GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and of cash flows for the three month periods ended March, 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except for the matters described in the next paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" in the Republic of China. A review consists primarily of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in Note 4(3) and 6(8), the accompanying consolidated financial statements included certain non-significant subsidiaries and investments accounted for using the equity method whose amounts and information disclosed in note 13 were based on unreviewed financial statements for the same period as that of the Company. These subsidiaries' total assets amounting to $814,597 thousand and $1,076,905 thousand, constituting 16% and 24% of total consolidated assets as of March 31, 2016 and 2015, respectively, total liabilities amounting to $123,578 thousand and $203,816 thousand, constituting 5% and 11% of total consolidated liabilities as of March 31, 2016 and 2015, respectively, and total comprehensive income(loss) amounting to ($21,906) thousand and ($9,482) thousand, constituting (47%) and (48%) of consolidated comprehensive income(loss) for the three months periods ended March 31, 2016 and 2015, respectively. The investments accounted for using equity method amounting to $271,268 thousand and $259,671 thousand as of March 31, 2016 and 2015,respectively, and related share of profit or loss amounting to ($2,977) thousand and ($14,623) thousand for the three months periods end March 31, 2016 and 2015, respectively.

Based on our review, except for the effect on the financial statements and related disclosures of such adjustments, if any, as might have been determined to be necessary had the financial statements of these non-significant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above in order for them to be in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan
May 5, 2016

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

	Assets	Notes	March 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%	March 31, 2015 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 634,611	13	$ 554,712	11	$ 744,374	16
1110	Financial assets at fair value through profit or loss - current	6(2)	54,029	1	54,241	1	40,791	1
1147	Investments in debt instrument without active markets	6(3)	836,300	17	855,636	17	893,651	20
1150	Notes receivable, net		23,098	-	29,540	1	37,683	1
1170	Accounts receivable, net	6(4)	1,409,338	28	1,627,371	33	1,126,171	25
1180	Accounts receivable - related parties	7	589	-	601	-	14,717	-
1200	Other receivables		12,700	-	14,655	-	15,790	-
1210	Other receivables - related parties	7	29,082	1	51,287	1	-	-
130X	Inventories, net	6(5)	880,359	18	589,712	12	529,041	12
1410	Prepayments		40,060	1	31,005	1	51,205	1
1470	Other current assets	8	68,933	1	82,810	2	34,923	1
11XX	**Current Assets**		3,989,099	80	3,891,570	79	3,488,346	77
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(6)	16,712	-	19,027	1	34,567	1
1543	Financial assets carried at cost - non-current	6(7)	66,419	1	66,419	1	66,419	2
1550	Investments accounted for using equity method	6(8)	271,268	6	274,364	6	259,671	6
1600	Property, plant and equipment, net	6(9) and 8	492,956	10	498,147	10	504,618	11
1780	Intangible assets, net		38,910	1	39,083	1	46,805	1
1840	Deferred income tax assets	6(24)	64,997	1	64,495	1	64,928	1
1900	Other non-current assets	8	47,106	1	45,362	1	59,974	1
15XX	**Non-current assets**		998,368	20	1,006,897	21	1,036,982	23
1XXX	**Total assets**		$ 4,987,467	100	$ 4,898,467	100	$ 4,525,328	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

			March 31, 2016		December 31, 2015		March 31, 2015	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term loans	6(10)	$ 406,322	8	$ 358,282	7	$ 218,595	5
2120	Financial liabilities at fair value through profit or loss-current	6(2)	1,106	-	3,404	-	390	-
2170	Accounts payable	6(11)	972,922	20	861,568	18	800,058	18
2200	Other payables		214,563	4	297,697	6	161,630	3
2230	Current income tax liabilities	6(24)	56,588	1	49,043	1	29,683	1
2250	Provisions for liabilities-current		192,828	4	200,504	4	136,915	3
2300	Other current liabilities	6(12)	100,689	2	120,200	3	128,512	3
21XX	**Current Liabilities**		1,945,018	39	1,890,698	39	1,475,783	33
	Non-current liabilities							
2540	Long-term loans	6(12)	301,121	6	308,081	6	328,795	7
2570	Deferred income tax liabilities	6(24)	35,703	1	38,975	1	30,645	1
2600	Other non-current liabilities	6(13)	91,606	2	92,990	2	94,976	2
25XX	**Non-current liabilities**		428,430	9	440,046	9	454,416	10
2XXX	**Total Liabilities**		2,373,448	48	2,330,744	48	1,930,199	43
	Equity attributable to owners of parent company							
	Share capital	6(14)						
3110	Share capital-common stock		1,651,361	33	1,651,361	34	1,701,361	38
	Capital surplus	6(15)						
3200	Capital surplus		275,976	5	275,976	5	368,137	8
	Retained earnings	6(16)(24)						
3310	Legal reserve		20,859	-	20,859	-	14,113	-
3320	Special reserve		132,987	3	132,987	3	132,987	3
3350	Unappropriated retained earnings		235,275	5	200,820	4	92,756	2
	Other equity interest	6(17)						
3400	Other equity interest		35,432	1	33,461	1	49,961	1
3500	**Treasury stocks**	6(14)	-	-	-	-	(19,138)	-
31XX	**Equity attributable to owners of the parent company**		2,351,890	47	2,315,464	47	2,340,177	52
36XX	**Non-controlling interest**		262,129	5	252,259	5	254,952	5
3XXX	**Total equity**		2,614,019	52	2,567,723	52	2,595,129	57
	Contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 4,987,467	100	$ 4,898,467	100	$ 4,525,328	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2016

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(UNAUDITED)

			Three-month periods ended March 31			
			2016		2015	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(18)	$ 607,029	100	$ 686,428	100
5000	**Operating costs**	6(5)(22)(23)	(410,959)	(68)	(512,599)	(75)
5900	**Net operating margin**		196,070	32	173,829	25
	Operating expenses	6(22)(23)				
6100	Selling expenses		(49,780)	(8)	(40,644)	(6)
6200	General and administrative expenses		(54,755)	(9)	(36,828)	(5)
6300	Research and development expenses		(47,324)	(8)	(38,847)	(6)
6000	**Total operating expenses**		(151,859)	(25)	(116,319)	(17)
6900	**Operating profit**		44,211	7	57,510	8
	Non-operating income and expenses					
7010	Other income	6(19) and 7	13,269	2	17,508	2
7020	Other gains and losses	6(20)	(4,649)	(1)	(7,631)	(1)
7050	Finance costs	6(21)	(2,692)	-	(2,169)	-
7060	Share of profit of associates and joint ventures accounted for under equity method		(2,977)	-	(14,623)	(2)
7000	**Total non-operating income and expenses**		2,951	1	(6,915)	(1)
7900	**Profit before tax**		47,162	8	50,595	7
7950	Income tax expense	6(24)	(5,904)	(1)	(13,752)	(2)
8200	**Profit for the period**		$ 41,258	7	$ 36,843	5
	Other comprehensive income for the period					
	Components of other comprehensive income that will not be reclassified to profit or loss					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		$ 7,353	1	($ 17,074)	(2)
8362	Unrealized (loss) gain on valuation of available-for-sale financial assets		(2,315)	-	-	-
8360	**Summary of Components of other comprehensive income that will be reclassified to profit or loss**		$ 5,038	1	(17,074)	(2)
8300	**Other comprehensive income (loss) for the period**		$ 5,038	1	($ 17,074)	(2)
8500	**Total comprehensive income for the period**		$ 46,296	8	$ 19,769	3
	Profit attributable to:					
8610	Equity holders of the parent company		$ 34,455	6	$ 25,297	4
8620	Non-controlling interest		6,803	1	11,546	1
	Profit for the period		$ 41,258	7	$ 36,843	5
	Total comprehensive income attributable to:					
8710	Equity holders of the parent company		$ 36,426	6	$ 11,592	2
8720	Non-controlling interest		9,870	2	8,177	1
	Total comprehensive income for the period		$ 46,296	8	$ 19,769	3
	Earnings per share (In dollars)					
9750	**Basic earnings per share**	6(25)	$	0.21	$	0.15
9850	**Diluted earnings per share**	6(25)	$	0.21	$	0.15

