TONS LIGHTOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

JUNE 30, 2016 AND 2015

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

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have reviewed the accompanying consolidated balance sheets of Tons Lightology Inc. and subsidiaries as of June 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2016 and 2015, as well as the statements of changes in equity and of cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews.

We conducted our reviews in accordance with the Generally Accepted Auditing Standard No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers Taiwan

July 29, 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 review 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 review 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.

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2016, DECEMBER 31, 2015, AND JUNE 30, 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2016 AND 2015 ARE REVIEWED, NOT AUDITED)

			June 30, 2016		December 31, 2015		June 30, 2015	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 585,543	39	$ 595,582	41	$ 541,174	37
1110	Financial assets at fair value through profit or loss - current		44,517	3	3,399	-	573	-
1150	Notes receivable, net		1,570	-	1,395	-	5,693	-
1170	Accounts receivable, net	6(2)	199,257	13	185,785	13	199,624	14
1200	Other receivables		5,411	-	5,140	-	9,387	1
130X	Inventories	6(3)	152,510	10	178,030	12	175,433	12
1410	Prepayments		34,473	2	18,384	1	29,734	2
1470	Other current assets		44,945	3	2,230	-	1,976	-
11XX	**Total current assets**		1,068,226	70	989,945	67	963,594	66
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(4)	111,989	8	114,003	8	119,278	8
1600	Property, plant and equipment	6(5)	286,708	19	308,753	21	315,846	22
1780	Intangible assets		1,837	-	1,957	-	2,433	-
1840	Deferred income tax assets	6(20)	4,735	-	4,030	-	4,075	-
1900	Other non-current assets	6(6)	48,422	3	50,868	4	50,535	4
15XX	**Total non-current assets**		453,691	30	479,611	33	492,167	34
1XXX	**Total assets**		$ 1,521,917	100	$ 1,469,556	100	$ 1,455,761	100

(Continued)

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2016, DECEMBER 31, 2015, AND JUNE 30, 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2016 AND 2015 ARE REVIEWED, NOT AUDITED)

	Liabilities and Equity	Notes	June 30, 2016		December 31, 2015		June 30, 2015	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current		$ 1,048	-	$ 1,163	-	$ -	-
2150	Notes payable		37	-	-	-	-	-
2170	Accounts payable		118,159	8	122,262	9	142,891	10
2200	Other payables	6(7)	231,150	15	119,490	8	188,412	13
2230	Current income tax liabilities	6(20)	18,992	1	15,321	1	13,611	1
2300	Other current liabilities		7,616	1	10,290	1	8,436	-
21XX	**Total current liabilities**		377,002	25	268,526	19	353,350	24
	Non-current liabilities							
2550	Provisions for liabilities - non-current	6(10)	1,644	-	698	-	2,063	-
2570	Deferred income tax liabilities	6(20)	726	-	2,491	-	1,234	-
2600	Other non-current liabilities		12,222	1	15,008	1	13,803	1
25XX	**Total non-current liabilities**		14,592	1	18,197	1	17,100	1
2XXX	**Total liabilities**		391,594	26	286,723	20	370,450	25
	Equity attributable to owners of parent							
	Share capital							
3110	Share capital - common stock	6(11)	382,180	25	381,378	26	369,609	25
3150	Stock dividends to be distributed	6(11)	7,644	-	-	-	11,088	1
	Capital surplus							
3200	Capital surplus	6(12)	493,699	32	491,590	33	489,438	33
	Retained earnings							
3310	Legal reserve	6(13)	50,054	3	35,593	2	35,593	3
3320	Special reserve	6(13)	38,429	3	38,429	3	38,429	3
3350	Unappropriated earnings	6(13)	138,903	9	191,629	13	100,205	7
	Other equity interest							
3400	Other equity interest	6(14)	19,414	2	44,214	3	40,949	3
31XX	**Equity attributable to owners of the parent**		1,130,323	74	1,182,833	80	1,085,311	75
3XXX	**Total equity**		1,130,323	74	1,182,833	80	1,085,311	75
	Significant commitments and contingencies	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 1,521,917	100	$ 1,469,556	100	$ 1,455,761	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 SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXPECT FOR EARNING PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2016		2015		2016		2015	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(15)	$ 342,333	100	$ 359,792	100	$ 628,706	100	$ 635,633	100
5000	**Operating costs**	6(3)	(220,645)	(65)	(251,530)	(70)	(400,498)	(64)	(450,483)	(71)
5900	**Gross profit from operations**		121,688	35	108,262	30	228,208	36	185,150	29
	Operating expenses									
6100	Selling expenses		(31,602)	(9)	(25,639)	(7)	(58,601)	(9)	(47,908)	(7)
6200	Administrative expenses		(27,418)	(8)	(31,242)	(9)	(56,998)	(9)	(54,856)	(9)
6300	Research and development expenses		(9,839)	(3)	(11,419)	(3)	(19,451)	(3)	(20,839)	(3)
6000	**Total operating expenses**	6(18)(19)	(68,859)	(20)	(68,300)	(19)	(135,050)	(21)	(123,603)	(19)
6900	**Operating profit**		52,829	15	39,962	11	93,158	15	61,547	10
	Non-operating income and expenses									
7010	Other income	6(16)	5,143	2	3,828	1	8,959	1	7,696	1
7020	Other gains and losses	6(17)	(5,837)	(2)	5,565	1	(2,764)	-	114	-
7000	**Total non-operating income and expenses**		(694)	-	9,393	2	6,195	1	7,810	1
7900	**Profit before income tax**		52,135	15	49,355	13	99,353	16	69,357	11
7950	Income tax expense	6(20)	(13,632)	(4)	(11,657)	(3)	(22,964)	(4)	(17,035)	(3)
8200	**Profit for the period**		$ 38,503	11	$ 37,698	10	$ 76,389	12	$ 52,322	8
	Other comprehensive income, net									
8361	Exchange differences on translation of foreign financial satements	6(14)	($ 17,713)	(5)	($ 10,747)	(3)	($ 23,818)	(4)	($ 18,105)	(3)
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(14)	(11,096)	(3)	13,393	4	(2,014)	-	14,324	3
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)	-	-	-	-	1,032	-	(158)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(28,809)	(8)	2,646	1	(24,800)	(4)	(3,939)	-
8300	**Total other comprehensive (loss) income for the period**		($ 28,809)	(8)	$ 2,646	1	($ 24,800)	(4)	($ 3,939)	-
8500	**Total comprehensive income for the period**		$ 9,694	3	$ 40,344	11	$ 51,589	8	$ 48,383	8
	Basic earnings per share (in dollars)									
9750	**Profit for the period**	6(21)	$ 1.01		$ 0.99		$ 2.00		$ 1.38	
	Diluted earnings per share (in dollars)									
9850	**Profit for the period**	6(21)	$ 1.00		$ 0.98		$ 1.97		$ 1.36	

