

**(English Translation of Financial Report Originally Issued  
in Chinese )**

**EMERGING DISPLAY TECHNOLOGIES CORP. AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**December 31, 2015 and 2014**

**(With Independent Auditors' Report Thereon)**

**Address: No. 5, Central 1st Rd., Kaohsiung Export Processing  
Zone, Kaohsiung, Taiwan, R.O.C.  
Telephone: 886-7-812-4832**

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## Independent Auditors' Report

The Board of Directors  
Emerging Display Technologies Corp.

We have audited the accompanying consolidated balance sheets of Emerging Display Technologies Corp. (the Company) and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the year 2014 financial statements of EDT-Europe ApS, which reflect the total assets of \$8,920 thousand representing 0.25% of the Company's consolidated total assets as of December 31, 2014 and which reflect the net sales of \$278 thousand, representing 0.01% of the Company's consolidated net sales for 2014. The year 2014 financial statements of EDT-Europe ApS were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts above, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Emerging Display Technologies Corp. and subsidiaries as of December 31, 2015 and 2014 and the results of their consolidated operations and consolidated cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standard, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

We have also audited the standalone balance sheets of Emerging Display Technologies Corp. as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and 2014, on which we have issued modified unqualified audit report.

KPMG  
CPA: Potree Yang and David Chen  
Kaohsiung, Taiwan, R.O.C.  
March 10, 2016

### Note to Reader

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with the International Financial Reporting Standards approved by the R.O.C. Financial Supervisory Commission and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2015 and 2014**

(expressed in thousands of New Taiwan dollars)

ASSETS	2015.12.31		2014.12.31		LIABILITIES AND EQUITY	2015.12.31		2014.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS:</b>					<b>CURRENT LIABILITIES:</b>				
Cash and cash equivalent (Note 6(a))	\$ 963,257	26	767,063	22	Short-term loans (Notes 6(m) and 8)	\$ 599,286	16	30,631	1
Financial assets at fair value through profit or loss (Note 6(b))	50,130	1	61,642	2	Notes payable	3,193	-	3,823	-
Available-for-sale financial assets—current (Note 6(c))	614,734	16	490,603	14	Accounts payable	365,174	10	400,258	11
Bond investments without active market-current (Notes 6(d) and 8)	1,014	-	1,005	-	Other payables (Note 6(p))	271,943	7	230,574	7
Accounts receivable, net (Note 6(f))	454,735	12	432,224	12	Current tax liabilities (Note 6(q))	1,463	-	2,960	-
Other receivables (Note 6(f))	18,082	1	15,984	-	Long-term loans, current portion (Note 6(n) and 8)	72,800	2	72,800	2
Current tax assets (Note 6(q))	2,601	-	1,322	-	Other current liabilities	25,135	1	21,205	1
Inventories (Note 6(g))	830,814	22	840,780	24	<b>Total current liabilities</b>	<b>1,338,994</b>	<b>36</b>	<b>762,251</b>	<b>22</b>
Other current assets (Note 6(l))	33,410	1	26,106	1	<b>NONCURRENT LIABILITIES :</b>				
<b>Total current assets</b>	<b>2,968,777</b>	<b>79</b>	<b>2,636,729</b>	<b>75</b>	Long-term loans (Notes 6(n) and 8)	218,400	6	564,200	16
<b>NONCURRENT ASSETS:</b>					Deferred tax liabilities (Note 6(q))	2,539	-	3,315	-
Financial assets carried at cost-noncurrent (Note 6(e))	185,000	5	185,000	5	Net Defined Benefit liabilities-noncurrent (Note 6(p))	84,771	2	87,162	2
Property, plant and equipment (Notes 6(i) and 8)	537,810	14	613,560	17	Other non-current liabilities, others	160	-	171	-
Investment Property (Notes 6(j) and 8)	17,407	1	17,768	1	<b>Total noncurrent liabilities</b>	<b>305,870</b>	<b>8</b>	<b>654,848</b>	<b>18</b>
Intangible assets (Note 6(k))	3,525	-	2,957	-	<b>Total liabilities</b>	<b>1,644,864</b>	<b>44</b>	<b>1,417,099</b>	<b>40</b>
Deferred tax assets (Note 6(q))	38,751	1	82,773	2	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note (r)) :</b>				
Prepayments on purchase of equipment	-	-	854	-	Capital stock	2,149,076	57	2,261,076	64
Other non-current financial assets (Notes 6(d) and 6(f))	9,663	-	10,051	-	Capital surplus	27,955	1	6,294	-
<b>Total noncurrent assets</b>	<b>792,156</b>	<b>21</b>	<b>912,963</b>	<b>25</b>	Accumulated deficit	216,937	6	(56,128)	(2)
					Other equity interest	(99,001)	(3)	(36,892)	(1)
					Treasury shares	(259,140)	(7)	(122,282)	(3)
					Total equity attributable to shareholders of parent	2,035,827	54	2,052,068	58
					Non-controlling interests	80,242	2	80,525	2
					<b>Total equity</b>	<b>2,116,069</b>	<b>56</b>	<b>2,132,593</b>	<b>60</b>
<b>TOTAL</b>	<b>\$ 3,760,933</b>	<b>100</b>	<b>3,549,692</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 3,760,933</b>	<b>100</b>	<b>3,549,692</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2015 and 2014**

**(expressed in thousands of New Taiwan dollars)**

	<b>2015</b>		<b>2014</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Operating revenue (Note 6(t))</b>	\$ 3,476,757	100	3,919,890	100
<b>Operating cost (Note 6(g&amp;p))</b>	<u>2,782,848</u>	<u>80</u>	<u>3,352,174</u>	<u>85</u>
<b>Gross profit</b>	<u>693,909</u>	<u>20</u>	<u>567,716</u>	<u>15</u>
<b>Operating expenses (Note 6(p)):</b>				
Selling expenses	213,551	6	227,503	6
General and administrative expenses	146,175	4	141,804	4
Research and development expenses	<u>100,149</u>	<u>3</u>	<u>85,101</u>	<u>2</u>
	<u>459,875</u>	<u>13</u>	<u>454,408</u>	<u>12</u>
<b>Net other income (Note 6(v))</b>	<u>1,094</u>	<u>-</u>	<u>1,094</u>	<u>-</u>
<b>Operating profit</b>	<u>235,128</u>	<u>7</u>	<u>114,402</u>	<u>3</u>
<b>Non operating income and expenses (Note 6(w)):</b>				
Other income	19,137	-	18,753	-
Other gains and losses, net	79,015	2	99,572	3
Finance costs, net	<u>(16,136)</u>	<u>-</u>	<u>(19,572)</u>	<u>-</u>
	<u>82,016</u>	<u>2</u>	<u>98,753</u>	<u>3</u>
<b>Profit before tax</b>	317,144	9	213,155	6
<b>Total tax expense (Note 6(q))</b>	<u>50,507</u>	<u>1</u>	<u>43,162</u>	<u>1</u>
<b>Net profit</b>	<u><b>266,637</b></u>	<u><b>8</b></u>	<u><b>169,993</b></u>	<u><b>5</b></u>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Remeasurements from defined benefit plans (Note 6(p))	794	-	(3,385)	-
Income tax related to items that will not be reclassified subsequently	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>794</u>	<u>-</u>	<u>(3,385)</u>	<u>-</u>
<b>Items that will be reclassified into profit or loss:</b>				
Foreign currency translation difference (Note 6(r))	1,316	-	8,448	-
Unrealized gain (loss) on available-for-sale financial assets (Note 6(x))	(66,938)	(2)	4,220	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(q))	<u>(2,570)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(63,052)</u>	<u>(2)</u>	<u>12,668</u>	<u>-</u>
<b>Other comprehensive income, net</b>	<u>(62,258)</u>	<u>(2)</u>	<u>9,283</u>	<u>-</u>
<b>Comprehensive income</b>	<u><b>\$ 204,379</b></u>	<u><b>6</b></u>	<u><b>179,276</b></u>	<u><b>5</b></u>
<b>Profit (loss) attributable to:</b>				
Shareholders of parent	\$ 265,977	8	170,881	5
Non-controlling interests	<u>660</u>	<u>-</u>	<u>(888)</u>	<u>-</u>
	<u><b>\$ 266,637</b></u>	<u><b>8</b></u>	<u><b>169,993</b></u>	<u><b>5</b></u>
<b>Comprehensive income (loss) attributable to:</b>				
Shareholders of parent	\$ 204,662	6	180,021	5
Non-controlling interests	<u>(283)</u>	<u>-</u>	<u>(745)</u>	<u>-</u>
	<u><b>\$ 204,379</b></u>	<u><b>6</b></u>	<u><b>179,276</b></u>	<u><b>5</b></u>
<b>Earnings per share (Note 6(s))(expressed in New Taiwan dollars)</b>				
Basic earnings per share	<u><b>\$ 1.25</b></u>		<u><b>0.79</b></u>	
Diluted earnings per share	<u><b>\$ 1.24</b></u>		<u><b>0.79</b></u>	

See accompanying notes to consolidated financial statements.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Stockholders' Equity**

**For the years ended December 31, 2015 and 2014**

(expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of parent								
	Common stock	Capital surplus	Retained earnings	Other equity interest		Treasury stock	Total equity attributable to Shareholders of parent	Non-controlling interests	Total Equity
				Foreign currency translation differences	Unrealized gain(loss) on available-for-sale financial assets				
<b>Balance as of January 1, 2014</b>	\$ 2,261,076	6,294	(223,624)	(140)	(49,277)	(122,282)	1,872,047	81,270	1,953,317
Net profit in 2014	-	-	170,881	-	-	-	170,881	(888)	169,993
Other comprehensive income in 2014	-	-	(3,385)	8,273	4,252	-	9,140	143	9,283
Total comprehensive income in 2014	-	-	167,496	8,273	4,252	-	180,021	(745)	179,276
<b>Balance as of December 31, 2014</b>	2,261,076	6,294	(56,128)	8,133	(45,025)	(122,282)	2,052,068	80,525	2,132,593
Net profit in 2015	-	-	265,977	-	-	-	265,977	660	266,637
Other comprehensive income in 2015	-	-	794	1,399	(63,508)	-	(61,315)	(943)	(62,258)
Total comprehensive income in 2015	-	-	266,771	1,399	(63,508)	-	204,662	(283)	204,379
Capital surplus used to offset deficit	-	(6,294)	6,294	-	-	-	-	-	-
Repurchase of treasury stock	-	-	-	-	-	(220,903)	(220,903)	-	(220,903)
Cancellation of treasury stock	-	27,955	-	-	-	84,045	-	-	-
<b>Balance as of December 31, 2015</b>	<b>\$ 2,149,076</b>	<b>27,955</b>	<b>216,937</b>	<b>9,532</b>	<b>(108,533)</b>	<b>(259,140)</b>	<b>2,035,827</b>	<b>80,242</b>	<b>2,116,069</b>

