Phihong Technology Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2016 and 2015 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Phihong Technology Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Phihong Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted 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 financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 12 to the consolidated financial statements, long-term equity investments accounted for under the equity method for the three months ended March 31, 2016 and 2015 were based on unreviewed financial statements. As of March 31, 2016 and 2015, the aggregate balances of the Company's investments in its investees whose financial statements have not been reviewed by independent accountants amounted to $254,975 thousand and $305,017 thousand, respectively. For the three months ended March 31, 2016 and 2015, the Company's investment comprehensive loss from such investments amounted to $23,528 thousand and investment comprehensive income $1,623 thousand, respectively.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the long-term equity investments and investment comprehensive income of investees mentioned above been recognized based on reviewed financial statements, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above 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" endorsed by the Financial Supervisory Commission of the Republic of China.

May 6, 2016

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 1,536,972	14	$ 1,489,934	13	$ 1,606,952	15
Financial assets at fair value through profit or loss - current (Note 7)	99,548	1	147,522	1	371,600	4
Trade receivables (Note 9)	1,912,795	17	2,262,853	20	1,655,612	16
Other receivables	56,181	1	57,530	1	44,028	-
Inventories (Note 10)	1,316,932	12	1,555,586	14	1,732,791	16
Prepayment for lease (Note 16)	3,918	-	3,987	-	4,012	-
Other financial assets - current (Note 6)	586,160	5	375,723	3	-	-
Other current assets	138,706	1	130,636	1	119,852	1
Total current assets	5,651,212	51	6,023,771	53	5,534,847	52
NON-CURRENT ASSETS						
Financial assets measured at cost - non-current (Note 8)	94,615	1	69,615	1	84,410	1
Investments accounted for using equity method (Note 12)	254,975	2	278,503	3	305,017	3
Property, plant and equipment (Note 13)	4,067,938	37	4,121,639	36	4,262,826	40
Investment properties (Note 14)	648,160	6	668,178	6	237,345	2
Intangible assets (Note 15)	35,823	-	40,538	-	42,481	-
Deferred tax assets (Notes 4 and 23)	50,746	1	45,976	-	49,360	-
Long-term prepayments for lease (Note 16)	150,140	1	153,778	1	157,744	1
Other non-current assets	43,816	1	45,591	-	64,701	1
Total non-current assets	5,346,213	49	5,423,818	47	5,203,884	48
TOTAL	$ 10,997,425	100	$ 11,447,589	100	$ 10,738,731	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term debt (Note 17)	$ 604,915	5	$ 98,580	1	$ -	-
Trade payable	2,060,101	19	2,405,829	21	2,002,066	19
Trade payables to related parties (Note 27)	56,569	1	61,232	-	85,495	1
Other payables (Note 19)	712,335	6	852,660	7	808,816	7
Current tax liabilities (Notes 4 and 23)	66,561	1	72,036	1	92,885	1
Current portion of long-term borrowings (Note 17)	14,080	-	76,288	1	-	-
Other current liabilities	98,696	1	88,534	1	90,336	1
Total current liabilities	3,613,257	33	3,655,159	32	3,079,598	29
NON-CURRENT LIABILITIES						
Bonds payable (Note 18)	1,249,201	11	1,266,468	11	1,435,189	13
Long-term borrowings (Note 17)	624,638	5	702,576	6	-	-
Deferred tax liabilities (Notes 4 and 23)	79,832	1	79,832	1	79,832	1
Accrued pension liabilities (Notes 4 and 20)	82,826	1	83,016	1	76,000	1
Other non-current liabilities	6,342	-	4,048	-	4,626	-
Total non-current liabilities	2,042,839	18	2,135,940	19	1,595,647	15
Total liabilities	5,656,096	51	5,791,099	51	4,675,245	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Common stock	2,776,884	25	2,776,884	24	2,776,884	26
Capital surplus	1,026,456	10	1,026,456	9	1,026,456	9
Retained earnings						
Legal reserve	1,113,185	10	1,113,185	10	1,098,401	10
Special reserve	230,859	2	230,859	2	230,859	2
Unappropriated earnings	(21,475)	-	177,165	1	710,696	7
Total retained earnings	1,322,569	12	1,521,209	13	2,039,956	19
Other equity						
Exchange differences on translating foreign operations	203,242	2	294,758	3	265,405	2
Unrealized loss on available-for-sale financial assets	22,167	-	47,351	-	(35,598)	-
Total other equity	225,409	2	342,109	3	229,807	2
Total equity attributable to owners of the Company	5,351,318	49	5,666,658	49	6,073,103	56
NON-CONTROLLING INTEREST	(9,989)	-	(10,168)	-	(9,617)	-
Total equity	5,341,329	49	5,656,490	49	6,063,486	56
TOTAL	$ 10,997,425	100	$ 11,447,589	100	$ 10,738,731	100

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

(With Deloitte & Touche review report dated May 6, 2016)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
NET SALES AND REVENUES (Note 27)	$ 2,580,129	100	$ 2,465,767	100
COST OF GOODS SOLD (Notes 10 and 27)	2,357,384	91	2,226,323	90
GROSS PROFIT	222,745	9	239,444	10
OPERATING EXPENSES				
Sales and marketing	194,988	8	148,556	6
General and administration	104,322	4	130,972	6
Research and development	128,925	5	102,763	4
Total operating expenses	428,235	17	382,291	16
LOSS FROM OPERATIONS	(205,490)	(8)	(142,847)	(6)
NONOPERATING INCOME (EXPENSES)				
Other income (Note 22)	30,572	1	28,247	1
Other gains and losses (Note 22)	(17,805)	(1)	1,765	-
Finance costs	(9,952)	-	(6,832)	-
Share of the profit of associates (Note 12)	1,656	-	22	-
Total nonoperating income	4,471	-	23,202	1
LOSS BEFORE INCOME TAX	(201,019)	(8)	(119,645)	(5)
INCOME TAX EXPENSE (Notes 4 and 23)	2,374	-	(9,204)	-
NET LOSS	$ (198,645)	(8)	$ (128,849)	(5)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 21)	(91,332)	(3)	(80,438)	(3)
Share of the other comprehensive income of associates (Note 21)	(25,184)	(1)	1,601	-
Total other comprehensive (loss) income	(116,516)	(4)	(78,837)	(3)
TOTAL COMPREHENSIVE LOSS	$ (315,161)	(12)	$ (207,686)	(8)