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 SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Equity attributable to owners of the parent										
		Capital			Capital Reserves		Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Advance receipts for share capital	Stock dividends to be distributed	Total capital surplus, additional paid-in capital	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total equity
Six months ended June 30, 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 the six months ended June 30, 2015		-	-	-	-	-	-	-	52,322	-	-	52,322
Other comprehensive income for the six months ended June 30, 2015	6(14)	-	-	-	-	-	-	-	-	(18,105)	14,166	(3,939)
Share-based payment transactions - employee share option	6(9)	2,631	(170)	-	5,350	(1,458)	-	-	-	-	-	6,353
Balance at June 30, 2015		$ 369,609	$ -	$ 11,088	$ 484,845	$ 4,593	$ 35,593	$ 38,429	$ 100,205	$ 22,354	$ 18,595	$ 1,085,311
Six months ended June 30, 2016												
Balance at January 1, 2016		$ 381,378	$ -	$ -	$ 486,574	$ 5,016	$ 35,593	$ 38,429	$ 191,629	$ 33,197	$ 11,017	$ 1,182,833
Appropriattions and distribution of 2015 earnings												
Legal reserve	6(13)	-	-	-	-	-	14,461	-	(14,461)	-	-	-
Stock dividends	6(13)	-	-	7,644	-	-	-	-	(7,644)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	-	-	(107,010)	-	-	(107,010)
Profit for the six months ended June 30, 2016		-	-	-	-	-	-	-	76,389	-	-	76,389
Other comprehensive income for the six months ended June 30, 2016	6(14)	-	-	-	-	-	-	-	-	(23,818)	(982)	(24,800)
Share-based payment transactions - employee share options	6(9)	802	-	-	2,007	102	-	-	-	-	-	2,911
Balance at June 30, 2016		$ 382,180	$ -	$ 7,644	$ 488,581	$ 5,118	$ 50,054	$ 38,429	$ 138,903	$ 9,379	$ 10,035	$ 1,130,323

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Six months ended June 30, 2016	Six months ended June 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 99,353	$ 69,357
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(18)	23,664	27,543
Amortisation	6(18)	786	886
Reversal of doubtful accounts	6(2)	(482)	(99)
Provision for warranty expenses	6(10)	957	-
Interest income	6(16)	(5,399)	(5,463)
Dividend income		(900)	(558)
Wages and salaries - employee share options	6(9)	917	811
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(17)	3,783	(1,242)
(Gain) loss on disposal of property, plant and equipment	6(5)(17)	(392)	66
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(175)	(2,575)
Accounts receivable, net	6(2)	(13,514)	3,086
Other receivables		(710)	1,123
Inventories	6(3)	21,071	17,314
Prepayments		(16,855)	(5,463)
Other current assets		(1,540)	163
Changes in operating liabilities			
Notes payable		37	-
Accounts payable		(787)	5,437
Other payables	6(7)	6,065	9,863
Advance receipts		(349)	(4,449)
Other current liabilities		(2,318)	2
Other non-current liabilities		(2,714)	73
Cash inflow generated from operations		110,498	115,875
Interest received		5,774	5,463
Dividends received		900	558
Income tax paid		(20,522)	(14,050)
Net cash flows from operating activities		96,650	107,846

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TONS LIGHTOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Six months ended June 30, 2016	Six months ended June 30, 2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 50,393)	$ -
Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition		5,862	-
Increase in other current assets		(42,266)	-
Acquisition of available-for-sale financial assets-non-current	6(4) and 12(3)	-	(88,133)
Acquisition of property, plant and equipment	6(23)	(9,285)	(10,714)
Proceeds from disposal of property, plant and equipment	6(5)	1,433	548
Acquisition of intangible assets		(677)	(668)
(Increase) decrease in refundable deposits		(434)	44
Increase in other non-current assets		(265)	(2,633)
Net cash flows used in investing activities		(96,025)	(101,556)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		(72)	-
Employee share options		1,994	5,542
Net cash flows from financing activities		1,922	5,542
Effect of exchange rate changes on cash equivalents		(12,586)	(10,858)
Net (decrease) increase in cash and cash equivalents		(10,039)	974
Cash and cash equivalents at beginning of period		595,582	540,200
Cash and cash equivalents at end of period		$ 585,543	$ 541,174

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)
(REVIEWED, NOT AUDITED)

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 reported to the Board of Directors on July 29, 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")

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

New standards, interpretations and amendments endorsed by the FSC effective from 2017:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	January 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 IFRS as endorsed by the FSC effctive from 2017:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customer' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017

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

A. IFRS 9, 'Financial instruments'

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

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of 'rebalancing'; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

B. IFRS 15, 'Revenue from contracts with customers'

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

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

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

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

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

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

D. IFRS 16, 'Leases'

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

E. Amendments to IAS 7, 'Disclosure initiative'

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2015.

(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 International Financial Reporting

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) June 30, 2016	Ownership (%) December 31, 2015	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	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
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) June 30, 2015	Description
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC. (WORLD EXTEND)	Reinvestment company	100	Note 1
WORLD EXTEND HOLDING INC.	TONS LIGHTING CO., LTD. (TL)	Sales of various lighting products and accessories	100	
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED (GS)	Reinvestment company	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	Note 1
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	

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.

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

Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2015.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2016	December 31, 2015	June 30, 2015
Cash on hand	$ 806	$ 579	$ 652
Checking accounts and demand deposits	89,159	93,086	133,029
Time deposits	495,578	501,917	407,493
	$ 585,543	$ 595,582	$ 541,174

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's time deposits with maturity over three months that did not meet short-term cash commitments were classified as 'other current assets' and amounted to $41,288 thousand, $0 thousand and $0 thousand as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.