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2016

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent										
				Retained Earnings								
	Notes	Share capital-common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stock	Total	Non-controlling interest	Total equity
For the three-month period ended March 31, 2015												
Balance at January 1, 2015		$ 1,731,361	$ 373,289	$ 14,113	$ 132,987	$ 67,459	$ 66,860	($ 3,194)	($ 35,152)	$ 2,347,723	$ 246,775	$ 2,594,498
Profit for the period		-	-	-	-	25,297	-	-	-	25,297	11,546	36,843
Other comprehensive income for the period		-	-	-	-		(13,705)		-	(13,705)	(3,369)	(17,074)
Treasury stock repurchased		-	-	-	-	-	-	-	(19,138)	(19,138)	-	(19,138)
Treasury stock retired		(30,000)	(5,152)	-	-	-	-	-	35,152	-	-	-
Balance at March 31, 2015		$ 1,701,361	$ 368,137	$ 14,113	$ 132,987	$ 92,756	$ 53,155	($ 3,194)	($ 19,138)	$ 2,340,177	$ 254,952	$ 2,595,129
For the three-month period ended March 31, 2016												
Balance at January 1, 2016		$ 1,651,361	$ 275,976	$ 20,859	$ 132,987	$ 200,820	$ 46,982	($ 13,521)	$ -	$ 2,315,464	$ 252,259	$ 2,567,723
Profit for the period		-	-	-	-	34,455	-	-	-	34,455	6,803	41,258
Other comprehensive income for the period		-	-	-	-	-	4,286	(2,315)	-	1,971	3,067	5,038
Balance at March 31, 2016		$ 1,651,361	$ 275,976	$ 20,859	$ 132,987	$ 235,275	$ 51,268	($ 15,836)	$ -	$ 2,351,890	$ 262,129	$ 2,614,019

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2016

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the three-month periods ended March 31 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 47,162	$ 50,595
Adjustments			
Income and expenses having no effect on cash flow			
Gain on financial assets or liabilities at fair value through profit or loss, net	6(2)(20)	(2,724)	(729)
Gain on disposal of financial assets	6(20)	-	(1,351)
Provision for doubtful accounts	6(4)	22,729	9,030
Depreciation	6(22)	7,746	7,183
Amortization	6(22)	2,488	3,510
Interest income	6(19)	(3,950)	(8,147)
Interest expense	6(21)	2,692	2,169
Share of profit of associates and joint ventures accounted for using equity method		2,977	14,623
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		638	35,351
Notes receivable		6,428	(778)
Accounts receivable		195,545	(2,089)
Accounts receivable - related parties		12	(1,595)
Other receivables		(5,420)	(5,788)
Other receivables - related parties		22,205	-
Inventories		(290,647)	(84,246)
Prepayments		(9,055)	(12,046)
Other current assets		1,777	(6,526)
Other non-current assets		(1,133)	1,794
Net changes in liabilities relating to operating activities			
Accounts payable		111,354	84,245
Other payables		(81,884)	(29,810)
Provisions for liabilities		(7,676)	(800)
Unearned receipts		(17,957)	7,047
Other current liabilities		(1,617)	817
Accrued pension liabilities		(1,349)	(1,363)
Other non-current liabilities		(134)	(189)
Cash generated from operations		207	60,907
Interest received		11,325	14,005
Interest paid		(2,670)	(2,189)
Income tax paid		(1,216)	(62)
Net cash provided by operating activities		7,646	72,661
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of bond investments without active markets		16,413	33,434
Proceeds from disposal of available-for-sale financial assets		-	6,000
Acquisition of investments accounted for under equity method		-	(12,610)
Acquisition of property, plant and equipment	6(27)	(3,662)	(1,248)
Proceeds from disposal of property, plant and equipment		-	184
Acquisition of intangible assets		(2,613)	(34,043)
Refundable deposits (paid) and refunded		(812)	341
Decrease in other financial assets	8	12,301	149
Net cash provided by (used in) investing activities		21,627	(7,793)
CASH FLOWS FROM FINANCING ACTIVITY			
Increase in short-term loans		372,598	145,570
Decrease in short-term loans		(321,764)	(128,541)
Repayment of long-term loans		(6,897)	(6,864)
Guarantee deposits (refunded) / received		99	(21)
Payments for acquisition of treasury stock		-	(19,138)
Net cash used in financing activities		44,036	(8,994)
Effect of fluctuations in exchange rate		6,590	1,077
Net increase in cash and cash equivalents		79,899	56,951
Cash and cash equivalents at beginning of period	6(1)	554,712	687,423
Cash and cash equivalents at end of period	6(1)	$ 634,611	$ 744,374

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2016

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Gallant Precision Machining Co., Ltd. (the “Company”).

The Company was incorporated on December 22, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the design, manufacture and sale of molds and machinery, metal parts and mold parts, stamping parts and die-cast parts, and automated manufacturing systems and their unit equipment, as well as the management and investment in the relevant business.

The Company’s stock was listed on the Taipei Exchange (formerly named GreTai Securities Market), effective from February, 1998.

The Company merged with Syntran Co., Ltd (the “Syntran Company”) on August 3, 2007 (merger effective date). The Company was a surviving company and Syntran Company was a dissolved company. Syntran Company was incorporated in November 1994, mainly engaged in the research, development, manufacture and sale of DWDM automatic optical testing machines, DWDM module packaging machines, digital safety monitoring systems and nano functional powder and films.

The special shareholders' meeting of the Company resolved to spin-off its semiconductor business on December 15, 2010 and the GreTai Securities Market approved the spin-off and the Company’s stock listed on January 13, 2011. The Company transferred its semiconductor business and related investment to the Company's subsidiary – Gallant Micro. Machining Co., Ltd. on the spin-off effective day March 1, 2011. The equity interest in Gallant Micro. Machining Co., Ltd. held by the Company as of March 31, 2016 was 69.45%.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 5, 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")

None.

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

None.

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

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

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

Except for the followings, the above standards and interpretations have no significant impact to the Group's financial condition and operating result based on the Group's assessment.

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 amortized 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 recognize 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).

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 recognized 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 recognizes 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 recognizes revenue in accordance with that core principle by applying the following steps:

Step1: 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: Recognize 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 IFRS 15 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 recognized 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 recognize 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. Annual improvements to IFRSs 2010-2012 cycle

IFRS 8, ‘Operating segments’
The standard is amended to require disclosure of judgments made by management in aggregating operating segments. This amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets is required only when segment asset is provided to chief operating decision maker regularly.

F. Annual improvements to IFRSs 2012-2014 cycle

(a) IFRS 7, ‘Financial instruments: Disclosures’
The amendment provides additional guidance to determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and thus the disclosure requirement of transferred financial assets applies. And this amendment also clarifies that disclosure of offsetting is not required for all interim periods.

(b) IAS 19, ‘Employee benefits’

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds or not is based on corporate bonds in that currency, and not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

(c) IAS 34, ‘Interim financial reporting’

The amendment clarifies what is meant by the reference in the standard to “information disclosed elsewhere in the interim financial report”. The amendment further amends IAS 34 to require a cross-reference form the interim financial statements to the location of that information.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2015, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies 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 “Rules Governing the Preparation of Financial Statements by Securities Issuers” and IAS 34, “Interim Financial Reporting” as endorsed by the FSC.

B. Please refer to the Group’s consolidated financial statements for the year ended December 31, 2015.

(2) Basis of preparation

A. Except for the following items, these 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) Defined benefit liabilities recognized 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 IFRS 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) The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2015.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership			Note
			March 31, 2016	December 31, 2015	March 31, 2015	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Manufacturing and selling of semiconductor related equipment and parts	69.45	69.45	69.45	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd. (the "GRC")	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	100	100	100	note
Gallant Precision Machining Co., Ltd.	Gallant Precision Machinery (BVI)Ltd. (the "GPM(BVI)")	Investing in Gallant Precision Machinery (Xiamen) Co., Ltd.	100	100	100	note
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Marketing and selling of process equipment of LCD and related parts.	94.12	94.12	92.82	note
Gallant Precision Machining Co., Ltd.	Chun-Zhun Enterprise Corporation Ltd. (the "CZE")	Investing in Gallant Technology (Shenzhen) Co., Ltd.	100	100	100	note
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd. (the"KMC")	Investing in Gallant Micro. Machining (Suzhou) Co., Ltd.	100	100	100	note
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd. (the"GMMM"）	Engaged in the import and export and trading business of semiconductor machines and related parts	100	100	100	note
GRC	Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	100	note
KMC	Investing in Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	100	100	100	
GPM(BVI)	Gallant Precision Machinery (Xiamen) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	100	note
CZE	Gallant Technology (Shenzhen) Co., Ltd.	Manufacturing of medical and mechanical related equipment	100	100	100	note
Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant International Trading Co., Ltd.	Engaged in selling of mechatronics equipment	100	100	100	note
Gallant International Trading Co., Ltd.	Suzhou Jianmeifu Optical Co., Ltd.	Engaged in wholesale and retail of contact lenses and related care products	100	100	-	note