(Continued)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2016		2015	
	Amount	**%**	**Amount**	**%**
NET (LOSS) INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ (198,640)	(8)	$ (128,767)	(5)
Non-controlling interests	(5)	-	(82)	-
	$ (198,645)	(8)	$ (128,849)	(5)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ (315,340)	(12)	$ (207,731)	(8)
Non-controlling interests	179	-	45	-
	$ (315,161)	(12)	$ (207,686)	(8)
LOSS PER SHARE (Note 24)				
Basic	$ (0.72)		$ (0.46)	

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

(With Deloitte & Touche review report dated May 6, 2016) (Concluded)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company									
	Share Capital		Retained Earnings			Other Equity				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Non-controlling Interest	Total Equity
BALANCE, JANUARY 1, 2015	$ 2,776,884	$ 1,026,456	$ 1,098,401	$ 230,859	$ 839,463	$ 345,970	$ (37,199)	$ 6,280,834	$ (9,662)	$ 6,271,172
Net loss for the three months ended March 31, 2015	-	-	-	-	(128,767)	-	-	(128,767)	(82)	(128,849)
Other comprehensive (loss) income for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	(80,565)	1,601	(78,964)	127	(78,837)
Total comprehensive (loss) income for the three months ended March 31, 2015	-	-	-	-	(128,767)	(80,565)	1,601	(207,731)	45	(207,686)
BALANCE, MARCH 31, 2015	$ 2,776,884	$ 1,026,456	$ 1,098,401	$ 230,859	$ 710,696	$ 265,405	$ (35,598)	$ 6,073,103	$ (9,617)	$ 6,063,486
BALANCE, JANUARY 1, 2016	$ 2,776,884	$ 1,026,456	$ 1,113,185	$ 230,859	$ 177,165	$ 294,758	$ 47,351	$ 5,666,658	$ (10,168)	$ 5,656,490
Net income (loss) for the three months ended March 31, 2016	-	-	-	-	(198,640)	-	-	(198,640)	(5)	(198,645)
Other comprehensive income (loss) for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	(91,516)	(25,184)	(116,700)	184	(116,516)
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	(198,640)	(91,516)	(25,184)	(315,340)	179	(315,161)
BALANCE, MARCH 31, 2016	$ 2,776,884	$ 1,026,456	$ 1,113,185	$ 230,859	$ (21,475)	$ 203,242	$ 22,167	$ 5,351,318	$ (9,989)	$ 5,341,329

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

(With Deloitte & Touche review report dated May 6, 2016)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (201,019)	$ (119,645)
Adjustments for :		
Reversal of impairment loss on trade receivables	(1,395)	(1,461)
Depreciation expense	94,647	97,160
Amortization expense	4,329	4,097
Amortization of lease prepayment	994	995
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(201)	(3,989)
Interest expense	9,952	6,832
Interest income	(6,554)	(5,166)
Share of the income of associates	(1,656)	(22)
(Gain) loss on disposal of property, plant and equipment	(5,215)	(3,873)
Loss on disposal of intangible assets	395	-
Gain on disposal of investment	(2,230)	-
Gain on buy-back of bonds payable	(572)	-
Net changes in operating assets and liabilities		
Trade receivable	351,453	320,678
Other receivables	1,563	62,083
Inventories	238,654	(96,483)
Other current assets	(8,070)	32,559
Trade payable	(345,728)	(244,139)
Trade payable to related parties	(4,663)	(14,022)
Other payables	(124,976)	(243,783)
Other current liabilities	10,162	(1,899)
Reserve for retirement plan	(190)	(38)
Cash used in operating activities	9,680	(210,116)
Interest paid	(4,511)	(596)
Interest received	6,333	4,908
Income tax paid	(7,871)	(18,147)
Net cash generated from (used in) operating activities	3,631	(223,951)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(172,815)
Net loss on fair value change of financial assets designated as at fair value through profit or loss	50,405	-
Purchase of financial assets at cost	(25,000)	-
Payments for property, plant and equipment	(103,522)	(136,047)
Proceeds from disposal of property, plant and equipment	6,877	7,132
Payments for intangible assets	(236)	(1,773)
Proceeds from disposal of intangible assets	-	696
Decrease in refundable deposits	2,997	489

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2016	**2015**
Increase in prepayments for equipment	$ (1,222)	$ (3,347)
Purchase of other financial assets - current	(210,437)	-
Net cash used in investing activities	(280,138)	(305,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term debt	506,335	-
Repayments of bonds payable	(22,024)	-
Repayments of borrowings	(140,146)	-
Decrease in guarantee deposits received	-	(77)
Increase in guarantee deposits received	2,294	-
Net cash generated from (used in) financing activities	346,459	(77)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(22,914)	(16,189)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	47,038	(545,882)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,489,934	2,152,834
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,536,972	$ 1,606,952

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

(With Deloitte & Touche review report dated May 6, 2016) (Concluded)

(In Thousands of New Taiwan Dollars, Except Per Share Data and Unless Stated Otherwise)

1. GENERAL INFORMATION

Phihong Technology Co., Ltd. ("Phihong" or "the Company"), which was formerly known as Phihong Enterprise Co., Ltd. was incorporated on December 12, 1972 under the laws of the Republic of China ("ROC"). Under a resolution approved in the stockholders' meeting in June 2003, Phihong changed its name to Phihong Technology Co., Ltd. Phihong primarily manufactures and sells AC/DC power adapters, charger bases, power supply modules, UPS (uninterruptible power supply) for computers, ballasts, etc.

In February 2000, Phihong was authorized to have its stocks trade on the over-the-counter (OTC) securities exchange in Taiwan. In September 2001, Phihong's stocks were ceased to be OTC traded and Phihong later obtained authorization to have its stocks listed on the Taiwan Stock Exchange.

The functional currency of Phihong is New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on May 6, 2016.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet endorsed by the FSC

  The Group has not applied the following IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC.

  On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	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, 2018
Amendment to IFRS 15 "Clarifications to IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

a. IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

1) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

2) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

b. Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within (Level 2/Level 3), the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique.

c. IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

d. Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

e. Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

f. Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 "Intangible Assets" requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

1) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

2) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

g. IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

The Group provides service-type warranty in addition to the assurance that the product complies with agreed-upon specifications. IFRS 15 requires such service to be considered as a performance obligation. Transaction price allocated to service-type warranty will be recognized as revenue and related costs will be recognized when warranty service is performed. Under current standard, transaction price of the aforementioned transaction is fully recognized as revenue when products are sold, and a corresponding provision is recognized for the expected warranty cost.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

h. Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

i. Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses to deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

See Note 11 for the detailed information of subsidiaries (including the percentage of ownership and main business).

c. Others

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2015, except for those described below.