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

(2) Accounts receivable, net

	June 30, 2016	December 31, 2015	June 30, 2015
Accounts receivable	$ 201,621	$ 188,635	$ 202,819
Less: allowance for bad debts	(2,364)	(2,850)	(3,195)
	$ 199,257	$ 185,785	$ 199,624

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:

	June 30, 2016	December 31, 2015	June 30, 2015
Group 1	$ 110,552	$ 87,805	$ 125,864
Group 2	41,971	33,170	30,523
Group 3	19,890	13,167	13,112
Group 4	1,983	1,644	542
	$ 174,396	$ 135,786	$ 170,041

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 financial assets that were past due but not impaired is as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Up to 30 days	$ 23,461	$ 42,838	$ 24,195
31 to 60 days	598	5,362	3,971
61 to 90 days	920	1,295	1,514
91 to 120 days	64	268	55
121 to 150 days	121	1,315	427
151 to 180 days	56	-	813
181 to 210 days	37	-	-
211 to 240 days	1	-	-
Over 240 days	196	-	-
	$ 25,454	$ 51,078	$ 30,975

The above ageing analysis was based on past due date.

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

As of June 30, 2016, December 31, 2015 and June 30, 2015, the Group's accounts receivable that were impaired amounted to $1,771 thousand.

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

	Six months ended June 30, 2016		
	Individual provision	Group provision	Total
Equity at beginning of period	$ 1,771	$ 1,079	$ 2,850
Reversal of impairment	-	(482)	(482)
Effects of foreign exchange	-	(4)	(4)
Equity at end of period	$ 1,771	$ 593	$ 2,364

	Six months ended June 30, 2015		
	Individual provision	Group provision	Total
Equity at beginning of period	$ 1,771	$ 1,523	$ 3,294
Reversal of impairment	-	(99)	(99)
Effects of foreign exchange	-	-	-
Equity at end of period	$ 1,771	$ 1,424	$ 3,195

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

(3) Inventories

	June 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 95,969	($ 9,306)	$ 86,663
Work in process	14,019	(868)	13,151
Semi-finished goods	37,057	(6,280)	30,777
Finished goods	30,310	(8,391)	21,919
	$ 177,355	($ 24,845)	$ 152,510

	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
	$ 205,263	($ 27,233)	$ 178,030

	June 30, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 113,673	($ 9,171)	$ 104,502
Work in process	22,094	(2,072)	20,022
Semi-finished goods	39,004	(5,740)	33,264
Finished goods	26,000	(8,355)	17,645
	$ 200,771	($ 25,338)	$ 175,433

The cost of inventories recognised as expense for the period:

	Three months ended June 30,	
	2016	2015
Cost of goods sold	$ 218,418	$ 251,295
Gain on reversal of market value decline and obsolete and slow-moving inventories	(594)	(721)
Revenue from sales of scraps	(734)	(1,716)
Gain on physical inventory	(18)	(122)
Loss on scrapping inventory	3,472	2,794
Warranty cost	101	-
	$ 220,645	$ 251,530

	Six months ended June 30,	
	2016	2015
Cost of goods sold	$ 399,443	$ 446,955
(Gain on reversal of) loss on market value decline and obsolete and slow-moving inventories	(1,850)	2,610
Revenues from sale of scraps	(1,871)	(3,225)
Gain on physical inventory	(18)	(122)
Loss on scrapping inventory	4,629	4,265
Warranty cost	165	-
	$ 400,498	$ 450,483

The Group reversed a previous inventory write-down as certain obsolete and slow-moving inventories and inventories with decline in market value were partially sold by the Group during the three months ended June 30, 2016 and 2015, and six months ended June 30, 2016.

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

Items	June 30, 2016	December 31, 2015	June 30, 2015
Non-current items:			
Listed stocks	$ 89,834	$ 45,634	$ 44,025
Unlisted stocks	11,393	55,593	55,593
Valuation adjustment	10,762	12,776	19,660
	$ 111,989	$ 114,003	$ 119,278

The Group recognised (loss) gain of ($11,096), $13,393, ($982) and $14,166 in other comprehensive income for fair value change for the three months ended June 30, 2016 and 2015, and six months ended June 30, 2016 and 2015, respectively, and did not reclassify any amount from equity to profit or loss for the three months ended June 30, 2016 and 2015, and six months ended June 30, 2016 and 2015

(5) Property, plant and equipment

	Six months ended June 30, 2016					
	At January 1	Additions	Disposal	Transfers	Net exchange differences	At June 30
Cost						
Buildings	$ 326,307	$ -	$ -	$ -	($ 9,800)	$ 316,507
Molding equipment	154,354	7,382	(9,475)	-	(4,571)	147,690
Machinery	145,097	61	(775)	1,419	(4,175)	141,627
Research and development equipment	29,015	-	-	63	(873)	28,205
Transportation equipment	16,287	572	(368)	-	(446)	16,045
Others	88,103	1,443	(1,567)	703	(2,548)	86,134
Construction in progress	5,655	266	-	(501)	(164)	5,256
	764,818	$ 9,724	($ 12,185)	$ 1,684	($ 22,577)	741,464
Accumulated depreciation						
Buildings	(120,779)	($ 8,496)	$ -	$ -	$ 3,894	(125,381)
Molding equipment	(133,977)	(7,339)	8,501	-	3,987	(128,828)
Machinery	(92,239)	(4,000)	774	-	2,676	(92,789)
Research and development equipment	(22,696)	(733)	-	-	704	(22,725)
Transportation equipment	(7,284)	(1,380)	368	-	238	(8,058)
Others	(79,090)	(1,716)	1,501	-	2,330	(76,975)
	(456,065)	($ 23,664)	$ 11,144	$ -	$ 13,829	(454,756)
	$ 308,753					$ 286,708

	Six months ended June 30, 2015					
	At January 1	Additions	Disposal	Transfers	Net exchange differences	At June 30
Cost						
Buildings	$ 332,567	$ 245	$ -	($ 171)	($ 7,773)	$ 324,868
Molding equipment	147,974	5,956	(1,578)	15	(3,490)	148,877
Machinery	144,814	81	(336)	80	(3,055)	141,584
Research and development equipment	26,436	1,799	-	873	(637)	28,471
Transportation equipment	17,123	1,234	(2,964)	1,978	(372)	16,999
Others	89,472	858	(3,158)	2,327	(2,046)	87,453
Construction in progress	1,876	318	-	(2,150)	(1)	43
	760,262	$ 10,491	($ 8,036)	$ 2,952	($ 17,374)	748,295
Accumulated depreciation						
Buildings	(105,431)	($ 8,947)	$ -	$ 171	$ 2,526	(111,681)
Molding equipment	(122,834)	(8,410)	1,571	-	2,918	(126,755)
Machinery	(86,721)	(4,422)	333	-	2,432	(88,378)
Research and development equipment	(21,650)	(727)	-	-	511	(21,866)
Transportation equipment	(9,210)	(1,114)	2,390	-	197	(7,737)
Others	(77,026)	(3,923)	3,128	-	1,789	(76,032)
	(422,872)	($ 27,543)	$ 7,422	$ 171	$ 10,373	(432,449)
	$ 337,390					$ 315,846

The Group has no property, plant and equipment that were pledged to others.