See accompanying notes to consolidated financial statements.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows For the years ended December 31, 2015 and 2014 (expressed in thousands of New Taiwan dollars)

	2015	2014
Cash flows from operating activities:		
Profit before tax	\$ 317,144	213,155
Adjustments :		
Income and expenses having no effect on cash flows:		
Depreciation expense	128,508	191,419
Amortization expense	970	946
Provision for bad debt expense	(1,147)	19,641
Net gain on financial assets or liabilities at fair value through profit or loss	(9,430)	(3,722)
Interest expense	16,136	19,572
Interest income	(4,991)	(7,355)
Dividend income	(13,756)	(8,637)
Gain on disposal of property, plant and equipment	(844)	(1,505)
Gain on disposal of investments	(20,362)	(35,707)
Unrealized foreign exchange loss (gain)	(23,857)	(23,716)
Total adjustments to reconcile profit (loss)	71,227	150,936
<b>Changes in operating assets and liabilities</b>		
Net changes in operating assets:		
Financial assets held for trading	-	11,896
Accounts receivable	(9,045)	196,121
Other receivable	(2,340)	13,798
Inventories	15,618	59,669
Other current assets	(8,906)	(886)
Total net changes in operating assets	(4,673)	280,598
Net changes in operating liabilities:		
Financial liabilities held for trading	-	(9,872)
Notes payable	(631)	2,069
Accounts payable	(38,292)	(131,243)
Other payables	31,466	11,228
Other current liabilities	3,138	(21,549)
Net defined benefit liability	(1,597)	(1,759)
Other operating liabilities	(11)	(137)
Total net changes in operating asset and liabilities	(5,927)	(151,263)
<b>Total adjustments</b>	60,627	280,271
<b>Cash generated from operating activities</b>	377,771	493,426
Interest received	5,395	7,394
Dividends received	13,756	8,637
Interest paid	(14,830)	(17,215)
Income taxes paid	(7,387)	(5,296)
<b>Net cash flows from operating activities</b>	374,705	486,946
Cash flows from investing activities:		
<b>Acquisition of financial assets designated upon initial recognition as at fair value through profit or loss</b>	(105,639)	-
Proceed from disposal of financial assets designated upon initial recognition as at fair value through profit or loss	126,581	2,408
Acquisition of available-for-sale financial assets	(528,132)	(718,798)
Proceeds from disposal of available-for-sale financial assets	357,426	468,947
Acquisition of bond investments without active market	(9)	-
Proceed of disposal of bond investments without active market	-	9,325
Acquisition of property, plant and equipment	(44,211)	(48,663)
Proceeds from disposal of property, plant and equipment	1,152	1,629
Acquisition of intangible assets	(1,538)	(769)
Decrease (increase) in other financial assets	281	1,004
Increase in prepayments on purchase of equipment	(7,319)	(8,474)
<b>Net cash used in investing activities</b>	(201,408)	(293,391)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	568,655	(160,859)
Repayments of long-term loans	(345,800)	(23,000)
Treasury stock acquired	(209,804)	-
<b>Net cash provided by (used in) financing activities</b>	13,051	(183,859)
Effects of changes in foreign exchange rates	9,846	10,938
<b>Net increase in cash and cash equivalents</b>	196,194	20,634
<b>Cash and cash equivalents at beginning of year</b>	767,063	746,429
<b>Cash and cash equivalents at end of year</b>	\$ 963,257	767,063

See accompanying notes to consolidated financial statements

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

For the years ended December 31, 2015 and 2014

(all amounts expressed in thousands of New Taiwan dollars, unless otherwise specified)

### (1) Organization and Business Scope

Emerging Display Technologies Corp. (the Company) was incorporated as a limited liability company under the laws of the Republic of China (ROC) on September 23, 1994. The address of its registered office and principal place of business is No.5, Central 1st Rd, Kaohsiung Economic Processing Zone, Kaohsiung City, Taiwan. The Consolidated financial statements of Emerging Display Technologies Corp. as of and for the years ended December 31, 2016 and 2015 comprise Emerging Display Technologies Corp. and its subsidiaries (the Group). The Group is engaged in the manufacture and sale of Capacity Touch Panel and liquid crystal displays (LCDs).

### (2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 10, 2016.

### (3) Application of New and Revised International Financial Reporting Standards and Interpretations

(a) The impact that adopted New Standards and Interpretations issued and endorsed by the Financial Supervisory Commissions R.O.C. (“FSC”) but not yet in effect.

In accordance with Rule No. 1030010325 issued by the Financial Supervisory Commission (“FSC”) on April 3, 2015, companies listed for trading on the stock exchange or over-the-counter market or for registration as emerging stock should adopt the 2014 IFRSs (excluding IFRS 9 Financial Instruments) endorsed by the FSC beginning in 2015. The new standards, amendments and interpretations which were announced by the International Accounting Standard Board (“IASB”) are as follows:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
Amended IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010
Amended IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amended IFRS 1 “Government Loans”	January 1, 2013
Amended IFRS 7 “Disclosures—Transfers of Financial Assets	July 1, 2011
Amended IFRS 7 “Disclosures—Derecognition of Financial Assets and Financial Liabilities”	January 1, 2013
IFRS 10 “Consolidated Financial Statements”	January 1, 2013 (effective date for investment entity will be January 1, 2014)
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amended to IAS 1 “Presentation of Items of Other Comprehensive Income”	July 1, 2012
Amended IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
Amendment to IAS 19 “Employee Benefits”	January 1, 2013
Amendment to IAS 27 “Separate Financial Statement”	January 1, 2013



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amended IAS 32 “Financial Assets and Liabilities Offsetting”	January 1, 2014
IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”	January 1, 2013

After the evaluation, the Group believes that applying the 2013 IFRSs will not cause any significant changes in the consolidated financial statements, except for the following:

1. IAS 1 “Presentation of Financial Statements”

The primary amendment of IAS 1 requires profit or loss and other comprehensive income to be presented together. It also requires entities to group items presented in other comprehensive income based on whether they are potentially reclassified to profit or loss subsequently, as well as all tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items. The Group follows the amendment of IAS 1 to present its comprehensive income statement and the comparison period had been presented accordingly.

2. IFRS 12 “Disclosure of Interests in Other Entities”

The Group will disclose the information regarding subsidiaries (Please refer to Note 6(h)).

3. IFRS 13 “Fair Value Measurement ”

IFRS 13 establishes a single source of guidance for fair value measurement and disclosures about fair value measurement. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurement. The Company has disclosed the additional fair value information in accordance with the amendments (please refer to Note 6(y)), and postponed the application of the standard to measure the fair value by following the transitional requirement. There is no need to provide the comparative-period information for newly disclosed items. The measurement requirements of IFRS 13 have been applied since 2015 but there’s no significant effect for the Group’s fair value measurement of assets and liabilities’ items.

(b) IFRSs issued by IASB but not endorsed by FSC

Below summarized the standards that issued by International Accounting Standards but the new issued, amended standards and Interpretations which not yet approved by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IAS</u>
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Effective date to be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Account”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Lease”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IFRS 7 “Disclosure Initiative”	January 1, 2017

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IAS</u>
Amendments to IAS16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
Annual improvement cycle 2010-2012 and 2011-2013	July 1, 2014
International financial report annual improvement 2012-2014	January 1, 2016
IFRIC 21 “Levies”	January 1, 2014

The Group is evaluating the impact on financial position and financial performance of the initial adoption of the above mentioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

#### (4) Summary of Significant Accounting Policies

The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

##### (a) Statement of compliance

These consolidated annual financial statements have prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter, referred to as the IFRS endorsed by the FSC).

##### (b) Basis of preparation

###### (i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following significant items:

1. Financial instruments at fair value through profit or loss are measured at fair value (including derivative financial instruments);
2. Available-for-sale financial assets are measured at fair value;
3. The defined benefit liability is recognized as the present value of the defined benefit obligation, less the fair value measurement of pension fund assets.

###### (ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (c) Basis of consolidation

#### (i) Principle of preparation of the consolidated financial statements

The accompanying consolidated financial statements include the accounts of the Group and all directly owned subsidiaries of the Group. The investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those return through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the Group's control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements. Subsidiaries contribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Financial statements of subsidiaries had been adjusted to use uniform accounting policies as the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

#### (ii) Subsidiaries included in the consolidated financial statements are as follows:

Name of the investor	Name of the Subsidiary	Business Activity	Percentage Ownership		Remarks
			2015.12.31	2014.12.31	
The Company	Emerging Display Technologies Co., U.S.A.	Sale of CTP and LCDs	100%	100%	
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	
The Company	EDT-Europe ApS	Sale of CTP and LCDs	100%	100%	
The Company	Tremendous Explore Corp.	Trading	100%	100%	
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100%	100%	
The Company	EDT-Japan Corp.	Sale of CTP and LCDs	100%	100%	
The Company	Ying Dar Investment Development Corp.	Investment	100%	100%	
The Company	Bae Haw Investment Development Corp.	Investment	100%	100%	
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Name of the investor	Name of the Subsidiary	Business Activity	Percentage Ownership		Remarks
			2015.12.31	2014.12.31	
Emerging Display International (Samoa) Corp	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100%	100%	

(iii) Subsidiaries which are not included in the consolidated financial statements: None.

#### (d) Foreign currency

##### (i) Foreign currency transactions

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

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

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the translation differences of available-for-sale equity instrument which are recognized in other comprehensive income.

##### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustment arising on acquisition, are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary, association or joint venture that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

#### (e) Classification of current and non-current assets and liabilities

An asset is classified as current when:

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

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

All other assets are classified as non-current.

A liability is classified as current when:

1. The liability is expected to be settled in the normal operating cycle;
2. The liability is held primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period even though the refinancing loan is settled or the payment term is renegotiated after the balance sheet date but prior to the report date; or
4. The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

#### **(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations rather than for investment or other purposes should be recognized as cash equivalents.

