)	-	-	(24,687)
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	12,823	-	12,823
Employee's unrealized bonus				
The Group	-	-	(48,845)	(48,845)
Balance, March 31, 2016	**$ 33,886**	**(1,760)**	**(69,690)**	**(37,564)**
Balance, January1, 2015	$ 58,501	(2,634)	-	55,867
Foreign currency translation differences (net of tax):				
The Group	(14,256)	-	-	(14,256)
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	(2,082)	-	(2,082)
Employee's unrealized bonus				
The Group	-	-	(39,600)	(39,600)
Balance, March 31, 2015	**$ 44,245**	**(4,716)**	**(39,600)**	**(71)**

(15) The share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to March 31, 2016 and 2015. For the related information, please refer to note 6(16) of the consolidated financial statements for the year ended December 31, 2015.

On March 31, 2016, the Group had 2 share-based payment arrangements as follows :

	Restricted stocks for employees	Restricted stocks for employees
Grant date	2015.1.26	2016.1.11
Grant (Unit:In thousand shares)	480	720
Contractual life	2015.1.26~2018.1.26	2016.1.11~2019.1.11
Object of grant	The Company's employees who have formal employment relationship with the Company and serve as supervisors above	The Company's employees who have formal employment relationship with the Company and serve as supervisors above

	manager level related to business operation	manager level related to business operation
Vesting conditions	Note 1	Note 1

Note 1: A restricted stock is vested when the Company's financial performance given and employees' service years are met.

a. The Company's financial performance is measured by sum of operating revenue and profit before tax, less share of gain of subsidiaries accounted for using equity method (gain on long-term investment) when it reaches the goal set by the Company in the next three years since issuance.
b. Employees who are granted with restricted stock and serve in the Company before the vested period matures, and who do not violate against the labor contract or working rules, will be granted with restricted stock based on the following schedule and granted portion:

Year/Goal	Granted Service Years	Granted Percentage when Goals Reached
First year	1 year	20%
Second year	2 years	30%
Third year	3 years	50%

(Expressed in thousand unit)	For the three months ended March 31, 2016		For the three months ended March 31, 2015	
	Weighted-Average Exercise Price	**Number of Exercisable Shares**	**Weighted-Average Exercise Price**	**Number of Exercisable Shares**
Balance, beginning of the period	$ -	480		-
Granted	-	720	-	480
Forfeited	-	(5)	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Balance, March 31 of the period		**1,195**		**480**
Exercisable, March 31 of the period		**91**		-

(16) Non-operating income and expenses

a. Other revenue

	2016	**2015**
Interest income	1,649	1,561
Rental income	323	323
Others	3,296	3,213
	5,268	**5,097**

b. Other income and losses

	2016	**2015**

Exchange gain(loss) on foreign currency	(25,559)	(4,085)
Gain on disposal of investment	(17,381)	89
Others	(206)	3
	(43,146)	**(3,993)**

(17) Employees' and directors' remuneration

According to the Company's articles, which has been approved by the Board of Directors and requires a pending approval from the shareholders meeting, remuneration to employees and directors should be appropriated amounted not lower to 3% and not higher to 5% of profit before tax without remuneration to employees and directors for the current year, respectively, after any accumulated deficit is offset against the current period profit, if any.

The employee bonuses estimated amount $3,666 and 1,833 for the three months ended March 31, 2016.These amounts were calculated using the company's net income before tax, multiplied by the proposed percentage which is stated under the company's article. These remunerations were expensed under operating costs or expenses for each period. If there is an adjustment between actual distribution and estimation of the aforementioned employee bonuses and remuneration to directors, the adjustment will reflect to the profit and loss on next year.

The Company recognized its remuneration to employees and directors of $42,433 and $21,216, respectively. The differences between the amounts distributed and estimated are accounted for as changes in accounting estimates and recognized as profit or loss for the year ended December 31, 2016.

(18) Taxes

The group Income tax expense (benefit):

	For the three months ended March 31	
	2016	**2015**
Current income tax expense:		
Current period	49,903	22,063
Deferred tax expense:		
Origination and reversal of temporary difference	(31,504)	(5,337)
Income tax expense	**18,399**	**16,726**

The amounts of tax income expense recognized in other comprehensive income were as follows:

	For the three months ended March 31	
	2016	**2015**
Foreign currency translation differences－foreign operations	**5,057**	**2,966**

The income tax returns of the Company and Hersuo have been examined by the tax authorities through year 2014. Enrich Tec has been examined by the tax authorities through year 2013

The company's integrated income tax was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Undistributed earnings after 1998	$ 1,146,784	1,071,386	812,525
Imputation Credit Account	$ 162,376	162,376	149,670

	2015(Estimated)	2014(Actual)
Tax deduction ratio of the distributed earnings of the residents of republic of China	15.16%	19.87%

The above stated information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance of the ROC on October 17, 2013. For net dividends or earnings received by each individual shareholder residing in the territory of the Republic of China, the amount of imputation tax credit has been revised to half of the original amount. In addition, for the amount that actual paid from assessed 10% surtax of imputation tax credit came from net dividends or earnings received by each individual shareholder, half of the actual payment of 10% surtax on undistributed earnings can be offset against the income tax withheld.

