Stock Code:3152

ADVANCED CERAMIC X CORPORATION

FINANCIAL STATEMENTS

December 31, 2016 and 2015

Address：NO.16, Tzu Chiang Road, Hsinchu Industrial District, Hsinchu Hsien, Taiwan
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Notes to Readers

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

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Independent Auditors’ Report

Independent auditors’ report please refers to the page 3 of the Chinese version of the financial statements.

Advanced Ceramic X Corporation
Balance Sheet
December 31, 2016 and 2015
(Audited, In Thousands of New Taiwan Dollars)

Assets	December 31, 2016 Amount	%	December 31, 2015 Amount	%
Current Assets：				
Cash and Cash Equivalents (Note 6(a))	$ 2,355,759	65	1,786,244	51
Notes and Accounts Receivable, Net (Note 6(b))	252,212	7	262,311	8
Receivables from Related Parties (Note 6(b) and 7)	98,563	3	81,104	2
Inventories (Note 6(c))	110,445	3	103,751	3
Other Financial Assets-Current (Note 6(a) and 8)	2,455	-	348,952	10
Other Current Assets	16,326	-	12,260	-
	2,835,760	78	2,594,622	74
Noncurrent Assets：				
Property, Plant and Equipment (Note 6(d) and 8)	792,553	22	895,715	26
Intangible Assets (Note 6(e))	1,800	-	1,500	-
Deferred Income Tax Assets (Note 6(h))	5,513	-	4,198	-
Other Financial Assets-Noncurrent	1,376	-	1,500	-
	801,242	22	902,913	26
Total Assets	$ 3,637,002	100	3,497,535	100

Liabilities and Equity	December 31, 2016 Amount	%	December 31, 2015 Amount	%
Current Liabilities：				
Accounts Payable	$ 54,723	2	39,975	1
Salary and Bonus Payable	141,931	4	120,870	4
Payables to Contractors and Equipment	2,497	-	4,939	-
Income Tax Payable	86,197	2	113,004	3
Other Current Liabilities (Note 6(f) and 7)	132,299	4	120,402	4
	417,647	12	399,190	12
Noncurrent Liabilities：				
Deferred Income Tax Liabilities (Note 6(h))	-	-	801	-
Net Defined Benefit Liabilities-Noncurrent (Note 6(g))	808	-	1,237	-
Other Liabilities	4,810	-	2,378	-
	5,618	-	4,416	-
Total Liabilities	423,265	12	403,606	12
Equity (Note 6(i))：				
Capital Stock	690,162	19	690,162	20
Capital Surplus	573,532	16	573,532	16
Retained Earnings	1,950,043	53	1,830,235	52
Total Equity	3,213,737	88	3,093,929	88
Total Liabilities and Equity	$ 3,637,002	100	3,497,535	100

Advanced Ceramic X Corporation
Comprehensive Income Statements
Years Ended December 31, 2016 and 2015
(Audited, In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
Net Sales (Note 6(k) and 7)	$ 1,909,472	100	1,761,223	100
Operating Costs (Note 6(c) and (l))	725,629	38	680,391	39
Gross Profit	1,183,843	62	1,080,832	61
Operating Expenses (Note 6(l) and 7)：				
Selling Expenses	27,119	1	28,841	2
Administrative Expenses	83,340	4	96,836	5
Research and Development Expenses	96,875	5	89,199	5
	207,334	10	214,876	12
Operating Income	976,509	52	865,956	49
Non-Operating Income and Expenses：				
Interest Income	14,184	1	15,823	1
Other Income	460	-	67	-
Foreign Exchange Gain(Loss), Net	(19,510)	(1)	40,438	2
Gain (Loss) on Disposal of Property, Plant and Equipment, Net	256	-	(2,959)	-
	(4,610)	-	53,369	3
Net Income Before Income Tax	971,899	52	919,325	52
Income Tax Expense (Note 6(h))	165,223	9	156,285	9
Net Income	806,676	43	763,040	43
Other Comprehensive Income：				
Not to Be Reclassified to Profit or Loss in Subsequent Periods				
Remeasurement of the Defined Benefit Plan (Note 6(g))	(157)	-	(813)	-
Other Comprehensive Income	(157)	-	(813)	-
Total Comprehensive Income	$ 806,519	43	762,227	43
Earnings Per Share (NT$) (Note 6(j))				
Basic Earnings Per Share	$ 11.69		11.06	
Diluted Earnings Per Share	$ 11.65		11.01	

