TONS LIGHTOLOGY INC.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2015, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No.10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

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TANG , SHIH – CHUAN
Chairman
TONS LIGHTOLOGY INC. AND SUBSIDIARIES

February 26, 2016

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Tons Lightology Inc.

We have audited the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These 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 audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

We have also audited the parent company only financial statements of Tons Lightology Inc. as of and for the years ended December 31, 2015 and 2014, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers Taiwan
February 26, 2016

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

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 595,582	41	$ 540,200	39
1110	Financial assets at fair value through profit or loss - current		3,399	-	-	-
1150	Notes receivable, net		1,395	-	3,118	-
1170	Accounts receivable, net	6(2)	185,785	13	202,611	14
1200	Other receivables		5,140	-	10,510	1
130X	Inventories, net	6(3)	178,030	12	192,747	14
1410	Prepayments		18,384	1	24,271	2
1470	Other current assets		2,230	-	2,139	-
11XX	**Total current assets**		989,945	67	975,596	70
	Non-current assets					
1523	Available-for-sale financial assets-non- current	6(4)	114,003	8	16,729	1
1600	Property, plant and equipment, net	6(5)	308,753	21	337,390	25
1780	Intangible assets		1,957	-	2,663	-
1840	Deferred tax assets	6(21)	4,030	-	3,849	-
1900	Other non-current assets	6(6)	50,868	4	51,069	4
15XX	**Total non-current assets**		479,611	33	411,700	30
1XXX	**Total assets**		$ 1,469,556	100	$ 1,387,296	100

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss- current		$ 1,163	-	$ 328	-
2170	Accounts payable		122,262	9	137,454	10
2200	Other payables	6(7)	119,490	8	112,150	8
2230	Current tax liabilities	6(21)	15,321	1	9,839	1
2300	Other current liabilities		10,290	1	12,883	1
21XX	**Total current liabilities**		268,526	19	272,654	20
	Non-current liabilities					
2550	Provisions for liabilities- non current	6(10)	698	-	2,063	-
2570	Deferred tax liabilities	6(21)	2,491	-	1,743	-
2600	Other non-current liabilities		15,008	1	13,731	1
25XX	**Total non-current liabilities**		18,197	1	17,537	1
2XXX	**Total Liabilities**		286,723	20	290,191	21
	Equity attributable to owners of parent					
	Share capital					
3110	Shares capital- common stock	6(11)	381,378	26	366,978	26
3140	Share capital- collected in advance	6(11)	-	-	170	-
	Capital surplus					
3200	Capital surplus	6(12)	491,590	33	485,546	35
	Retained earnings					
3310	Legal reserve	6(13)	35,593	2	25,558	2
3320	Special reserve	6(13)	38,429	3	38,429	3
3350	Undistributed earnings	6(13)	191,629	13	135,536	10
	Other equity interest					
3400	Other equity interest	6(14)	44,214	3	44,888	3
31XX	**Equity attributable to owners of the parent**		1,182,833	80	1,097,105	79
3XXX	**Total Equity**		1,182,833	80	1,097,105	79
	Commitments and contingent liabilities	9				
	Subsequent events	11				
3X2X	**Total liabilities and equity**		$ 1,469,556	100	$ 1,387,296	100

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

			For the years ended December 31,			
			2015		2014	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(15)	$ 1,306,683	100	$ 1,173,986	100
5000	**Operating costs**	6(3)	(889,313)	(68)	(835,962)	(71)
5900	**Net operating margin**		417,370	32	338,024	29
	Operating expenses					
6100	Selling expenses		(104,136)	(8)	(93,027)	(8)
6200	General and administrative expenses		(113,089)	(9)	(102,121)	(9)
6300	Research and development expenses		(42,783)	(3)	(41,009)	(3)
6000	**Total operating expenses**	6(19)(20)	(260,008)	(20)	(236,157)	(20)
6900	**Operating profit**		157,362	12	101,867	9
	Non-operating income and expenses					
7010	Other income	6(16)	15,842	1	18,000	2
7020	Other gains and losses	6(17)	9,023	1	2,860	-
7050	Finance costs	6(18)	-	-	(48)	-
7000	**Total non-operating income and expenses**		24,865	2	20,812	2
7900	**Profit before income tax**		182,227	14	122,679	11
7950	Income tax expense	6(21)	(37,617)	(3)	(22,331)	(2)
8200	**Profit for the year**		$ 144,610	11	$ 100,348	9
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans		($ 1,041)	-	($ 509)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		177	-	86	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		(864)	-	(423)	-

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	For the years ended December 31, 2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations	6(14)	(7,262)	(1)	28,300	2
8362	Unrealized gain or loss on valuation of available-for-sale financial assets	6(14)	7,439	1	-	-
8399	Income tax relating to the components of other comprehensive income	6(21)	(851)	-	-	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(674)	-	28,300	2
8300	**Other comprehensive (loss) income for the year**		($ 1,538)	-	$ 27,877	2
8500	**Total Comprehensive Income**		$ 143,072	11	$ 128,225	11
	Basic earnings per share					
9750	**Profit for the year**	6(22)	$ 3.80		$ 2.68	
	Diluted earnings per share					
9850	**Profit for the year**	6(22)	$ 3.72		$ 2.62	

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent									
		Share capital		Capital Surplus		Retained Earnings			Other equity interest		
	Notes	Common stock	Collected in advance	Additional paid-in capital	Employee share options	Legal reserve	Special reserve	Undistributed earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	Total equity
2014											
Balance at January 1, 2014		$ 351,868	$ -	$ 470,361	$ 8,156	$ 18,255	$ 38,429	$ 106,356	$ 12,159	$ 4,429	$ 1,010,013
Appropriations and distribution of 2013 earnings											
Legal reserve		-	-	-	-	7,303	-	(7,303)	-	-	-
Stock dividends	6(13)	10,574	-	-	-	-	-	(10,574)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	-	(52,868)	-	-	(52,868)
Profit for 2014		-	-	-	-	-	-	100,348	-	-	100,348
Other comprehensive income for 2014	6(14)	-	-	-	-	-	-	(423)	28,300	-	27,877
Share-based payment transactions - employee share options	6(9)	4,536	170	9,134	(2,105)	-	-	-	-	-	11,735
Balance at December 31, 2014		$ 366,978	$ 170	$ 479,495	$ 6,051	$ 25,558	$ 38,429	$ 135,536	$ 40,459	$ 4,429	$ 1,097,105
2015											
Balance at January 1, 2015		$ 366,978	$ 170	$ 479,495	$ 6,051	$ 25,558	$ 38,429	$ 135,536	$ 40,459	$ 4,429	$ 1,097,105
Appropriations and distribution of 2014 earnings											
Legal reserve	6(13)	-	-	-	-	10,035	-	(10,035)	-	-	-
Stock dividends	6(13)	11,088	-	-	-	-	-	(11,088)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	-	(66,530)	-	-	(66,530)
Profit for 2015		-	-	-	-	-	-	144,610	-	-	144,610
Other comprehensive income for 2015	6(14)	-	-	-	-	-	-	(864)	(7,262)	6,588	(1,538)
Share-based payment transactions - employee share options	6(9)	3,312	(170)	7,079	(1,035)	-	-	-	-	-	9,186
Balance at December 31, 2015		$ 381,378	$ -	$ 486,574	$ 5,016	$ 35,593	$ 38,429	$ 191,629	$ 33,197	$ 11,017	$ 1,182,833