(19)Earnings per share ("EPS")

	2016	2015
Profit attributable to common shareholders	75,398	53,390
Weighted average number of common shares (In thousand shares)	46,136	46,136
Basic Earnings per share (In New Taiwan Dollars)	1.63	1.16
Profit attributable to common shareholders	$ 75,398	53,390
Weighted average number of common shares (In thousand shares)	46,136	46,136
Add: effect on potential common stock－		
employee bonuses (In thousand shares)	534	67
restricted stocks for employees	350	4
Diluted weighted average number of common shares (In thousand shares)	47,020	46,207
Diluted Earnings per share (In New Taiwan Dollars)	$ 1.60	1.16

(20)Financial Instruments

Except as described below, there are no significant changes on the fair value of financial instruments and the financial instruments exposed to credit risk, liquidity risk and market risk, please refer to note 6(21) of the Group's financial statements for the year ended December 31, 2015.

A. Credit risk

The concentration of credit risk of the major client on March 31, 2016, December 31, 2015 and March 31, 2015 did not exceed 12%, 11% and 13% of the total account receivables. In addition, the credit risk of the other four major clients did not exceed 24%, 21% and 17% of the total account receivables.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payment:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
March 31, 2016						
Non-derivative financial liabilities						
Unsecured bank loans	$ 97,679	$ 97,679	$ 97,679	-	-	-
Notes payable	216,876	216,876	216,876	-	-	-
Accounts payable (including related parties)	2,409,609	2,409,609	2,161,559	125,154	119,790	3,106
	$2,724,164	**$2,724,164**	**$2,476,114**	**125,154**	**119,790**	**3,106**
December 31, 2015						
Non-derivative financial liabilities						
Unsecured bank loans	$ 183,857	184,460	184,460	-	-	-
Notes payable	268,998	268,998	268,998	-	-	-
Accounts payable (including related parties)	2,540,036	2,540,036	2,329,968	129,682	80,374	12
	$ 2,992,891	**2,993,494**	**2,783,426**	**129,682**	**80,374**	**12**
March 31, 2015						
Non-derivative financial liabilities						
Secured bank loans	$ 46,646	46,780	46,780	-	-	-
Unsecured bank loans	31,098	31,157	31,157	-	-	-
Notes payable	258,286	258,286	258,286	-	-	-
Accounts payable (including related parties)	1,783,761	1,783,761	1,553,008	160,321	69,672	760
	$ 2,119,791	**2,119,984**	**1,889,231**	**160,321**	**69,672**	**760**

C. Currency risk

(A) Exposure to currency risk

The Group's significant exposures to foreign currency risk were as follows:

	March 31, 2016			December 31, 2015			March 31, 2015		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets									
Monetary items									
USD	$ 34,893	32.282	1,126,426	22,264	33.066	736,181	11,599	31.4010	364,205
CNY	220,227	4.9913	1,099,218	219,700	5.0921	1,118,736	195,134	5.0650	988,355
SGD	2,004	23.9250	47,934	2,279	23.4195	53,370	3,342	22.8371	76,311
JPY	1,360	0.2871	390	17,421	0.2747	4,785	139	0.2612	36
Financial liabilities									
Monetary items									
USD	6,764	32.282	218,367	9,528	33.066	315,037	6,114	31.4010	191,992
CNY	186,049	4.9913	928,624	159,398	5.0921	811,671	158,188	5.0650	801,225
SGD	26	23.9250	613	213	23.4195	4,981	827	22.8371	18,881
JPY	69,463	0.2871	19,943	117,994	0.2747	32,413	19,087	0.2612	4,986

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY, SGD and JPY as of March 31, 2016 and 2015 would have increased or decreased the after-tax net income by $11,064 and $4,118 respectively. The analysis is performed on the same basis for both periods.

Due to the group have various functional currencies, thus adopting disclose monetary items to display exchange gain or loss. Exchange gain or loss for the three months ended March 31, 2016 and 2015, respectively, including unrealized and realized, were$(25,559) and $(4,085).