#### **(g) Financial instruments**

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

##### **(i) Financial assets**

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

##### **1. Financial assets at fair value through profit or loss**

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling or repurchase in the short term. A financial asset that meets one of the following conditions will be designated as measured at fair value through profit or loss:

- a. Such designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or
- b. The financial asset is managed and its performance is evaluated on a fair value basis, or
- c. A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value subsequently, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are accounted for under other gain and loss. A regular way purchase or sale of financial assets is accounted for using trade-date accounting.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Financial assets in this category that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost, less, any impairment losses, and they are classified as financial assets carried at cost.

#### 2. Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, these financial assets are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on monetary assets, are recognized in other comprehensive income and presented under fair value reserve in equity. The corresponding accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is accounted for using trade-date accounting.

Financial assets in this category that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost, less, any impairment losses, and they are classified as financial assets carried at cost.

Dividend income is recognized in profit or loss on the date when the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date; such dividend income is recognized in profit or loss, under other income.

Interest income of bonds investment is recognized in profit or loss, under other income.

#### 3. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables and debt investments without an active market; such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is accounted for using trade-date accounting.

Interest income is recognized in profit or loss, under other income.

#### 4. Impairment of financial assets

A financial asset which is not measured at fair value is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that loss event (or events) has an impact on the future cash flows of the financial assets that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy; adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. Besides, for available-for-sale financial assets, a significant or prolonged decline in the fair value of the equity investment below its cost is also considered to be objective evidence of impairment.

Accounts receivable are assessed for impairment on a collective basis even if there is no objective evidence of impairment individually. Objective evidence of impairment for a portfolio of receivables could include the Corporation and its subsidiaries' past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset carried at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at a similar asset's market rate of return. A subsequent reversal of such impairment loss is not allowed.

The carrying amount of a financial asset is reduced for an impairment loss except for trade receivables, whose impairment loss is reflected through an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amounts of allowance account are recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial instrument is recognized in profit or loss to the extent of the amount of accumulated gain or loss recognized in equity.

If, in a subsequent period, the amount of the impairment loss of a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed and recognized in profit or loss to the extent of the amount of impairment loss recognized in prior years.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and is accumulated in equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed to the extent of the amount of the reversal recognized in profit or loss.

Any subsequent recovery of a written-off receivable is charged to the allowance account. Changes in the allowance account are recognized in profit or loss. Impairment losses and recoveries are recognized in profit or loss under administrative expenses for accounts receivable and other gains and losses for other financial assets.

#### 5. Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when all the risks and rewards of ownership of the financial assets are substantially transferred.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity is recognized in profit or loss, and is included in other gains and losses.

On partial derecognition of a financial asset, the difference between the carrying amount allocated to the part derecognized and the sum of the consideration received or receivable for the part derecognized and any cumulative gain or loss that had been recognized in other comprehensive income shall be recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (ii) Financial liabilities and equity instruments

##### 1. Classification of debt or equity instruments

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

Equity instruments include shares and any other instrument that evidences a residual interest in any entity. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Compound financial instruments issued comprise convertible bonds that can be converted into share capital at the option of the holder when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially based on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated between the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to a financial liability is recognized in profit or loss, and is included in finance costs or other gains or losses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

##### 2. Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or if it is designated as such on initial recognition.

Financial liabilities are classified as held-for-trading if they are acquired principally for the purpose of selling or repurchasing in the short term. A financial liability that meets one of the following conditions will be designated as measured at fair value through profit or loss:

- a. Such designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or
- b. The liability is managed and its performance is evaluated on a fair value basis, or
- c. A hybrid instrument contains one or more embedded derivatives.

Financial liabilities in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value subsequently, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in other gains and losses.

Financial liabilities at fair value through profit or loss measured at cost, which are recognized as "financial liabilities carried at cost", include obligations to deliver equity investments that do not have any quoted price borrowed by a short seller.



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### 3. Other financial liabilities

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

#### 4. Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in other gains and losses.

#### 5. Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when the Group has legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

#### (iii) Derivative financial instruments, including hedge accounting

Derivative financial instruments are held to hedge foreign currency and interest rate exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized as other gains and losses in profit or loss. For hedge derivatives determined to be an effective hedge, the timing of recognition of related gain or loss is determined based on the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, it is classified as a financial liability.

For derivatives links to investments in equity instruments that do not have any quoted market price in an active market and must be settled by delivery of such unquoted equity instruments; such derivatives that are classified as financial assets are measured at amortized cost, less, impairment loss, and are included in the financial assets measured at cost; and such derivatives that are classified as financial liabilities are measured at cost, and are included in financial liabilities measured at cost.

Embedded derivatives are separated from the host contract and accounted for separately when the economic characteristics and risk of the host contract and the embedded derivatives are not closely related, and the host contract is measured as at fair value through profit or loss.

#### (h) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The cost of inventories includes all necessary costs of purchase, costs of conversion, and other costs in bringing the inventories to a salable and useable location and condition. The production overhead is allocated to the finished goods and work in progress based on the normal capacity of production facilities.

Net realizable value is determined based on the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses at the end of the period.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (i) Investment Property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value.

The depreciable amount of an asset is determined after initial measurement. Depreciation methods, useful lives, and residual values are measured in conformity with the regulation of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

### (j) Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

#### (ii) Subsequent cost

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

#### (iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over the asset's useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life, and therefore, is not depreciated.

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

Buildings	2~55	years
Machinery and equipment	2~10	years
Furniture and fixtures	3~10	years
Other equipment	1~10	years

Depreciation methods, useful lives, and residual values are reviewed at each fiscal year-end. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from private to investment property.

### (k) Leases

#### (i) The company as Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term.

#### (ii) The company as Lessee

Leases in which the Company does not assume substantially all of the risks and rewards of ownership are classified as operating leases. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

### (l) Intangible assets

#### (i) Recognition and measurement

Intangible assets, other than goodwill, acquired are measured at cost, less, accumulated amortization and any accumulated impairment losses.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

#### (iii) Amortization

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

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Patents	9~20	years
Computer software cost	1~7	years
Others	5	years

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

### (m) Impairment of non-derivative financial assets

The Group assesses non-derivative financial assets, except inventories and deferred tax assets, at each reporting date to see if there is an indication of impairment. The impairment loss is determined based on an asset's recoverable amount. If it is not possible to determine the recoverable amount (fair value, less, costs to sell and value in use) for an individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

For the purpose of impairment testing, goodwill acquired in a business combination shall be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss, and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount as a reversal of a previously recognized impairment loss.

#### **(n) Provision**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

#### **(o) Treasury stock**

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Share Transactions; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### **(p) Revenue**

##### **(i) Goods sold**

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

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Export sales revenue is recognized at the date of shipment, at which date the related risks and rewards are transferred to the customers. Domestic sales revenue is recognized at the date of deliveries received by the customers.

##### **(ii) Lease income**

Lease income from an investment property is recognized in income on a straight-line basis over the lease term. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly. Lease income from a sublease is recognized in other operating income and loss.

#### **(q) Employee benefits**

##### **(i) Defined contribution plans**

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

##### **(ii) Defined benefit plans**

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

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

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

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The remeasurements of the net defined benefit liability(asset) comprising below:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest of the net defined benefit liability(asset);and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability(asset)

The remeasurements of net defined benefit liability(asset) is recognized in other comprehensive income. The Group recognizes the remeasurements of defined benefit plan in the retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, and any change in the present value of the defined benefit obligation.

#### (iii) Termination benefits

Termination benefits result from either the Group's decision to terminate the employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits exist when the company has clearly committed to formal termination of employment plan which has no possibility to call off. Or when the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

#### (iv) Short-term employee benefits

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

#### (r) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

#### (s) Income taxes

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current and deferred tax shall be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Net taxes payable (recoverable) include tax payable, tax refundable, and adjustments of tax payable for prior years.

Deferred tax is the amount of income taxes payable/receivable in future periods in respect of taxable temporary differences.

A deferred tax shall be recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- (a) The initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); or
- (b) Deductible temporary differences arising from investments in subsidiaries, associates, and interests in joint ventures where there is a high probability that such temporary differences will not reverse in the foreseeable future; or
- (c) The initial recognition of goodwill.

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

The Group shall offset deferred tax assets and deferred tax liabilities if, and only if:

- (a) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) The same taxable entity; or
  - (ii) Different taxable entities, but where each such entity intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or to realize the assets and settle the liabilities simultaneously.

A deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. At the end of each reporting period, an entity reassesses unrecognized deferred tax assets.

#### **(t) Earnings per share**

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (u) Operating segments

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

### (5) Significant Accounting Judgments, Estimates, and Assumptions, and Sources of Estimation Uncertainty

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

Management is required to constantly examine the fairness of those estimates and assumptions. The effect of a change in accounting estimate shall be recognized prospectively by including it the profit or loss in the current period or future periods.

Information about assumptions and estimation uncertainties won't have significant risk of resulting in material adjustments within the next year.

### (6) Explanation of Significant Accounts

#### (a) Cash and cash equivalents

	2015.12.31	2014.12.31
Cash and cash equivalents	\$ 270	357
Demand deposits	893,084	437,912
Check deposits	4,259	1,999
Time deposits	65,644	326,795
<b>Total</b>	<b>\$ 963,257</b>	<b>767,063</b>

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

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

(1) Details were as follows:

	2015.12.31	2014.12.31
Financial assets at fair value through profit or loss:		
Corporate Bond	48,540	61,642
Financial asset held for trade:		
Non-hedging derivatives Instrument	1,590	-
<b>Total</b>	<b>\$ 50,130</b>	<b>61,642</b>

Please refer to note 6(w) for the recognition of gain or loss at fair value.

As of December 31, 2015 and 2014, the Group had no financial assets at fair value through profit or loss pledged as collateral for loans.

The Group uses derivative instruments to hedge certain currency the Group is exposed to arising from its operating activities. The Group held the following derivative instruments presented as held-for-trading financial assets or liabilities:



**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

		<u>2015.12.31</u>	
	<u>Contract amount (Thousand Dollar)</u>	<u>Currency</u>	<u>Maturity period</u>
Swap contract	USD 2,000	NTD to USD	2016.01.15~2016.01.29

**(c) Available-for-sale financial assets**

	<u>2015.12.31</u>	<u>2014.12.31</u>
Listed stocks in Taiwan	\$ 209,967	194,811
Foreign listed stocks	55,282	-
Open-end mutual funds	349,485	295,792
	<u>\$ 614,734</u>	<u>490,603</u>

Please refer to note 6(x) for the recognition of other comprehensive income at fair value.