Note: The financial statements of the entity as of and for the three months ended March 31, 2016 and 2015 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

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:

As of March 31, 2016, December 31, 2015 and March 31, 2015, the non-controlling interest amounted to $262,129, $252,259 and $254,952, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest						
		March 31, 2016		December 31, 2015		March 31, 2015		
Name of subsidiary	Principal place of business	Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)	Description
Gallant Micro. Machining Co., Ltd.	Taiwan	$ 258,610	30.55	$ 248,455	30.55	$ 250,538	30.55	

Summarized financial information of the subsidiaries:

Balance sheets

	Gallant Micro. Machining Co., Ltd. and its subsidiaries		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 1,168,574	$ 1,072,950	$ 1,091,010
Non-current assets	119,891	117,340	107,019
Current liabilities	(406,257)	(342,298)	(347,277)
Non-current liabilities	(35,703)	(34,727)	(30,646)
Total net assets	$ 846,505	$ 813,265	$ 820,106

Statements of comprehensive income

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 215,043	$ 206,335
Profit before income tax	$ 31,351	$ 48,390
Income tax expense	(8,151)	(10,111)
Profit for the period from continuing operations	23,200	38,279
Loss from discontinued operations	-	-
Profit for the period	23,200	38,279
Other comprehensive income, net of tax	10,040	(11,024)
Total comprehensive income for the period	$ 33,240	$ 27,255
Comprehensive income attributable to non-controlling interest	$ 10,155	$ 8,318
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net cash provided by (used in) operating activities	($ 16,782)	$ 25,812
Net cash provided by (used in) investing activities	(2,202)	613
Net cash provided by (used in) financing activities	50,000	-
Effect of exchange rates on cash and cash equivalents	10,040	(11,024)
Increase (decrease) in cash and cash equivalents	41,056	15,401
Cash and cash equivalents, beginning of period	273,934	332,575
Cash and cash equivalents, end of period	$ 314,990	$ 347,976

(4) Employee benefits

Pensions

Defined contribution plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant change as of March 31, 2016. 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

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand and revolving funds	$ 713	$ 1,267	$ 628
Checking accounts	26	26	26
Demand deposits	630,010	547,286	738,399
Time deposits	3,862	6,133	5,321
Total	$ 634,611	$ 554,712	$ 744,374

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. Cash and cash equivalents pledged to Customs and others as collateral, and were classified as other financial assets in Note 8.

(2) Financial assets / liabilities at fair value through profit or loss

Items	March 31, 2016	December 31, 2015	March 31, 2015
Current items:			
Financial assets held for trading			
Beneficiary certificates	$ 49,287	$ 49,928	$ 39,398
Valuation adjustment of financial assets held for trading	4,742	4,313	1,393
	$ 54,029	$ 54,241	$ 40,791
Current items:			
Financial liabilities held for trading			
Non-hedging derivative instruments-forward foreign exchange contracts	($ 1,288)	($ 1,313)	($ 376)
Valuation adjustment of financial liabilities held for trading	182	(2,091)	(14)
	($ 1,106)	($ 3,404)	($ 390)

A. The Group recognized net gain of $2,724 and $875 on financial assets and liabilities designated as at fair value through profit or loss for the three-month periods ended March 31, 2016 and 2015, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	March 31, 2016		March 31, 2015	
Derivative instruments	Contract amount (notional principal) (in thousands)	Contract period	Contract amount (notional principal) (in thousands)	Contract period
Current items:				
forward foreign exchange contracts	USD $1,000	2015.11.6-2016.5.6	USD $1,000	2014.10.3-2015.4.8
forward foreign exchange contracts	USD $1,000	2015.11.6-2016.7.7	USD $1,000	2014.10.3-2015.7.7
forward foreign exchange contracts	USD $1,000	2015.11.6-2016.9.8	USD $1,000	2014.10.3-2015.10.7
forward foreign exchange contracts	USD $1,000	2015.11.6-2016.11.8	-	-

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Investments in debt instrument without active markets

Items	March 31, 2016	December 31, 2015	March 31, 2015
Current items:			
Time deposits	$ 836,300	$ 855,636	$ 893,651

A. The Group listed time deposits for 3 to 9 months in this item.

B. The Group transacts with financial institutions with high credit quality.

C. As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group has no investments in debt instrument without active markets pledged to others.

(4) Accounts receivable

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable	$ 1,544,168	$ 1,739,713	$ 1,211,482
Less: allowance for bad debts	(134,830)	(112,342)	(85,311)
	$ 1,409,338	$ 1,627,371	$ 1,126,171

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:

	March 31, 2016	December 31, 2015	March 31, 2015
Group 1	$ 54,060	$ 42,568	$ 172,868
Group 2	801,063	1,037,246	608,838
Group 3	279,140	330,401	178,550
	$ 1,134,263	$ 1,410,215	$ 960,256

Group 1: New customers (less than 6 months from the first transaction).

Group 2: Existing customers (more than 6 months from the first transaction) which were listed companies.

Group 3: Existing customers (more than 6 months from the first transaction) which were private companies.

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

	March 31, 2016	December 31, 2015	March 31, 2015
Up to 30 days	$ 69,168	$ 81,915	$ 111,788
31 to 90 days	108,488	51,960	32,585
91 to 180 days	56,599	33,380	17,190
Over 181 days	40,820	49,901	4,352
	$ 275,075	$ 217,156	$ 165,915

The above ageing analysis was based on past due date.

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

(a) As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group's accounts receivable that were impaired amounted to $134,830, $112,342 and $85,311, respectively.

(b) Movements in the provision for impairment of accounts receivable are as follows:

	2016		
	Individual provision	Group provision	Total
At January 1	$ 2,434	$ 109,908	$ 112,342
Provision (Reversal) for impairment	(1,627)	24,356	22,729
Effect of foreign exchange	-	(241)	(241)
At March 31	$ 807	$ 134,023	$ 134,830

	2015		
	Individual provision	Group provision	Total
At January 1	$ 5,687	$ 70,685	$ 76,372
Provision (Reversal) for impairment	(4,215)	13,245	9,030
Effect of foreign exchange	-	(91)	(91)
At March 31	$ 1,472	$ 83,839	$ 85,311

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

(5) Inventories

	March 31, 2016		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 3,397	$ -	$ 3,397
Raw materials	79,078	(22,203)	56,875
Work in process	521,252	(46,491)	474,761
Finished goods	365,593	(26,482)	339,111
Inventory in transit	6,215	-	6,215
Total	$ 975,535	($ 95,176)	$ 880,359

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 124,484	($ 21,958)	$ 102,526
Work in process	397,310	(36,165)	361,145
Finished goods	149,040	(28,767)	120,273
Inventory in transit	5,768	-	5,768
Total	$ 676,602	($ 86,890)	$ 589,712

	March 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 125,168	($ 41,536)	$ 83,632
Work in process	421,107	(56,331)	364,776
Finished goods	121,283	(52,572)	68,711
Inventory in transit	11,922	-	11,922
Total	$ 679,480	($ 150,439)	$ 529,041

The cost of inventories recognized as expense for the period:

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Cost of goods sold	$ 402,561	$ 522,985
Loss on(Gain on reversal of) decline in market value	8,398	(10,386)
	$ 410,959	$ 512,599

The Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because of disposal and sold inventory.

(6) Available-for-sale financial assets

Items	March 31, 2016	December 31, 2015	March 31, 2015
Non-current items:			
Listed stocks	$ 123	$ 123	$ -
Emerging stocks	30,046	30,046	30,169
Non-listed and emerging stocks	7,487	7,487	7,487
Subtotal	37,656	37,656	37,656
Valuation adjustment	(15,836)	(13,521)	(3,013)
Accumulated impairment	(5,108)	(5,108)	(76)
Total	$ 16,712	$ 19,027	$ 34,567

A. The Group recognized ($2,315) and $0 in other comprehensive income for fair value change and reclassified $0 and $0 from equity to profit or loss for the three-month periods ended March 31, 2016 and 2015, respectively.

B. Due to Shinyu Light Co., Ltd.'s operating performance was not in line with expectation, the fair value of the assets was less than the Group's acquisition cost. After an assessment, the Group recognized the amounts of impairment losses and reclassified from equity to profit or loss of $5,032 for the years ended December 31, 2015.

(7) Financial assets measured at cost

Items	March 31, 2016	December 31, 2015	March 31, 2015
Non-current items:			
Phoenix Pioneer Technology Co., Ltd.	$ 29,988	$ 29,988	$ 29,988
Power Ever Enterprises Limited	36,431	36,431	36,431
Solar CIGS Group Holdings Co., Ltd.	-	-	-
Total	$ 66,419	$ 66,419	$ 66,419

According to the Group's intention, its investment in above corporation stocks should be classified as 'available-for-sale financial assets'. However, as the above corporation stocks are not traded in active market, and no sufficient industry information of companies similar to the above companies or no financial information of the above companies can be obtained, the fair value of the investment in above corporation stocks cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost'.