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2015	For the years ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 182,227	$ 122,679
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Depreciation	6(19)	53,143	55,144
Amortisation	6(19)	10,585	6,365
Provision for (reversal of) doubtful accounts and sales discount	6(2)	(204)	2,971
Reversal of warranty expenses	6(10)	(1,374)	-
Interest expense	6(18)	-	48
Interest income	6(16)	(11,108)	(10,000)
Dividend income		(1,068)	(741)
Wages and salaries - employee share options	6(9)(20)	1,951	1,462
Net loss on financial assets at fair value through profit or loss	6(17)	970	452
Gain on disposal of property, plant and equipment	6(5)(17)	(151)	(1,051)
Construction in progress transferred to expenses		-	174
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable, net		1,711	523
Accounts receivable, net	6(2)	16,450	9,413
Other receivables		5,726	(315)
Inventories	6(3)	12,098	(43,103)
Prepayments		(3,222)	(9,707)
Other current assets		(132)	(408)
Net changes in liabilities relating to operating activities			
Accounts payable		(13,051)	(9,417)
Other payables	6(7)	8,533	6,504
Advance receipts		(2,533)	3,833
Other current liabilities		(8)	148
Other non-current liabilities		146	644
Non-current provisions		16	-
Cash generated from operations		260,705	135,618
Interest received		10,600	8,589
Dividends received		1,068	741
Interest paid		-	(48)
Income tax paid		(32,179)	(23,586)
Net cash provided by operating activities		240,194	121,314

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 3,257)	$ -
Decrease in other current assets		-	14,879
Acquisition of available-for-sale financial assets	6(4) and 12(3)	(89,834)	-
Acquisition of property, plant and equipment	6(24)	(21,887)	(25,303)
Proceeds from disposal of property, plant and equipment	6(5)	798	1,781
Acquisition of intangible assets		(904)	(2,461)
Increase in refundable deposits		(324)	(92)
Increase in other non-current assets		(10,460)	(12,942)
Net cash used in investing activities		(125,868)	(24,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans		-	(5,961)
Increase in guarantee deposits received		92	-
Cash dividends paid		(66,530)	(52,868)
Employee share options exercised		7,235	10,273
Net cash used in financing activities		(59,203)	(48,556)
Effect of changes in foreign currency exchange rates		259	8,358
Increase in cash and cash equivalents		55,382	56,978
Cash and cash equivalents at beginning of year		540,200	483,222
Cash and cash equivalents at end of year		$ 595,582	$ 540,200

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. ORGANIZATION AND OPERATIONS

Tons Lightology Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C) on August 20, 1992. On June 17, 2013, the Company's stocks were officially listed on the Taipei Exchange. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in manufacturing and trading of lighting equipment and lamps.

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on February 26, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the Taiwan Stock Exchange or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (excluding IFRS 9, 'Financial instruments') as endorsed by the Financial Supervisory Commission and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 1, 'Presentation of financial statements'

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

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

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

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. Also, the standard requires disclosures about fair value measurements. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

(b) Available-for-sale financial assets measured at fair value.

(c) Liabilities on cash-settled share-based payment arrangements measured at fair value.

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2015	December 31, 2014	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	100	Note 1
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD. (HONG BO)	Reinvestment company	100	-	Note 2
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD. (TL)	Sales of various lighting products and accessories	100	100	
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	100	100	Note 1
GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD. (TITAN)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2015	Ownership(%) December 31, 2014	Description
GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD. (ZHONGSHAN TONS)	Design of products, manufacturing of hardware parts, production and trading of lighting products and accessories	100	100	

Note 1: The subsidiary is material to the Company.

Note 2: On June 26, 2015, the Board of Directors has approved the establishment of a subsidiary, HONG BO investment co., Ltd. to benefit the flexibility in the Group's investments. The establishment was completed on July 24, 2015.

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

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

E. Significant restrictions: None

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

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

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(9) Loans and receivables

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

(10) Impairment of financial assets

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

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

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

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

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

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

(e) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(f) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

(a) Financial assets measured at amortised cost

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

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. Fixed manufacturing overhead was amortised over the normal working hours of production line. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Property, plant and equipment

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

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

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

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

Buildings	21 years
Molding equipment	2 ~ 6 years
Machinery and equipment	2 ~ 20 years
Equipment for research and development	5 ~ 11 years
Transportation equipment	5 ~ 6 years
Other assets	3 ~ 20 years

(14) Leased assets/ leases (lessee)

An operating lease is a lease other than a finance lease. Payments made under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

(15) Intangible assets

A. Patent is stated initially at its cost and amortised using the straight-line method over its estimated economic service life of 10 years.

B. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

C. Other intangible assets are stated at cost and amortised on a straight-line basis over the estimated useful life of 3 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

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

(18) Notes and accounts payable

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

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

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(20) Derecognition of financial liabilities

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

(21) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

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

C. Termination benefits

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

D. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

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

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

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

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

(25) Dividends

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

(26) Revenue recognition

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

B. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2015, the carrying amount of inventories was $178,030 thousand.

6. DETAILS OF SIGNIFICANTACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand	$ 579	$ 746
Checking accounts and demand deposits	93,086	88,799
Time deposits	501,917	450,655
Total	$ 595,582	$ 540,200

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

B. The Group has no cash and cash equivalents pledged to others.

(2) Accounts receivable, Net

	December 31, 2015	December 31, 2014
Accounts receivable	$ 188,635	$ 205,905
Less: allowance for bad debts	(2,850)	(3,294)
	$ 185,785	$ 202,611

A. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2015	December 31, 2014
Group 1	$ 87,805	$ 101,638
Group 2	33,170	34,650
Group 3	13,167	20,508
Group 4	1,644	4,636
	$ 135,786	$ 161,432

Group 1: Existing customers (more than 6 months from the first transaction) who are within the list of top 10 customers of the Group.
Group 2: Existing customers (more than 6 months from the first transaction) who are within the list of top 11~30 customers of the Group.
Group 3: Other customers.
Group 4: New customers (less than 6 months from the first transaction).

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

	December 31, 2015	December 31, 2014
Up to 30 days	$ 42,838	$ 32,284
31 to 60 days	5,362	7,321
61 to 90 days	1,295	1,853
91 to 120 days	268	314
121 to 150 days	1,315	15
151 to 180 days	-	915
	$ 51,078	$ 42,702

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

As of December 31, 2015 and 2014, the Group's accounts receivable that were impaired amounted to $1,771 thousand.