If the equity price had changed and had been on the same basis for both years, assuming all other variables had remained the same, the impact on other comprehensive income would have been as follows:

<u>Equity price at reporting date</u>	<u>2015</u>		<u>2014</u>	
	<u>After-tax other comprehensive income</u>	<u>After-tax profit (loss)</u>	<u>After-tax other comprehensive income</u>	<u>After-tax profit (loss)</u>
Increase 3%	\$ 16,469	-	12,216	-
Decrease 3%	\$ (16,469)	-	(12,216)	-

As of December 31, 2015 and 2014, available-for-sale financial assets pledged as collateral for loans are disclosed in note (8).

**(d) Bond investment without active market**

	<u>2015.12.31</u>	<u>2014.12.31</u>
Certificate Deposit-current	\$ 1,531	1,497
Current	\$ 1,014	1,005
Non-current (recorded in other non-current financial assets)	517	492
	<u>\$ 1,531</u>	<u>1,497</u>

As of December 31, 2015 and 2014, bond investment without an active market pledged as collateral for loans are disclosed in note (8).

**(e) Financial assets at cost**

	<u>2015.12.31</u>	<u>2014.12.31</u>
Unlisted stocks	\$ 185,000	185,000

The financial assets at cost held by the Group are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably.

As of December 31, 2015 and 2014, financial assets at cost were not pledged as collateral.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

**(f) Accounts receivable and other receivables**

	<u>2015.12.31</u>	<u>2014.12.31</u>
Account receivable	\$ 484,195	462,413
Other receivables-current	31,049	28,644
Other receivables- deposits paid	9,146	9,559
Less: allowance for doubtful accounts	(42,427)	(42,849)
	<u><u>\$ 481,963</u></u>	<u><u>457,767</u></u>

The aging analysis of unimpaired overdue receivables was as follows:

	<u>2015.12.31</u>	<u>2014.12.31</u>
1~30 days	\$ 69,589	52,488
31~90 days	6,561	14,101
91~270 days	4,504	3,570
More than 271 days	583	-
	<u><u>\$ 81,237</u></u>	<u><u>70,159</u></u>

The movement in the provision for impairment with respect to trade and note receivables during the year was as follows:

	<u>Separately assessed impairment</u>	<u>Collectively assessed impairment</u>	<u>Total</u>
Balance at January 1, 2015	\$ 41,062	1,787	42,849
Recognition of impairment loss	1,070	-	1,070
Reversal of impairment loss	(896)	(1,321)	(2,217)
The Effects of Changes in Foreign Exchange Rates	704	21	725
Balance at December 31, 2015	<u><u>\$ 41,940</u></u>	<u><u>487</u></u>	<u><u>42,427</u></u>

	<u>Separately assessed impairment</u>	<u>Collectively assessed impairment</u>	<u>Total</u>
Balance at January 1, 2014	\$ 17,464	1,532	18,996
Recognition of impairment loss	22,507	872	23,379
Reversal of impairment loss	-	(707)	(707)
The Effects of Changes in Foreign Exchange Rates	1,091	90	1,181
Balance at December 31, 2014	<u><u>\$ 41,062</u></u>	<u><u>1,787</u></u>	<u><u>42,849</u></u>

The Group considers any change in credit quality of accounts receivable and other receivables from the date credit was initially granted to the end of the reporting period when recognizing the collectability of accounts receivable and other receivables. The Group evaluates the customers' credit and collectible amounts to estimate the uncollectable amounts, then accrues the allowance for doubtful accounts. The individual receivables found not to be specifically impaired are further collectively assessed for impairment by group based on similar risk characteristics.

As of December 31, 2015 and 2014, accounts receivable and other receivables were not pledged as collateral.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (g) Inventories

	<b>2015.12.31</b>	<b>2014.12.31</b>
Raw materials	\$ 180,182	172,722
Work in process	328,336	353,141
Finished goods	321,263	311,554
Inventories in transit	1,033	3,363
Total	<b>\$ 830,814</b>	<b>840,780</b>

For the years ended December 31, 2015 and 2014, the cost of inventories recognized as operating costs and expensed were \$2,774,133 and \$3,311,911, respectively. In 2015 and 2014, the previous write-down inventories had been sold and the net realizable value of inventories lowered than cost was no longer existed. The reversal of write-downs amounted to \$24,829 and \$8,865, respectively and recognized in the reduction of operating costs.

As of December 31, 2015 and 2014, inventories were not pledged as collateral.

#### (h) Non-controlling interests' share of subsidiaries

Significant to the Group of the non-controlling interest subsidiaries are as follows;

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity	
		2015.12.31	2014.12.31
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%

Summarize above subsidiaries financial information as below which had prepared based on International Financial Reporting Standards endorsed by FSC. The below financial information was prior to the offset amount with the Group.

Summarized financial information for Ying Cheng Investment Corp. is as follows,

	<b>2015.12.31</b>	<b>2014.12.31</b>
Current Asset	8,343	9,866
Non-Current Asset	150,000	150,000
Current Liability	(50)	(30)
Non-Current liability	-	-
Net Asset	<b>158,293</b>	<b>159,836</b>
Non-Controlling equity closing book amount	<b>75,189</b>	<b>75,922</b>
	<b>2015 Year</b>	<b>2014 Year</b>
Operating revenue	<b>361</b>	<b>50</b>
Net profit (Net Loss)	266	(2)
Other comprehensive income	(1,810)	(67)
Comprehensive income	<b>(1,544)</b>	<b>(69)</b>
Profit attributable to non-controlling interest	<b>127</b>	<b>(1)</b>
Comprehensive income attributable to non-controlling interest	<b>(733)</b>	<b>(33)</b>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	2015 Year	2014 Year
Cash flow from operating activities	288	1
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	<b>288</b>	<b>1</b>

Summarized financial information for Emerging Display International (Samoa) Corp. is as follows,

	2015.12.31	2014.12.31
Current Asset	135,002	99,853
Non-Current Asset	21,178	29,980
Current Liability	(35,862)	(20,249)
Non-Current liability	-	-
Net Asset	<b>120,318</b>	<b>109,584</b>
Non-Controlling equity closing book amount	<b>5,053</b>	<b>4,603</b>

	2015 Year	2014 Year
Operating revenue	<b>459,579</b>	<b>514,188</b>
Net profit (Net Loss)	12,687	(21,113)
Other comprehensive income	(1,957)	4,159
Comprehensive income	<b>10,733</b>	<b>(16,954)</b>
Profit attributable to non-controlling interest	<b>533</b>	<b>(887)</b>
Comprehensive income attributable to non-controlling interest	<b>450</b>	<b>(712)</b>

	2015 Year	2014 Year
Cash flow from operating activities	7,810	(20,638)
Cash flow from investing activities	(4,425)	(1,499)
Cash flow from financing activities	-	-
Effects of changes in foreign exchange rates	(296)	326
Net increase in cash and cash equivalents	<b>3,089</b>	<b>(21,811)</b>

### (i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group in 2015 and 2014 are as follows:

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
<b>Cost or deemed cost:</b>						
Balance at January 1, 2015	\$ 50,378	992,833	2,896,845	37,782	138,135	4,115,973
Additions	-	3,453	11,229	2,211	33,957	50,850
Reclassification	-	-	19,282	800	(20,082)	-
Disposals	-	-	(217,063)	(8,584)	(296)	(225,944)
Effect of movements in exchange rates	1,871	(303)	(4,728)	209	(194)	(3,145)
Balance at December 31, 2015	<b>\$ 52,249</b>	<b>995,983</b>	<b>2,705,564</b>	<b>32,418</b>	<b>151,520</b>	<b>3,937,734</b>
Balance at January 1, 2014	\$ 47,442	986,767	2,921,045	40,784	114,995	4,111,033
Additions	-	3,236	7,595	518	47,858	59,207
Reclassification	-	-	23,502	381	(23,883)	-
Disposals	-	-	(63,698)	(4,527)	(1,047)	(69,272)
Effect of movements in exchange rates	2,936	2,830	8,401	626	212	15,005
Balance at December 31, 2014	<b>\$ 50,378</b>	<b>992,833</b>	<b>2,896,845</b>	<b>37,782</b>	<b>138,135</b>	<b>4,115,973</b>

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other</u>	<u>Total</u>
<b>Depreciation and impairment loss:</b>						
Balance at January 1 2015	\$ -	712,250	2,669,205	35,491	85,467	3,502,413
Depreciation for the year	-	26,144	82,036	1,305	18,662	128,147
Reclassification	-	-	-	(154)	154	-
Disposals loss	-	-	(217,027)	(8,312)	(296)	(225,635)
Effect of movements in exchange rates	-	(635)	(4,450)	194	(110)	(5,001)
Balance at December 31 2015	\$ -	<b>737,759</b>	<b>2,529,764</b>	<b>28,524</b>	<b>103,877</b>	<b>3,399,924</b>
Balance at January 1 2014	\$ -	658,645	2,608,409	37,955	65,071	3,370,080
Depreciation for the year	-	51,783	116,585	1,480	21,210	191,058
Disposals loss	-	-	(63,616)	(4,526)	(1,006)	(69,148)
Effect of movements in exchange rates	-	1,822	7,827	582	192	10,423
Balance at December 31, 2014	\$ -	<b>712,250</b>	<b>2,669,205</b>	<b>35,491</b>	<b>85,467</b>	<b>3,502,413</b>
<b>Carrying amounts:</b>						
Balance at December 31, 2015	\$ <b>52,249</b>	<b>258,224</b>	<b>175,800</b>	<b>3,894</b>	<b>47,643</b>	<b>537,810</b>
Balance at January 1, 2014	\$ <b>47,442</b>	<b>328,122</b>	<b>312,636</b>	<b>2,829</b>	<b>49,924</b>	<b>740,953</b>
Balance at December 31, 2014	\$ <b>50,378</b>	<b>280,583</b>	<b>227,640</b>	<b>2,291</b>	<b>52,668</b>	<b>613,560</b>

As of December 31, 2015 and 2014, property, plant and equipment pledged as collateral for short-term, long-term loans and finance are disclosed in note 8.