(8) Investments accounted for using equity method

	March 31, 2016	December 31, 2015	March 31, 2015
Associates			
Sunengine Co., Ltd.	$ 235,950	$ 234,762	$ 223,207
Hitachi Zosen GPM Technology （Suzhou） Co.,Ltd.	16,958	18,939	23,854
Shaoxing PushKang Biotechnology Co., Ltd.	18,360	20,663	12,610
	$ 271,268	$ 274,364	$ 259,671

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

		Shareholding ratio				
Company name	Principal place of business	March 31, 2016	December 31, 2015	March 31, 2015	Nature of relationship	Methods of measurement
Sunengine Co., Ltd.(NOTE)	TAIWAN	37.84%	37.84%	34.79%	Business strategy	Equity method
Hitachi Zosen GPM Technology(Suzhou) Co., Ltd.	CHINA	30.00%	30.00%	30.00%	Business strategy	Equity method
Shaoxing PushKang Biotechnology Co., Ltd.	CHINA	30.02%	30.02%	17.66%	Business strategy	Equity method

NOTE：Sunengine Co., Ltd. reduces capital to offset loss on July 30, 2015 and issue 3,130,972 new shares with a par value $10 in dallars with the effective date on July 31,2015. The investment ownership of the Group was 37.84% after the effective date.

(b) The summarized financial information of the associates that are material to the Group is as below:

Balance sheet

	Sunengine Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 362,953	$ 288,074	$ 478,021
Non-current assets	543,005	534,789	796,862
Current liabilities	(240,081)	(224,675)	(434,307)
Non-current liabilities	(64,312)	-	(222,875)
Total net assets	$ 601,565	$ 598,188	$ 617,701
Share in associate's net assets	$ 227,632	$ 226,444	$ 214,889
Goodwill	8,318	8,318	8,318
Carrying amount of the associate	$ 235,950	$ 234,762	$ 223,207

	Hitachi Zosen GPM Technology（Suzhou）Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 147,141	$ 158,726	$ 255,490
Non-current assets	3,235	4,147	6,728
Current liabilities	(93,451)	(99,744)	(182,521)
Non-current liabilities	-	-	-
Total net assets	$ 56,925	$ 63,129	$ 79,697
Share in associate's net assets	$ 16,958	$ 18,939	$ 23,854
Goodwill	-	-	-
Carrying amount of the associate	$ 16,958	$ 18,939	$ 23,854

	Shaoxing PushKang Biotechnology Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 4,933	$ 2,790	$ 16,415
Non-current assets	31,747	32,863	22,992
Current liabilities	(3,672)	(218)	-
Non-current liabilities	(11,390)	(4,361)	(4,540)
Total net assets	$ 21,618	$ 31,074	$ 34,867
Share in associate's net assets	$ 6,490	$ 9,328	$ 6,358
Goodwill	11,870	11,335	6,252
Carrying amount of the associate	$ 18,360	$ 20,663	$ 12,610

Statement of comprehensive income

	Sunengine Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 278,984	$ 326,204
Profit for the period from continuing operations	$ 3,377	($ 39,058)
Profit or loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 3,377	($ 39,058)
Dividends received from associates	$ -	$ -

	Hitachi Zosen GPM Technology（Suzhou）Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ 252	$ -
Profit for the period from continuing operations	($ 6,190)	($ 3,449)
Profit or loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	($ 6,190)	($ 3,449)
Dividends received from associates	$ -	$ -

	Shaoxing Pushkang Biotechnology Co., Ltd.	
	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Revenue	$ -	$ -
Profit for the period from continuing operations	($ 9,459)	($ 2,917)
Profit or loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	($ 9,459)	($ 2,917)
Dividends received from associates	$ -	$ -

(c) The carrying amount of the Group’s interests in all individually immaterial associates and the Group’s share of the operating results: None.

(9) Property, plant and equipment

	Buildings	Machinery and equipment	Office equipment	Lease assets	Others	Total
At January 1, 2016						
Cost	$ 430,424	$ 123,855	$ 26,556	$ 116,753	$ 73,071	$ 770,659
Accumulated depreciation and impairment	(96,368)	(86,490)	(20,077)	(20,755)	(48,822)	(272,512)
	$ 334,056	$ 37,365	$ 6,479	$ 95,998	$ 24,249	$ 498,147
2016						
Opening net book amount as at January 1	$ 334,056	$ 37,365	$ 6,479	$ 95,998	$ 24,249	$ 498,147
Additions	-	-	780	-	1,836	2,616
Depreciation charge	(2,244)	(1,842)	(693)	(604)	(2,363)	(7,746)
Net exchange differences	113	(132)	15)	-	(27)	(61)
Closing net book amount as at March 31	$ 331,925	$ 35,391	$ 6,551	$ 95,394	$ 23,695	$ 492,956
March 31, 2016						
Cost	$ 429,480	$ 123,370	$ 26,746	$ 116,753	$ 73,943	$ 770,292
Accumulated depreciation and impairment	(97,555)	(87,979)	(20,195)	(21,359)	(50,248)	(277,336)
	$ 331,925	$ 35,391	$ 6,551	$ 95,394	$ 23,695	$ 492,956

	Buildings	Machinery and equipment	Office equipment	Lease assets	Others	Total
At January 1, 2015						
Cost	$ 431,084	$ 125,605	$ 24,861	$ 116,753	$ 67,726	$ 766,029
Accumulated depreciation and impairment	(87,626)	(80,640)	(18,560)	(18,337)	(49,786)	(254,949)
	$ 343,458	$ 44,965	$ 6,301	$ 98,416	$ 17,940	$ 511,080
2015						
Opening net book amount as at January 1	$ 343,458	$ 44,965	$ 6,301	$ 98,416	$ 17,940	$ 511,080
Additions	-	-	351	-	1,132	1,483
Disposals	-	-	-	-	(184)	(184)
Depreciation charge	(2,287)	(1,889)	(630)	(604)	(1,773)	(7,183)
Net exchange differences	(122)	(369)	(21)	-	(66)	(578)
Closing net book amount as at March 31	$ 341,049	$ 42,707	$ 6,001	$ 97,812	$ 17,049	$ 504,618
March 31, 2015						
Cost	$ 430,932	$ 124,517	$ 24,902	$ 116,753	$ 68,178	$ 765,282
Accumulated depreciation and impairment	(89,883)	(81,810)	(18,901)	(18,941)	(51,129)	(260,664)
	$ 341,049	$ 42,707	$ 6,001	$ 97,812	$ 17,049	$ 504,618

A. Amount of borrowing costs capitalized as part of property, plant and equipment were $0 and $0 for the three month periods ended March 31, 2016 and 2015, respectively.

B. The significant components of buildings include main plants improvement and structure, which are depreciated over 10 and 50 years.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(10) Short-term borrowings

Type of borrowings	March 31, 2016	Interest rate range	Collateral
Unsecured Banking Loan	$ 406,322	0.98%~1.92%	None

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Unsecured Banking Loan	$ 358,282	0.99%~1.62%	None

Type of borrowings	March 31, 2015	Interest rate range	Collateral
Unsecured Banking Loan	$ 218,595	1.20%~1.80%	None

(11) Accounts payable

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts payable	$ 705,134	$ 710,779	$ 604,398
Estimated accounts payable	267,788	150,789	195,660
	$ 972,922	$ 861,568	$ 800,058

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31,2016
Mortgage borrowings - Cathay United Commercial Bank Co., Ltd.	Borrowing period is from July 31, 2008 to July 31, 2023; interest is repayable monthly and principal is repayable through August, 2010 to July, 2023.	1.38%	Note A	$ 46,415
Unsecured borrowing - Cathay United Commercial Bank Co., Ltd.	Borrowing period is from July 31, 2008 to July 31, 2023; interest is repayable monthly and principal is repayable through August, 2010 to July, 2023.	1.48%	None	12,371
Mortgage borrowings - CTBC Bank Co., Ltd.	Borrowing period is from September 15, 2014 to September 15, 2019; interest is repayable monthly and principal is repayable through December, 2014 to September, 2019.	1.37%	Note A、Note B	270,000
				328,786
Less: current portion				(27,665)
				$ 301,121