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

	2015					
	Individual provision		Group provision		Total	
Equity at beginning of period	$	1,771	$	1,523	$	3,294
Provision for impairment		-	(	204)	(	204)
Effects of foreign exchange		-	(	240)	(	240)
Equity at end of period	$	1,771	$	1,079	$	2,850

	2014					
	Individual provision		Group provision		Total	
Equity at beginning of period	$	-	$	323	$	323
Reversal of impairment		1,771		1,200		2,971
Equity at end of period	$	1,771	$	1,523	$	3,294

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

(3) Inventories

	December 31, 2015					
	Cost		Allowance for valuation loss		Book value	
Raw materials and supplies	$	111,716	($	9,307)	$	102,409
Work in process		20,036	(	2,162)		17,874
Semi-finished goods		47,852	(	7,006)		40,846
Finished goods		25,659	(	8,758)		16,901
Total	$	205,263	($	27,233)	$	178,030

	December 31, 2014					
	Cost		Allowance for valuation loss		Book value	
Raw materials and supplies	$	121,629	($	7,717)	$	113,912
Work in process		12,798	(	1,070)		11,728
Semi-finished goods		49,771	(	5,809)		43,962
Finished goods		31,277	(	8,132)		23,145
Total	$	215,475	($	22,728)	$	192,747

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2015	2014
Cost of goods sold	$ 881,499	$ 830,368
Loss for market value decline and obsolete and slow – moving inventories	3,446	4,004
Revenue from sales of scraps	(5,326)	(8,415)
Gain on physical inventory	(149)	(154)
Loss on scrapping inventory	9,535	10,159
Warranty cost	308	-
	$ 889,313	$ 835,962

(4) Non-current available-for-sale financial assets

Items	December 31, 2015	December 31, 2014
Non-current items:		
Listed stocks	$ 45,634	$ -
Unlisted stocks	55,593	11,393
Valuation adjustment	12,776	5,336
Total	$ 114,003	$ 16,729

The Group recognised gain of $6,588 thousand and $0 thousand in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively, and did not reclassify any amount from equity to profit or loss for the years ended December 31, 2015 and 2014.

(5) Property, plant and equipment, Net

	December 31, 2015					
	At January 1	Additions	Disposal	Transfer	Net exchange Differences	At December 31
Cost						
Buildings	$ 332,567	$ 247	$ -	($ 172)	($ 6,335)	$ 326,307
Molding equipment	147,974	11,445	(2,233)	56	(2,888)	154,354
Machinery	144,814	772	(865)	2,819	(2,443)	145,097
Research and development equipment	26,436	1,849	-	1,256	(526)	29,015
Transportation equipment	17,123	1,243	(4,829)	3,053	(303)	16,287
Others	89,472	1,755	(4,238)	2,780	(1,666)	88,103
Construction in progress	1,876	5,970	-	(2,150)	(41)	5,655
	$ 760,262	$ 23,281	($ 12,165)	$ 7,642	($ 14,202)	$ 764,818
Accumulated depreciation						
Buildings	($ 105,431)	($ 17,924)	$ -	$ 437	$ 2,139	($ 120,779)
Molding equipment	(122,834)	(15,790)	2,206	-	2,441	(133,977)
Machinery	(86,721)	(7,735)	858	-	1,359	(92,239)
Research and development equipment	(21,650)	(1,469)	-	-	423	(22,696)
Transportation equipment	(9,210)	(2,480)	4,252	-	154	(7,284)
Others	(77,026)	(7,745)	4,202	-	1,479	(79,090)
	($ 422,872)	($ 53,143)	$ 11,518	$ 437	$ 7,995	($ 456,065)
Total	$ 337,390					$ 308,753

	December 31, 2014					
	At January 1	Additions	Disposal	Transfer	Net exchange Differences	At December 31
Cost						
Buildings	$ 314,175	$ -	$ -	$ 7,346	$ 11,046	$ 332,567
Molding equipment	130,997	12,099	(130)	88	4,920	147,974
Machinery	119,549	3,676	(5,217)	22,254	4,552	144,814
Research and development equipment	24,298	546	(655)	1,368	879	26,436
Transportation equipment	16,610	775	(4,562)	3,761	539	17,123
Others	90,315	2,301	(6,784)	729	2,911	89,472
Construction in progress	4,436	2,147	-	(4,705)	(2)	1,876
	$ 700,380	$ 21,544	($ 17,348)	$ 30,841	$ 24,845	$ 760,262
Accumulated depreciation						
Buildings	($ 84,870)	($ 17,051)	$ -	$ -	($ 3,510)	($ 105,431)
Molding equipment	(100,597)	(18,264)	115	-	(4,088)	(122,834)
Machinery	(81,262)	(7,522)	4,643	-	(2,580)	(86,721)
Research and development equipment	(19,247)	(2,262)	579	-	(720)	(21,650)
Transportation equipment	(11,404)	(2,055)	4,541	-	(292)	(9,210)
Others	(73,239)	(7,990)	6,740	-	(2,537)	(77,026)
	($ 370,619)	($ 55,144)	$ 16,618	$ -	($ 13,727)	($ 422,872)
	$ 329,761					$ 337,390

A. Amount of borrowing costs for property, plant and equipment capitalised and interest rate range: No capitalised borrowing cost for the years ended December 31, 2015 and 2014.

B. Property, plant and equipment pledged to others as collateral: No fixed assets were pledged for the years ended December 31, 2015 and 2014.

(6) Other non-current assets

	December 31, 2015	December 31, 2014
Land use right	$ 36,963	$ 38,659
Other long-term prepaid rents	13,905	12,410
	$ 50,868	$ 51,069

In November 2007, the Group entered into a land use right contract with Zhongshan Administration for Industry & Commerce for use of the land in Xiaolan Town, Zhongshan Prefecture, Guangdong Province in China, with a term of 47 years. Rents have been paid on the contract date. The Group recognised rental expenses of $966 thousand and $945 thousand for the years ended December 31, 2015 and 2014, respectively.

(7) Other payables

	December 31, 2015	December 31, 2014
Salary and bonus payable	$ 62,010	$ 51,162
Payable for consumables and purchases	17,595	15,747
Insurance and pension expense payable	15,047	15,849
Housing fund payable	6,669	6,514
Others	18,169	22,878
	$ 119,490	$ 112,150

(8) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

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

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	$ 14,005	$ 12,705
Fair value of plan assets	(898)	(778)
Net defined benefit liability	$ 13,107	$ 11,927

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	$ 12,705	($ 778)	$ 11,927
Interest income	254	-	254
	12,959	(778)	12,181
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(16)	(16)
Change in financial assumptions	692	-	692
Experience adjustments	354	(13)	341
	1,046	(29)	1,017
Pension fund contribution	-	(91)	(91)
Balance at December 31	$ 14,005	($ 898)	$ 13,107

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	$ 11,952	($ 671)	$ 11,281
Interest income	239	-	239
	12,191	(671)	11,520
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(14)	(14)
Experience adjustments	514	(1)	513
	514	(15)	499
Pension fund contribution	-	(92)	(92)
Balance at December 31	$ 12,705	($ 778)	$ 11,927

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2015	2014
Discount rate	2.00%	2.00%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit obligation	$ 466	($ 484)	($ 469)	$ 454

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 amounts to $212 thousand.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 12.6 years. The analysis of timing of the future pension payment was as follows:

Over 5 years	$ 937

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

(b) Titan Lighting Co.Ltd and Zhongshan Tons Lighting Co. Ltd have a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Starting from May 1, 2015, abovementioned contribution percentage increased from 10% to 13%. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014, were 14,647 thousand and 10,316 thousand, respectively.