Advanced Ceramic X Corporation
Statements of Changes in Equity
Years ended December 31, 2016 and 2015
(Audited, In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Undistributed Earnings	Retained Earnings: Total	Total Equity
Balance as of January 1, 2015	$ 690,162	608,040	352,321	1,140,827	1,493,148	2,791,350
Profit for the Year Ended December 31, 2015	-	-	-	763,040	763,040	763,040
Other Comprehensive Income for the Year Ended December 31, 2015	-	-	-	(813)	(813)	(813)
Total Comprehensive Income	-	-	-	762,227	762,227	762,227
Appropriation and Distribution of 2014 Earnings：						
Legal Reserve	-	-	47,263	(47,263)	-	-
Cash Dividends	-	-	-	(425,140)	(425,140)	(425,140)
Capital Surplus Cash Dividend Declared	-	(34,508)	-	-	-	(34,508)
Balance as of December 31, 2015	**$ 690,162**	**573,532**	**399,584**	**1,430,651**	**1,830,235**	**3,093,929**
Profit for the Year Ended December 31, 2016	$ -	-	-	806,676	806,676	806,676
Other Comprehensive Income for the Year Ended December 31, 2016	-	-	-	(157)	(157)	(157)
Total Comprehensive Income	-	-	-	806,519	806,519	806,519
Appropriation and Distribution of 2015 Earnings：						
Legal Reserve	-	-	76,304	(76,304)	-	-
Cash Dividends	-	-	-	(686,711)	(686,711)	(686,711)
Balance as of December 31, 2016	**$ 690,162**	**573,532**	**475,888**	**1,474,155**	**1,950,043**	**3,213,737**

Advanced Ceramic X Corporation
Statements of Cash Flows
Years Ended December 31, 2016 and 2015
(Audited, In Thousands of New Taiwan Dollars)

		2016	2015
Cash Flows from Operating Activities：			
Income Before Income Tax	$	971,899	919,325
Adjustments for：			
Depreciation		143,184	150,740
Amortization		700	850
Bad Debt Provision		75	759
Interest Income		(14,184)	(15,823)
Gain (Loss) on Disposal of Property, Plant and Equipment, Net		(256)	2,959
Provision for Inventory Obsolescence and Devaluation Loss		1,031	3,603
Total Adjustments to Reconcile Profit		130,550	143,088
Changes in Operating Assets and Liabilities：			
Notes and Accounts Receivable		10,201	(48,742)
Receivables from Related Parties		(17,636)	(27,236)
Inventories		(7,725)	(26,073)
Other Operating Current Assets		(4,066)	1,902
Accounts Payable		14,748	(2,521)
Net Defined Benefit Liabilities-Noncurrent		(586)	(609)
Other Liabilities-Noncurrent		2,432	2,378
Other Operating Current Liabilities		32,958	86,543
Total Changes in Operating Assets and Liabilities		30,326	(14,358)
Cash Generated from Operations		1,132,775	1,048,055
Interest Received		14,281	15,929
Income Taxes Paid		(194,146)	(130,278)
Net Cash Generated by Operating Activities		952,910	933,706
Cash Flows from Investing Activities：			
Acquisition of Property, Plant and Equipment		(42,464)	(212,549)
Proceeds form Disposal of Property, Plant and Equipment		256	5,250
Acquisition of Intangible Assets		(1,000)	(500)
Decrease (Increase) in Other Financial Assets		346,524	(346,110)
Net Cash Generated (Used in) Investing Activities		303,316	(553,909)
Cash Flows from Financing Activities：			
Cash and Capital Surplus Dividends		(686,711)	(459,648)
Net Cash Used in Financing Activities		(686,711)	(459,648)
Net Increase (Decrease) in Cash and Cash Equivalents		569,515	(79,851)
Cash and Cash Equivalents at the Beginning of Year		1,786,244	1,866,095
Cash and Cash Equivalents at the End of Year	$	2,355,759	1,786,244

Advanced Ceramic X Corporation
Notes to Financial Statements
For the years ended December 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars unless otherwise specified)

(1) Company history

Advanced Ceramic X Corporation (the "Company") was incorporated in April 15, 1998 as a company limited by shares and registered under the Company Act of the Republic of China (R.O.C.). The address of the Company's registered office is NO.16, Tzu Chiang Road, Hsinchu Industrial District, Hsinchu Hsien, Taiwan. The major business activities of the Company are the design, manufacture and sale of RF Front-End devices and modules for applications in wireless communication.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issuance by the Board of Directors on February 21, 2017.

(3) New standards, amendments and interpretations adopted:

(a) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") but not yet adopted by the Company.