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2015
Mortgage borrowings - Cathay United Commercial Bank Co., Ltd.	Borrowing period is from July 31, 2008 to July 31, 2023; interest is repayable monthly and principal is repayable through August, 2010 to July, 2023.	1.51%	Note A	$ 47,914
Unsecured borrowings - Cathay United Commercial Bank Co., Ltd.	Borrowing period is from July 31, 2008 to July 31, 2023; interest is repayable monthly and principal is repayable through August, 2010 to July, 2023.	1.61%	None	12,769
Mortgage borrowings - CTBC Bank Co., Ltd.	Borrowing period is from September 15, 2014 to September 15, 2019; interest is repayable monthly and principal is repayable through December, 2014 to September, 2019.	1.50%	Note A、Note B	275,000
				335,683
Less: current portion				(27,602)
				$ 308,081

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31,2015
Mortgage borrowings - Cathay United Commercial Bank Co., Ltd.	Borrowing period is from July 31, 2008 to July 31, 2023; interest is repayable monthly and principal is repayable through August, 2010 to July, 2023.	1.53%	Note A	$ 52,356
Unsecured borrowings - Cathay United Commercial Bank Co., Ltd.	Borrowing period is from July 31, 2008 to July 31, 2023; interest is repayable monthly and principal is repayable through August, 2010 to July, 2023.	1.63%	None	13,948
Mortgage borrowings - CTBC Bank Co., Ltd. Mortgage borrowings	Borrowing period is from September 15, 2014 to September 15, 2019; interest is repayable monthly and principal is repayable through December, 2014 to September, 2019.	1.59%	Note A、Note B	290,000
				356,304
Less: current portion				(27,509)
				$ 328,795

Note A: Details of long-term borrowings pledged as collateral are provided in Note 8.

Note B:(a) In order to repay the existing financial liabilities and enrich the medium-term working capital, the Company entered into a comprehensive credit contract amounting to $720 million with China Trust Commercial Bank on September 3, 2014. The Company also applied for a drawdown of $300,000 from the credit line granted by China Trust Commercial Bank in September 2014.

(b) According to the notice of credit between the Company and China Trust Commercial Bank, the financial ratios in the Company's annual and semi-annual consolidated financial statements should be maintained as follows:

i . Current ratio: the ratio of current assets divided by current liabilities shall be maintained above 120% (inclusive).

ii . Gearing ratio: the ratio of total liabilities divided by tangible net worth shall not be more than 120%.

iii. Financial gearing ratio: the total of short-term borrowings, corporate bonds due within one year, mid and long-term borrowings due within one year and long-term borrowings, divided by the tangible net worth shall not exceed 60%.

iv. Net tangible net worth: the shareholders' equity after deducting intangible assets shall not be less than NT$2,200,000 (inclusive).

C. The Group has the following undrawn borrowing facilities:

	March 31, 2016	December 31, 2015	March 31, 2015
Floating rate:			
Expiring within one year	$ 1,223,993	$ 1,333,018	$ 1,260,955
Expiring beyond one year	206,213	199,317	193,696
	$ 1,430,206	$ 1,532,335	$ 1,454,651

The facilities expiring within one year are annual facilities subject to review at various dates during 2016. The other facilities have been arranged to help finance the proposed machine manufacturing and R&D business activities of the Group. The information about the Group’s liquidity risk is provided in Note 12.

(13) 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 and its domestic subsidiaries 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 the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognized pension costs of $404 and $545 for the three month periods ended March 31, 2016 and 2015, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2016 are $13,985.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries (APEX-I International Co., Ltd. and Gallant Micro. Machining Co., Ltd.) 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) Gallant Precision Industries (Suzhou) Co., Ltd., Gallant Micro. Machining (Suzhou) Co., Ltd., Gallant Precision Machinery （Xiamen）Co., Ltd., Gallant Technology (Shenzhen) Co., Ltd., Gallant International Trading Co., Ltd. and Suzhou Jianmeifu Optical 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 certain percentage of employees’ monthly salaries and wages. The contribution percentage was 10% to 20%. Other than the monthly contributions, the Group has no further obligations.

C. Gallant-Rapid Corporation Ltd., Gallant Micro Machining (Malaysia) Sdn. Bhd., Ltd., Quality Products and Services (Thailand) Co., Ltd., King Mechatronics Co., Ltd., Chun-Zhun Enterprise Corporation Ltd., Gallant Precision Machinery (BVI) Ltd. did not have a pension plan.

D. The pension costs under defined contribution pension plans of the Group for the three month periods ended March 31, 2016 and 2015 were $10,852 and $10,301, respectively.

(14) Share capital

A. As of March 31, 2015, the Company’s authorized capital was $2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was $1,651,361 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

Unit: shares in thousands

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
At January 1	165,136	170,136
Shares retired	-	(1,418)
At March 31	165,136	168,718

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company’s treasury shares are as follows:

		March 31, 2015	
Name of company holding the shares	Reason for reacquisition	Number of Shares (shares in thousands)	Carrying amount
The Company	enhance the Company’s credit rating and shareholders’ equity	1,418	$ 19,138

There is no treasury share transaction for the three month period ended March 31, 2016 and for the year ended December 31, 2015.

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) In order to enhance the Company's shareholders' equity, the Company's Board of Directors has resolved to repurchased its shares on March 25, 2015 and November 6, 2014 respectively and the treasury stock repurchased was 5,000,000 and 3,000,000 shares respectively. The Company's Board of Directors has resolved and set June 22, 2015 and January 28, 2015 as the record date of capital reduction on June 17, 2015 and January 27, 2015, respectively. The registration of aforementioned capital reduction have been completed on June 29, 2015 and February 6, 2015, respectively.

(15) 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 capitalized 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.

Details of Capital surplus:

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of associates	Employee stock option	Total
At January 1, 2016 and March 31, 2016	$ 226,249	$ 31,399	$ 1,879	$ 12,003	$ 4,446	$ 275,976

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of associates	Employee stock option	Total
At January 1, 2015	$ 315,121	$ 39,787	$ 1,850	$ 12,085	$ 4,446	$ 373,289
Treasury shares retired	(5,461)	309	-	-	-	(5,152)
At March 31, 2015	$ 309,660	$ 40,096	$ 1,850	$ 12,085	$ 4,446	$ 368,137

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior years' undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting. The ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

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 amounts 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 reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of the date of transition, the Company recognized $132,987 special reserve.

D. The Company recognized dividends distributed to owners amounting to $57,797 ($0.35 (in dollars) per share) and $121,195 ($0.7 (in dollars) per share) for the years ended December 31, 2015 and 2014, respectively. On March 24, 2016, the Board of Directors proposed that total dividends for the distribution of earning for the year of 2015 was $132,109 with $0.8 (in dollars) per share.

E. The Board of Directors resolved that capital surplus used to issue cash amounting to $33,027 ($0.2 (in dollars) per share) on May 5, 2016.

F. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(23).

(17) Other equity items

	For the three-month period ended March 31, 2016		
	Available-for-sale investment	Currency translation	Total
At January 1	($ 13,521)	46,982	33,461
Revaluation – gross	(2,315)	-	(2,315)
Currency translation differences:–group	-	4,286	4,286
At March 31	($ 15,836)	$ 51,268	$ 35,432

	For the three-month period ended March 31, 2015		
	Available-for-sale investment	Currency translation	Total
At January 1	($ 3,194)	66,860	63,666
Currency translation differences:			
–group	-	13,705	13,705
At March 31	($ 3,194)	$ 53,155	$ 49,961

(18) Operating revenue

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Sales revenue	$ 565,167	$ 657,877
Technology service revenue	41,862	28,551
Total	$ 607,029	$ 686,428

(19) Other income

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Interest income	$ 3,950	$ 8,147
Rental revenue	6,092	6,202
Others	3,227	3,159
Total	$ 13,269	$ 17,508

(20) Other gains and losses

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	$ 2,724	$ 875
Net currency exchange losses	(6,714)	(9,776)
Gains (losses) on disposal of investments	-	1,351
Others	(659)	(81)
Total	($ 4,649)	($ 7,631)

(21) Finance costs

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Interest expense	$ 2,692	$ 2,169

(22) Expenses by nature

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Employee benefit expense	$ 160,644	$ 148,076
Depreciation charges on property, plant and equipment	7,746	7,183
Amortization charges on intangible assets	2,488	3,510
	$ 170,878	$ 158,769

(23) Employee benefit expense

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Wages and salaries	$ 131,986	$ 120,714
Labour and health insurance fees	11,256	10,824
Pension costs	11,256	10,846
Other personnel expenses	6,146	5,692
	$ 160,644	$ 148,076

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings in the following order, but the ratios of the distribution of the aforementioned retained earnings and the cash dividend distribution shall be proposed by the Board of Directors based on the actual profit and capital situation of the current year, and proposed to the shareholders' meeting for resolution:

(a) Employee bonus shall not be higher than 15%.