(9) Share-based payment

A. For the years ended December 31, 2015 and 2014, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted in thousand	Contract period	Vesting conditions	Actual turnover rate in 2015	Actual turnover rate in 2014	Estimated future turnover rate
Second employee stock options	2010.07.30	1,000	5 years	2~4 years' service	4.17%	11.11%	0%
Third(1) employee stock options	2012.03.21	600	5 years	2~4 years' service	14.81%	12.90%	0%
Third(2) employee stock options	2012.12.26	70	5 years	2~4 years' service	25%	20%	0%
Fourth employee stock options	2014.11.13	600	5 years	2~4 years' service	16.67%	0%	0%

B. Details of the share-based payment arrangements are as follows:

(a) Second employee stock options

	2015		2014	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	232	$ 21.20	637	$ 22.90
Options forfeited	-	-	(10)	22.90
Options exercised	-	-	(38)	22.90
Options exercised	(232)	21.20	(357)	21.20(Note)
Options outstanding at December 31	-	-	232	21.20
Options exercisable at December 31	-		232	

Note: Price was adjusted due to ex-rights.

(b) Third (1) employee stock options

	2015		2014	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	444	$ 26.90	546	$ 29.00
Options forfeited	(75)	26.90	(31)	29.00
Options forfeited	(1)	24.90 (Note)	(5)	26.90 (Note)
Options exercised	(24)	26.90	(20)	29.00
Options exercised	(68)	24.90 (Note)	(46)	26.90 (Note)
Options outstanding at December 31	276	24.90	444	26.90
Options exercisable at December 31	170		191	

Note: Price was adjusted due to ex-rights.

(c) Third (2) employee stock options

	2015		2014	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	16	$ 26.00	20	$ 28.10
Options forfeited	(2)	26.00	(4)	28.10
Options outstanding at December 31	14	24.00 (Note)	16	26.00 (Note)
Options exercisable at December 31	11		8	

Note: Price was adjusted due to ex-rights.

(d) Fourth employee stock options

	2015		2014	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	600	$ 28.20	-	$ -
Options forfeited	(87)	28.20	-	-
Options forfeited	(5)	26.10 (Note)	-	-
Options granted	-	-	600	28.20
Options outstanding at December 31	508	26.10 (Note)	600	28.20
Options exercisable at December 31	-		-	

Note: Price was adjusted due to ex-rights.

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2015		December 31, 2014	
	Expiry date	No. of shares (in thousands)	Exercise price	No. of shares (in thousands)	Exercise price
Second employee stock options	2015.7.29	-	$ -	232	$ 21.20
Third (1) employee stock options	2017.3.20	276	24.90	444	26.90
Third (2) employee stock options	2017.12.25	14	24.00	16	26.00
Fourth employee stock options	2019.11.12	508	26.10	600	28.20

D. Expenses incurred on share-based payment transactions are shown below:

	2015	2014
Equity-settled - employee stock options	$ 1,951	$ 1,462

(10) Provisions

	Warranty provisions	
	2015	
At January 1	$	2,063
Additional provisions		308
Unused amounts reversed	(	1,682)
Effects of foreign exchange		9
At December 31	$	698

Analysis of total provisions:

	December 31, 2015		December 31, 2014	
Non-current	$	698	$	2,063

The Group gives warranties on lighting equipment lamps sold. Provision for warranty is estimated based on historical warranty data of lighting equipment lamps.

(11) Share capital

A. As of December 31, 2015, the Company's authorized capital was $500,000 thousand, consisting of 50,000 thousand shares of ordinary stock (including 5,000 thousand shares reserved for employee stock options). The paid-in capital was $381,378 thousand with a par value of $10 (in dollars) per share. Total share capital was $381,378 thousand.

B. The stockholders at their annual stockholders' meeting on May 28, 2015 adopted a resolution to increase capital for 1,109 thousand shares with a par value of $10 (in dollars), through capitalization of unappropriated retained earnings of $11,088 thousand. The capital increase has been resolved by the Board of Directors and the effective date has been set on July 20, 2015. On July 31, 2015, the registration was completed.

C. The stockholders at their annual stockholders' meeting on June 16, 2014 adopted a resolution increase capital for 1,057 thousand shares with a par value of $10 (in dollars) per share, through capitalization of unappropriated retained earnings of $10,574 thousand. The capital increase has been resolved by the Board of Directors and the effective date has been set on August 3, 2014. On August 12, 2014, the registration was completed.

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

(Unit: Thousand)

	2015	2014
At January 1	36,706	35,187
Employee stock options exercised	323	462
Stock dividend	1,109	1,057
At December 31	38,138	36,706

(12) Capital surplus

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

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

(a) Offset prior years' operating losses, if any.

(b) Set aside 10% of the remaining amount as legal reserve, and set aside or reverse special reserve when necessary.

(c) Distribute 8%~15% of the remaining amount after deducting items (a) and (b) as employees' bonus. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive stock dividends. The Board of Directors are authorized for determining the related regulations.

(d) The remaining amount after deducting items (a) and (b) shall be distributed no more than 2% as directors' and supervisors' remuneration.

(e) The remainder along with the unappropriated earnings of prior years is accumulated distributable earnings. The appropriation of accumulated distributable earnings shall be proposed by the Board of Directors and be resolved by the shareholders.

The Company is at the development stage. In line with current and future development plans and investment environment, and to respond to capital needs and domestic and foreign competition, as well as shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc., the earnings shall be appropriated in compliance with the above regulations. The ratio of dividends to shareholders shall account for at least 50% of the accumulated distributable earnings, and dividends shall be preferably distributed in the form of shares. The ratio of cash dividends shall account for at least 10% of the total dividends distributed. However, the Board of Directors shall adjust the ratios based on current year's operating status and shall report to the shareholders for a resolution.

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

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

(b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2015, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Group. The increase in special reserve as a result of retained earnings arising from the adoption of IFRS was $38,429 thousand.

D. (a) The appropriations of 2014 and 2013 earnings had been approved by the shareholders during their meeting on May 28, 2015 and June 16, 2014, respectively. Details are summarized below:

	Years ended December 31,			
	2014		2013	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 10,035		$ 7,303	
Stock dividends	11,088	$ 0.3	10,574	$ 0.3
Cash dividends	66,530	1.8	52,868	1.5
Total	87,653		70,745	

(b) The appropriations of 2015 earnings had been proposed by the Board of Directors on February 26, 2016. Details are summarized below:

	Year ended December 31, 2015	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 14,461	
Stock dividends	7,644	$ 0.2
Cash dividends	107,010	2.8
Total	129,115	

The abovementioned appropriation of 2015 earnings has not been approved by the shareholders.

E. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(20).