According to Ruling NO. 1050026834 issued on July 18, 2016, by the FSC, public entities are required to conform to IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1,2016
IFRS 14 "Regulatory Deferral Accounts"	January 1,2016
Amendment to IAS 1 "Disclosure Initiative"	January 1,2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1,2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1,2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1,2014
Amendments to IAS 27 "Equity Method is Separate Financial Statements"	January 1,2016
Amendments to IAS 36 "Recoverable Amount Disclosure for Non-Financial Assets"	January 1,2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1,2014

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual improvements cycles 2010-2012and 2011-2013	July 1,2014
Annual improvements cycle 2012-2014	January 1,2016
IFRIC 21 “Levies”	January 1,2014

The Company believes that the adoption of the above IFRSs would not have a material impact on its financial statements

(b) Newly released or amended standards and interpretations not yet endorsed by the FSC.

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC. The FSC announced that the Company should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the Company’s financial statements were issued, the FSC has yet to announce the effective dates of the other IFRSs. As of the end of reporting date is as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendments to IFRS 2 “Clarifications of Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Amendments to IFRS 15 “Clarifications of IFRS 15”	January 1, 2018
Amendments to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Asses for Unrealized Losses”	January 1, 2017
Amendments to IFRS 4 “Insurance Contracts” (“Applying IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts”)	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2017
IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 28 “Investments in Associates and Joint Ventures”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018
Amendments to IAS 40 Investment Property	January 1, 2018

The Company is still currently determining the potential impact of the standards listed below:

Issuance / Release dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 “Revenue from Contracts with Customers”	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 “Revenue,” IAS 11 “Construction Contracts,” and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.

The Company is evaluation that the adoption of the IFRS 15 “Revenue from Contracts with Customers” would not have a material impact on its financial position and financial statements.

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

1. Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

(i) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative financial instruments)

(ii) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less the present value of the defined benefit obligation.

2. Functional and presentation currency

The financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the exchange rates of the end of each reporting period ("the reporting date"). Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arises from the retranslation:

- Available-for-sale equity investment;
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent that the hedge is effective.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprised of cash on hand and cash in bank. Cash equivalents consist of highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits, which meet the above criteria and for the purpose of fulfilling short-term commitments instead of the purpose of investing activities or others, are categorized as cash equivalents.

(f) Financial instruments

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

1. Financial assets

The Company financial assets are accounts receivable.

(i) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Which comprise notes and accounts receivable, and other receivables. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short term receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables.

Interest income is recognized in profit or loss, and it is included in other income.

(ii) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset stand that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

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

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of a receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses and recoveries are recognized in non-operating income and expenses.

(iii) Derecognition of financial assets

The company derecognises financial assets when the contractual rights of the cash inflow from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

2. Financial liabilities and equity instruments

(i) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(ii) Other financial liabilities

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

(iii) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or expires.

The difference between the carrying amount of a financial liability removed and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss, and is included in non-operating income and expenses.

(iv) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

(g) Inventories

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of software is capitalized as part of the equipment if the purchase of the software is necessary for the property, equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be non-operating income and expenses, under net other income and expenses.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The deprecation charge for each period shall be recognized in profit or loss.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(i) Buildings	5~35 years
(ii) Machinery and equipment	2~10 years
(iii) Office and other equipment	2~10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(i) Intangible assets

1. Research & development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
(ii) The intention to complete the intangible asset and use or sell it.
(iii) The ability to use or sell the intangible asset.
(iv) How the intangible asset will generate probable future economic benefits.
(v) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
(vi) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

2. Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

3. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

4. Amortization

The amortizable amount is the cost of an asset less its residual value.

Intangible assets are amortized on a straight-line basis over the estimated useful lives from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows

(i) Technology royalty	5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(j) Impairment of non-financial assets

The carrying amounts of the Company's non financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount, and impairment loss shall be recognized immediately in profit or loss.

The Company should assess at each reporting date whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount dose not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized.

(k) Revenue-Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that a discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

(l) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value. The fair value of the plan assets is deducted from the aforesaid discounted present value. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss immediately.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability (asset)), and (3) the effect of the asset ceiling (if any, excluding amounts included in the net interest on the defined benefit liability (asses)), are recognized in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period. The Company reclassifies the amounts recognized in other comprehensive income to retained earnings.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(m) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities fulfills one of the below scenarios:
   (i) Levied by the same taxing authority; or
   (ii) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for unused tax losses available for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also revaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized

(n) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(o) Operating segments

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

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Valuation of inventories: As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(c) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2016	December 31, 2015
Cash	$	50	50
Cash in bank		210,252	28,890
Time deposits		2,145,457	1,757,304
	$	**2,355,759**	**1,786,244**

Please refer to note 6(m) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

As of December 31, 2016 and 2015, the classified from cash and cash equivalents to other financial assets-current for liquidity element, amounted to $0 and $346,400, respectively.