(b) Directors' remuneration shall not be more than 3%.

(c) The dividend of shareholders shall not be higher than 82%, and the ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders at shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors has resolved to make amendments to the Company's Articles of Incorporation on January 15, 2016. The amendment resolution will be submitted to the 2016 shareholders' meeting for approval. The amendments of Company's Articles of Incorporation was as follows.

The Company shall distribute not less than 1% and not more than 12% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

Employee remuneration could be paid by cash or shares, and entitled to receive the cash or shares may include the employees of subsidiaries of the Company meeting certain specific requirements.

The term "profit" used in the first paragraph refers to the profit before tax before deducting the employee compensation and director remuneration. The distribution of employee compensation and director remuneration shall be in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders at shareholders' meeting.

B. For the three-month period ended March 31, 2016, employees' compensation and directors' and supervisors' remuneration were accrued at $3,645 and $1,094, respectively. The aforementioned amounts were recognized in salary expenses.

For the three-month period ended March 31, 2015, the employees' compensation and directors' and supervisors' remuneration were not accrued due to the uncertainty of future operating situations.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on10% and 3% of profit of current year distributable for the three-month period ended March 31, 2016.

Employees' compensation and directors' and supervisors' remuneration of 2015 as resolved by the meeting of Board of Directors were in agreement with those amounts recognized in the 2015 financial statements.

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

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Current tax:		
Current tax on profits for the period	$ 8,189	$ 11,939
Prior year income tax (over) underestimate	1,489	3
Total current tax	9,678	11,942
Deferred tax:		
Origination and reversal of temporary differences	(3,774)	1,810
Total deferred tax	(3,774)	1,810
Income tax expense	$ 5,904	$ 13,752

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows: None.

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

C. Unappropriated retained earnings:

	March 31, 2016	December 31, 2015	March 31, 2015
Earnings generated in and after 1998	$ 235,275	$ 200,820	$ 92,756

D. As of March 31, 2016, December 31, 2015 and March 31, 2015, the balance of the imputation tax credit account was $669, $669 and $3,627 respectively. The creditable tax rate was 13.78% for 2014 and was estimated to be 12.40% for 2015.

(25) Earnings per share

	For the three-month period ended March 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 34,455	165,136	$ 0.21
Assumed conversion of all dilutive potential ordinary shares-Employees' bonus	-	1,671	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 34,455	166,807	$ 0.21

	For the three-month period ended March 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 25,297	170,095	$ 0.15
Assumed conversion of all dilutive potential ordinary shares-Employees' bonus	-	1,356	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 25,297	171,451	$ 0.15

(26) Operating leases

A. The Group leases Central Taiwan Science Park plant and Hsinchu Science Park office assets to others under non-cancellable operating lease agreements. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Not later than one year	$ 23,590	$ 23,590	$ 24,363
Later than one year but not later than five years	6,552	12,450	29,308
	$ 30,142	$ 36,040	$ 53,671

B. The Group leases in plant assets under non-cancellable operating lease agreements. The lease terms are between 2013 and 2024 years. The Group recognized rental expenses of $5,597 and $4,922 for the three-month periods ended March 31, 2016 and 2015, respectively.

	March 31, 2016	December 31, 2015	March 31, 2015
Not later than one year	$ 19,654	$ 18,371	$ 17,577
Later than one year but not later than five years	49,525	42,112	29,813
Later than five years	22,362	22,302	26,483
	$ 91,541	$ 82,785	$ 73,873

(27) Supplemental cash flow information

Investing activities with partial cash payments

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Purchase of property, plant and equipment	$ 2,616	$ 1,483
Add: opening balance of payable on equipment	2,693	1,314
Less: ending balance of payable on equipment	(1,647)	(1,549)
Cash paid during the period	$ 3,662	$ 1,248

7. RELATED-PARTY TRANSACTIONS

(1) Significant related party transactions

A. Operating revenue:

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Sales of goods:		
Associates	$ 224	$ 1,634

The transactions of the Company and its subsidiaries with related parties and non-related parties are subject to the terms and conditions agreed upon by both parties. The receivables to the related parties are due 90 days after the date of shipment, made on a monthly basis.

B. Receivables from related parties:

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable:			
Associates	$ 589	$ 601	$ 14,717

C. Loans to /from related parties:

(a) Loans to related parties:

i. Outstanding balance:

	March 31, 2016	December 31, 2015	March 31, 2015
Associates	$ 29,082	$ 51,287	$ -

ii. Interest income

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Associates	$ 220	$ -

The loans to associates are repayable monthly over 1 years and carry interest at 2% and 2% per annum for the years ended December 31, 2016 and 2015, respectively.

(2) Key management compensation

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Payroll and Salaries and other short-term employee benefits	$ 12,832	$ 6,446
Post-employment benefits	360	425
Total	$ 13,192	$ 6,871

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

	Book value			
Pledged asset	March 31, 2016	December 31, 2015	March 31, 2015	Purpose
Time deposits (shown as “other current assets”)	$ 60,296	$ 72,396	$ 23,875	Exercise guarantee for construction
Time deposits (shown as “other non-current assets”)	36,649	36,850	53,243	Exercise guarantee for construction and customs deposit
Property, plant and equipment	425,707	428,546	437,112	Long-term borrowings
	$ 522,652	$ 537,792	$ 514,230	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingent liabilities

None.

(2) Unrecognized contract commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

None.

B. Operating lease commitments: please refer to note 6(27).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

No significant change was made during the three-month period ended March 31, 2016. For more information, please refer to note 12 in the Group's consolidated financial statements for the year ended December 31, 2015.

(2) Financial instruments

A. Fair value information of financial instruments

No significant change was made during the three-month period ended March 31, 2016. For more information, please refer to note 12 in the Group's consolidated financial statements for the year ended December 31, 2015.

B. Financial risk management policies

No significant change was made during the three-month period ended March 31, 2016. For more information, please refer to note 12 in the Group's consolidated financial statements for the year ended December 31, 2015.

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015, except for the items explained below:

(a) Market risk

Foreign exchange risk

i . The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 25,257	32.185	$ 812,911
JPY:NTD	159,211	0.2863	45,582
RMB:NTD	4,817	4.972	23,949
SGD:NTD	484	23.85	11,553
USD: RMB	5,336	6.4733	171,740
Non-monetary items: None			

	March 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial liability			
Monetary items			
USD:NTD	$ 35,725	32.185	$ 1,149,812
JPY:NTD	179,440	0.2863	51,374
RMB:NTD	740	4.972	3,677
EUR:NTD	17	36.51	630
USD: RMB	308	6.4733	9,919
Non-monetary items :None			

	December 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 22,776	32.825	$ 747,635
JPY:NTD	189,869	0.2727	51,777
RMB:NTD	4,904	4.995	24,498
SGD:NTD	247	23.25	5,739
USD: RMB	4,743	6.5716	155,685
Non-monetary items :None			
Financial liability			
Monetary items			
USD:NTD	$ 8,838	32.825	$ 290,103
JPY:NTD	244,517	0.2727	66,680
RMB:NTD	165	4.995	823
EUR:NTD	42	35.88	1,489
USD: RMB	228	6.5716	7,492
Non-monetary items :None			

	March 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 27,152	31.30	$ 849,858
JPY:NTD	98,733	0.2604	25,710
RMB:NTD	5,852	5.044	29,517
SGD:NTD	1,228	22.76	27,949
USD: RMB	2,134	6.2054	66,779
Non-monetary items :None			

	March 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial liability			
Monetary items			
USD:NTD	$ 3,754	31.30	$ 117,500
JPY:NTD	222,647	0.2604	57,977
RMB:NTD	52	5.044	262
EUR:NTD	115	33.65	3,870
USD: RMB	3,921	6.2054	122,718
Non-monetary items :None			

ii . The unrealized exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2016 and 2015, amounted $6,714 and $9,776, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the three-month period ended March 31, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 8,129	$ -
JPY:NTD	1%	456	-
RMB:NTD	1%	239	-
SGD:NTD	1%	116	-
USD: RMB	1%	1,717	-
Financial liability			
Monetary items			
USD:NTD	1%	$ 11,498	$ -
JPY:NTD	1%	514	-
RMB:NTD	1%	37	-
EUR:NTD	1%	6	-
USD: RMB	1%	99	-

	For the three-month period ended March 31, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 8,499	$ -
JPY:NTD	1%	257	-
RMB:NTD	1%	295	-
SGD:NTD	1%	279	-
USD: RMB	1%	668	-
Financial liability			
Monetary items			
USD:NTD	1%	$ 1,175	$ -
JPY:NTD	1%	580	-
RMB:NTD	1%	3	-
EUR:NTD	1%	39	-
USD: RMB	1%	1,227	-

Price risk

(i). The Group’s investments in financial assets at fair value through profit or loss mainly were beneficiary certificates. The prices of financial instruments would change due to the change of the future value of investment companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2016 and 2015 would have increased/decreased by $540 and $408, respectively.