**(j) Investment property**

	<u>Land</u>	<u>Building and construction</u>	<u>Total</u>
<b>Cost or deemed cost:</b>			
Balance at January 1, 2015	\$ 10,079	21,670	31,749
Balance at December 31, 2015	\$ <b>10,079</b>	<b>21,670</b>	<b>31,749</b>
Balance at January 1, 2014	\$ 10,079	21,670	31,749
Balance at December 31, 2014	\$ <b>10,079</b>	<b>21,670</b>	<b>31,749</b>
<b>Depreciation and impairment loss:</b>			
Balance at January 1, 2015	\$ -	13,981	13,981
Depreciation for the year	-	361	361
Balance at December 31, 2015	\$ -	<b>14,342</b>	<b>14,342</b>
Balance at January 1, 2014	\$ -	13,260	13,260
Depreciation for the year	-	361	361
Balance at December 31, 2014	\$ -	<b>13,981</b>	<b>13,981</b>
<b>Carrying amounts:</b>			
Balance at December 31, 2015	\$ <b>10,079</b>	<b>7,328</b>	<b>17,407</b>
Balance at January 1, 2014	\$ <b>10,079</b>	<b>8,050</b>	<b>18,129</b>
Balance at December 31, 2014	\$ <b>10,079</b>	<b>7,689</b>	<b>17,768</b>
<b>Fair value :</b>			
Balance at December 31, 2015			\$ <b>28,552</b>
Balance at December 31, 2014			\$ <b>26,495</b>

Investment property is leased to third parties for factory. Each of the leases contains an initial non-cancellable period of a year. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. See note 6(o) for further information (including rental income and other direct operating cost).

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The fair value of investment property is measured by the finance department. The finance department has assessed the investment property based on its location and category. The fair value of the Company's investment property was determined by Level 3 fair value measurement inputs.

When measuring the fair value of investment property, the Company considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect the inherent risk of the net cash flows. In 2015 and 2014, the yields applied to the net annual rentals to determine the fair value of investment property were 2.9% and 3%, respectively.

As of December 31, 2015 and 2014, investment property pledged as collateral for short-term, long-term loans and finance are disclosed in note 8.

#### (k) Intangible assets

Initial cost and accumulated amortization for intangible assets were as follows:

	<u>Patent and other</u>	<u>Computer software cost</u>	<u>Total amount</u>
<b>Initial cost</b>			
Balance as of January 1, 2015	\$ 6,148	52,959	59,107
Individual acquisition	306	1,232	1,538
Effects of changes in foreign exchange rates	-	(29)	(29)
Balance as of December 31, 2015	<u>\$ 6,454</u>	<u>52,959</u>	<u>60,616</u>
Balance as of January 1, 2014	\$ 5,832	52,327	58,159
Individual acquisition	316	454	770
Effects of changes in foreign exchange rates	-	178	178
Balance as of December 31, 2014	<u>\$ 6,148</u>	<u>52,959</u>	<u>59,107</u>
<b>Amortization</b>			
Accumulated balance as of January 1, 2015	\$ 4,254	51,896	56,150
Amortization	262	708	970
Effects of changes in foreign exchange rates	-	(29)	(29)
Accumulated balance as of December 31, 2015	<u>\$ 4,516</u>	<u>52,575</u>	<u>57,091</u>
Accumulated balance as of January 1, 2014	\$ 4,017	51,011	55,028
Amortization	237	709	946
Effects of changes in foreign exchange rates	-	176	176
Accumulated balance as of December 31, 2014	<u>\$ 4,254</u>	<u>51,896</u>	<u>56,150</u>
<b>Book value</b>			
Balance as of December 31, 2015	<u>\$ 1,938</u>	<u>1,587</u>	<u>3,525</u>
Balance as of January 1, 2014	<u>\$ 1,815</u>	<u>1,316</u>	<u>3,131</u>
Balance as of December 31, 2014	<u>\$ 1,894</u>	<u>1,063</u>	<u>2,957</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

For the years 2015 and 2014, the amortization expenses of intangible assets included in statement of comprehensive income were as follows:

	2015	2014
Operating cost	\$ 571	495
Operating expense	399	451
Total	\$ 970	946

As of December 31, 2015 and 2014, intangible assets were not pledged as collateral.

#### (l) Other current assets

The details of other current assets were as follows:

	2015.12.31	2014.12.31
Tax refund receivable	\$ 2,111	2,476
Prepayment for purchases	4,850	7,193
Other prepaid expenses	6,622	6,517
VAT paid	18,294	7,296
Others	1,533	2,624
	\$ 33,410	26,106

#### (m) Short-term loans

The details of short-term loans were as follows:

Type	2015.12.31	2014.12.31
Letters of credit	\$ 9,286	631
Unsecured bank loans	540,000	30,000
Secured bank loans	50,000	-
Total	\$ 599,286	30,631
Unused lines of credit	\$ 1,024,682	1,141,888
Interest rates applied	1.18%~1.43%	1.46%~1.51%

Assets pledged as collateral for short-term loans are disclosed in note 8.

#### (n) Long-term loans

The details of long-term loans were as follows:

Type	2015.12.31	2014.12.31
Secured bank loans	\$ 291,200	637,000
Less: current portion	(72,800)	(72,800)
Total	\$ 218,400	564,200
Unused lines of credit	\$ -	273,000
Interest rates applied	2.0056%	2.3189%~2.4242%

##### (i) Collateral for long-term loans

Assets pledged as collateral for long-term loans are disclosed in note 8.

##### (ii) The violation of loan agreement

In 2015, there were no increases in long-term loans, and the repayments of long-term loans amounted to \$345,800 thousand.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Group signed a 3-year loan contract with E. Sun Bank and six other banks on the purpose of repaying the long-term loans as mentioned above to raise its operating capital. Besides, according to the contract, if the Company does not violate any terms during last three to six months before the contract expires, the Company can extend its term of credit for another two years.

Pursuant to the loan contract, for the duration of the loan, the Company must conform to the predetermined financial covenants involving special financial ratios calculated based on the annual consolidated financial statements. If the special financial ratios cannot meet the requirement, the Company should improve within the nine months after the end of the fiscal year. If the adjusted financial ratios reviewed by the certified accountant meet the requirements, it will not be regarded as breach of the contract. During the period for adjustment, unused lines of credit, excluding the revolving credit extension, will be suspended until such ratios are in compliance with the contract requirement. During the said period, the interest rate would increase to 0.125% unless the majority of the consortium agreed the exemption proposed by the company.

The financial covenants were as follows:

- i. A maximum debt ratio of 150% should be maintained.
- ii. A minimum current ratio of 100% should be maintained.
- iii. A minimum times interest earned ratio of 2.5 should be maintained.
- iv. Minimum net tangible assets of \$1,700,000 should be maintained.

#### (o) Operating lease

##### (i) The Group as lessee

Based on current lease terms, future rental commitments of non-cancellable lease are as follows:

	<u>2015.12.31</u>	<u>2014.12.31</u>
Less than one year	\$ 13,285	8,799
Between one and five years	13,444	8,851
	<u>\$ 26,729</u>	<u>17,650</u>

The Group leases land, several offices, warehouse and factory facilities under operating leases. The leases typically run for a period of 1 to 10 years, with an option to renew the lease after that date. Lease payments are adjusted periodically to reflect market rentals.

The rental expenses of operating lease were \$15,047 and \$14,462 for the years ended December 31, 2015 and 2014, respectively, included in profit or loss.

The warehouse and factory leases were entered into many years ago as combined leases of land and buildings. The rent paid to the landlord is increased to the market rent at regular intervals, and the Group does not participate in the residual value of the land and buildings. As a result, it was determined that substantially all the risks and rewards of the land and buildings are with the landlord. Therefore, the Company determined that the land and building elements of the warehouse and factory leases are operating leases.

##### (ii) The Group as lesser

The Group leases out its investment properties to third parties under operating lease please refer to note6 (j). The future minimum lease receivable under non-cancellable leases is as follows:

	<u>2015.12.31</u>	<u>2014.12.31</u>
Less than one year	\$ 158	158

The rental income from investment properties were both \$900 in 2015 and 2014. The investment properties did not have any significant maintenance expense.



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (p) Employee benefits

#### (i) Defined benefit plan

The defined benefit obligation was as follows:

	<b>2015.12.31</b>	<b>2014.12.31</b>
Present value of defined benefit obligations	\$ 180,918	177,175
Fair value of plan assets	(96,147)	(89,657)
Net liabilities of defined benefit obligations	<b>\$ 84,771</b>	<b>87,518</b>

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plan (covered by the Labor Standards Law) entitles a retired employee to receive a lump-sum payment based on years of service and average salary for the six months prior to retirement.

#### 1. Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in Bank of Taiwan amounted to \$96,147 as of December 31, 2015. The utilization of the labor pension fund assets includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

#### 2. Changes in present value of the defined benefit obligation were as follows:

	<b>2015</b>	<b>2014</b>
Balance at January 1	\$ 177,175	169,841
Current service and interest cost	4,411	4,607
Remeasurement of the net defined benefit liability (assets)		
— Actuarial loss (gain) on financial assumptions change	4,042	-
— Experience	(4,286)	3,627
Employee benefits paid	(424)	(900)
Obligation at end of year	<b>\$ 180,918</b>	<b>177,175</b>

#### 3. Changes in present value of plan assets were as follows:

	<b>2015</b>	<b>2014</b>
Fair value of assets at beginning of year	\$ 89,657	83,920
Expected return on plan assets	1,830	1,726
Remeasurement of net defined benefit liability (assets)		
— Return on plan assets (excluding current interest cost)	550	242
Contributions made by employer	4,534	4,669
Employee benefit paid	(424)	(900)
Fair value of plan assets at end of year	<b>\$ 96,147</b>	<b>89,657</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### 4. Cost recognized in profit or loss

	<b>2015</b>	<b>2014</b>
Current service cost	\$ 876	1,210
Interest cost on net defined benefit liability (asset)	1,705	1,671
	<b>\$ 2,581</b>	<b>2,881</b>
Operating cost	\$ 2,041	2,267
Selling expenses	77	109
General and administrative expenses	263	288
Research and development expenses	200	217
	<b>\$ 2,581</b>	<b>2,881</b>
Actual return on assets	<b>\$ 2,380</b>	<b>1,968</b>

#### 5. Remeasurement of the net defined benefit liability (assets) recognized in other comprehensive income

The remeasurement of the net defined benefit liability (assets) recognized in other comprehensive income in 2015 and 2014 was as follows:

	<b>2015</b>	<b>2014</b>
Cumulative amount at January 1	\$ (29,784)	(26,399)
Recognized during the period	794	(3,385)
Cumulative amount at December 31	<b>\$ (28,990)</b>	<b>(29,784)</b>

#### 6. Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	<b>2015.12.31</b>	<b>2014.12.31</b>
Discount rate at December 31	1.875%	2%
Future salary increases	3%	3%

The expected amount of contributions for the following year after the reporting date is \$4,443. The weighted-average duration of the defined benefit obligation is 21.42 years.

#### 7. Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company used judgments and estimations to determine the actuarial assumptions, which included the discount rate and future salary increase or decrease. Any changes in the assumptions may have a significant effect on the amount of the defined benefit obligation.