1) Retirement benefit costs

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 the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

2) Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	$ 2,530	$ 2,840	$ 2,982
Checking accounts and demand deposits	1,489,271	1,232,781	1,159,253
Cash equivalent (investments with original maturities less than three months)			
Time deposits	-	154,470	444,717
Repurchase agreements collateralized by bonds	45,171	99,843	-
	$ 1,536,972	$ 1,489,934	$ 1,606,952

As of March 31, 2016 and December 31, 2015, the time deposits in the amount of $586,160 thousand and $375,723 thousand, respectively, had been reclassified to "other financial assets-current".

The ranges of market rates of demand deposits, time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Demand deposits and time deposits	0.001%-3.5%	0.001%-4.28%	0.01%-4.00%
Repurchase agreements collateralized by bonds	0.6%	0.42%	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2016	December 31, 2015	March 31, 2015
Financial assets designated as at FVTPL			
Mutual funds	$ 99,548	$ 147,522	$ 371,600

8. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2016	December 31, 2015	March 31, 2015
Unlisted stocks			
Bao-Dian Venture Capital Co., Ltd.	$ 5,137	$ 5,137	$ 6,124
Yuan-Jing Venture Capital Co., Ltd.	-	-	11,366
Han-Tong Venture Capital Co., Ltd.	48,396	48,396	48,396
Asiatech Taiwan Venture Fund	682	682	682
Zhong-Xuan Venture Capital Co., Ltd.	25,000	-	-
Yong-Li Investment Ltd.	-	-	2,442
TC-1 Culture Fund	15,400	15,400	15,400
	$ 94,615	$ 69,615	$ 84,410
Classified according to financial assets			
Available-for-sale financial assets	$ 94,615	$ 69,615	$ 84,410

Management believed that the fair value of the above unlisted equity investments held by the Group cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore they were measured at cost less impairment at the end of reporting period.

9. TRADE RECEIVABLE

	March 31, 2016	December 31, 2015	March 31, 2015
Trade receivable	$ 1,915,944	$ 2,268,643	$ 1,665,707
Less: Allowance for doubtful accounts	(3,149)	(5,790)	(10,095)
	$ 1,912,795	$ 2,262,853	$ 1,655,612

The average credit period for sales of goods was 60-90 days. In determining the recoverability of trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for doubtful accounts was recognized against trade receivables based on estimated irrecoverable amounts determined by reference to credit risk level of the counterparties and an analysis of their current financial position.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables was as follows:

March 31, 2016

	Total Receivables	Not Overdue	Overdue under 60 Days	Overdue under 61 Days and Longer
Not overdue and not impaired	$ 1,845,059	$ 1,845,059	$ -	$ -
Not overdue but impaired	2,163	2,163	-	-
Overdue and not impaired	67,736	-	37,768	29,968
Overdue but impaired	986	-	-	986
	$ 1,915,944	$ 1,847,222	$ 37,768	$ 30,954

December 31, 2015

	Total Receivables	Not Overdue	Overdue under 60 Days	Overdue under 61 Days and Longer
Not overdue and not impaired	$ 2,200,256	$ 2,200,256	$ -	$ -
Not overdue but impaired	2,584	2,584	-	-
Overdue and not impaired	62,597	-	52,738	9,859
Overdue but impaired	3,206	-	-	3,206
	$ 2,268,643	$ 2,202,840	$ 52,738	$ 13,065

March 31, 2015

	Total Receivables	Not Overdue	Overdue under 60 Days	Overdue under 61 Days and Longer
Not overdue and not impaired	$ 1,597,625	$ 1,597,625	$ -	$ -
Not overdue but impaired	3,488	3,488	-	-
Overdue and not impaired	57,987	-	45,637	12,350
Overdue but impaired	6,607	-	-	6,607
	$ 1,665,707	$ 1,601,113	$ 45,637	$ 18,957

Movements in the allowance for doubtful accounts recognized on trade receivable were as follows:

	Individual Impairment Losses	Groups Impairment Losses	Total
Balance at January 1, 2015	$ 4,632	$ 6,914	$ 11,546
Reversed of impairment loss on receivables	-	(1,461)	(1,461)
Effect of exchange rate changes	-	10	10
Balance at March 31, 2015	$ 4,632	$ 5,463	$ 10,095

(Continued)

	Individual Impairment Losses	Groups Impairment Losses	Total
Balance at January 1, 2016	$ 813	$ 4,977	$ 5,790
Reversed of impairment loss on receivables	-	(1,395)	(1,395)
Amounts written off as uncollectible	-	(1,237)	(1,237)
Effect of exchange rate changes	-	(9)	(9)
Balance at March 31, 2016	$ 813	$ 2,336	$ 3,149

(Concluded)

As of March 31, 2016, December 31, 2015 and March 31, 2015, trade receivable of PHA in the amount of $691,949 thousand, $720,559 thousand and $547,701 thousand, respectively, had been pledged to secure short-term debts. See Note 28 to the consolidated financial statements.

10. INVENTORIES

	March 31, 2016	December 31, 2015	March 31, 2015
Raw materials	$ 430,109	$ 441,925	$ 503,305
Work-in-process	222,068	171,782	237,232
Finished goods	272,860	389,406	317,737
Merchandise	391,895	552,473	674,517
	$ 1,316,932	$ 1,555,586	$ 1,732,791

As of March 31, 2016, December 31, 2015 and March 31, 2015, allowance of inventory devaluation was $330,703 thousand, $342,781 thousand and $347,402 thousand, respectively.