(b) Notes and accounts receivable, net (including related parties)

	December 31, 2016	December 31, 2015
Notes receivable	$ 1,829	953
Accounts receivable	252,930	264,007
Accounts receivable due from related parties	99,559	81,923
	354,318	346,883
Less: Allowance for impairment	(2,547)	(2,649)
Allowance for impairment from related parties	(996)	(819)
	$ 350,775	343,415
Notes and accounts receivable, net	$ 252,212	262,311
Accounts receivable due from related parties, net	$ 98,563	81,104

The Company's aging analysis of notes and accounts receivable (including related parties) were as follows:

	December 31, 2016		December 31, 2015	
	Amount	Impairment	Amount	Impairment
Not past due	$ 351,996	3,509	345,146	3,423
Past due 0~30 days	2,265	23	1,590	16
Past due 31~120 days	57	11	147	29
	$ 354,318	3,543	346,883	3,468

The movement in the allowance for notes and accounts receivable (including related parties) were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance as of January 1, 2016	$ -	3,468	3,468
Impairment loss reversed	-	75	75
Balance as of December 31, 2016	$ -	3,543	3,543
Balance as of January 1, 2015	$ -	2,709	2,709
Impairment loss reversed	-	759	759
Balance as of December 31, 2015	$ -	3,468	3,468

The management of the Company accrued the allowance for doubtful accounts according to current economic condition and customer credit.

As of December 31, 2016 and 2015, the notes and accounts receivable were not pledged as collateral.

(c) Inventories

		December 31, 2016	December 31, 2015
Raw materials and supplies	$	25,493	23,225
Work in process		60,012	37,223
Finished goods		24,940	43,303
	$	110,445	103,751

The cost of inventories recognized as cost of goods sold and expense for the years ended December 31, 2016 and 2015, amounted to $724,598 and $676,788, respectively.

For the years ended December 31, 2016 and 2015, the inventory write-down to net realizable value was recognized as a decrease in cost of goods sold of $1,031 and $3,603, respectively.

As of December 31, 2016 and 2015, the inventories were not pledged as collateral.

(d) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2016 and 2015, were as follows:

	Land	Building and construction	Machinery and equipment	Office & Other equipment	Testing equipment	Total
Cost:						
Balance on January 1, 2016	$ 248,651	350,749	1,686,913	136,941	76,970	2,500,224
Additions	-	8,890	5,385	1,237	24,510	40,022
Reclassifications	-	-	78,392	941	(79,333)	-
Disposals	-	-	(82,156)	(5,261)	-	(87,417)
Balance on December 31, 2016	$ 248,651	359,639	1,688,534	133,858	22,147	2,452,829
Balance on January 1, 2015	$ 248,651	333,519	1,584,300	133,810	79,093	2,379,373
Additions	-	2,020	52,668	2,557	147,584	204,829
Reclassifications	-	15,210	131,855	2,642	(149,707)	-
Disposals	-	-	(81,910)	(2,068)	-	(83,978)
Balance on December 31, 2015	$ 248,651	350,749	1,686,913	136,941	76,970	2,500,224
Depreciation:						
Balance on January 1, 2016	$ -	198,206	1,291,413	114,890	-	1,604,509
Depreciation for the year	-	15,450	120,791	6,943	-	143,184
Disposals	-	-	(82,156)	(5,261)	-	(87,417)
Balance on December 31, 2016	$ -	213,656	1,330,048	116,572	-	1,660,276

	Land	Building and construction	Machinery and equipment	Office & Other equipment	Testing equipment	Total
Balance on January 1, 2015	$ -	182,569	1,238,627	108,342	-	1,529,538
Depreciation for the year	-	15,637	126,487	8,616	-	150,740
Disposals	-	-	(73,701)	(2,068)	-	(75,769)
Balance on December 31, 2015	$ -	198,206	1,291,413	114,890	-	1,604,509
Carrying amounts						
Balance on December 31, 2016	$ 248,651	145,983	358,486	17,286	22,147	792,553
Balance on December 31, 2015	$ 248,651	152,543	395,500	22,051	76,970	895,715

1. Pledge

   As of December 31, 2016 and 2015, the property, plant and equipment of the Company had been pledged as collateral for short-term borrowings; please refer to note (8).

2. Idle assets

   According to current economic condition, section of idle land not use for operation. As of December 31, 2016 and 2015, the land carrying amounts $168,944.