(6) Other non-current assets

	June 30, 2016	December 31, 2015	June 30, 2015
Land use right	$ 35,388	$ 36,963	$ 37,278
Other non-current assets	13,034	13,905	13,257
	$ 48,422	$ 50,868	$ 50,535

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 $238, $239, $480 and $481 for the three months ended June 30, 2016 and 2015, and six months ended June 30, 2016 and 2015, respectively.

(7) Other payables

	June 30, 2016	December 31, 2015	June 30, 2015
Cash dividends payable	$ 107,010	$ -	$ 66,530
Salary and bonus payable	57,688	62,010	55,734
Payable for consumables and purchases	14,980	17,595	18,106
Insurance and pension expense payable	14,354	15,047	15,708
Others	37,118	24,838	32,334
	$ 231,150	$ 119,490	$ 188,412

(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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of $53, $60, $106 and $119 for the three months ended June 30, 2016 and 2015 and six months ended June 30, 2016 and 2015, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 amounts to $212.

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 contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. 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 the defined contribution pension plans of the Group for the three months ended June 30, 2016 and 2015 and six months ended June 30, 2016 and 2015 were \$3,654 and \$3,510, \$7,322 and \$6,616, respectively.

(9) Share-based payment

A. For the six months ended June 30, 2016 and 2015, 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 the second quarter of 2016	Actual turnover rate in the second quarter of 2015	Estimated future turnover rate
Second employee stock options	2010.07.30	1,000	5 years	2~4 years' service	0%	12.50%	0%
Third (1) employee stock options	2012.03.21	600	5 years	2~4 years' service	0%	11.11%	0%
Third (2) employee stock options	2012.12.26	70	5 years	2~4 years' service	0%	25%	0%
Fourth employee stock options	2014.11.13	600	5 years	2~4 years' service	3.33%	11.11%	0%

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

(a) Second employee stock options

	2016		2015	
	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
Options exercised	-	-	(232)	21.20
Options outstanding at June 30	-	-	-	-
Options exercisable at June 30	-		-	

(b) Third (1) employee stock options

	2016		2015	
	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	276	$ 24.90	444	$ 26.90
Options forfeited	-	-	(75)	26.90
Options exercised	(75)	24.90	(24)	26.90
Options outstanding at June 30	201	24.90	345	24.90 (Note)
Options exercisable at June 30 Price was adjusted due to the ex-rights	201		238	

Note: Price was adjusted due to the ex-rights

(c) Third (2) employee stock options

	2016		2015	
	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	14	$ 24.00	16	$ 26.00
Options forfeited	-	$ -	(2)	$ 26.00
Options exercised	(5)	24.00	-	-
Options outstanding at June 30	9	24.00	14	24.00 (Note)
Options exercisable at June 30 Price was adjusted due to the ex-rights	5		7	

Note: Price was adjusted due to the ex-rights

(d) Fourth employee stock options

	2016		2015	
	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	508	$ 26.10	600	$ 28.20
Options forfeited	(3)	26.10	(87)	28.20
Options outstanding at June 30	505	26.10	513	26.10 (Note)
Options exercisable at June 30				
Price was adjusted due to the ex-rights	-		-	

Note: Price was adjusted due to the ex-rights.

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

		June 30, 2016		December 31, 2015	
	Expiry date	No. of options (in thousands)	Exercise price	No. of options (in thousands)	Exercise price
Third (1) employee stock options	2017.3.20	201	$ 24.90	276	$ 24.90
Third (2) employee stock options	2017.12.25	9	24.00	14	24.00
Fourth employee stock options	2019.11.12	505	26.10	508	26.10

		June 30, 2015	
	Expiry date	No. of options (in thousands)	Exercise price
Third (1) employee stock options	2017.3.20	345	$ 24.90
Third (2) employee stock options	2017.12.25	14	24.00
Fourth employee stock options	2019.11.12	513	26.10

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

	Three months ended June 30,	
	2016	2015
Equity-settled - employee stock options	$ 429	$ 502

	Six months ended June 30,	
	2016	2015
Equity-settled - employee stock options	$ 917	$ 811

(10) Provisions – non-current

	Warranty provisions
	2016
At January 1	$ 698
Additional provisions	973
Unused amounts reversed	(16)
Effects of foreign exchange	(11)
At June 30	$ 1,644

Analysis of total provisions:

	June 30, 2016	December 31, 2015	June 30, 2015
Non-current	$ 1,644	$ 698	$ 2,063

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

(11) Share capital/Stock dividend to be distributed

A. As of June 30, 2016, the Company's authorized capital was $500 million, consisting of 50 million shares of ordinary stock (including 5 million shares reserved for employee stock options). The paid-in capital was $382,180 with a par value of $10 (in dollars) per share. Total share capital was $382,180.

B. The stockholders at their annual stockholders' meeting on May 31, 2016 adopted a resolution to increase capital for 764 thousand shares with a par value of $10 (in dollars), through capitalization of unappropriated retained earnings of $7,644. The capital increase had been resolved by the Board of Directors and the effective date had been set on August 1, 2016. As of July 29, 2016, the registration has not yet been completed.

C. 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. The capital increase had been resolved by the Board of Directors and the effective date had been set on July 20, 2015. On July 31, 2015, the registration had been completed.

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

(Unit: Thousand)

	2016	2015
At January 1	38,138	36,706
Employee stock options exercised	80	255
At June 30	38,218	36,961

(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 to preview page.