For the three months ended March 31, 2016 and 2015, the cost of inventories recognized as cost of goods sold was $2,357,384 thousand and $2,226,323 thousand, respectively. (Reversal of) provision for inventory devaluation and obsolescence in the amounts of $(3,844) thousand and $3,336 thousand was included in the cost of goods sold for the three months ended March 31, 2016 and 2015, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

11. SUBSIDIARIES

			Percentage of Ownership			
Investor	Investee	Main Business	March 31, 2016	December 31, 2015	March 31, 2015	Notes
Phihong	Phihong International Corp.	Makes investments	100.00	100.00	100.00	
	Phitek International Co., Ltd.	Makes investments	100.00	100.00	100.00	
	Ascent Alliance Ltd.	Makes investments	100.00	100.00	100.00	
	Phihong USA Corp. (“PHA”)	Sells various power supplies	100.00	100.00	100.00	
	American Ballast Corp.	Sells various ballasts	100.00	100.00	100.00	
	Phihong Technology Japan Co., Ltd.	Sells power components	100.00	100.00	100.00	
	Guang-Lai Investment Co., Ltd.	Makes investments	100.00	100.00	100.00	
Phihong International Corp.	Phihong (Dongguan) Electronics Co., Ltd.	Manufactures various power supplies	100.00	100.00	100.00	
	Phitek (Tianjin) Electronics Co., Ltd.	Manufactures various power supplies	100.00	100.00	100.00	
	Phihong Electronics (Suzhou) Co., Ltd.	Manufactures various power supplies and ballasts	100.00	100.00	100.00	

(Continued)

Investor	Investee	Main Business	Percentage of Ownership March 31, 2016	Percentage of Ownership December 31, 2015	Percentage of Ownership March 31, 2015	Notes
	Value Dynamic Investment Ltd.	Makes investments	-	100.00	100.00	b
	N-Lighten Technologies, Inc.	Makes investments	58.45	58.45	58.45	
	Yanghong Trade (Shanghai) Co., Ltd.	Manufactures various lighting supplies	100.00	-	-	c
N-Lighten Technologies, Inc.	N-Lighten (Shanghai) Trading Inc.	Develops, manufactures and sells various equipment and monitors	-	-	100.00	a
Value Dynamic Investment Ltd.	Yanghong Trade (Shanghai) Co., Ltd.	Manufactures various lighting supplies	-	100.00	100.00	c
Phitek International Co., Ltd.	Dongguan Phitek Electronics Co., Ltd.	Manufactures various power supplies	100.00	100.00	100.00	
Ascent Alliance Ltd.	Dongguan Shuang-Ying Electronics Co., Ltd.	Manufactures and sells electronic materials	100.00	100.00	100.00	
	Jin-Sheng-Hong (Jiangxi) Electronics Co., Ltd.	Manufactures and sells electronic materials and transformers	100.00	100.00	100.00	
Guang-Lai Investment Co., Ltd.	N-Lighten Technologies Inc.	Makes investments	19.78	19.78	19.78	

(Concluded)

a. The Company was put into liquidation in June 2015.

b. The Company was put into liquidation in March 2016.

c. The ownership of Yanghong Trade (Shanghai) Co., Ltd. was transferred to PHI in March 2016.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	March 31, 2016	December 31, 2015	March 31, 2015
Unlisted stocks			
Hao-Xuan Venture Capital Co., Ltd.	$ 16,151	$ 16,132	$ 28,773
H&P Venture Capital Co., Ltd.	103,367	123,057	129,367
Han-Yu Venture Capital Co., Ltd.	100,603	108,025	111,523
Spring City Resort Co., Ltd.	34,854	31,289	35,354
	$ 254,975	$ 278,503	$ 305,017

At the end of the reporting period, the percentages of ownership and voting rights in associates held by the Group were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Hao-Xuan Venture Capital Co., Ltd.	24.67%	24.67%	24.67%
H&P Venture Capital Co., Ltd.	32.26%	32.26%	32.26%
Han-Yu Venture Capital Co., Ltd.	22.22%	22.22%	22.22%
Spring City Resort Co., Ltd.	25.33%	25.33%	25.33%
Phihong PWM Brasil Ltda.	60.00%	60.00%	60.00%
First International Computer Do Brasil Ltda.	33.85%	33.85%	33.85%

Phihong's investments in Brazil include 60% ownership interest of Phihong PWM Brasil Ltda. and 33.85% ownership interest of First International Computer Do Brasil Ltda. Additionally, Phihong PWM Brasil Ltda. also holds 21.15% ownership interest of First International Computer Do Brasil Ltda. The other 40% ownership interest of Phihong PWM Brasil Ltda. is held by the local management team. According to cooperation mode between the Company and the local management team and under Brazilian local laws, the Company has no controlling power over Phihong PWM Brasil Ltda. Because the recoverability of the investments in Phihong PWM Brasil Ltda. and First International Computer Do Brasil Ltda. is considered remote, the Company reduced the carrying value of both investments to zero.

The equity-method investees' financial statements for the three months ended March 31, 2016 and 2015, which had been used to determine the carrying amount of the Group's investments and the share of profit and other comprehensive income of associates, had not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2015	$ 273,316	$ 2,646,765	$ 2,790,361	$ 641,978	$ 1,501,003	$ 7,853,423
Additions	-	-	13,560	28,054	90,861	132,475
Disposals	-	(3,284)	(59,100)	(8,141)	-	(70,525)
Effect of foreign currency exchange differences	(728)	(38,351)	(42,427)	(6,080)	(20,787)	(108,373)
Reclassified as investment properties	-	(316,050)	-	-	-	(316,050)
Others	-	-	-	24,842	(24,842)	-
Balance at March 31, 2015	$ 272,588	$ 2,289,080	$ 2,702,394	$ 680,653	$ 1,546,235	$ 7,490,950
Accumulated depreciation and impairment						
Balance at January 1, 2015	$ -	$ 1,058,335	$ 1,787,751	$ 477,787	$ -	$ 3,323,873
Disposals	-	(2,158)	(57,259)	(7,848)	-	(67,265)
Depreciation expense	-	18,842	59,791	15,535	-	94,168
Effect of foreign currency exchange differences	-	(14,871)	(26,307)	(5,165)	-	(46,343)
Reclassified as investment properties	-	(76,309)	-	-	-	(76,309)
Balance at March 31, 2015	$ -	$ 983,839	$ 1,763,976	$ 480,309	$ -	$ 3,228,124
Carrying amounts at March 31, 2015	$ 272,588	$ 1,305,241	$ 938,418	$ 200,344	$ 1,546,235	$ 4,262,826
Cost						
Balance at January 1, 2016	$ 275,658	$ 1,760,321	$ 2,629,389	$ 672,648	$ 1,804,133	$ 7,142,149
Additions	-	10,187	22,157	12,045	43,942	88,331
Disposals	-	-	(18,708)	(10,259)	-	(28,967)
Effect of foreign currency exchange differences	(178)	(21,743)	(39,842)	(6,170)	(27,829)	(95,762)
Reclassified as investment properties	-	239,164	-	6,496	(245,660)	-
Balance at March 31, 2016	$ 275,480	$ 1,987,929	$ 2,592,996	$ 674,760	$ 1,574,586	$ 7,105,751