(14) Other equity items

	2015		2014	
	Currency translation	Hedging reserve	Currency translation	Hedging reserve
At January 1	$ 40,459	$ 4,429	$ 12,159	$ 4,429
Currency translation differences:				
–Group	(7,262)	-	28,300	-
Revaluation	-	7,439	-	-
Revaluation – tax	-	(851)	-	-
At December 31	$ 33,197	$ 11,017	$ 40,459	$ 4,429

(15) Operating revenue

	Years ended December 31,	
	2015	2014
Sales revenue	$ 1,306,683	$ 1,173,986

(16) Other income

	Years ended December 31,	
	2015	2014
Interest income：		
Interest income from bank deposits	$ 11,108	$ 10,000
Other interest income	4,734	8,000
Total	$ 15,842	$ 18,000

(17) Other gains and losses

	Years ended December 31,	
	2015	2014
Net currency exchange gains	$ 10,726	$ 2,268
Net losses on financial liabilities at fair value through profit or loss	(970)	(452)
Gains on disposal of property, plant and equipment	151	1,051
Others	(884)	(7)
Total	$ 9,023	$ 2,860

(18) Finance costs

	Years ended December 31,	
	2015	2014
Interest expense:		
Bank borrowings	$ -	$ 48
Finance costs	$ -	$ 48

(19) Expenses by nature

	Years ended December 31,	
	2015	2014
Employee benefit expense	$ 325,153	$ 299,615
Depreciation charges on property, plant and equipment	53,143	55,144
Amortisation expense	10,585	6,365

(20) Employee benefit expense

	Years ended December 31,	
	2015	2014
Wages and salaries	$ 290,899	$ 271,643
Employee stock options	1,951	1,462
Labour and health insurance fees	5,821	5,434
Pension costs	14,885	10,541
Other personnel expenses	11,597	10,535
	$ 325,153	$ 299,615

Note: Wages and salaries include wages to contractors. As of December 31, 2015 and 2014, the Group had 875 (not including 130 contractors) and 845 employees (not including 172 contractors), respectively.

A. The Company appropriated employees' compensation (bonus) and directors' and supervisors' remuneration based on the Articles as described in Note 6(13)A. However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee compensation, based on the profit of the current year distributable, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

   The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on November 3, 2015. According to the amended articles, a ratio of distributable profit of the current year, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 8% to 12% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration. If a company has accumulated deficit, earnings should be retained to cover losses. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, the accrued employees' compensation (bonus) is as follows:

	Years ended December 31,	
	2015	2014
Employees' compensation (bonus)	$ 15,394	$ 9,934
Directors' and supervisors' remuneration	2,717	1,445
	$ 18,111	$ 11,379

   The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 8.5% and 1.5% of distributable profit of current year for the year ended December 31, 2015, respectively, and the amounts were in agreement with those amounts resolved by the Board of Directors. The employees' compensation will be distributed in the form of cash.

The expenses recognised for the year of 2014 were accrued based on the net income of 2014 and the percentage as prescribed by the Company's Articles of Incorporation for employees and directors/supervisors, taking into account other factors such as legal reserve.

Employees' compensation and directors' and supervisors' remuneration of 2014 as resolved by the meeting of shareholders were in agreement with those amounts recognised in the 2014 financial statements.

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

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2015	2014
Current tax:		
Current tax on profits for the period	$ 36,678	$ 22,445
Tax on undistributed surplus earnings	1,227	302
Adjustments in respect of prior years	(181)	(477)
Total current tax	37,724	22,270
Deferred tax:		
Origination and reversal of temporary differences	(107)	61
Income tax expense	$ 37,617	$ 22, 331

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

	Years ended December 31,	
	2015	2014
Remeasurement of defined benefit obligations	($ 177)	($ 86)
Unrealised gains (losses) on available-for-sale financial assets	851	-
	$ 674	($ 86)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2015	2014
Tax calculated based on profit before tax and statutory tax rate	$ 50,345	$ 33,930
Expenses disallowed by tax regulation	(13,774)	(11,424)
Adjustments in respect of prior years	(181)	(477)
Tax on undistributed surplus earnings	1,227	302
Income tax expense	$ 37,617	$ 22,331

C. Amounts of deferred tax assets or liabilities as a result of temporary difference is as follows:

	2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Reversal of allowance for bad debts	$ 17	($ 8)	$ -	$ 9
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	1,351	170	-	1,521
Unrealised sales returns and discount	274	(194)	-	80
Unallocated amount of accrued pension expense	1,057	24	-	1,081
Remeasurement of defined benefit obligations	971	-	177	1,148
Unused compensated absences	179	12	-	191
Subtotal	$ 3,849	$ 4	$ 177	$ 4,030

	2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
—Deferred tax liabilities:				
Unrealised exchange gain	($ 836)	$ 103	$ -	($ 733)
Unrealised gains (losses) on available-for-sale financial assets	(907)	-	(851)	(1,758)
Subtotal	($ 1,743)	$ 103	($ 851)	($ 2,491)
Total	$ 2,106	$ 107	($ 674)	$ 1,539

	2014			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Reversal of allowance for bad debts	$ -	$ 17	$ -	$ 17
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	1,101	250	-	1,351
Unrealised sales returns and discount	274	-	-	274
Unallocated amount of accrued pension expense	1,032	25	-	1,057
Remeasurement of defined benefit obligations	885	-	86	971
Unused compensated absences	139	40	-	179
Subtotal	$ 3,431	$ 332	$ 86	$ 3,849
－Deferred tax liabilities:				
Unrealised exchange gain	($ 260)	$ 576	$ -	($ 836)
Amount of allowance for bad debts that exceed the limit for tax purpose	(183)	183	-	-
Unrealised gains (losses) on available-for-sale financial assets	(907)	-	-	(907)
Subtotal	($ 1,350)	($ 393)	$ -	($ 1,743)
Total	$ 2,081	($ 61)	$ 86	$ 2,106

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2015 and 2014, the amounts of temporary difference unrecognised as deferred tax liabilities were $33,715 thousand and $23,437 thousand, respectively.

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

F. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and after 1998	$ 191,629	$ 135,536

G. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $12,046 thousand and $11,639 thousand, respectively. The creditable tax rate was 13.08% for the year ended December 31, 2014 and is estimated to be 6.29% for year ended December 31, 2015.

(22) Earnings per share

	Year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 144,610	38,045	$ 3.80
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	144,610	38,045	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	481	
- Employee stock options	-	319	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 144,610	38,845	$ 3.72

	Year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 100,348	37,513	$ 2.68
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	100,348	37,513	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	370	
- Employee stock options	-	397	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 100,348	38,280	$ 2.62

Starting from 2008, as employees' bonus could be distributed in the form of shares, weighted average number of outstanding shares shall be included in the calculation of diluted earnings per share for assumed conversion of all dilutive potential ordinary shares. The calculation of basic earnings per share shall be the weighted average number of outstanding share as resolved by the shareholders, plus the amount of shares distributed as employees' bonus for the prior year based on the shareholders' resolution. As capitalization of employee bonus no longer considers as stock grants, thus, basic earnings and diluted per share computations are not adjusted retrospectively.

The abovementioned weighted average number of outstanding shares was retrospectively adjusted proportionately to the capitalised amount of unappropriated earnings for the years ended December 31, 2015 and 2014.