(c) The remainder along with the unappropriated earnings of prior years is the 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, 2012, 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.

D. The appropriations of 2015 and 2014 earnings as resolved by the shareholders on May 31, 2016 and May 28, 2015, respectively, are as follows:

	Years ended December 31,			
	2015		2014	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 14,461		$ 10,035	
Stock dividends	7,644	$ 0.2	11,088	$ 0.3
Cash dividends	107,010	2.8	66,530	1.8
	$ 129,115		$ 87,653	

E. For the information relating to employees' compensation (bonus) and directors' and supervisors' remuneration, please refer to Note 6(19).

(14) Other equity items

	2016		2015	
	Currency translation	Available-for-sale investment	Currency translation	Available-for-sale investment
At January 1	$ 33,197	$ 11,017	$ 40,459	$ 4,429
Currency translation differences–Group	(23,818)	-	(18,105)	-
Revaluation	-	(2,014)	-	14,324
Revaluation – tax	-	1,032	-	(158)
At June 30	$ 9,379	$ 10,035	$ 22,354	$ 18,595

(15) Operating revenue

	Three months ended June 30,	
	2016	2015
Sales revenue	$ 342,333	$ 359,792

	Six months ended June 30,	
	2016	2015
Sales revenue	$ 628,706	$ 635,633

(16) Other income

	Three months ended June 30,	
	2016	2015
Interest income:		
Interest income from bank deposits	$ 2,541	$ 2,777
Other interest income	2,602	1,051
	$ 5,143	$ 3,828

	Six months ended June 30,	
	2016	2015
Interest income:		
Interest income from bank deposits	$ 5,399	$ 5,463
Other income	3,560	2,233
	$ 8,959	$ 7,696

(17) Other gains and losses

	Three months ended June 30, 2016	Three months ended June 30, 2015
Net currency exchange (loss) gain	($ 386)	$ 4,933
Net (loss) gain on financial assets at fair value through profit or loss	(5,440)	679
Loss on disposal of property, plant and equipment	(10)	(26)
Others	(1)	(21)
	($ 5,837)	$ 5,565

	Six months ended June 30, 2016	Six months ended June 30, 2015
Net currency exchange gain (loss)	$ 633	($ 1,039)
Net (loss) gain on financial assets at fair value through profit or loss	(3,783)	1,242
Gain (loss) on disposal of property, plant and equipment	392	(66)
Others	(6)	(23)
	($ 2,764)	$ 114

(18) Expenses by nature

	Three months ended June 30, 2016	Three months ended June 30, 2015
Employee benefit expense	$ 79,267	$ 87,495
Depreciation charges on property, plant and equipment	11,709	13,594
Amortisation expense	397	388

	Six months ended June 30, 2016	Six months ended June 30, 2015
Employee benefit expense	$ 157,878	$ 156,208
Depreciation charges on property, plant and equipment	23,664	27,543
Amortisation expense	786	886

(19) Employee benefit expense

	Three months ended June 30, 2016	Three months ended June 30, 2015
Wages and salaries	$ 70,471	$ 79,006
Employee stock options	429	502
Labour and health insurance fees	2,241	1,364
Pension costs	3,707	3,570
Other personnel expenses	2,419	3,053
	$ 79,267	$ 87,495

	Six months ended June 30,	
	2016	2015
Wages and salaries	$ 139,683	$ 139,848
Employee stock options	917	811
Labour and health insurance fees	4,750	2,660
Pension costs	7,428	6,735
Other personnel expenses	5,100	6,154
	$ 157,878	$ 156,208

Note: Wages and salaries include wages to contractors. For the six months ended June 30, 2016 and 2015, the Group had 888 (not including 75 contractors) and 928 employees (not including 119 contractors), respectively.

A. For the three months ended June 30, 2016 and 2015, and six months ended June 30, 2016 and 2015, the accrued employees' compensation (bonus) is as follows:

	Three months ended June 30,	
	2016	2015
Employees' compensation (bonus)	$ 3,151	$ 5,088
Directors' and supervisors' remuneration	245	679
	$ 3,396	$ 5,767

	Six months ended June 30,	
	2016	2015
Employees' compensation (bonus)	$ 7,671	$ 7,063
Directors' and supervisors' remuneration	959	942
	$ 8,630	$ 8,005

The aforementioned amounts were recognised in salary expenses. For the six months ended June 30, 2016, employees' compensation (bonus) and directors' and supervisors' remuneration was accrued based on 8% and 1% of the pretax income that has not been accrued for the above expenses of current period, respectively.

The expenses recognised for the six months for 2015 were accrued based on the net income for 2015 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 for 2015 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2015 financial statements. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation 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.

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2016	2015
Current tax:		
Current tax on profits for the period	$ 13,494	$ 10,696
Tax on undistributed surplus earnings	1,463	1,227
Prior year income tax underestimate	828	20
Total current tax	15,785	11,943
Deferred tax:		
Origination and reversal of temporary differences	(2,153)	(286)
Income tax expense	$ 13,632	$ 11,657

	Six months ended June 30,	
Current tax:	2016	2015
Current tax on profits for the period	$ 22,090	$ 16,884
Tax on undistributed surplus earnings	1,463	1,227
Prior year income tax under (over) estimate	849	(180)
Total current tax	24,402	17,931
Deferred tax:		
Origination and reversal of temporary differences	(1,438)	(896)
Income tax expense	$ 22,964	$ 17,035

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

	Three months ended June 30,	
	2016	2015
Unrealised gain (loss) on available-for-sale financial assets	$ -	$ -

	Six months ended June 30,	
	2016	2015
Unrealised (loss) gain on available-for-sale financial assets	($ 1,032)	$ 158

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

C. Unappropriated retained earnings:

	June 30, 2016	December 31, 2015	June 30, 2015
Earnings generated in and after 1998	$ 138,903	$ 191,629	$ 100,205

D. As of June 30, 2016, December 31, 2015 and June 30, 2015, the balance of the imputation tax credit account was $24,578, $12,046 and $17,723, respectively. The creditable tax rate was 13.08% for the year ended December 31, 2014 and is estimated to be 12.83% for the year ended December 31, 2015.