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Accumulated depreciation and impairment						
Balance at January 1, 2016	$ -	$ 741,940	$ 1,815,605	$ 462,965	$ -	$ 3,020,510
Disposals	-	-	(17,232)	(10,071)	-	(27,303)
Depreciation expense	-	15,480	52,170	18,405	-	86,055
Effect of foreign currency exchange differences	-	(10,330)	(26,509)	(4,610)	-	(41,449)
Balance at March 31, 2016	$ -	$ 747,090	$ 1,824,034	$ 466,689	$ -	$ 3,037,813
Carrying amounts at December 31, 2015 and January 1, 2016	$ 275,658	$ 1,018,381	$ 813,784	$ 209,683	$ 1,804,133	$ 4,121,639
Carrying amounts at March 31, 2016	$ 275,480	$ 1,240,839	$ 768,962	$ 208,071	$ 1,574,586	$ 4,067,938

(Concluded)

In 2015, some part of the Group's property, plant and equipment from production of goods or provision of services change into earn rental income and reclassified to investment properties, see Note 14.

The above items of property, plant and equipment were depreciated on a straight-line basis over the following estimated useful life:

Buildings	
Main building	50 years
Engineering system	10 years
Machinery and equipment	3-10 years
Other equipment	3-5 years

Refer to Note 28 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure long-term loans.

14. INVESTMENT PROPERTIES

Investment Properties Measured at Cost	**Total**
Cost	
Balance at January 1, 2015	$ -
Transferred from property, plant and equipment	316,050
Effect of foreign currency exchange differences	819
Balance at March 31, 2015	$ 316,869
Accumulated depreciation and impairment	
Balance at January 1, 2015	$ -
Transferred from property, plant and equipment	76,309
Depreciation expense	2,992
Effect of foreign currency exchange differences	223
Balance at March 31, 2015	$ 79,524
Carrying amount at March 31, 2015	$ 237,345

(Continued)

Investment Properties Measured at Cost	**Total**
Cost	
Balance at January 1, 2016	$ 1,047,669
Effect of foreign currency exchange differences	(18,112)
Balance at March 31, 2016	$ 1,029,557
Accumulated depreciation and impairment	
Balance at January 1, 2016	$ 379,491
Depreciation expense	8,592
Effect of foreign currency exchange differences	(6,686)
Balance at March 31, 2015	$ 381,397
Carrying amounts at December 31, 2015 and January 1, 216	$ 668,178
Carrying amount at March 31, 2016	$ 648,160

(Concluded)

The investment properties were depreciated on a straight-line basis over the following estimated useful life:

Main buildings	30 years
Others	10 years

The management of the Group had used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The evaluation results of the fair value as follows:

	March 31, 2016
Fair value	$ 1,290,590

15. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2015	$ 101,752
Additions	1,773
Disposals	(1,029)
Effect of foreign currency exchange differences	(550)
Balance at March 31, 2015	$ 101,946

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2015	$ 55,949
Depreciation expense	4,097
Disposals	(333)
Effect of foreign currency exchange differences	(248)
Balance at March 31, 2015	$ 59,465
Carrying amounts at March 31, 2015	$ 42,481
Cost	
Balance at January 1, 2016	$ 109,993
Additions	236
Disposals	(1,087)
Effect of foreign currency exchange differences	(607)
Balance at March 31, 2016	$ 108,535
Accumulated amortization and impairment	
Balance at January 1, 2016	$ 69,455
Depreciation expense	4,329
Disposals	(692)
Effect of foreign currency exchange differences	(380)
Balance at March 31, 2016	$ 72,712
Carrying amounts at December 31, 2015 and January 1, 2016	$ 40,538
Carrying amounts at March 31, 2016	$ 35,823

(Concluded)

The above items of intangible assets were depreciated on a straight-line basis over estimated useful life of 2 to 5 years.

16. PREPAYMENTS FOR LEASE

	March 31, 2016	December 31, 2015	March 31, 2015
Current	$ 3,918	$ 3,987	$ 4,012
Noncurrent	150,140	153,778	157,744
	$ 154,058	$ 157,765	$ 161,756

Prepayments for lease are prepaid for land use rights for land located in mainland China.

17. BORROWINGS

Short-term Debt

	March 31, 2016	December 31, 2015	March 31, 2015
Bank borrowings			
Secured loan	$ 96,795	$ 98,580	$ -
Unsecured loan	508,120	-	-
	$ 604,915	$ 98,580	$ -
Interest rate	1.21%-2.75%	2.75%	-

Long-term Debt

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured loan			
Medium-term loan Repayable from August 4, 2015 to May 15, 2017; interest rate was 1.1279% on March 31, 2016 and December 31, 2015. Interest is paid monthly and principal is due on May 15, 2017.	$ 100,000	$ 100,000	$ -
Medium-term loan Repayable from August 27, 2015 to February 23, 2017; interest rate was 1.2019% on December 31, 2015. Interest is paid monthly and principal is due on February 23, 2017. Principal was fully repaid in March 2016.	-	50,000	-
Medium-term loan Repayable from December 29, 2015 to December 29, 2017; interest rate was 1.60% on December 31, 2015. Interest is paid monthly and principal is due on December 29, 2017. Principal was fully repaid in February 2016.	-	100,000	-
Medium-term secured loan Repayable from September 7, 2015 to March 7, 2018; interest rate was 1.23% on December 31, 2015. Interest is paid monthly and principal is due on March 7, 2018. Principal was fully repaid in March 2016.	-	300,000	-