(e) Intangible assets

The components of the costs of intangible assets, amortization, and impairment loss thereon for the years ended December 31, 2016 and 2015, were as follows:

	2016	2015
Cost:		
Balance on January 1	$ 4,500	7,000
Additions	1,000	500
Disposals	(1,000)	(3,000)
Balance on December 31	$ 4,500	4,500
Amortization and impairment loss:		
Balance on January 1	$ 3,000	5,150
Additions	700	850
Disposals	(1,000)	(3,000)
Balance on December 31	$ 2,700	3,000
Carrying amount at the Beginning of Period	$ 1,500	1,850
Carrying amount at the End of Period	$ 1,800	1,500

As of December 31, 2016 and 2015, the Intangible assets were not pledged as collateral.

(f) Other current liabilities

	December 31, 2016	December 31, 2015
Accrued expenses	$ 107,867	94,146
Directors’ remuneration payable	15,592	14,749
Other	8,840	11,507
	$ 132,299	**120,402**

Accrued expenses including material consumption, insurance, and water and electricity expense.

(g) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2016	December 31, 2015
Present value of the defined benefit obligations	$ 15,605	15,548
Fair value of plan assets	(14,797)	(14,311)
Net defined benefit liabilities	**$ 808**	**1,237**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(i) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $14,797 as of December 31, 2016. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(ii) Movements in present value of the defined benefit obligations

For the years ended December 31, 2016and 2015, movement in the present value of the defined benefit obligations for the Company, were as follows

		2016	2015
Defined benefit obligation, January 1	$	15,548	14,571
Current service costs and interest		363	358
Remeasurement of the net defined benefit liability (assets)			
—Actuarial (gains) losses-Actuarial assumption		1,136	296
—Experience gain and loss		(1,118)	612
Benefits paid		(324)	(289)
Defined benefit obligation, December 31	$	15,605	15,548

(iii) Movements in fair value of the defined benefit plan assets

For the years ended December 31, 2016 and 2015, movements in the fair value of the plan assets were as follows:

		2016	2015
Fair value of plan assets, January 1	$	14,311	13,538
Interest revenue		272	275
Contributions made		676	692
Remeasurement of the net defined benefit liability (asset)			
—Return on plan assets (excluding interest income)		(138)	95
Benefits paid		(324)	(289)
Fair value of plan assets, December 31	$	14,797	14,311

(iv) For the years ended December 31, 2016 and 2015, there were no changes in the effect of plan asset ceiling.

(v) Expenses recognized in profit or loss

For the years ended December 31, 2016 and 2015, the expenses recognized in profit or losses for the Company were as follows:

		2016	2015
Current service cost	$	74	69
Net interest expense of defined benefit plan		17	14
	$	91	83

		2016	2015
Operation costs	$	53	49
Selling expenses		9	8
Administrative expenses		15	14
Research and development expense		14	12
	$	91	83
Actual return on plan assets	$	134	370

(vi) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

For the years ended December 31, 2016 and 2015, the remeasurements of the net defined benefit liability (asset) recognized in other comprehensive income were as follows:

		2016	2015
Accumulated amount, January 1	$	1,365	2,178
Recognized during the period		(157)	(813)
Accumulated amount, December 31	$	1,208	1,365

(vii) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2016	December 31, 2015
Discount rate	1.375%	1.875%
Future salary increases	2.00%	2.00%

The Company expects to make contributions of $675 to the defined benefit plans in the next year starting from December 31, 2016. The weighted average duration of the defined benefit obligation is 17.77 years.

(viii) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influence of defined defined benefit obligation	
		Increase by 0.25%	**Decrease by 0.25%**
December 31, 2016			
Discount rate	$	(585)	614
Future salary increase		601	(575)
December 31, 2015			
Discount rate		(584)	614
Future salary increase		603	(577)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets. There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2016 and 2015.

2. Defined contribution plans

The Company has made monthly contributions equal to 6% of each employee’s monthly salary to employee's pension account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to$6,732 and$6,848 for the years ended December 31, 2016 and 2015, respectively.

(h) Income tax

1. Income tax expense

The amount of income tax expense for the years ended December 31, 2016and 2015 were as follows:

		2016	**2015**
Current tax expense			
Current period incurred	$	167,339	156,115
Adjustment for prior periods		-	(143)
		167,339	155,972
Deferred tax expense			
Origination and reversal of temporary differences		(2,116)	313
Income tax expense	**$**	**165,223**	**156,285**

As of December 31, 2016 and 2015, the Income tax expense was not benefit recognized in other comprehensive income.