(B) Interest risk

The interest risk exposure from financial assets and liabilities has been disclosed in this note of liquidity risk management

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases or decreases by 1%, the Group's net income will decrease or increase by $977and $777 for the three months ended March 31, 2016 and 2015, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

(C) Other price risk

If the price of equity securities on reporting date changed (The analysis is performed on the same basis for both periods and assumed that the other factors are fixed), the effects of other comprehensive income items are as following:

	2016 Q1		**2015 Q1**	
Reporting date Security Price	**Other comprehensive income After-tax amount**	**Post-tax Profit or loss**	**Other comprehensive income After-tax amount**	**Post-tax Profit or loss**
Go up 3%	**$ 6,595**	**-**	**7,242**	**-**
Go down 3%	**$ 6,595**	**-**	**7,242**	**-**

D. Fair value of financial instruments

(A) The categories of the financial instruments and the fair value

The book value and the fair value of the financial asset and financial liability of the Group (including information of the fair value level, if the financial instruments which are not measured at fair value and the book value is a reasonable approximation of the fair value, and equity instrument investments which are no active market offerings and the fair value cannot be measured, according to the regulation there is no need to reveal the fair value information.) are as follows:

	March 31 ,2016				
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets-current	$ 212,496	212,496	-	-	212,496
Available-for-sale financial assets-noncurrent	7,330	7,330	-	-	7,330

Financial assets carried at cost	45	-	-	-	-
Loans and receivables:					
Cash and cash equivalents	1,865,703	-	-	-	-
Notes receivable	105,894	-	-	-	-
Accounts receivable	2,563,416	-	-	-	-
Other receivable	41,101	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	97,679	-	-	-	-
Notes payable	216,876	-	-	-	-
Accounts payable	2,201,770	-	-	-	-
Accounts payable-related party	724	-	-	-	-
Provisions-current	207,115	-	-	-	-
Total	**$ 7,520,149**	**219,826**	**-**	**-**	**219,826**

	December 31 ,2015				
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets-current	$ 211,765	211,765	-	-	211,765
Available-for-sale financial assets-noncurrent	15,221	15,221	-	-	15,221
Financial assets carried at cost	45	-	-	-	-
Loans and receivables:					
Cash and cash equivalents	1,495,223	-	-	-	-
Notes receivable	245,882	-	-	-	-
Accounts receivable	2,496,791	-	-	-	-
Other receivable	36,402	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	183,857	-	-	-	-
Notes payable	268,998	-	-	-	-
Accounts payable	2,346,595	-	-	-	-
Accounts payable-related party	459	-	-	-	-
Provisions-current	192,982	-	-	-	-
Total	**$7,494,220**	**226,986**	**-**	**-**	**226,986**

	March 31 ,2015				
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets-current	$ 219,167	219,167	-	-	219,167
Available-for-sale financial assets-noncurrent	22,230	22,230	-	-	22,230
Financial assets carried at cost	45	-	-	-	-
Loans and receivables:		-	-	-	-
Cash and cash equivalents	1,080,773	-	-	-	-
Notes receivable	118,749	-	-	-	-
Accounts receivable	1,794,760	-	-	-	-
Accounts receivable-related party	67,999	-	-	-	-
Other receivable		-	-	-	-
Financial liabilities at amortized cost:	77,744	-	-	-	-
Short-term borrowings	258,286	-	-	-	-
Notes payable	1,597,630	-	-	-	-
Accounts payable	108	-	-	-	-
Accounts payable-related party	186,023	-	-	-	-
Provisions-current	**$5,423,514**	**241,397**	**-**	**-**	**241,397**
Total					

(B) The evaluation technique of the fair value of the financial instruments measured with fair value.

Financial instruments traded in active markets are based on quoted market prices.

The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or regulators and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

The Group's financial instruments are broken down by the category and attributes of their fair value as follows if such financial instruments are traded in active markets: beneficiary securities－open-end fund and emerging stock, whose fair value was determined based on market quoted prices.

There were no transfers from one level to another for three months ended March 31, 2016 and 2015.

(21)Financial risk management

There are no significant changes on the Group financial risk management objectives and policies disclosure, please refer to note 6(22) of the Group financial statements for the year ended December 31, 2015.

(22)Capital management

Disclosure of the Company's capital management objectives、policies and procedures consists with the consolidated financial statements of 2015; There are no significant changes to summary quantitative data for capital management disclosed of the consolidated financial statements of 2015. Please refer to note 6(23) of the Group financial statements for the year ended December 31, 2015.

7. **Related party transactions**

(1) Key management personnel compensation

	For the three months ended March 31	
	2016	**2015**
Short-term employee benefits	12,183	7,575
Post-employment benefits	70	43
	12,253	**7,618**

Relative information refers to share-based payment of the financial statements, note 6(15).