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Medium-term secured loan			
Repayable from December 23, 2015 to December 23, 2018; interest rates on March 31, 2016 and December 31, 2015 were 3.8101% and 3.7744%, respectively. Principal is repaid quarterly beginning March 23, 2016. Principal was partially repaid USD$1,200 thousand in March 2016.	$ 38,718	$ 78,864	$ -
Medium-term secured loan			
Repayable from February 26, 2016 to December 29, 2017; interest rate was 1.50% on March 31, 2016. Interest is paid monthly and principal is due on December 29, 2017.	200,000	-	-
Medium-term secured loan			
Repayable from February 23, 2016 to June 2, 2017; interest rate was 1.1279% on March 31, 2016. Interest is paid monthly and principal is due on June 2, 2017.	50,000	-	-
Medium-term secured loan			
Repayable from March 7, 2016 to March 7, 2019; interest rate was 1.35% on March 31, 2016. Interest is paid monthly and principal is due on March 7, 2019.	250,000	-	-
Secured loan			
Medium-term secured loan			
Repayable from July 2, 2015 to July 2, 2017; interest rate was 1.12% on December 31, 2015. Interest is paid monthly and principal is due on July 2, 2017. Principal was fully repaid in March 2016.	-	50,000	-
Medium-term secured loan			
Repayable from August 27, 2015 to August 27, 2017; interest rate was 1.12% on December 31, 2015. Interest is due monthly and principal is due on August 27, 2017. Principal was fully repaid in March 2016.	-	100,000	-
	638,718	778,864	-
Less: Long-term loans payable - current portion	(14,080)	(76,288)	-
	$ 624,638	$ 702,576	$ -

(Concluded)

For pledged properties and endorsements/guarantees, please see Notes 28 and 29 to the consolidated financial statements.

18. BONDS PAYABLE

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured domestic convertible (or exchangeable) bonds	$ 1,249,201	$ 1,266,468	$ 1,435,189

On June 4, 2014, the Company issued 15 thousand units of $100 thousand 0% unsecured convertible bonds in Taiwan, with an aggregate principal of $1,500,000 thousand, proceeds from issue was $1,503,000 thousand.

Each bond entitles the holder to convert into ordinary shares of the Company at a conversion price of $20.4. If the Company changes its capital or pays cash dividends, the conversion price will be adjusted by the formula set up in the prospectus. After August 5, 2015, the conversion price has been adjusted to $19. Conversion may occur at any time between July 5, 2014 and May 25, 2017. If the bonds are not converted, they will be redeemed on June 4, 2017 at $100 thousand each.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 1.70% per annum on initial recognition.

Proceeds from issue (less transaction costs $5,669 thousand)	$ 1,497,331
Equity component (less transaction costs allocated to the equity component of $272 thousand)	(71,878)
Liability component at the date of issue	1,425,453
Interest charged at an effective interest rate of 1.70%	13,944
Conversion to common shares	(10,208)
Liability component at December 31, 2014	$ 1,429,189
Liability component at January 1, 2015	$ 1,429,189
Interest charged at an effective interest rate of 1.70%	6,000
Liability component at March 31, 2015	$ 1,435,189
Liability component at January 1, 2016	$ 1,266,468
Interest charged at an effective interest rate of 1.70%	5,329
Gain on buy-back of bonds payable	(22,596)
Liability component at March 31, 2016	$ 1,249,201

For the three months ended March 31, 2016, the Company buy back unsecured convertible bonds from open market, and recognized gain on buy-back of bonds payable of $572 thousand, which were presented under other gains and losses, and reclassified $1,107 thousand “capital surplus - convertible bonds” to “capital surplus -treasury share transactions”. Please see Notes 21 and 22.

19. OTHER PAYABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Payable for purchase of equipment	$ 18,741	$ 33,932	$ 30,413
Payable for salaries and bonus	186,152	262,815	206,733
Compensation payable to employees and directors and supervisors	-	-	26,612
Payable for annual leave	32,168	40,857	54,835
Others	475,274	515,056	490,223
	$ 712,335	$ 852,660	$ 808,816

20. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2016 and 2015, employee benefit expenses in respect of the Group's defined benefit retirement plans were $410 thousand and $539 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2015 and 2014

21. EQUITY

Share Capital

	March 31, 2016	December 31, 2015	March 31, 2015
Number of shares authorized (in thousands)	600,000	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	277,688	277,688	277,688
Shares issued	$ 2,776,884	$ 2,776,884	$ 2,776,884

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

On June 19, 2014, Phihong Technology Co., Ltd.'s board of stockholders resolved to issue 5,000 thousand restricted stock shares, with a par value of NT$10 each, or NT$50,000 thousand total. Exercise value of NT$0 each. Except for restrictions against the transfer of shares, the rights and obligations of these common stocks (including allotment, dividend, shareholders' voting right, and capital injection right, etc.) before the employees fulfill the vesting conditions, are the same with other outstanding common stocks. As of the date December 31, 2015, the rights to issue restricted stock shares expired.

Capital Surplus

	March 31, 2016	December 31, 2015	March 31, 2015
Issuance of common shares	$ 226,556	$ 226,556	$ 226,556
Conversion of bonds	667,058	667,058	667,058
Treasury share transactions	58,532	57,425	48,234
Interest payable of bond conversion	13,243	13,243	13,243
Equity component of convertible bonds	61,067	62,174	71,365
	$ 1,026,456	$ 1,026,456	$ 1,026,456

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital and once a year).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

Retained Earnings and Dividend Policy

Under the Company Law of the ROC and Phihong's Articles of Incorporation, 10% of Phihong's annual earnings, net of tax and any deficit, should first be appropriated as legal reserve until such reserve equals to the amount of Phihong's capital, and then a special reserve should be appropriated as required by laws or local authorities. Any remaining earnings plus unappropriated earnings accumulated in prior years, unless to be retained partially by Phihong or resolved otherwise by the stockholders, should be appropriated as follows:

a. Not greater than 2% as remuneration to directors and supervisors;
b. Not less than 10% as bonuses to employees; and
c. The remaining as dividends, of which at least 10% should be cash dividends.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on March 18, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 8, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 22,d. employee benefits expense.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", a company should appropriate to special reserve. Any special reserve appropriate may be reversed to the extent that the net debt balance reverses and thereafter distributed.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2015 and 2014 had been proposed by the board of directors on March 18, 2016 and been approved in stockholders' meetings on June 11, 2015, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Year 2015	For Year 2014	For Year 2015	For Year 2014
Legal reserve	$ -	$ 14,784	$ -	$ -
Cash dividends	-	133,062	-	0.48

Special Reserves Appropriated Following First-time Adoption of IFRSs.