Reconciliation of income tax expenses and profit before tax were as follows:

	2016	2015
Profit before tax	$ 971,899	919,325
Income tax using the Company's domestic tax rate	165,223	156,285
Change in provision in prior periods	-	(143)
Undistributed earnings additional tax at 10%	-	143
	$ 165,223	**156,285**

2. Deferred tax assets and liabilities
   (i) Unrecognized deferred tax assets

	105.12.31	104.12.31
Defined benefit obligation liabilities	**$ 137**	**210**

(ii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2016 and 2015 were as follows:

	Balance on January 1, 2015	Recognized in profit or loss	Recognized in other comprehensive income	Balance on December 31, 2015	Recognized in profit or loss	Recognized in other comprehensive income	Balance on December 31, 2016
Deferred tax assets (liabilities):							
Unrealized Foreign Exchange Loss, Net	$ -	-	-	-	1,281	-	1,281
Provision for Inventory Obsolescence and Devaluation Loss	3,858	340	-	4,198	34	-	4,232
Deferred tax assets	**$ 3,858**	**340**	**-**	**4,198**	**1,315**	**-**	**5,513**
Unrealized Foreign Exchange Gain, Net	(148)	(653)	-	(801)	801	-	-
Deferred tax liabilities	**$ (148)**	**(653)**	**-**	**(801)**	**801**	**-**	**-**

(iii) The Company's income tax returns for the through 2014 where been examined and approved by the Tax Authority.

(iv) Stockholders' imputation tax credit account and tax rate:

	December 31, 2016	December 31, 2015
Unappropriated earnings of 1998 and after	**$ 1,474,155**	**1,430,651**
Balance of imputation credit account	**$ 186,676**	**113,773**

	2016 (Estimated)	2015 (Actual)
Creditable ratio for earnings distribution to R.O.C. residents	18.51%	15.89%

The above stated information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance, R.O.C. on October 17, 2013.

(i) Capital and other equity

1. Ordinary share

As of December 31, 2016 and 2015, the company's authorized share capital consisted of 1,500,000 thousand shares of ordinary share, the paid-in capital was $690,162 thousand, with par value of $10 per share. The Company has reserved $90,000 thousand for employee stock options.

2. Capital surplus

The balances of capital surplus at the reporting date were as follows:

	December 31, 2016	December 31, 2015
Additional paid-in capital	$ 573,532	573,532

The Company declared cash dividend using capital surplus with NT$0.5 dollar per share which was approved by shareholders' resolution taken place on June 15, 2015

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

3. Retained earnings

In consideration of the revision of the Company Act in May 2015, the stockholders' meeting resolved the amendment of Articles of Incorporation on June 29, 2016.

According to the amendment of Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:
(i) Payment of taxes.
(ii) Making up loss for preceding years.
(iii) Setting aside 10% for legal reserve, except for when accumulated legal reserve has reached paid-in capital.
(iv) Appropriating or reversing special reserve by government officials or other regulations.
(v) The remaining, plus the previous year's unappropriated earnings, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the stockholders' meeting for approval.

The Company conducts business to operate in its growth phase, the dividend policy shall be determined pursuant to factors such as the investment environment, capital requirements, domestic and overseas competitive environment and capital budget, as well as stockholders' interest, dividend balance and long-term financial plan. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year.

4. Legal reserve

According to the R.O.C. Company Act, the Company shall first set aside 10% of its net income as legal reserve. When the balance of such legal reserve reaches an amount that that is equal to the paid-in capital, the appropriation to legal reserve is discontinued. When a company incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash. Only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

5. Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

6. Earnings distribution

Earnings distribution for 2015 and 2014 was decided via the general meeting of shareholders held on 29 June 2016 and 15 June 2015, respectively. The relevant dividend distributions to shareholders were as follows:

	2015	2014
Dividends distributed to ordinary shareholders		
Amount per share (dollars)		
Cash dividends	$ 9.95	6.16
Directors' compensation - cash		$ 8,507
Employee's bonus - cash		29,776
		$ 38,283

The above-mentioned appropriations of earning at 2015 and 2014 where consistent with the resolutions of the meeting of the Board of Directors.

The related information mentioned above con is found on websites such as the Market Observation Post System.