(2) Other related party transactions

A. Construction cost, and related assets and liabilities:

The amounts of significant purchase transactions and outstanding payables for goods and equipment's between the Group and related parties were as follows:

For the three months ended March 31	
2016	**2015**

Entity under the key management's control	605	91

	Payables to Related Parties		
	March 31, 2016	December 31, 2015	March 31, 2015
Entity under the key management's control	$ 724	$ 459	$ 108

The purchase price and terms of the payments present no significant difference from those with third-party vendors.

8. Pledged assets

The Group's pledged assets were as follows:

Asset	Purpose of pledge	March 31, 2015	December 31, 2015	March 31, 2015
Other financial assets－current:				
Savings deposit / time deposit	Construction contract fulfillment and warranty guarantee	$ 158,634	71,847	97,496

9. Significant commitments and contingencies

Significant commitments and contingencies for the Group as of March 31 2016 and December 31, March 31, 2015 are as follows:

(1) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $513,314 and $443,880 as well as $456,482, respectively.

(2) Bank pledges for engaging in construction contracts amounted to $348,737, $528,542 and $615,857, respectively.

(3) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for other companies in the same industry amounted to $728,911, $730,813 and $1,601,575, respectively.

(4) Outstanding letters of credit were $0, $2,811 and $30,749 respectively.

(5) For already-signed but not-yet-finished significant construction contracts, please refer to note 6 (4).

(6) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the construction according to the contract, and therefore claimed a compensation amounting to $42,189 at the Taipei District Court.The civil judgment of the first instance during December, 2015 has been pronounced by the Taipei District Court, requiring the Company pay $14,666 to Walsin, which has been fully recognized as loss by the Company. The Company has appealed to Taiwan High Court. As of December 31, 2015, the compensation remained $8,376 payable, and has been recognized as other current liabilities and accrued expenses.

(7) The Company's subsidiary, Nova Tech, signed a construction contract with Jing He Science Co., Ltd. (Jing He). The construction costs incurred or amounts purchased in

excess of the contract price may not be recoverable due to Jing He's unilateral construction suspension. Nova Tech has recognized the unrecoverable portion as construction loss amounted to $40,196 in compliance with international accounting standard, according to evidence and information they have gathered so far. Such loss is measured by the difference between shares Nova Tech deserved based on appraisal report issued by the court and construction costs incurred. Nova Tech has appointed an attorney to file a lawsuit against Jing He. Nova Tech cannot predict the court's decision and evaluate the damage because the court proceedings had not begun as of the issuance date of the financial statements.

10. **Losses due to major disasters: None**

11. **Subsequent events: None**

12. **Other**

A. The employee benefits, depreciation and amortization expenses categorized by function were as follows:

	For the three months ended March 31					
	2016			2015		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary	$ 120,561	66,328	186,889	110,159	61,518	171,677
Labor, health and social insurance	15,475	6,519	21,994	13,149	7,587	20,736
Pension	4,195	1,823	6,018	3,921	1,517	5,438
Other	4,115	4,902	9,017	3,784	3,753	7,537
Depreciation	470	5,224	5,694	866	5,554	6,420
Amortization	8	2,055	2,063	-	2,044	2,044

Note: Depreciation for investment property for the three months ended March 31, 2016 and 2015 was $82 and $83, respectively, and was recorded in non-operating expenses.

B. Operation of seasonal:
The group did not be influenced by seasonal or periodicity.

13. **Segment information**

(1) Segment information

The Group's operating segment information and reconciliation are as follows:

For the three months ended March 31 2016	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 1,411,059	344,252	45,399	-	1,800,710
Intersegment revenues	44,110	107	-	(44,217)	-
Total revenue	$ 1,455,169	344,359	45,399	(44,217)	1,800,710
Reportable segment profit or loss	$ 91,213	(10,262)	(4,848)	-	76,103

For the three months ended March 31 2015	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					

Revenue from external customers	$ 914,232	356,225	83,826	-	1,354,283
Intersegment revenues	48,588	1,199	-	(49,787)	-
Total revenue	$ 962,820	357,424	83,826	(49,787)	**1,354,283**
Reportable segment profit or loss	$ 46,853	(568)	8,271	-	**54,556**

	Taiwan	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Reportable segment Assets					
March 31, 2016	$ 6,529,762	4,172,147	1,495,202	(3,699,598)	8,497,513
December 31, 2015	$ 6,546,157	3,719,410	1,643,494	(3,722,854)	8,186,207
March 31, 2015	$ 5,244,414	3,520,525	1,626,933	(3,510,082)	6,881,790
Reportable segment liabilities					
March 31, 2016	$ 2,538,536	2,894,192	269,576	(339,352)	5,362,952
December 31, 2015	$ 2,656,255	2,401,081	316,658	(251,604)	5,122,390
March 31, 2015	$ 1,828,839	2,198,095	365,744	(257,928)	4,134,750