(23) Operating leases

The Group leases in real estate under non-cancellable operating lease agreements. The lease terms are between 2 and 3 years, and all these lease agreements are renewable at the end of the lease period. Rental is increased every year to reflect market rental rates. Partial leases are charged extra rents following the changes of local price indexes. The Group recognised rental expenses of 15,402 thousand and $15,366 thousand for these leases in profit or loss for the years ended December 31, 2015 and 2014, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
Not later than one year	$ 15,011	$ 13,701
Later than one year but not later than five years	9,864	4,962
	$ 24,875	$ 18,663

(24) Supplemental cash flow information

Investing activities with partial cash payments

	December 31, 2015		December 31, 2014	
Purchase of property, plant and equipment	$	23,281	$	21,544
Add: opening balance of payable on equipment		757		4,516
Less: ending balance of payable on equipment	(	2,151)	(	757)
Cash paid during the period	$	21,887	$	25,303

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Years ended December 31,			
	2015		2014	
Salaries and other short-term employee benefits	$	35,263	$	32,757
Post-employment benefits		605		590
Share-based payments		1,081		1,088
Total	$	36,949	$	34,435

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

Details of the endorsements/guarantees provided for subsidiaries are provided in Note 13(1).

(2) Commitments

The Group entered into leases for its plants under non-cancellable operating lease agreements as follows:

Lessee	Leased object	Period	Monthly rent
TONS LIGHTOLOGY INC.	4F., NO.236, Bo'ai St.,New Taipei City,Taiwan	2013.12.1~2016.12.31	414 thousand
TONS LIGHTOLOGY INC.	Unit B.6/F.,Lockhart Centre.301-307.Lockhart Rd.,Hong Kong	2015.11.6~2017.11.5	93 thousand
ZHONGSHAN TONS LIGHTING CO., LTD.	NO. 6 HuaCheng Rd., ZhongShan ,GuangDong Province,China	2011.2.1~2015.12.31 2016.1.1~2017.12.31	745 thousand

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. In order to advance the Group's investment flexibility, the Board of Directors has resolved the Company to increase its investment by $30,000 thousand in its subsidiary, Hong Bo Investment Co., Ltd. on February 26, 2016. The estimated authorized capital and paid-in capital were both increased from $30,000 thousand to $60,000 thousand.

B. In order to meet the needs of strengthening business strategies, the Board of Directors has resolved the subsidiary, Hong Bo Investment Co., Ltd. to invest in Strong LED Lighting System (Cayman) Co., Ltd. for $30,000 thousand.

12. OTHERS

(1) Capital management

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

During the year ended December 31, 2015, the Group's strategy, which was unchanged from 2013, was to maintain the gearing ratio within 20% to 40%. The gearing ratios at December 31, 2015 and 2014 were as follows:

	December 31, 2015	December 31, 2014
Total liabilities	$ 286,723	$ 290,191
Total capital	$ 1,469,556	$ 1,387,296
Gearing ratio	20%	21%

(2) Financial instruments

A. Fair value information of financial instruments

(a) Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	December 31, 2015			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Available-for-sale financial assets	$ 114,003	$ 48,066	$ -	$ 65,937

	December 31, 2014			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Available-for-sale financial assets	$ 16,729	$ -	$ -	$ 16,729

(b) The methods and assumptions of fair value measurement are as follows:
Available-for-sale financial assets: There is no quoted market price available, the fair value is determined by using valuation techniques or counterparty quotes.

B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

B. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use natural hedge to decrease the risk exposure in the foreign currency, transacted with Group treasury.

C. The Group treasury's risk management policy is to hedge anticipated cash flows (mainly from export sales and purchase of inventory) in each major foreign currency.

D. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

	December 31, 2015					
				Sensitivity analysis		
	Foreign currency Amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 7,773	32.775	$ 254,760	1%	$ 2,548	$ -
EUR：NTD	1,355	35.680	48,346	1%	483	-
RMB：NTD	22,819	4.970	113,410	1%	1,134	-
RMB：USD	6,514	0.152	32,375	1%	(324)	-
USD：RMB	4,674	6.572	153,190	1%	1,532	-
Non-monetary items						
USD：NTD	$ 337	32.775	$ 11,045	1%	$ -	$ 110
Financial liabilities						
Monetary items						
USD：NTD	$ 7,454	32.875	$ 245,050	1%	($ 2,451)	$ -
USD：RMB	2,328	6.572	76,533	1%	(765)	-
USD：RMB (Note)	1,800	6.535	1,163	1%	(588)	-

Note: The Group's subsidiaries conduct forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

	December 31, 2014					
				Sensitivity analysis		
	Foreign currency Amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 8,801	31.60	$ 278,112	1%	$ 2,781	$ -
EUR : NTD	1,320	38.27	50,516	1%	505	-
RMB : NTD	16,837	5.07	85,313	1%	853	-
RMB : USD	6,301	0.16	31,927	1%	(319)	-
USD : RMB	3,693	6.12	116,699	1%	1,167	-
Non-monetary items						
USD : NTD	$ 337	31.60	$ 10,649	1%	$ -	$ 106
Financial liabilities						
Monetary items						
USD : NTD	$ 6,574	31.70	$ 208,396	1%	($ 2,084)	$ -
USD : RMB	4,063	6.12	128,797	1%	(1,288)	-
USD : RMB (Note)	1,700	6.2621	328	1%	(551)	-

Note: The Group's subsidiaries conduct forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

E. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014, amounted to net gain of $10,726 thousand and $2,268 thousand, respectively.

Interest rate risk

For the years ended December 31, 2015 and 2014, the Group has no items with impact on profit (loss) due to changes in interest rates.

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk.

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2015 and 2014 would have increased/decreased by 1,140 thousand and 167 thousand, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

(b) Credit risk

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

ii. For the years ended December 31, 2015 and 2014, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6(2) accounts receivable.

iv. The ageing analysis of financial assets that were past due but not impaired is provided in Note 6(2) accounts receivable.

v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets in Note 6.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Accounts payable	$ 122,262	$ -	$ -	$ -	$ -
Other payables	119,490	-	-	-	-

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Accounts payable	$ 137,454	$ -	$ -	$ -	$ -
Other payables	112,150	-	-	-	-

Derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Forward exchange contracts	$ 1,163	$ -	$ -	$ -	$ -

Derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Forward exchange contracts	$ 328	$ -	$ -	$ -	$ -

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 3,399	$ -	$ -	$ 3,399
Available-for-sale financial assets				
- Equity securities	$ 48,066	$ -	$ 65,937	$ 114,003
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 1,163	$ -	$ 1,163

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
- Equity securities	$ -	$ -	$ 16,729	$ 16,729
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 328	$ -	$ 328

D. The Group used market quoted prices as the fair values of the instruments in Level 1. Based on the characteristics, the closing prices are used for emerging shares.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2015 and 2014:

	2015			
	Non-derivative equity instrument	Derivative instruments	Investment property	Total
At January 1	$ 16,729	$ -	$ -	$ 16,729
Gains recognised in other comprehensive income (Note)	5,008	-	-	5,008
Acquired in the period	44,200	-	-	44,200
At December 31	$ 65,937	$ -	$ -	$ 65,937

Note: Recorded as unrealised valuation gain or loss of available-for-sale financial assets.