The Company transferred unrealized revaluation increment and cumulative translation differences to retained earnings at the amount of $10,968 thousand and $250,296 thousand, respectively. The increase in retained earnings that resulted from all IFRSs adjustments was smaller than the total revaluation and translation differences; therefore, the Company appropriated to the special reserve an amount of $230,859 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

Other Equity Items

a. Foreign currency translation reserve

	For the Three Months Ended March 31	
	2016	**2015**
Balance at January 1	$ 294,758	$ 345,970
Exchange differences arising on translating foreign operations	(91,516)	(80,565)
Balance at December 31	$ 203,242	$ 265,405

b. Investments revaluation reserve

	For the Three Months Ended March 31	
	2016	**2015**
Balance at January 1	$ 47,351	$ (37,199)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(25,184)	1,601
Balance at December 31	$ 22,167	$ (35,598)

Non-controlling Interest

	For the Three Months Ended March 31	
	2016	**2015**
Balance at January 1	$ (10,168)	$ (9,662)
Attributable to non-controlling interests:		
Share of profit for the period	(5)	(82)
Exchange difference arising on translation of foreign entities	184	127
Balance at December 31	$ (9,989)	$ (9,617)

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Three Months Ended March 31	
	2016	2015
Interest income	$ 6,554	$ 5,166
Others	24,018	23,081
	$ 30,572	$ 28,247

b. Other gains and losses

	For the Three Months Ended March 31	
	2016	2015
Exchange (loss) gain, net	$ (16,327)	$ (2,402)
Gain (loss) on disposal of property, plant and equipment	5,215	3,873
Gain on disposal of financial assets at fair value through profit and loss	201	3,989
Loss on disposal of intangible assets	(395)	-
Gain on buy-back of bonds payable	572	-
Gain on disposal of investment	2,230	-
Others	(9,301)	(3,695)
	$ (17,805)	$ 1,765

c. Depreciation and amortization

	For the Three Months Ended March 31	
	2016	2015
Property, plant and equipment	$ 86,055	$ 94,168
Investment properties	8,592	2,992
Computer software	4,329	4,097
	$ 98,976	$ 101,257
An analysis of depreciation by function		
Operating costs	$ 51,579	$ 59,548
Operating expenses	34,476	34,620
Non-operating expenses	8,592	2,992
	$ 94,647	$ 97,160
An analysis of amortization by function		
Operating costs	$ 662	$ 696
Operating expenses	3,667	3,401
	$ 4,329	$ 4,097

d. Employee benefits expense

	For the Three Months Ended March 31	
	2016	2015
Post-employment benefits (Note 19)		
Defined contribution plans	$ 5,337	$ 4,892
Defined benefit plans	410	539
	5,747	5,431
Short-term employee benefits	552,039	617,369
	$ 557,786	$ 622,800
An analysis of employee benefits expense by function		
Operating costs	$ 335,197	$ 415,443
Operating expenses	222,589	207,357
	$ 557,786	$ 622,800

The existing Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 10% and no higher than 2%, respectively, of net income (net of the bonus and remuneration). For the three months ended March 31, 2015, because of net loss, the Company did not estimate the bonus to employees and the remuneration to directors and supervisors.

To be in compliance with the Company Act as amended in May 2015 and Company's board of directors meeting in March 2016, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three months ended March 31, 2016, because of net loss, the Company did not estimate the bonus to employees and the remuneration to directors and supervisors.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There was no difference between the amounts of the employees' compensation and the remuneration to directors and supervisors for 2014 resolved by the board of directors and the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 11, 2015.

Information on the employees' compensation and remuneration to directors and supervisors for 2015 resolved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors for 2015 resolved by the shareholders' meeting are available on the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

	For the Three Months Ended March 31	
	2016	2015
Current tax		
In respect of the current period	$ 2,396	$ 14,954
In respect of prior periods	-	-
	2,396	14,954
Deferred tax		
In respect of the current period	(4,770)	(5,750)
Total income tax expense recognized in the current period	$ (2,374)	$ 9,204

b. Information on integrated income tax was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	$ -	$ -	$ -
Unappropriated earnings generated on and after January 1, 1998	(21,475)	177,165	710,696
	$ (21,475)	$ 177,165	$ 710,696
Balance of imputation credit account (ICA)	$ 189,835	$ 189,835	$ 205,538

	For the Year Ended December 31	
	2015 (Expected)	2014 (Actual)
Creditable ratio for distribution of earning	-	25.01%

c. Income tax assessments

The latest income tax returns through 2013 have been assessed by the tax authorities.

24. LOSS PER SHARE

	Loss After Tax (Attributed to Owners of the Company)	Number of Common Shares Outstanding (In Thousands)	Loss Per Share (NT$)
For the three months ended March 31, 2016			
Basic earnings per share			
Net loss	$ (198,640)	277,688	$ (0.72)
For the three months ended March 31, 2015			
Basic earnings per share			
Net loss	$ (128,767)	277,688	$ (0.46)

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 99,548	$ -	$ -	$ 99,548

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 147,522	$ -	$ -	$ 147,522

March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 371,600	$ -	$ -	$ 371,600

There were no transfers between Levels 1 and 2 in the current and prior periods.

b. Categories of financial instruments

	March 31, 2016	December 31, 2015	March 31, 2015
Financial assets			
Financial assets at fair value through profit or loss	$ 99,548	$ 147,522	$ 371,600
Loans and receivables			
Cash and cash equivalents	1,536,972	1,489,934	1,606,952
Trade receivable	1,912,795	2,262,853	1,655,612
Other receivables	56,181	57,530	44,028
Other financial asses - current	586,160	375,723	-
Refundable deposits (recorded as other non-current assets)	33,084	36,081	46,561
Financial assets carried at cost	94,615	69,615	84,410

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Financial liabilities</u>			
Measured at amortized cost			
Short-term debts	$ 604,915	$ 98,580	$ -
Notes and trade payable	2,060,101	2,405,829	2,002,066
Trade payable to related parties	56,569	61,232	85,495
Other payables	712,335	852,660	808,816
Current portion of long-term debts	14,080	76,288	-
Bonds payable	1,249,201	1,266,468	1,435,189
Long-term debts	624,638	702,576	-
Advance deposits received (recorded as other non-current liabilities)	6,342	4,048	4,626

(Concluded)

c. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, trade receivable, other receivables, refundable/advance deposit, trade payable, trade payable - related parties, other payables, short-term loans, long-term loans and bonds payable. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Assessment of the Group's foreign currency assets and liabilities, it has no significant exposure to foreign currency risk, the Group without additional hedge processing, so no application of the relevant hedge accounting.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are presented in Note 31.

Sensitivity analysis

The Company was mainly exposed to the currency USD.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity items when New Taiwan dollars strengthen by 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity items and the balances below would be negative.