E. Under the Income Tax Law, for distribution of earnings generated in and after 1998, the imputation tax credit which can be allocated to shareholders residing in R.O.C. is calculated based on the creditable tax rate at the date of dividend distribution. Actual imputation tax credit allocated to shareholders is based on the balance of the imputation tax credit account as of the date of dividend distribution. Therefore, the expected creditable tax rate for the 2015 earnings may differ from the actual creditable tax rate used to allocate imputation tax credits to the shareholders. According to Tai-Cai-Shui-Zi No. 10204562810 issued by the Ministry of Finance, when calculating the creditable tax rate during the year of first-time adoption of IFRSs, the cumulative unappropriated earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

(21) Earnings per share of ordinary shares

A. Earnings per share of ordinary shares

	Three months ended June 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 38,503	38,218	$ 1.01
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	38,503	38,218	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	84	
- Employee stock options	-	280	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 38,503	38,582	$ 1.00

	Three months ended June 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 37,698	38,070	$ 0.99
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	37,698	38,070	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	158	
- Employee stock options	-	210	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 37,698	38,438	$ 0.98

	Six months ended June 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 76,389	38,197	$ 2.00
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	76,389	38,197	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	208	
- Employee stock options	-	301	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 76,389	38,706	$ 1.97

	Six months ended June 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 52,322	37,964	$ 1.38
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	52,322	37,964	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	219	
- Employee stock options	-	313	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 52,322	38,496	$ 1.36

A. 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 stock grants, thus, basic and diluted earnings per share computations are not adjusted retrospectively.

B. On July 11, 2016, the Board of Directors resolved the appropriation of 2015 earnings. The effective date of capital increase was August 1, 2016. Taking into consideration the effect on earnings per share after the issuance of capital stock, the pro forma information is as follows:

	Three months ended June 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 38,503	38,982	$ 0.99
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	38,503	38,982	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	84	
- Employee stock options	-	280	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 38,503	39,346	$ 0.98

	Three months ended June 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 37,698	38,831	$ 0.97
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	37,698	38,831	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	158	
- Employee stock options	-	210	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 37,698	39,199	$ 0.96

	Six months ended June 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 76,389	38,961	$ 1.96
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	76,389	38,961	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	208	
- Employee stock options	-	301	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 76,389	39,470	$ 1.94

	Six months ended June 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 52,322	38,723	$ 1.35
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	52,322	38,723	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	219	
- Employee stock options	-	313	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 52,322	39,255	$ 1.33

(22) Operating leases

The Group leases 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 $4,232 and $3,753, $8,395 and $7,578 for these leases in profit or loss for the three months ended June 30, 2016 and 2015, and six months ended 2016 and 2015, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Not later than one year	$ 14,022	$ 13,900	$ 9,410
Later than one year but not later than five years	17,732	8,938	2,481
	$ 31,754	$ 22,838	$ 11,891

(23) Supplemental cash flow information

Investing activities with partial cash payments

	Six months ended June 30,	
	2016	2015
Purchase of property, plant and equipment	$ 9,724	$ 10,491
Add: opening balance of payable on equipment	2,151	757
Less: ending balance of payable on equipment	(2,590)	(534)
Cash paid during the period	$ 9,285	$ 10,714

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three months ended June 30,	
	2016	2015
Short-term employee benefits	$ 5,592	$ 5,236
Post-employment benefits	158	149
Share-based payments	255	346
	$ 6,005	$ 5,731

	Six months ended June 30,	
	2016	2015
Short-term employee benefits	$ 11,667	$ 10,180
Post-employment benefits	316	299
Share-based payments	557	390
	$ 12,540	$ 10,869

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
		2017.1.1 ~ 2019.12.31	443
ZHONGSHAN TONS LIGHTING CO., LTD.	No. 6 HuaCheng Rd., ZhongShan, GuangDong Province, China	2016.1.1 ~ 2017.12.31	740

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. In order to meet the needs of strengthening business strategies, on July 11, 2016, the Board of Directors has resolved for the subsidiary, Hong Bo Investment Co., Ltd., to increase its investment in StrongLED Lighting System (Cayman) Co., Ltd. from $30,000 to $45,000. In addition, the investment quota in HEP Tech Co., Ltd. was increased from $74,000 to $89,000.

B. For brand promotion, on July 11, 2016, the Board of Directors resolved for the Company to invest USD 950 thousand to establish the holding company, Luminous Holding Incorporated, which then invested in Shanghai to establish an operational headquarter and branches in Beijing. As of July 29, 2016, the abovementioned establishment of subsidiaries has not yet been completed.

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 debt-to-asset ratio. This ratio is calculated as net debt divided by total assets.

During the year ended December 31, 2016, the Group's strategy, which was unchanged from 2015, was to maintain the debt-to-asset ratio within 20% to 40%. The debt-to-asset ratios at June 30, 2016 December 31, 2015 and June 30, 2015 were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Total liabilities	$ 391,594	$ 286,723	$ 370,450
Total capital	$ 1,521,917	$ 1,469,556	$ 1,455,761
Gearing ratio	26%	20%	25%

(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).

	June 30, 2016			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at fair value through profit or loss	$ 44,517	$ 44,517	$ -	$ -
Available-for-sale financial assets	111,989	96,323	-	15,666
	$ 156,506	$ 140,840	$ -	$ 15,666

	December 31, 2015			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at fair value through profit or loss	$ 3,399	$ 3,399	$ -	$ -
Available-for-sale financial assets	114,003	48,066	-	65,937
	$ 117,402	$ 51,465	$ -	$ 65,937

	June 30, 2015			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at fair value through profit or loss	$ 573	$ -	$ 573	$ -
Available-for-sale financial assets	119,278	57,418	-	61,860
	$ 119,851	$ 57,418	$ 573	$ 61,860

(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 cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

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:

	June 30, 2016					
				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	$ 7,317	3.225	$ 235,790	1%	$ 2,358	$ -
EUR：NTD	2,568	35.690	91,652	1%	917	-
RMB：NTD	19,024	4.820	91,696	1%	917	-
RMB：USD	14,900	0.150	71,818	1%	(718)	-
USD：RMB	4,799	6.662	154,648	1%	1,546	-
Non-monetary items						
USD：NTD	$ 337	32.225	$ 10,860	1%	$ -	$ 109
Financial liabilities						
Monetary items						
USD：NTD	$ 7,458	32.325	$ 241,080	1%	($ 2,411)	$ -
USD：RMB (Note)	1,800	6.665	1,048	1%	(582)	-

Note: The Group's subsidiaries engage in 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, 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 engage in 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.