	2014			
	Non-derivative equity instrument	Derivative instruments	Investment property	Total
At January 1 and December 31	$ 16,729	$ -	$ -	$ 16,729

G. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.

H. Experts and the Group's treasury department are in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non derivative equity instrument:					
Unlisted shares	$ 65,937	Market comparable companies	Net equity ratio and price to earnings ratio	0.83~9.16	The higher the multiple, the higher the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2015	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity securities	Net equity ratio and price to earnings ratio	±5%	$ 3,273	($ 3,273)

			December 31, 2014	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity securities	Net equity ratio and price to earnings ratio	±5%	$ 851	($ 851)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

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

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative financial instruments undertaken during the reporting periods: Titan Lighting Co., Ltd. entered into forward foreign exchange contracts in 2015. As of December 31, 2015, financial liabilities at fair value through profit or loss of $1,163 thousand were recognised.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the year ended December 31, 2015 is provided in Note 13(1) J.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. Business organization is divided into Tons Lightology Inc., Titan Lighting Co., Ltd., Zhongshan Tons Lighting Co., Ltd. and other segments based on the nature. The Group's revenue is mainly from manufacturing and trading of lighting equipment and lamps.

(2) Measurement of segment information

The performance of the operating segments is evaluated based on a measure of profit before income tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. The measurement also excludes the effects of equity-settled share-based payment and unrealised gains/losses on financial instruments.

(3) Information about segment profit or loss, assets and liabilities

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

	Year ended December 31, 2015			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 1,209,403	$ 4,406	$ 92,874	$ 1,306,683
Revenue from internal customers	26,764	1,004,124	12,209	1,043,097
Segment revenue	$ 1,236,167	$ 1,008,530	$ 105,083	$ 2,349,780
Segment profit (loss) before tax	$ 99,904	$ 87,763	($ 12,032)	$ 175,635
Segment profit (loss) includes:				
Depreciation and amortisation	($ 2,591)	($ 53,493)	($ 7,643)	($ 63,727)
Income tax expense	(18,388)	(18,711)	-	(37,099)
Investment profit which is adopting equity method	63,094	-	-	63,094

	Year ended December 31, 2014			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 1,073,574	$ 6,069	$ 94,343	$ 1,173,986
Revenue from internal customers	28,319	947,506	47,585	1,023,410
Segment revenue	$ 1,101,893	$ 953,575	$ 141,928	$ 2,197,396
Segment profit (loss) before tax	$ 63,111	$ 61,192	($ 3,534)	$ 120,769
Segment profit (loss) includes:				
Interest expense	($ 11)	$ -	$ -	($ 11)
Depreciation and amortisation	(2,750)	(51,330)	(7,429)	(61,509)
Income tax expense	(11,031)	(10,552)	(168)	(21,751)
Investment profit which is adopting equity method	48,269	-	-	48,269

B. The Group's reportable operating segments are the result of the organisation divided by operating business.

C. The Group's revenue is mainly from manufacturing and trading of lighting equipment and lamps.

D. The Group did not allocate income tax expenses to reportable segments. The reportable amounts are in agreement with the amount stated in the report to the operating decision-maker.

E. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(4) Reconciliation for segment income (loss)

A. A reconciliation of total revenue after adjustment to the total revenue from continuing operating during the period is provided as follows:

	Years ended December 31,	
	2015	2014
Reportable operating segments revenue after adjustment	$ 2,349,780	$ 2,197,396
Other operating segments revenue after adjustment	1,030,470	951,879
Total operating segments	3,380,250	3,149,275
Elimination of intersegment revenue	(2,073,567)	(1,975,289)
Total consolidated operating revenue	$ 1,306,683	$ 1,173,986

B. A reconciliation of income or loss before tax after adjustment to the income/ (loss) before tax from continuing operating during the period is provided as follows:

	Years ended December 31,	
	2015	2014
Reportable operating segments income (loss) before tax after adjustment	$ 175,635	$ 120,769
Other operating segments income (loss) before tax after adjustment	3,831	2,527
Total operating segments	179,466	123,296
Elimination of intersegment revenue	2,761	(617)
Income before tax from continuing operations	$ 182,227	$ 122,679

(5) Information on products and services

Revenue from external customers is mainly from manufacturing and trading of lighting equipment and lamps. Details of revenue balance are as follows:

	Years ended December 31,	
	2015	2014
Sales revenue	$ 1,306,683	$ 1,173,986

(6) Geographical information

Revenue is calculated based on geographic location of customers. Non-current assets are classified based on geographic location of assets, including property, plant and equipment and intangible assets.

Geographical information for the years ended December 31, 2015 and 2014 is as follows:

	Years ended December 31,			
	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
Europe	$ 873,754	$ -	$ 769,711	$ -
Asia	316,279	310,710	283,065	340,053
America	39,648	-	64,475	-
Others	77,002	-	56,735	-
Total	$ 1,306,683	$ 310,710	$ 1,173,986	$ 340,053

(7) Major customer information

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

	Years ended December 31,			
	2015		2014	
	Revenue	Segment	Revenue	Segment
A	$ 214,617	Tons Lightology Inc. and Titan Lighting Co., Ltd.	$ 166,494	Tons Lightology Inc. and Titan Lighting Co., Ltd.
B	139,078	Tons Lightology Inc. and Titan Lighting Co., Ltd.	201,240	Tons Lightology Inc. and Titan Lighting Co., Ltd.
Total	$ 353,695		$ 367,734	

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2015	Balance at December 31, 2015	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
0	TONS LIGHTOLOGY INC.	GREATSUPER TECHNOLOGY LIMITED	Other receivables	Yes	$ 183,840	$ 81,938	$ 55,718	1.25	Financing	$ -	Operation requirements	$ -	None	$ -	$ 473,133	$ 473,133	(Note 4) (Note 6)
1	GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD.	Other receivables	Yes	61,380	32,825	29,543	1.5	Financing	-	Operation requirements	-	None	-	279,715	279,715	(Note 5) (Note 6)
1	GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD.	Other receivables	Yes	138,105	49,238	45,955	1.5	Financing	-	Operation requirements	-	None	-	279,715	279,715	(Note 5) (Note 6)

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: For companies with short-term financing needs, ceiling on loans is 40% of the lending company's net assets. As all the borrowing companies are wholly-owned companies held by Tons Lightology Inc., they are not limited to the 40% restriction.

Note 3: Ceiling on total loans granted to others is 40% of the lending company's net assets.

Note 4: On April 30, 2015, the Board of Directors has approved the financing to Greatsuper Technology Limited at USD$2,500 thousand. As of December 31, 2015, the amount drawn down was USD$ 1,700 thousand (calculated at the buying spot rate on December 31, 2015)

Note 5: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors, which was translated at the average buying and selling spot rate on December 31, 2015.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2015 (Note 5)	Actual amount drawn down (Note 5)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 6)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 6)	Provision of endorsements/ guarantees to the party in Mainland China (Note 6)	Footnote
0	TONS LIGHTOLOGY INC.	GREATSUPER TECHNOLOGY LIMITED	(3)	$ 236,567	$ 98,610	$ 98,475	$ -	$ -	8.33	$ 473,133	Y	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Ceiling on total endorsements/guarantees to others is 40% of the Company's current net assets.