(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 three-month periods ended March 31, 2016 and 2015 would have increased/decreased by $167 and $346, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

The Group’s interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the periods ended March 31, 2016 and 2015, the Group’s borrowings at variable rate were denominated in the NTD, USD. If the interest rate had increased/decreased by 1%, the amount of cash flow out for the three-month periods ended March 31, 2016 and 2015 would have increased/decreased by $5,643 and $4,864, respectively.

(b) Liquidity risk

i . Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, beneficiary certificates and No active market of debt securities investment (Later than three mouth but not later than one years of deposit account) , choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at March 31, 2016, December 31, 2015 and March 31, 2015, the Group held money market position of $1,520,339 and $1,457,163 and $1,672,841, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

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. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

March 31, 2016	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 272,817	$ 133,505	$ -	$ -	$ -
Accounts payable	456,837	394,465	-	121,620	-
Other payables	126,781	87,682	100	-	-
Long-term borrowings (including current portion)	8,032	24,004	31,763	259,679	19,694

Non-derivative financial liabilities:

December 31, 2015	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 144,988	$ 213,294	$ -	$ -	$ -
Accounts payable	382,731	310,778	-	168,059	-
Other payables	202,347	95,350	-	-	-
Long-term borrowings (including current portion)	8,149	24,355	32,193	266,083	21,909

Non-derivative financial liabilities:

March 31, 2015	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 171,019	$ 47,576	$ -	$ -	$ -
Accounts payable	387,345	261,935	-	150,778	-
Other payables	112,089	49,521	17	3	-
Long-term borrowings (including current portion)	8,279	24,741	32,687	284,296	28,290

Derivative financial liabilities:

March 31, 2016	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Financial liabilities at fair value through profit or loss	$ 56	$ 1,050	$ -	$ -	$ -

Derivative financial liabilities:

December 31, 2015	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Financial liabilities at fair value through profit or loss	$ 294	$ 3,110	$ -	$ -	$ -

Derivative financial liabilities:

March 31, 2015	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Financial liabilities at fair value through profit or loss	$ -	$ 390	$ -	$ -	$ -

(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. The fair value of the Group's investment in listed stocks, beneficiary certificates, is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

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 March 31, 2016, December 31, 2015 and March 31, 2015 is as follows:

March 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 54,029	$ -	$ -	$ 54,029
Available-for-sale financial assets				
Equity securities	47	14,210	2,455	16,712
Total	$ 54,076	$ 14,210	$ 2,455	$ 70,741
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ -	$ 1,106	$ -	$ 1,106

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 54,241	$ -	$ -	$ 54,241
Available-for-sale financial assets				
Equity securities	47	16,525	2,455	19,027
Total	$ 54,288	$ 16,525	$ 2,455	$ 73,268
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ -	$ 3,404	$ -	$ 3,404

March 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 40,791	$ -	$ -	$ 40,791
Available-for-sale financial assets				
Equity securities	-	30,093	4,474	34,567
Total	$ 40,791	$ 30,093	$ 4,474	$ 75,358
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ -	$ 390	$ -	$ 390

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.

(e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(f) The Group takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. E&R Engineering corp. has been listed in the Taiwan Stock Exchange/ on the Taipei Exchange from June 2015, therefore, the Group has transferred the fair value form Level 2 to Level 1 at the end of month when the event occurred.

F. The following chart is the financial instruments movement of Level 3 for the three-month periods ended March 31, 2016 and 2015:

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
	equity instrument	equity instrument
At January 1	$ 2,455	$ 9,105
Sold in the period	-	(4,631)
At March 31	$ 2,455	$ 4,474

G. For the three-month periods ended March 31, 2016 and 2015, there was no transfer into or out from Level 3.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorized 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:

	March 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 2,519	Market comparable companies	Price to book ratio multiple	1.15~1.17	The higher the multiple, the higher the fair value

	December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 2,350	Market comparable companies	Price to book ratio multiple	1.16~1.18	The higher the multiple , the higher the fair value

	March 31, 2015	Valuation technique	Significant unobservable input	Range(weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 5,600	Market comparable companies	Price to book ratio multiple	1.61~1.63	The higher the multiple , the higher the fair value

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

			March 31, 2016			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 26	($ 25)

			December 31, 2015			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 25	($ 22)

			March 31, 2015			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 62	($ 51)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

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

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paidin capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

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.

There is no material change in the Group’s segment, classified basis and measurement of segment information.

(2) Information about segment

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

For the three-month period ended March 31, 2016

	Gallant Precision Machining Co., Ltd	Gallant-Rapid Corporation Ltd.	Gallant Micro. Machining Co., Ltd.	Gallant Precision Machinery (BVI)Ltd.	Other	elimination	Amount
Revenue from external customers	$ 370,700	$ 8,524	$ 214,929	$ -	$ 12,876	$ -	$ 607,029
Inter-segment revenue	$ 4,601	$ 30,636	$ 59,515	$ -	$ -	$ -	$ 94,752
Segment income	$ 32,208	($ 23,857)	$ 31,351	$ 1,707	($ 4,953)	$ 10,706	$ 47,162
Total segment assets	$ 4,185,162	$ 339,291	$ 1,288,465	$ 409,113	$116,625	($ 1,351,189)	$4,987,467

For the three-month period ended March 31, 2015

	Gallant Precision Machining Co., Ltd	Gallant-Rapid Corporation Ltd.	Gallant Micro. Machining Co., Ltd.	Gallant Precision Machinery (BVI)Ltd.	Other	elimination	Amount
Revenue from external customers	$ 418,215	$ 58,619	$ 206,291	$ -	$ 3,303	$ -	$ 686,428
Inter-segment revenue	$ 15,058	$ 3,078	$ 42,540	$ -	$ 2,425	$ -	$ 63,101
Segment income	$ 28,937	($ 4,012)	$ 48,390	$ 2,967	($ 2,309)	($ 23,378)	$ 50,595
Total segment assets	$ 3,767,175	$ 409,085	$ 1,821,545	$ 404,669	$ 97,659	($ 1,974,805)	$4,525,328

(3) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the three-month periods ended March 31, 2016 and 2015 is provided as follows:

	For the three-month period ended March 31, 2016	For the three-month period ended March 31, 2015
Reportable segments income/(loss)	$ 41,409	$ 76,282
Other segments income/(loss)	(4,953)	(2,309)
Total segments	36,456	73,973
Other	10,706	(23,378)
Income/(loss) before tax from continuing operations	$ 47,162	$ 50,595

A. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements.

A reconciliation of assets of reportable segment and total assets is as follow:

	March 31, 2016	March 31, 2015
Assets of reportable segments	$ 6,222,031	$ 6,402,474
Assets of other operating segments	116,625	97,659
Total segments	6,338,656	6,500,133
Elimination of intersegment assets	(1,351,189)	(1,974,805)
Total assets	$ 4,987,467	$ 4,525,328

Table 1

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

FINANCINGS PROVIDED

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral Item	Collateral Value	Financing Limits for Each Borrowing Company(Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Footnote
0	Gallant Precision Machining Co., Ltd	Sunengine Co., Ltd.	Other receivables -related parties	Y	$ 88,363	$ 88,046	$ 29,082	Not less than2%	Short-term financing	-	Operating need	-	None	-	$ 235,189	$ 940,756	

Note1 : The subsidiaries of the Company are in accordance with the “Procedures for Provision of Loans”：

(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.

(2) The need for short-term financing: The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Table 2

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party(Note1)	Maximum Balance for the Period Party(Note1)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Footnote
		Name	Nature of Relationship											
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Machinery (BVI)Ltd.	Subsidiary	$ 470,378	$ 50,175	$ 48,278	$ -	$ -	2.05	$ 1,175,945	Y	N	N	
0	Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Subsidiary	470,378	228,278	228,278	12,503	-	9.71	1,175,945	Y	N	N	

Note1: Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

Note2: Limits on endorsement/ guarantee amount is based on the amount of the endorsement/ guarantee contract or notes were signed between guaranteed party and financial institutions.