If changes in the respective significant actuarial assumptions occur in 2015, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>Present value of defined benefit obligation</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2015		
Discount rate (change of 0.25%)	(7,963)	8,395
Change in future salary (change of 0.25%)	8,199	(7,820)

The sensitivity analysis above analyzing the effects of changes in single assumptions is based on other assumptions remaining unchanged. In actuality, changes in some assumptions may be linked together. The sensitivity analysis and calculation of the net pension liability on the balance sheet were performed using the same approach.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(ii) Defined contribution plan

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pension benefit of Dong Guan Emerging Display Limited, Emerging Display Technologies Co., USA, EDT-Europe ApS, Emerging Display Korea and EDT-Japan Corp. are based on their respective local regulation of defined contribution plan. The accrued expenses should be recognized as current expenses. Besides, Ying Dar Investment Development Corp., Bae Haw Investment Development Corp., Ying Cheng Investment Corp., Emerging Display International (Samoa) Corp. and Tremendous Explore Corp do not have any employee and pension plan. Therefore, there is no pension benefit obligation required.

Details of the Group's pension costs under the defined contribution method were as follows:

	<b>2015</b>	<b>2014</b>
Operating Cost	\$ 22,474	20,429
Selling expenses	4,946	4,879
General and administrative expenses	1,813	1,718
Research and development expenses	2,081	2,043
	<b>\$ 31,314</b>	<b>29,069</b>

**(q) Income tax**

(i) The amounts of income tax expense (benefit) were as follows:

	<b>2015</b>	<b>2014</b>
Current tax expense	\$ 4,685	6,963
Deferred tax expense		
Origination and reversal of temporary differences	45,822	36,199
Income tax expense	<b>\$ 50,507</b>	<b>43,162</b>

No income tax was recognized directly in equity in 2015 and 2014.

The amounts of income tax recognized in other comprehensive income in 2015 and 2014 were as follows:

	<b>2015</b>	<b>2014</b>
Unrealized gain (loss) on available-for-sale financial assets	<b>\$ 2,570</b>	<b>-</b>

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

Reconciliation of income tax and profit before tax for 2015 and 2014 is as follows.

	<u>2015</u>	<u>2014</u>
Income before income tax	\$ <b>317,144</b>	<b>213,155</b>
Income tax calculated based on the Company's tax rate	\$ 53,915	36,236
Effect of overseas income tax differences	2,035	7,173
Income tax already paid abroad	164	190
Tax-exempt income	(3,295)	(5,367)
Adjustment for prior year	(1,630)	-
Change in unrecognized temporary differences	(2,155)	(1,296)
Income Basic Tax	715	2,731
Others	758	3,495
	<u>\$ <b>50,507</b></u>	<u><b>43,162</b></u>

(ii) Deferred tax assets and liabilities

1. Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>2015.12.31</u>	<u>2014.12.31</u>
Unrealized inventory valuation and obsolescence loss	\$ 12,977	14,966
Others	14,045	14,211
	<u>\$ <b>27,022</b></u>	<u><b>29,177</b></u>

2. Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2015 and 2014 were as follows:

	<u>Unrealized exchange gain</u>	<u>Others</u>	<u>Total</u>
<b>Deferred tax liabilities:</b>			
Balance at January 1, 2015	\$ 2,875	440	3,315
Recognized in profit or loss	(611)	(165)	(776)
Balance at December 31, 2015	<u>\$ <b>2,264</b></u>	<u><b>275</b></u>	<u><b>2,539</b></u>
Balance at January 1, 2014	\$ 1,197	129	1,326
Recognized in profit or loss	1,678	311	1,989
Balance at December 31, 2014	<u>\$ <b>2,875</b></u>	<u><b>440</b></u>	<u><b>3,315</b></u>

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

	<u>Tax loss carry-forward</u>	<u>Inventory valuation loss</u>	<u>Unrealized sales profit</u>	<u>Others</u>	<u>Total</u>
<b>Deferred tax assets:</b>					
Balance at January 1, 2015	\$ 69,600	2,536	2,674	7,963	82,773
Recognized in profit or loss	(49,806)	(1,655)	1,497	3,372	(46,592)
Recognized in other comprehensive income	-	-	-	2,570	2,570
Balance at December 31, 2015	<u>\$ 19,794</u>	<u>881</u>	<u>4,171</u>	<u>13,905</u>	<u>38,751</u>
Balance at January 1, 2014	\$ 104,802	2,146	2,947	7,084	116,979
Recognized in profit or loss	(35,202)	390	(273)	879	(34,206)
Recognized in other comprehensive income	-	-	-	-	-
Balance at December 31, 2014	<u>\$ 69,600</u>	<u>2,536</u>	<u>2,674</u>	<u>7,963</u>	<u>82,773</u>

(iii) The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2015, the loss carryforwards and the years of expiry were as follows:

<u>Year of loss</u>	<u>Unused balance of loss carryforward</u>	<u>Year of expiry</u>
2011	\$ 38,868	2021
2012	77,567	2022
	<u>\$ 116,435</u>	

(iv) Approval of income tax

The Group's income tax returns for all fiscal years up to 2013 have been examined and approved by the R.O.C. tax authority.

(v) The components of the Group's unappropriated retained earnings were as follows:

	<u>2015.12.31</u>	<u>2014.12.31</u>
1997 and prior years	\$ -	-
1998 and thereafter	216,937	(56,128)
	<u>\$ 216,937</u>	<u>(56,128)</u>
Balance of imputation credit	<u>\$ 8,268</u>	<u>2,294</u>
	<u>2015 (expected)</u>	<u>2014 (actual)</u>
Tax creditable ratio for earnings distributed to residents in R.O.C.	<u>3.81%</u>	<u>-</u>

The aforementioned information has been prepared in accordance Tai-Tsai-Suei Letter no. 10204562810 dated October 17, 2013, issued by the Ministry of Finance. From the tax year 2015, only 50% of the corporate income tax can be credited against the individual income tax. For taxpayers residing outside the R.O.C., the 10% retained earnings tax can be credited against the dividend withholding tax once the Group distributes its dividends from the corresponding retained earnings in subsequent years, but only 50% of the retained earnings tax paid can be credited against the individual income tax.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (r) Share capital and other equity

#### (i) Common stock

Resolutions were passed during the board meeting held on August 3, September 7, September 30, and November 2, 2015, for the Company to repurchase 25,200 thousand shares of its stock as treasury stock. The Company's Board of Directors approved resolutions to retire treasury stock amounting to 11,200 thousand shares with a face value of \$112,000 on August 27 and October 21, 2015. The related registration procedures had been completed.

As of December 31, 2015, and 2014, the authorized share capital of the Company amounted to \$3,500,000, comprising 350,000 thousand shares with a par value of TWD10 per share. Issued shares were 214,908 thousand shares and 226,108 thousand shares, respectively. The weighted-average numbers of shares of common stock outstanding excluded treasury stock and the common stock held by the Company's subsidiaries were comprising 192,114 thousand shares and 217,313 thousand shares, respectively.

#### (ii) Capital surplus

As of December 31, 2015 and 2014, capital surplus was as follows:

	<u>2015.12.31</u>	<u>2014.12.31</u>
Expired stock option	\$ -	6,294
Treasury stock	27,955	-
	<u>27,955</u>	<u>6,294</u>

According to the Company Act as amended in January 2012, any realized capital surplus is initially used to cover any deficit, and the balance, if any, could be transferred to common stock as stock dividend or distributed as cash based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and endowments received by the Company. According to the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the combined amount of any portions capitalized in any one year may not exceed 10% of paid-in capital.

On June 2, 2015, the Company's board of directors approved offsetting the deficit with capital surplus of \$6,294.

#### (iii) Retained earnings

The Company's articles of incorporation stipulate that annual earnings shall be appropriated as follows:

1. Pay income tax;
2. Make up accumulated deficit;
3. Appropriate legal reserve;
4. Appropriate special reserve;
5. 3% of the remainder is distributable as directors' and supervisors' remuneration;
6. At least 5% of the remainder is distributable as employee bonuses.
7. If any earnings still exist, the remainder shall be distributed at the discretion of the board of directors and approved at the stockholders' meeting.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Company's industry is in a stable growth phase. It has adopted a residual dividend policy based on its future capital budget plan and operating capital needs. The Company also takes the effects of dilutive potential shares and the effect on ROE into consideration in calculating EPS. Therefore, the distribution policy gives priority to cash dividends and then share dividends. However, the cash dividend distribution should not be lower than 50 percent of the total dividend distribution of the current year.

According to the Company Act which was amended in May 2015, employee bonuses and directors' and supervisors' remuneration are no longer categorized as distribution of earnings, and the Company will make all necessary changes to its articles of association before the deadline specified by the authorities.

#### a. Legal reserve

According to the ROC Company Act as amended in January 2012, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. When a company incurs no loss, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the paid-in capital.

#### b. Special reserve

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution, and when the relevant assets are used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The Company's retained earnings this year decreased due to the first-time adoption of IFRSs. As of December 31, 2012, the Company had an accumulated deficit; therefore, there is no need to distribute any special reserve.

In accordance with Ruling No. 1010047490 issued by the Financial Supervisory Commission on April 6, 2012, if the market value of the Company's shares is lower than the carrying value of the Company's shares held by the subsidiaries at year-end, the Company should retain a special reserve amounting to the difference between the market value and the carrying value, based upon the Company's ownership percentage in the subsidiaries. When market value rebounds, the Company could reverse the special reserve.

#### c. Earnings distribution

As of December 31, 2014, the Company had an accumulated deficit and did not have to estimate the amount of employee bonuses and directors' and supervisors' remuneration.

Due to an accumulated deficit in 2014, the estimation of employee bonuses and directors' and supervisors' remuneration was zero, equal to the actual payment. The related information can be accessed through the Market Observation Post System.

On June 2, 2015, and June 10, 2014, the Company's stockholders' meeting decided to use the 2014 and 2013 net income after tax to make up the previous years' accumulated deficit, with no dividend distribution.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

(iv) Other equity

		<b>Foreign exchange differences arising from foreign operation</b>	<b>Unrealized gains and losses from available-for-sale investment</b>
January 1, 2015	\$	8,133	(45,025)
Foreign exchange differences (net of taxes)		1,399	-
Unrealized gains and losses from available-for-sale investment		-	(63,508)
December 31, 2015	\$	<b>9,532</b>	<b>(108,533)</b>
January 1, 2014	\$	(140)	(49,277)
Foreign exchange differences (net of taxes)		8,273	-
Unrealized gains and losses from available-for-sale investment		-	4,252
December 31, 2014	\$	<b>8,133</b>	<b>(45,025)</b>

(v) Treasury stock

From August 4 to December 31, 2015, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 25,200 thousand shares of its own common stock as treasury shares in order to protect the Company's integrity and shareholders' equity. As of December 31, 2015, a total of 14,000 thousand shares were not yet cancelled.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all common shares issued. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. As of June 30 and September 30, 2015, the Company could repurchase no more than 22,610 thousand shares and 22,110 thousand shares, respectively, with a total value of no more than \$51,136 and \$168,037, respectively.