Limit on endorsements/guarantees to a single party is 20% of the Company's current net assets.

Note 4: Maximum outstanding endorsement/guarantee amount of USD$3,000 thousand was translated into NTD using the average rate of buying and selling spot rate of the month when the maximum amount incurred.

Note 5: Ending balance of endorsements/guarantees of USD$3,000 thousand as of December 31, 2015 was the balance as approved by the Board of Directors. As of December 31, 2015, the actual amount drawn down by Greatsuper Technology Limited was USD$0 thousand, which was translated into NTD using the average rate of buying and selling spot rate of the month when the maximum amount incurred.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2015 Number of shares	Book value	Ownership (%)	Fair value	Footnote
TONS LIGHTOLOGY INC.	Share ownership / TITAN AURORA INC.	None	Available-for-sale financial	1,900	$ 9,518	19.00	$ 9,518	-
TONS LIGHTOLOGY INC.	Share ownership / GRIFFIN LIGHTING CO., LTD.	None	Available-for-sale financial	66,500	5,365	19.00	5,365	-
TONS LIGHTOLOGY INC.	Share ownership / ANDERSEN LIGHTING CO., LTD	None	Available-for-sale financial	950,000	783	19.00	783	Note 2
TONS LIGHTOLOGY INC.	Share ownership / StrongLED Lighting System (Cayman) Co., Ltd.	None	Available-for-sale financial	1,700,000	50,271	5.17	50,271	-
TONS LIGHTOLOGY INC.	Stock / HEP TECH CO., LTD.	None	Available-for-sale financial	3,860,760	48,066	12.71	48,066	-
HONGBO INVESTMENT CO., LTD.	Stock / HEP TECH CO., LTD.	None	Financial liabilities at fair value through profit or loss	273,000	3,399	0.90	3,399	-
				Total	117,402	Total	117,402	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Andersen Lighting Co., Ltd. is a limited company. The shareholding ratio is calculated proportionately to the contributed amount and thus, shares are shown as the investment amount.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

Year ended December 31, 2015

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	Subsidiary of the Company	Purchases	$ 1,029,595	99	30~60 days after purchases of goods	Note 1	Note 2	($ 231,025)	-94	Note 4
TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	The same ultimate parent	Purchases	998,132	100	30~60 days after purchases of goods	Note 3	Note 2	(152,966)	-100	Note 4

Note 1: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 30~60 days after the purchases and payment is paid timely according to the capital needs of subsidiaries.
Note 2: There is no purchases (sales) of the same products, thus, no third party transaction can be compared with.
Note 3: Transaction amount is based on the transfer pricing policy of Tons Lightology Inc. The credit term is 30~60 days after the shipment of goods.
Note 4 : The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

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

Year ended December 31, 2015

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note 2)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
					Amount	Action taken		
TONS LIGHTING CO., LTD.	TONS LIGHTOLOGY INC.	Subsidiary of the Company	Accounts receivable $231,025	4.91	$ -	-	$ 156,499	$ -
TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	The same ultimate parent	Accounts receivable $152,966	7.43	-	-	152,966	-

Note 1: Subsequent collection is the amount of receivables collected from related parties as of February 26, 2016.
Note 2 : The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2015

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount (Note 4)	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Purchases)	($ 1,029,595)	30~60 days after purchases of goods	78.79
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Accounts payable)	(231,025)	30~60 days after purchases of goods	15.72
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Purchases)	(998,132)	30~60 days after purchases of goods	76.39
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Accounts payable)	(152,966)	30~60 days after purchases of goods	10.41

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

(1)Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

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

Note 4: Transaction amounts account for at least 20% of the paid-in capital.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2015

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015	Footnote
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	$ 503,130	$ 503,130	16,933,402	100	$ 806,733	$ 60,455	$ 63,216	Subsidiary (Note 1, 3)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	30,000	-	3,000,000	100	29,878	(122)	(122)	Subsidiary (Note 3)
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD.	Belize	Sales of various lighting products and accessories	1,625	1,625	50,000	100	110,561	2,714	-	Indirect subsidiary (Note 2, 3)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100	699,287	57,768	-	Indirect subsidiary (Note 2, 3)

Note 1: Including investment income (loss) used to offset against upstream transactions.
Note 2: The investees are the Company's second-tier subsidiaries and investee of such subsidiaries. Investment income (loss) is not disclosed.
Note 3 : The transactions were eliminated when preparing the consolidated financial statements.

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015 Mainland China	back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
TITAN LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	$ 402,188	(2)	$ 368,845	$ -	$ -	$ 368,845	$ 69,051	100.00	$ 69,051	$ 588,062	$ 20,066	Note 1,2,3,4,5
ZHONGSHAN TONS LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	118,170	(2)	110,585	-	-	110,585	(12,032)	100.00	(12,032)	87,160	-	Note 1,2,4,5
ShangHai Grand Canyon LED Lighting Systems Co., Ltd.	Sales of LED semiconductor application products	33,356	(2)	-	901	-	901	7,402	5.17	-	-	-	Note 1,6
Grand Canyon Opto Tech (Su Zhou) Co., Ltd.	Research, development, production and sales of LED semiconductor application and other products	319,276	(2)	-	43,299	-	43,299	95,646	5.17	-	-	510	Note 1,6

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. reinvested through World Extend Holding Inc.; ShangHai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co., Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd.)

Note 2: Investment income (loss) recognised by the Company for the year ended December 31, 2015 is based on financial statements audited and attested by R.O.C. parent company's CPA.

Note 3: Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015, including $34,945 thousand for the share ownership in HONG BO INVESTMENT CO., LTD., an investee company that has conducted a short-form merger.

Note 4: Paid-in capital of Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. of USD$12,253 thousand and USD$3,600 thousand, respectively, was translated at the average buying and selling spot rate on December 31, 2015.

Note 5: Accumulated investment amount in Titan Lighting Co., Ltd. and Zhongshan Tons Lighting Co., Ltd. of USD$11,816 thousand and USD$3,577 thousand, respectively, was translated at the exchange rate at the initial investment.

Note 6: ShangHai Grand Canyon LED Lighting Systems Co., Ltd. and Grand Canyon Opto Tech (Su Zhou) Co., Ltd. reinvested through StrongLED Lighting System (Cayman) Co., Ltd. The investment was recorded as available-for-sale financial assets - non-current. Therefore, the Company did not recognise investment income (loss) and the investment at its book value individually for the investees in Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
TONS LIGHTOLOGY INC.	$ 523,630	$ 549,465	$ 709,700

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015 was USD$15,393 thousand, including $1,059 thousand for the share ownership in HONG BO investment co., Ltd., an investee company that has conducted a short-form merger, which was calculated at the actual exchange rate at outward remittance.

Note 2: Approved amount was USD$15,393 thousand and has been translated at the average buying and selling spot rate on December 31, 2015.

Note 3: Ceiling on investments was calculated based on the limit (60% of net assets) specified in 'Regulations Governing Security Investment and Technical Cooperation in the Mainland Area' imposed by the Ministry of Economic Affairs.