(j) Earnings per share (EPS)

For the years ended December 31, 2016 and 2015, the Company's earnings per share were calculated as follows:

	2016	2015
Basic EPS		
Net profit belonging to common shareholders	$ 806,676	763,040
Weighted average common stock outstanding(in thousands)	69,016	69,016
	$ 11.69	11.06
Diluted EPS		
Net profit belonging to common shareholders	$ 806,676	763,040
Weighted average common stock outstanding(in thousands) (basic)	69,016	69,016
Employee compensation	256	290
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	69,272	69,306
	$ 11.65	11.01

(k) Revenue

	2016	2015
Sale of goods	$ 1,909,472	1,761,223

(l) Remuneration of employees and directors

Based on the Company's Articles of incorporation, remuneration of employees and director is appropriated at the rate of not less than 5% and no more than 1.5%, respectively, of profit before tax. The Company should offset prior years' accumulated deficit before any appropriation of profit. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the years ended December 31, 2016 and 2015, the company estimated its remuneration of employees of $51,973 and $49,162, respectively, and directors' remuneration of $15,592 and $14,749, respectively. The amount of employees and directors remuneration were estimated based on profit before tax, net of the amount of the bonuses and remuneration, and multiplied by the rule of Company's Articles of Incorporation. The above remuneration was included in the operating costs and operating expenses of the years ended December 31, 2016 and 2015.

(m) Financial instruments

1. Credit risk

(i) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure.

(ii) Credit risk concentrations

The major customers of the Company are centralized in the electronic industry. To reduce account receivables credit risk, the Company evaluates customers' financial positions periodically and requires customers to provide collateral or promissory notes, if necessary. The company evaluates the possible collectability of account receivables periodically and accrues allowance for bad debt, if necessary. Therefore, bad debit expense has always been under management's expectation. For the years ended December 31, 2016 and 2015, the company's account receivables were both concentrated on 5 customers, whose accounts represented 59% and 65% of the account receivables, respectively.

For the years ended December 31, 2016 and 2015, the company's cash in bank and time deposits were both concentrated on one Financial Institutions, whose accounts represented 57% and 65% of the cash and cash equivalents, respectively. Thus, credit risk is significantly centralized. To reduce cash risk, the Company evaluates financial Institutions' financial positions periodically and credit rating, after the assessment, management does not expect significant losses.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments impact.

	Carrying amount (Contractual cash flows)	Within 6 month	6-12month
December 31, 2016			
Non-derivative financial liabilities			
Accounts Payable	$ 54,723	54,723	-
Payables to Contractors and Equipment	2,497	2,497	-
	$ 57,220	57,220	-
December 31, 2015			
Non-derivative financial liabilities			
Accounts Payable	$ 39,975	39,975	-
Payables to Contractors and Equipment	4,939	4,939	-
	$ 44,914	44,914	-

The Company did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3. Currency risk

(i) Credit risk exposure

The Company's exposure to significant currency risk was from its foreign currency denominated financial assets and liabilities as follows:

	December 31, 2016			December 31, 2015		
	Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 13,933	32.200	448,643	14,843	32.775	486,479
JPY	668,090	0.2736	182,789	126,760	0.2707	34,314
Financial liabilities						
Monetary items						
USD	355	32.300	11,467	242	32.875	7,956
JPY	27,451	0.2776	7,620	36,386	0.2747	9,995

(ii) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the USD and JPY for the years ended December 31, 2016 and 2015 would have increased (decreased) the net profit after tax by $5,082and $4171, respectively. The analysis is performed on the same basis for both periods.

4. Interest rate risk

The Company's exposure to Interest rate risk arises from the bank deposit interest rates change. If the interest rate had increased (decreased) by 1%, the Company's net profit after tax would have increased (decreased) by $19,569 and $17,717 for the year ended December 31, 2016 and 2015, all other variable factors that remain constant.

5. Fair value of financial instruments

The Company financial instruments carrying amount is reasonably close to the fair value, disclosure of fair value information is not required.

(n) Financial risk management

1. Overview

The company is exposed to the extent of the risks arising from financial instruments as below:
(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

The Company's objectives, policies and processes for measuring and managing risk are discussed below. For more quantitative information about the financial instruments, please refer to the other related notes to the accompanying financial statements.

2. Risk management framework

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the Board of Directors. If it is subject to approval by the Board of Directors in accordance with the relevant laws and regulations, it shall be decided by the Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instrument fails to meet its contractual obligations that arises principally from the Company's cash and cash equivalents and accounts receivables.

(i) Cash and cash equivalents

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. As the Company deals with banks and other external parties with good credit rating and with financial institutions which are graded above investment level, management believes that the Company does not have any counterparty above fails to meet its obligations hence there is no significant credit risk arising .

(ii) Accounts receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and these limits are reviewed year. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

If the Company retains the rights to the products that have already been sold, the Company shall also have the right to require collateral if payment has not been received. The Company does not require any collateral for accounts receivable.