	Currency USD Impact	
	For the Three Months Ended March 31	
	2016	**2015**
Profit or loss	$ 2,290	$ 4,650

b) Interest rate risk

The Group was exposed to fair value risk and cash flow interest rate risk from short-term loans, long-term loans, time deposit, repurchase agreements and collateralized bonds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Cash flow interest rate risk			
Financial liabilities	$ 1,243,633	$ 877,444	$ -

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of customers in view of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods:

March 31, 2016

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 2,829,005	$ 1,249,201	$ -	$ 4,078,206
Variable interest rate instrument	604,915	638,718	-	1,243,633
Fixed interest rate instrument	-	-	-	-
	$ 3,433,920	$ 1,887,919	$ -	$ 5,321,839

December 31, 2015

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 3,319,721	$ 1,266,468	$ -	$ 4,586,189
Variable interest rate instrument	174,868	702,576	-	877,444
Fixed interest rate instrument	-	-	-	-
	$ 3,494,589	$ 1,969,044	$ -	$ 5,463,633

March 31, 2015

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 2,896,377	$ 1,435,189	$ -	$ 4,331,566
Variable interest rate instrument	-	-	-	-
Fixed interest rate instrument	-	-	-	-
	$ 2,896,377	$ 1,435,189	$ -	$ 4,331,566

b) Financing facilities

	March 31, 2016	December 31, 2015	March 31, 2015
Unused bank financing facilities	$ 1,934,970	$ 2,362,380	$ 2,823,635

27. RELATED-PARTY TRANSACTIONS

a. The Group's related parties and relationship

Related Party	Relationship with the Group
Xu Sheng Technology Co., Ltd.	Other related parties
Red Sun Metal Industry Co., Ltd.	Other related parties
Shine Tech Ltd.	Other related parties
Heng Hui Co., Ltd.	Other related parties
Dongguan Song Xiang Metal Products Co., Ltd.	Other related parties
Hua Jung Co., Ltd.	Other related parties
Hong Ding Educational Technology Co., Ltd.	Other related parties
Zero Distance Corporation	Other related parties
Peter Lin	Phihong's chairman

Details of transactions between the Group and other related parties were disclosed below:

b. Trading transactions

	For the Three Months Ended March 31	
	2016	2015
Sales		
Other related parties	$ -	$ 100
Purchase of goods		
Other related parties	$ 26,456	$ 56,204

There is no significant difference between purchase price from related parties and purchase price from unrelated parties.

	March 31, 2016	December 31, 2015	March 31, 2015
Payable to related parties			
Other related parties	$ 56,569	$ 61,232	$ 85,495

c. Compensation of key management personnel

The types and amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Three Months Ended March 31	
	2016	2015
Short-term benefits	$ 9,327	$ 9,314
Post-employment benefits	108	108
	$ 9,435	$ 9,422

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

d. Other transactions with related parties

The key management personnel of the Group have guaranteed the payments of the loans of the Company as of March 31, 2016 and December 31, 2015. The amounts of the guarantees were $528,864 thousand and $628,864 thousand, respectively.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2016	December 31, 2015	March 31, 2015
Freehold land	$ 197,586	$ 197,586	$ 197,586
Buildings	334,319	336,316	140,964
Trade receivable	691,949	720,559	547,701
	$ 1,223,854	$ 1,254,461	$ 886,251

29. CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group’s unrecognized commitments were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Acquisition of property, plant and equipment	$ 77,590	$ 117,193	$ 306,275

30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On April 1, 2016, the Company issued 100 units of $10,000 thousand 0.95% NT secured convertible bonds in Taiwan, with an aggregate principal of $1,000,000 thousand.

31. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 47,870	32.265	$ 1,544,522
JPY	15,957	0.28674	4,576
HKD	4,785	4.16005	19,906
CNY	125,153	4.97602	622,765
Financial liabilities			
Monetary items			
USD	40,772	32.265	1,315,514
JPY	3,904	0.28674	1,120
HKD	5,058	4.16005	21,040

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 50,496	32.86000	$ 1,659,307
JPY	50,649	0.27263	13,809
HKD	1,558	4.23987	6,607
CNY	104,803	5.06356	530,674
Financial liabilities			
Monetary items			
USD	37,956	32.86000	1,247,246
JPY	6,040	0.27263	1,647
HKD	5,095	4.23987	21,602

March 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 53,002	31.28500	$ 1,658,168
JPY	48,647	0.26316	12,804
HKD	1,393	4.03461	5,620
CNY	72,660	5.09511	370,211
Financial liabilities			
Monetary items			
USD	38,139	31.28500	1,193,179
JPY	7,479	0.26316	1,968
HKD	4,174	4.03461	16,840

32. SEGMENT INFORMATION

The Group's power supply segment is the only one reportable segment. The power supply segment mainly engages in the manufacturing and selling of AC/DC power adapters, charger bases, and power supply modules for computers. The Group's other operating segments did not exceed the quantitative threshold so they are not disclosed as reportable segments. These segments mainly engage in manufacturing and selling of lighting supply and developing, manufacturing and selling monitors.

The Group adopted operating profits as the measurement threshold. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4.

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

a.

	Power Supply	Others	Total
For the three months ended March 31, 2016			
Revenue from external customers	$ 2,414,366	$ 165,763	$ 2,580,129
Segment revenues	$ (195,229)	$ (10,261)	$ (205,490)
Other revenues			30,572
Other gain and loss			(17,805)
Financial cost			(9,952)
Investment income recognized under equity method, net			1,656
Income before income tax			$ (201,019)

(Continued)

	Power Supply	Others	Total
For the three months ended March 31, 2015			
Revenue from external customers	$ 2,287,392	$ 178,375	$ 2,465,767
Segment revenues	$ (116,092)	$ (26,755)	$ (142,847)
Other revenues			28,247
Other gain and loss			1,765
Financial cost			(6,832)
Investment income recognized under equity method, net			22
Income before income tax			$ (119,645)

(Concluded)

b. Segment assets and liabilities

	March 31, 2016	December 31, 2015	March 31, 2015
Power supply segment assets	$ 10,260,235	$ 10,646,792	$ 9,529,663
Other assets	737,190	800,797	1,209,068
Total assets	$ 10,997,425	$ 11,447,589	$ 10,738,731
Power supply segment liabilities	$ 5,481,524	$ 5,637,512	$ 4,509,706
Other liabilities	174,572	153,587	165,539
Total liabilities	$ 5,656,096	$ 5,791,099	$ 4,675,245