In accordance with Securities and Exchange Act requirements, treasury shares held by the Company should not be pledged, and do not hold shareholder rights before their transfer.

Ying Dar Corp. and Bae Haw Corp., 100%-owned subsidiaries of the Company, held the Company's common stock. In 2015 and 2014, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose of any of the Company's shares. As of December 31, 2015 and 2014, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock. As of December 31, 2015 and 2014, their market values amounted to \$87,944 and \$72,290, respectively.



**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

**(s) Earnings per share**

	<b>2015</b>	<b>2014</b>
<b>Basic earnings per share</b>		
Profit (loss) attributable to owners of parent	\$ <u><b>265,977</b></u>	\$ <u><b>170,881</b></u>
Weighted-average number of common shares at end of year (expressed in thousands of shares)	<u><b>212,510</b></u>	<u><b>217,313</b></u>
Expressed in New Taiwan dollars	\$ <u><b>1.25</b></u>	\$ <u><b>0.79</b></u>
 <b>Diluted earnings per share</b>		
Profit (loss) attributable to owners of parent	\$ <u><b>265,977</b></u>	\$ <u><b>170,881</b></u>
Weighted-average number of common shares (expressed in thousands of shares)	212,510	217,313
Effect of potentially dilutive common stock:		
– Employee bonus	<u>1,437</u>	<u>-</u>
Weighted-average number of common shares - diluted (expressed in thousands of shares)	<u><b>213,947</b></u>	<u><b>217,313</b></u>
Expressed in New Taiwan dollars	\$ <u><b>1.24</b></u>	\$ <u><b>0.79</b></u>

In computing basic earnings (loss) per share of common stock for the years ended December 31, 2015 and 2014, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.

**(t) Revenue**

Details of revenue for the years ended December 31, 2015 and 2014 were as follows:

	<b>2015</b>	<b>2014</b>
Sales of goods	\$ <u><b>3,476,757</b></u>	\$ <u><b>3,919,890</b></u>

**(u) Employee compensation, and directors' and supervisors' remuneration**

According to the amendment to the Company's articles of association, which is yet to be approved in the Annual Stockholders' Meeting, the Company should contribute no less than 5% of the profit as employee compensation and a maximum of 3% as directors' and supervisors' remuneration when there is profit for the year. However, certain amounts of the earnings should be reserved if there is an accumulated loss from operations in previous years in advance of the appropriation of the employee bonuses. The aforementioned employee bonuses will be distributed in cash or stock to employees who satisfy certain specifications of the Company and its affiliates.

For the year ended December 31, 2015, the compensation of employees and of directors totaling \$14,371 and \$8,623, respectively, was estimated as the Company's net income before tax, excluding compensation of employees and of directors, multiplied by the appropriate percentage in compliance with the Company's articles. These expenses were recognized in operating costs and operating expenses during 2015. For any change after the issuance date of the financial statements, the difference shall be accounted for as a change in accounting estimate and recognized in profit or loss in the following year.

**(v) Other operating income and expenses**

Other operating income and expenses were rental revenue.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

**(w) Non-operating income and expenses**

(i) Other income

Details of other income in 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Interest income		
Bank deposits	\$ 4,671	6,980
Other loans and receivables	320	375
Dividend Revenue	13,756	8,637
Others	390	2,761
	<u>\$ 19,137</u>	<u>18,753</u>

(ii) Other gains and losses

Details of other gains and losses in 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Foreign exchange gains (losses), net	\$ 44,488	55,240
Net gains on disposal of investments and financial liability		
Net gains on disposal of Available-for-sale financial assets	20,362	35,862
Others	-	(155)
Net gains on disposal of financial assets at fair value through profit or loss	13,390	10,169
Gains on disposal of property, plant and equipment, net	844	1,505
Others	(69)	(3,049)
	<u>\$ 79,015</u>	<u>\$ 99,572</u>

(iii) Finance costs

Details of finance costs in 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Interest expenses		
Bank loans	\$ 16,136	19,572

**(x) Reclassified adjustments of the components in other comprehensive income**

Details of the Reclassified adjustments of the components in other comprehensive income in 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Available-for-sale financial assets		
Net change in fair value occurred in current year	\$ (46,291)	40,728
Net change in fair value reclassified to income	(20,647)	(36,508)
Net change in fair value recognized in other comprehensive income	<u>\$ (66,938)</u>	<u>4,220</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (y) Financial instruments

#### (i) Credit risk

##### 1. Exposure to credit risk

The Group's maximum exposure to credit risk was the carrying amount of financial assets. As of December 31, 2015 and 2014, the Company's maximum exposures to credit risk amounted to \$2,296,345 and \$1,963,171, respectively.

##### 2. Concentration of credit risk

To reduce the credit risk of accounts receivable, the Group continuously evaluates customers' financial condition, and requires customers to provide a guarantee if necessary. The Group periodically measures the possibility of collecting the accounts receivable and also records an allowance for doubtful accounts, which is always under the expectation of the management. The Group has no significant concentration of its accounts receivable as of December 31, 2015 and 2014.

#### (ii) Liquidity risk

Details of financial liabilities categorized by due dates were as follows. The amounts include interest expenses but exclude the impacts of negotiated net amounts.

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5 years	Due in over 5 years
<b>December 31, 2015</b>							
Non-derivative financial liabilities							
Secured loans	\$ 341,200	(347,206)	(89,072)	(38,774)	(219,360)	-	-
Unsecured loans	549,286	(550,095)	(550,095)	-	-	-	-
Accounts payable	365,174	(365,174)	(365,174)	-	-	-	-
Notes payable	3,193	(3,193)	(3,193)	-	-	-	-
Other payable	119,727	(119,727)	(119,727)	-	-	-	-
	<b>\$ 1,378,580</b>	<b>(1,385,395)</b>	<b>(1,127,261)</b>	<b>(38,774)</b>	<b>(219,360)</b>	<b>-</b>	<b>-</b>
<b>December 31, 2014</b>							
Non-derivative financial liabilities							
Secured loans	\$ 637,000	(666,242)	(43,634)	(43,332)	(85,315)	(493,961)	-
Unsecured loans	30,631	(30,670)	(30,670)	-	-	-	-
Accounts payable	400,258	(400,258)	(400,258)	-	-	-	-
Notes payable	3,823	(3,823)	(3,823)	-	-	-	-
Other payable	105,355	(105,355)	(105,355)	-	-	-	-
	<b>\$ 1,177,067</b>	<b>(1,206,348)</b>	<b>(583,740)</b>	<b>(43,332)</b>	<b>(85,315)</b>	<b>(493,961)</b>	<b>-</b>

The Group does not expect that the cash flows could occur significantly earlier or at significantly different amounts.

#### (iii) Foreign currency risk

##### 1. Exposure to foreign currency risk

Significant financial assets and liabilities exposed to foreign currency risk were as follows:

	2015.12.31			2014.12.31				
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount		
<b>Financial assets</b>								
<b>Monetary items</b>								
USD	\$	40,032	32.825	1,314,035	\$	34,213	31.65	1,082,837
JPY		22,824	0.2727	6,224		118,260	0.2646	31,292
CNY		13,163	4.995	65,747		20,681	5.092	105,310
EUR		285	35.88	10,192		-	-	-
<b>Non-monetary items</b>								
USD		11,834	32.825	388,461		8,760	31.65	277,247

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### Financial liabilities

#### Monetary items

TWD	36	1	36	4,295	1	4,295
USD	9,256	32.825	303,830	10,973	31.65	347,306
JPY	29,200	0.2727	7,963	34,776	0.2646	9,202

### 2. Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, available-to-sale financial assets, loans, accounts payable, bonds payable and other payables. As of December 31, 2015 and 2014, the exchange rate of the TWD versus the USD, CNY, and JPY increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by \$9,015 and \$7,137, respectively.

### 3. Exchange gain or loss

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain of monetary items. As of December 31, 2015 and 2014, the exchange gain (including realized and unrealized) that resulted from monetary items translated to the functional currency was \$44,488 and \$55,240, respectively.

#### (iv) Interest rate risk

The sensitivity analysis of interest was made based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amount at the reporting date had existed for the whole year.

If interest rates on loans had increased or decreased by 1% with all other variables held constant. Profit after tax for the years 2015 and 2014 would have been decreased or increased by \$113 and \$129, respectively, mainly as a result of liabilities bearing floating interest rates.

#### (v) Fair value

##### 1. Categories and fair values of financial instruments

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and on investments in equity instruments which do not have any quoted price in an active market.