(iii) Guarantees

As of December 31, 2016 and 2015, the Company did not provide guarantee.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has sufficient work capital to meet its liabilities when due, do not have a liquidity risk.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the NTD, USD and JPY.

The policy of response to currency risk:

(1) The Company reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures to safeguard from foreign exchange risk.

(2) The company uses foreign currency forward exchange contracts to hedge the remaining nature of currency risk arising from netting.

(ii) Interest risk

The Company's bank deposits bear floating interest rates. The change in effective rate along with the fluctuation of the market interest rate influence the Company's future cash flow.

(o) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. In order to maintain or adjust the capital structure, the Board of Directors may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Company's debt to equity ratios at the reporting date were as follows:

	December 31, 2016	December 31, 2015
Total liabilities	$ 423,265	403,606
Total capital	$ 3,213,737	3,093,929
Debt to equity ratio	13.17%	13.05%

(7) Related-party transactions:

(a) Significant transactions with related parties

1. Operating revenue

The amounts of significant transaction with related-parties for the years ended December 31, 2016 and 2015 were as follow:

	2016	2015
Key management personnel	$ 508,608	427,363

2. Receivable from related parties

At the reporting date, the balance of accounts receivable resulting from the sales were as follow:

Account	Categories	December 31, 2016	December 31, 2015
Receivables from related parties	Key management personnel	$ 99,559	81,923
Bad Debt Provision		(996)	(819)
		$ 98,563	81,104

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different form those with third-party customers

3. Other

	Amount		Other current liabilities	
	2016	2015	December 31, 2016	December 31, 2015
Other payables-related parties	$ 2,527	290	395	35

(b) Transactions with key management personnel

For the years ended December 31, 2016 and 2015, key management personnel compensation was comprised as below:

	2016	2015
Short-term employee benefits	$ 38,384	28,621
Post-employment benefits	256	255
	$ 38,640	28,876

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledge assets	Pledged to secure	December 31, 2016	December 31, 2015
Other Financial Assets-Current	Letters of credit	$ 2,000	2,000
Property, Plant and Equipment	Short-term borrowings	168,944	168,944
		$ 170,944	170,944

(9) Commitments and contingencies:

(a) As of December 31, 2016 and 2015, the unused letters of credit for the Company’s purchases of raw materials, machinery and equipment amount was $1,274 and $4,967, respectively.

(b) As of December 31, 2016 and 2015, the Company purchase machinery and equipment the unpaid amount were $26,894 and $6,439, respectively.

(c) Bank guarantees for the Company's purchases of raw materials, machinery and equipment amount was $2,000, as of December 31, 2016.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2016 and 2015:

	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	$ 141,241	115,401	256,642	128,395	119,489	247,884
Labor and health insurance	9,835	5,882	15,717	10,136	5,347	15,483
Pension	4,093	2,730	6,823	4,363	2,568	6,931
Others	4,974	2,442	7,416	4,794	2,292	7,086
Depreciation	133,076	10,108	143,184	139,282	11,458	150,740
Amortization	-	700	700	-	850	850

As of December 31, 2016 and 2015, the Company had 299 and 290 employee, respectively.

(13) Other disclosures:

(a) Information on significant transactions: None

1. Loans to other parties: None
2. Guarantees and endorsements for other parties: None
3. Securities held as of December 31, 2016 (excluding investment in subsidiaries, associates and joint ventures) : None
4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None
5. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None
6. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None
7. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	JOHANSON	Legal director	(Sales)	$ (408,987)	(21) %	60 days	-	-	76,069	21%	

8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock: None

9. Trading in derivative instruments: None

(b) Information on investments: None

(c) Information on investment in Mainland China: None

(14) Segment information:

(a) General information:

The Company has only one reportable segment. The major business activities of the Company are the design, manufacture and sale of RF Front-End devices and modules for applications in wireless communication.

(b) Operating segment:

The segment profit or loss, assets and liabilities of the operation segment were consistent with the related accounts shown in the balance sheet and statement of comprehensive income of the Company.

(c) Product and service information

The Company's information about revenue from external customers was as follows

	2016	2015
RF Front-End devices and modules	$ 1,909,472	1,761,223

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2016	2015
China	$ 957,304	969,538
United States	512,360	430,034
Taiwan	348,943	289,728
Other	90,865	71,923
	$ 1,909,472	1,761,223

(e) Major customers

For the year ended December 31, 2016 and 2015, the Company customer representing more that 10% of revenue in the income statement were as follows:

	2016	2015
A customer	$ 408,987	335,416
B customer	230,053	160,380
C customer	181,818	266,826
	$ 820,858	762,622