	June 30, 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	$ 8,356	30.810	$ 257,448	1%	$ 2,574	$ -
EUR：NTD	2,162	34.260	74,070	1%	741	-
RMB：NTD	24,277	4.948	120,123	1%	1,201	-
RMB：USD	6,405	0.161	31,692	1%	(317)	-
USD：RMB	5,956	6.206	183,504	1%	1,835	-
USD：RMB (Note)	1,800	6.256	573	1%	559	-
Non-monetary items						
USD：NTD	$ 337	30.810	$ 10,383	1%	$ -	$ 104
Financial liabilities						
Monetary items						
USD：NTD	$ 8,978	30.910	$ 277,510	1%	($ 2,775)	$ -
EUR：NTD	167	34.660	5,788	1%	(58)	-
USD：RMB	2,314	6.206	71,526	1%	(715)	-

Note: The Group's subsidiaries engage in 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 three months ended June 30, 2016 and 2015, and six months ended June 30, 2016 and 2015, amounted to ($386), $4,933, $633, ($1,039), respectively.

Interest rate risk

For the six months ended June 30, 2016 and 2015, 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 six months ended June 30, 2016 and 2015 would have increased/decreased by $1,120 and $1,193, 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 six months ended June 30, 2016 and 2015, 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:

June 30, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Accounts payable	$ 118,159	$ -	$ -	$ -	$ -
Other payables	231,150	-	-	-	-

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	-	-	-	-

June 30, 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	$ 142,891	$ -	$ -	$ -	$ -
Other payables	188,412	-	-	-	-

Derivative financial liabilities:

June 30, 2016	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	$ 1,048	$ -	$ -	$ -	$ -

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	$ -	$ -	$ -	$ -

June 30, 2015: None.

(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 June 30, 2016, December 31, 2015 and June 30, 2015 is as follows:

June 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 44,517	$ -	$ -	$ 44,517
Available-for-sale financial assets - Equity securities	$ 96,323	$ -	$ 15,666	$ 111,989
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 1,048	$ -	$ 1,048

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

June 30, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 573	$ -	$ 573
Available-for-sale financial assets - Equity securities	$ 57,418	$ -	$ 61,860	$ 119,278

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 six months ended June 30, 2016 and 2015, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2016 and 2015:

	2016			
	Non-derivative equity instrument	Derivative instruments	Investment property	Total
At January 1	$ 65,937	$ -	$ -	$ 65,937
Transfers out from level 3 (Note 1)	(50,271)	-	-	(50,271)
At June 30	$ 15,666	$ -	$ -	$ 15,666

	2015			
	Non-derivative equity instrument	Derivative instruments	Investment property	Total
At January 1	$ 16,729	$ -	$ -	$ 16,729
Gain recognised in other comprehensive income (Note 2)	931	-	-	931
Acquired in the period	44,200	-	-	44,200
At June 30	$ 61,860	$ -	$ -	$ 61,860

Note 1: As the Group's private entity's shares of StrongLED Lighting Systems (Cayman) Co., Ltd. started to be traded in the Taipei Exchange from March 2016, the Group has transferred the fair value from Level 3 into Level 1 at the end of month when the event occurred.

Note 2: Recorded as unrealised valuation gain or loss on available-for-sale financial assets.

G. For the six months ended June 30, 2016 and 2015, 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 June 30, 2016	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 15,666	Market comparable companies	Net equity ratio and price to earnings ratio	0.83~9.16	The higher the multiple, the higher the fair value

	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

	Fair value at June 30, 2015		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	$	61,860	Market comparable companies	Net equity ratio and price to earnings ratio	0.85~10.79	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 different 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:

			June 30, 2016			
			Recognised in other comprehensive income			
	Input	Change	Favourable change		Unfavourable change	
Financial assets						
Equity securities	Net equity ratio and price to earnings ratio	±5%	$	783	($	783)

			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)

			June, 30, 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%	$ 1,787	($ 1,787)

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 NT$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 for the six months ended June 30, 2016. As of June 30, 2016, financial liabilities at fair value through profit or loss of $1,048 was 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 six months ended June 30, 2016 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) Segment information

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

	Six months ended June 30, 2016			
	TONS LIGHTOLOG INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 580,854	$ 4,517	$ 43,335	$ 628,706
Revenue from internal customers	13,304	462,207	2,497	478,008
Segment revenue	$ 594,158	$ 466,724	$ 45,832	$ 1,106,714
Segment profit before tax	$ 56,344	$ 47,530	$ 3,268	$ 107,142

	Six months ended June 30, 2015			
	TONS LIGHTOLOGY INC.	TITAN LIGHTING CO., LTD.	ZHONGSHAN TONS LIGHTING CO., LTD.	Total
Revenue from external customers	$ 597,821	$ 2,288	$ 35,524	$ 635,633
Revenue from internal customers	11,984	508,144	6,525	526,653
Segment revenue	$ 609,805	$ 510,432	$ 42,049	$ 1,162,286
Segment profit (loss) before tax	$ 31,293	$ 44,162	($ 11,876)	$ 63,579

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 expense 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.

(3) Reconciliation for segment income (loss)

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

	Six months ended June 30, 2016	Six months ended June 30, 2015
Reportable operating segments revenue after adjustment	$ 1,106,714	$ 1,162,286
Other operating segments revenue after adjustment	471,752	525,610
Total operating segments	1,578,466	1,687,896
Elimination of intersegment revenue	(949,760)	(1,052,263)
Total consolidated operating revenue	$ 628,706	$ 635,633

B. A reconciliation of income before tax after adjustment to the income before tax from continuing operations during the period is provided as follows:

	Six months ended June 30, 2016	Six months ended June 30, 2015
Reportable operating segments income before tax after adjustment	$ 107,142	$ 63,579
Other operating segments (loss) income before tax after adjustment	(8,440)	5,255
Total operating segments	98,702	68,834
Elimination of intersegment revenue	651	523
Income before tax from continuing operations	$ 99,353	$ 69,357

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Loans to others

Six months ended June 30, 2016

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 six months ended June 30, 2016	Balance at June 30, 2016	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral 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	$ 146,543	$ 64,450	$ 19,980	1.65	Financing	$ -	Operation requirements	$ -	None	$ -	$ 452,128	$ 452,128	(Note 4) (Note 6)
1	GREATSUPER TECHNOLOGY LIMITED	ZHONGSHAN TONS LIGHTING CO., LTD.	Other receivables	Yes	33,450	-	-	-	Financing	-	Operation requirements	-	None	-	286,401	286,401	(Note 5) (Note 6)
1	GREATSUPER TECHNOLOGY LIMITED	TITAN LIGHTING CO., LTD.	Other receivables	Yes	50,175	-	-	-	Financing	-	Operation requirements	-	None	-	286,401	286,401	(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 29, 2015, the Board of Directors has approved the financing to Greatsuper Technology Limited at USD 2 million. As of June 30, 2016, the amount drawn down was USD 620 thousand (calculated at the buying spot rate on June 30, 2016)

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 June 30, 2016.