Table 3

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

MARCH 31, 2016

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	March 31, 2016				Footnote
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Gallant Precision Machining Co., Ltd.	Power Fund	-	Financial assets at fair value through profit or loss-current	506,928	$ 36,929	-	$ 37,044	
Gallant Precision Machining Co., Ltd.	E&R Engineering corp.	-	Available-for-sale financial assets	10,000	47	0.02	173	
Gallant Precision Machining Co., Ltd.	Unicon Optical Co., Ltd.	-	Available-for-sale financial assets	1,071,657	14,210	1.20	14,210	
Gallant Precision Machining Co., Ltd.	Solar CIGS Group Holdings Co., Ltd.	-	Financial assets carried at cost - noncurrent	30,000,000	-	11.91	-	
Gallant-Rapid Corpration Ltd.	Phoenix Pioneer Technology Co., Ltd.	-	Financial assets carried at cost – noncurrent	2,142,000	29,988	1.34	-	
King Mechatronics Co., Ltd.	POWER EVER ENTFRPRISES LIMITED	-	Financial assets carried at cost - noncurrent	624,726	36,431	10.00	-	
APEX-I International Co., Ltd.	RSIT Marbo Monetary Market Fund	-	Financial assets at fair value through profit or loss -current	681,311	8,065	-	8,065	
APEX-I International Co., Ltd.	Jihsun Monetary Market Fund	-	Financial assets at fair value through profit or loss-current	617,313	9,035	-	9,035	
APEX-I International Co., Ltd.	Shinyu Light Co., Ltd.	-	Available-for-sale financial assets	286,891	2,455	3.82	2,519	

Table 4

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

				Intercompany Transactions			
No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets(Note 3)
0	Gallant Precision Machining Co., Ltd	Gallant Precision Industries (Suzhou) Co., Ltd.	1	Accounts payable	$ 27,062	subject to the terms and conditions agreed upon by both parties	0.54
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	3	Accounts payable	15,998	subject to the terms and conditions agreed upon by both parties	0.32
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	3	Accounts receivable	12,244	subject to the terms and conditions agreed upon by both parties	0.25
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	3	Sales	10,541	subject to the terms and conditions agreed upon by both parties	1.74
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	3	Purchases	17,067	subject to the terms and conditions agreed upon by both parties	2.81
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Accounts payable	75,608	subject to the terms and conditions agreed upon by both parties	1.52
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Purchases	28,274	subject to the terms and conditions agreed upon by both parties	4.66

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:
(1) The Company to the consolidated subsidiaries.
(2) The consolidated subsidiaries to the Company.
(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: The information only disclosing for the amount of transactions are more than $10,000 and counter parties shall not disclose.

Table 5

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2016			Net Income (Losses) of the Investee	Share of Profits/ Losses of Investee	Footnote
				March 31, 2016	December 31,2015	Shares	Percentage of Ownership	Carrying Value			
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	British Virgin Islands	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	$ 360,229	$ 360,229	10,560,000	100.00	$ 260,791	($ 23,857)	($ 23,857)	
Gallant Precision Machining Co., Ltd.	Gallant Precision Machinery (BVI)Ltd.	British Virgin Islands	Investment Gallant Precision Machinery（Xiamen）Co., Ltd.	660,858	660,858	20,300,000	100.00	406,333	1,707	1,707	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Taiwan	Marketing and selling of process equipment of LCD and related parts.	42,824	42,824	6,212,000	94.12	57,241	(4,834)	(4,550)	
Gallant Precision Machining Co., Ltd.	Chun-Zhun Enterprise Corpration Ltd.	British Virgin Islands	Investing in Gallant Technology (Shenzhen) Co., Ltd. and Chun-Zhun Precision Machining (Guang Zhou Nan Sha) Corporation	125,671	125,671	3,576,000	100.00	14,555	(119)	(119)	
Gallant Precision Machining Co., Ltd.	Sunengine Co., Ltd.	Taiwan	Manufacturing and selling of battery and energy technology services business	366,877	366,877	22,748,958	37.84	235,950	3,138	1,188	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor related equipment and parts	420,218	420,218	17,200,750	69.45	587,895	23,200	16,112	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co. , Ltd.	British Virgin Islands	Investment Gallant Micro. Machining (Suzhou) Co., Ltd.	393,508	393,508	2,780,645	100.00	604,667	6,623	-	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining(Malaysia) Sdn. Bhd.	Malaysia	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	3,992	3,992	500,000	100.00	3,538	(163)	-	

Note: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Table 6

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of March 31, 2016	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of March 31, 2016	Accumulated Inward Remittance of Earnings as of March 31, 2016	Footnote
Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	$ 203,409	(2).A	$ 168,682	$ -	$ -	$ 168,682	($ 17,541)	100.00	($ 17,541)	$ 197,189	$ -	Note3- 2.C
Gallant Precision Machinery（Xiamen）Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	614,734	(2).B	614,734	-	-	614,734	1,725	100.00	1,725	406,931	-	Note3- 2.C
Gallant Technology (Shenzhen) Co., Ltd.	Manufacturing of medical and mechanical related equipment	67,138	(2).C	67,138	-	-	67,138	(112)	100.00	(112)	14,189	-	Note3- 2.C
CHUN-ZHUN Precision Machining(Guang Zhou Nan Sha)Corporation	-	-	(2).C	52,365	-	-	52,365	-	-	-	-	-	Note3- 2.C
Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	146,442	(2).D	61,152	-	-	61,152	6,888	69.45	4,784	567,628	-	Note3- 2.B
Hitachi Zosen GPM Technology（Suzhou）Co., Ltd.	Manufacturing and selling of kinds of film forming system, filling and packaging system and related services.	188,936	(3)	-	-	-	-	(6,408)	30.00	(1,922)	16,958	-	Note3- 2.C
Gallant International Trading Co., Ltd.	Engaged in selling of mechanical equipment	14,916	(3)	-	-	-	-	(1,042)	100.00	(1,042)	14,846	-	Note3- 2.C
Shaoxing PushKang Biotechnology Co., Ltd.	Engaged in R&D and consulting services of biotechnology as well as R&D and selling laboratory equipment.	35,525	(3)	-	-	-	-	(7,470)	30.02	(2,243)	18,360	-	Note3- 2.C
Suzhou Jianmeifu Optical Co., Ltd.	Engaged in wholesale and retail of contact lenses and related care products	9,944	(3)	-	-	-	-	(1,669)	100.00	(1,669)	6,336	-	Note3- 2.C

Investee Company	Accumulated Investment in Mainland China as of March 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Gallant Precision Machining Co., Ltd.	$ 902,919	$ 1,152,963	$ 1,411,134
Gallant Precision Machining Co., Ltd.	$ 61,152	$ 61,152	$ 507,903

Note1: The amounts of paid-in capital and accumulated beginning and ending balance have translated to New Taiwan Dollars at the closing exchange rate.

Note2: There are three methods of investment as follows

(1) Directly invest in Mainland China.

(2) Indirectly invest in Mainland China.

A. Through investing in an existing company in the third area, which then invested in investee in Mainland China: Invest through Gallant-Rapid Corporation Ltd. and then invest in Mainland China.

B. Through investing in an existing company in the third area, which then invested in investee in Mainland China: Invest through Gallant Precision Machinery (BVI) Ltd. and then invest in Mainland China.

C. Through investing in an existing company in the third area, which then invested in investee in Mainland China: Invest through Chun-Zhun Enterprise Corporation Ltd. and then invest in Mainland China.

D. Through investing in an existing company in the third area, which then invested in investee in Mainland China: Invest through King Mechatronics Co., Ltd. and then invest in Mainland China.

(3) Others.

Note3: Share of Profits/Losses recognized for the year ended December, 2015:

(1) No investment income (loss) recognition.

(2) There are three basis for investment income (loss) recognition.

A. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by R.O.C. parent company's CPA.

C. Others (The basis for investment income (loss) recognition is from the non-audited financial statements prepared by the investees.

GALLANT PRECISION MACHINING CO., LTD AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA (SIGNIFICANT TRANSACTIONS CONDUCTED WITH INVESTEES IN MAINLAND CHINA DIRECTLY OR INDIRECTLY THROUGH OTHER COMPANIES IN THE THIRD AREAS)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Sales		Purchases			Provision of Endorsements/ Guarantees or Collaterals		Financing				
Investee Company	Amount	%	Amount	%	Ending Balance	Ending Balance	Purpose	Maximum balance	Ending Balance	Interest Rate	Interest expense	Other
Gallant Precision Industries (Suzhou) Co., Ltd.	$ -	-	$ 9,340	1.54	$ 1,146	-	-	-	-	-	-	-
Gallant Micro. Machining (Suzhou) Co., Ltd.	-	-	17,067	2.81	-	-	-	-		-	-	-