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six months ended June 30, 2016

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 June 30, 2016 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2016 (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)	$ 226,064	$ 100,350	$ 96,825	$ -	$ -	8.57	$ 452,128	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:

(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 million 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 million as of June 30, 2016 was the balance as approved by the Board of Directors. As of June 30, 2016, 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)

Six months ended June 30, 2016

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of June 30, 2016				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
TONS LIGHTOLOGY INC.	Share ownership / TITAN AURORA INC.	None	Available-for-sale financial assets – non-current	1,900	$ 9,518	19.00	$ 9,518	-
TONS LIGHTOLOGY INC.	Share ownership / GRIFFIN LIGHTING CO., LTD.	None	Available-for-sale financial assets – non-current	66,500	5,365	19.00	5,365	-
TONS LIGHTOLOGY INC.	Share ownership / ANDERSEN LIGHTING CO., LTD	None	Available-for-sale financial assets – non-current	950,000	783	19.00	783	Note 2
TONS LIGHTOLOGY INC.	Stock / HEP TECH CO., LTD.	None	Available-for-sale financial assets – non-current	3,860,760	47,873	12.71	47,873	-
TONS LIGHTOLOGY INC.	Share ownership / Strong LED Lighting System (Cayman) Co., Ltd.	None	Available-for-sale financial assets – non-current	17,000,000	48,450	4.59	48,450	-
HONG BO INVESTMENT CO., LTD.	Stock / HEP TECH CO., LTD.	None	Financial assets at fair value through profit or loss – current	1,818,000	22,543	5.98	22,543	-
HONG BO INVESTMENT CO., LTD.	Stock / Strong LED Lighting System (Cayman) Co., Ltd.	None	Financial assets at fair value through profit or loss – current	771,000	21,974	2.08	21,974	
				Total	156,506	Total	156,506	

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

Six months ended June 30, 2016

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	$ 471,015	99	30~60 days after purchases of goods	Note 1	Note 2	($ 227,898)	-96	Note 4
TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	Same ultimate parent	Purchases	458,189	100	30~60 days after purchases of goods	Note 3	Note 2	(152,786)	-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 made timely according to the capital needs of subsidiaries.

Note 2: There are 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

Six months ended June 30, 2016

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2016 (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.	Parent company	Accounts receivable $227,898	4.11	$ -	-	$ 87,131	$ -
TITAN LIGHTING CO., LTD.	TONS LIGHTING CO., LTD.	Same ultimate parent	Accounts receivable $152,786	5.99	-	-	90,370	-

Note 1: Subsequent collection is the amount of receivables collected from related parties as of July 29, 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 period

Six months ended June 30, 2016

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Purchases)	($ 471,015)	30~60 days after purchases of goods	74.92
0	TONS LIGHTOLOGY INC.	TONS LIGHTING CO., LTD.	(1)	(Accounts payable)	(227,898)	30~60 days after purchases of goods	14.97
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Purchases)	(458,189)	30~60 days after purchases of goods	72.88
1	TONS LIGHTING CO., LTD.	TITAN LIGHTING CO., LTD.	(3)	(Accounts payable)	(152,786)	30~60 days after purchases of goods	10.04

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

TONS LIGHTOLOGY INC. AND SUBSIDIARIES

Information on investees

Six months ended June 30, 2016

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at June 30, 2016					
Investor	Investee	Location	Main business activities	Balance as at June 30, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six months ended June 30, 2016	Investment income (loss) recognised by the Company for the six months ended June 30, 2016	Footnote
TONS LIGHTOLOGY INC.	WORLD EXTEND HOLDING INC.	Samoa	Reinvestment company	$ 503,130	$ 503,130	16,933,402	100	$ 817,913	$ 34,213	$ 34,864	Subsidiary (Note 1, 3)
TONS LIGHTOLOGY INC.	HONG BO INVESTMENT CO., LTD.	Taiwan	Reinvestment company	60,000	30,000	6,000,000	100	55,923	(3,955)	(3,955)	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	104,378	(4,399)	-	Indirect subsidiary (Note 2, 3)
WORLD EXTEND HOLDING INC.	GREATSUPER TECHNOLOGY LIMITED	British Virgin Islands	Reinvestment company	500,917	500,917	27,666	100	716,002	38,611	-	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

Six months ended June 30, 2016

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, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2016: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2016	Net income of investee for the six months ended June 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2016	Book value of investments in Mainland China as of June 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2016	Footnote
TITAN LIGHTING CO., LTD.	Design of products, manufacturing of hardware parts, and production and trading of lamps and accessories	$ 395,449	(2)	$ 368,845	$ -	$ -	$ 368,845	$ 35,866	100.00	$ 35,866	$ 605,144	$ 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	116,190	(2)	110,585	-	-	110,585	3,138	100.00	3,138	87,582	-	Note 1,2,4,5
ShangHai Grand Canyon LED Lighting Systems Co., Ltd.	Sales of LED semiconductor application products	33,356	(2)	901	-	-	901	-	6.68	-	-	-	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	-	6.68	-	-	510	Note 1,6

Note 1: Investment methods are classified into the following three categories:

(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.)

(3) Others.

Note 2: Investment income (loss) recognised by the Company for the six months ended June 30, 2016 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, 2016, including $34,945 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 June 30, 2016.

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 June 30, 2016 (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	$ 540,999	$ 678,193

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2016 was USD 15,393 thousand, including $1,059 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 June 30, 2016.
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.