	2015.12.31				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or less</b>					
ECB	\$ 48,540	48,540	-	-	48,540
SWAP contract	1,590	-	1,590	-	1,590
Subtotal	50,130	48,540	1,590	-	50,130
<b>Available-for-sale financial assets</b>					
Stocks in listed companies	265,249	265,249	-	-	265,249
Open-end fund	349,485	349,485	-	-	349,485
Financial assets carried at cost	185,000	-	-	-	-
	799,734	614,734	-	-	614,734

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

		2015.12.31				
		Carrying	Fair Value			
		amount	Level 1	Level 2	Level 3	Total
<b>Loans and receivables</b>						
	Cash and cash equivalents	963,257	-	-	-	-
	Debt instrument without active market	1,014	-	-	-	-
	Accounts receivable	454,735	-	-	-	-
	Other receivable	18,082	-	-	-	-
	Other receivable - refundable deposits (recognized in other assets - noncurrent)	9,146	-	-	-	-
		<u>1,446,234</u>	-	-	-	-
		\$ <u><b>2,296,098</b></u>	<u><b>663,274</b></u>	<u><b>1,590</b></u>	<u><b>-</b></u>	<u><b>664,864</b></u>
<b>Financial liabilities at amortized cost</b>						
	Bank loans	890,486	-	-	-	-
	Notes payable	3,193	-	-	-	-
	Accounts payable	365,174	-	-	-	-
	Other payables	120,084	-	-	-	-
		\$ <u><b>1,378,937</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
		2014.12.31				
		Carrying	Fair Value			
		amount	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>						
	ECB	\$ 61,642	61,642	-	-	61,642
<b>Available-for-sale financial assets</b>						
	Stocks in listed companies	194,811	194,811	-	-	194,811
	Open-end fund	295,792	295,792	-	-	295,792
	Financial assets carried at cost	185,000	-	-	-	-
		<u>675,603</u>	<u>490,603</u>	<u>-</u>	<u>-</u>	<u>490,603</u>
<b>Loans and receivables</b>						
	Cash and cash equivalents	\$ 767,063	-	-	-	-
	Debt instrument without active market	1,497	-	-	-	-
	Accounts receivable	432,224	-	-	-	-
	Other receivable	15,984	-	-	-	-
	Other receivable - refundable deposits (recognized in other assets - noncurrent)	9,559	-	-	-	-
		<u>1,226,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		\$ <u><b>1,963,572</b></u>	<u><b>552,245</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>552,245</b></u>
<b>Financial liabilities at amortized cost</b>						
	Bank loans	667,631	-	-	-	-
	Notes payable	3,823	-	-	-	-
	Accounts payable	400,258	-	-	-	-
	Other payables	105,355	-	-	-	-
		\$ <u><b>1,177,067</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### 2. Levels of fair value hierarchy

The Group measures its assets and liabilities use input observable market data. The fair value hierarchy categorizes the inputs used in valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in the active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 3. Valuation techniques and assumptions unused in fair value determination

Because of the short maturities of these instruments, the Group estimates that the carrying amount is a reasonable approximation of fair value.

#### 4. Valuation techniques and assumptions used in fair value determination

##### Non-derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

A financial instrument is regarded as having a quoted price in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and if those prices represent actual and regularly occurring market transactions on an arm's-length basis. Otherwise, the market is deemed to be inactive.

The fair values of the Group's bonds, listed securities, and open-end funds with standard terms and conditions and traded in active markets were determined by the quoted market prices.

##### Derivative instruments

The fair value of forward exchange contracts is based on quoted prices from the counterparty.

#### 5. Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2015 and 2014.

### **(z) Financial risk management**

#### 1. The extent of risk exposure arising from the use of financial instruments was as follows:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

The Group's risk management objective, policies and procedures and the exposure risk arising from the aforementioned risks are disclosed below. For more quantitative information, please refer to other notes to the consolidated financial statements.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### 2. Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. Every department is responsible for planning and controlling the risk management of the Company's operation and reports it to the Board regularly.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The supervisor of the Group oversees how the management complies in monitoring the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The supervisor is assisted in its oversight role by an internal Audit. An Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

#### 3. Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises principally from the Group's accounts receivable, bank deposits and foreign exchange derivative instruments.

##### (1) Accounts receivable and other receivables

The credit risk is impacted by the individual situation of each client. The Group continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Group has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Group reviews credit limits periodically and requires customers to pay in advance when the customers' credit ratings did not meet the benchmark.

The Group established an impairment allowance that represents its estimate of incurred losses in respect of accounts receivable and other receivables. Major components of this impairment allowance are specific loss component that relates to individually significant exposure and collective loss component, wherein, the loss is incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

##### (2) Investments

The credit risk exposure in the bank deposits and derivative financial instruments are measured and monitored by the finance department. Since the Group's transactions were with financial institutions with good credit ratings, there were no noncompliance issues, and therefore, there is no significant credit risk. Investments in other financial instruments are measured and monitored by the finance department with the instruction from the chairman to ensure each risk of investment target is under the Group's affordable level.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### 4. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group reputation.

As of December 31, 2015 and 2014, the Group has unused credit facilities for short-term amounting to \$1,024,682 and \$1,414,888, respectively.

#### 5. Market risk

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

The Group engages in derivative financial instruments trading in order to manage the market risk, thus, generating financial liabilities or financial assets, all the execution of those transactions were under the Board's instruction.

##### (1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan dollar (TWD), US dollar (USD), Japan Yen (JPY), Danish Krone (DKK), China Yuan (CNY) and Korean Won (KRW). The currencies used in these transactions are the TWD, USD, JPY and CNY.

At any point of time, the Group's principle is to hedge using the net values after offsetting payables and receivables or assets and liabilities which are generated by business operation and which are less than six months. The Group mainly hedges its currency risk using the foreign exchange agreements wherein the maturity date is less than 6 months.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily the New Taiwan Dollars (TWD) and US Dollars (USD).

When the assets and liabilities denominated in a currency other than a functional currency had a short-term imbalance, the Group should purchase or sell foreign currencies at the spot rate on the transaction date in order to maintain an acceptable exposure to currency risk.

##### (2) Interest risk

The Group adopts a policy to ensure the exposure of changes in interest rates on borrowings is evaluated by the trend in market interest rates. The Group can manage its interest risk through maintaining an appropriate portfolio of floating interest rate and fixed interest rate.

##### (3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity instruments that contain unsure future prices. Therefore, the Group monitors and manages the equity investments by holding different investment portfolio and regularly updating the information of equity instruments.



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (aa) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, non-redeemable preference shares, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group meets its objectives in managing its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders and interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital. The net debts from the balance sheet are derived from the total liabilities, less cash and cash equivalents. However, the net debts are also derived by deducting available-for-sale financial assets—current and financial assets at fair value through profit or loss—current. The total capital and equity include share capital, capital surplus, retained earnings, other equity, and non-controlling interest, plus net debt since 2015.

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

	<b>2015.12.31</b>	<b>2014.12.31</b>
Net debt	<b>\$ 16,743</b>	<b>650,036</b>
Total equity	<b>\$ 2,116,069</b>	<b>2,132,593</b>
Debt-to-equity ratio	0.79%	30.48%

### (7) Transactions with Related Parties

#### (a) Relationship

The Company is the ultimate controlling party of the Group.

#### (b) Compensation of key management personnel

The information on key management personnel compensation was as follows:

	<b>2015</b>	<b>2014</b>
Short-term employee benefits	\$ 29,407	20,148
Post-employment benefits	572	565
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<b>\$ 29,979</b>	<b>20,713</b>

The Group provided five and four of their own cars and another rental car for their key management personnel to use. The book value of those cars amounted to \$10,487 and \$9,360, respectively, and the rental expense of the other rental car amounted to \$905 and \$881, respectively, in 2015 and 2014.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

**(8) Pledged Assets**

The details and carrying values of pledged assets were as follows:

Pledged assets	Purpose	2015.12.31	2014.12.31
Bond investments without active market – current – time deposits	Guarantee for customs and government grants	\$ 1,014	1,005
Property, plant and equipment – buildings	Guarantee for long-term borrowings	240,645	259,987
Property, plant and equipment – machinery and equipment	Guarantee for short-term and long-term borrowings	106,658	160,295
Investment property	Guarantee for short-term borrowings	14,638	14,998
Other financial assets – noncurrent – time deposits	Guarantee Letter of Credit for lease contract	517	493
		<b>\$ 363,472</b>	<b>436,778</b>

**(9) Commitments and Contingencies**

- (a) As of December 31, 2015 and 2014, The Group’s unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$27,457 and \$24,317, respectively.
- (b) As of December 31, 2015 and 2014, The Group has signed contracts for the purchase of equipments. The unrecognized contingencies of contracts for the purchase of property, plant and equipment amounted to \$3,221 and \$4,382, respectively.
- (c) As of December 31, 2015 and 2014, The Group’s acceptance credit for purchases of raw materials, machinery and equipment amounted to \$11,174 and \$16,364, respectively.

**(10) Losses Due to Major Disaster: None**

**(11) Significant Subsequent Event:**

On February 15, 2016, the Company’s board of the directors approved the repurchase of common stock for transferring shares to its employees. The Company expects to repurchase 12,000 thousand shares from February 16 to April 15, 2016.

**(12) Others**

- (a) The details of the Group’s employee expenses, depreciation, and amortization were as follows:

	2015			2014		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee expenses:						
Salaries and wages	423,132	192,440	615,572	448,950	173,963	622,913
Labor and health insurance	42,070	12,529	54,599	41,000	11,448	52,448
Pension expense	24,514	9,381	33,895	22,696	9,254	31,950
Other personnel cost	29,986	5,983	35,969	26,332	5,557	31,889
Depreciation	122,401	6,107	128,508	179,959	11,460	191,419
Amortization	572	398	970	495	451	946

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (13) Supplementary Disclosure Requirements

In accordance with the ROC “Guidelines Governing the Preparation of Financial Reports by Securities Issuers”, the required disclosures for the year ended December 31, 2015 were as follows:

(a) Information on significant transactions:

(1) Loans extended to other parties: None

(2) Guarantees provided to other parties: None

(3) Securities owned as of December 31, 2015 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship between the investee and the Company	Financial statement account	December 31, 2015				Highest shareholding during the year		Remarks
				Units (shares)	Carrying value	Ratio	Market value (or net equity value)	Units (shares)	Ratio	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets carried at cost – noncurrent	1,000,000	10,000	5.00%	-	1,000,000	5.00%	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost – noncurrent	1,000,000	25,000	2.23%	-	1,000,000	2.23%	-
The Company	Epistar Corp., Ltd ECB	-	Financial assets at fair value through profit or loss	500,000	16,207	-	16,207	500,000	-	-
The Company	Taiwan Glass Inc., Ltd. ECB	-	Financial assets at fair value through profit or loss	1,000,000	32,333	-	32,333	1,000,000	-	-
The Company	Apple Inc. stock	-	Available-for-sale financial assets – current	16,000	55,282	-	55,282	16,000		-
The Company	Innolux Corp. stock	-	Available-for-sale financial assets – current	1,147,089	11,402	0.01%	11,402	1,147,000	0.01%	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets – current	480,000	6,504	0.78%	6,504	480,000	0.78%	-
The Company	Hon Hai Precision Co., Ltd. stock	-	Available-for-sale financial assets – current	525,000	42,420	-	42,420	525,000	-	-
The Company	Coasia Microelectronics Corp.	-	Available-for-sale financial assets – current	386,610	7,365	0.32%	7,365	386,610	0.32%	-
The Company	Radiant Opto-Electronics Corp. stock	-	Available-for-sale financial assets – current	250,000	18,850	0.05%	18,850	250,000	0.05%	-
The Company	Siliconware Precision Industries Co., Ltd. stock	-	Available-for-sale financial assets – current	333,000	17,416	0.01%	17,416	333,000	0.01%	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Available-for-sale financial assets – current	300,000	8,190	-	8,190	300,000	-	-
The Company	Mega Financial Holding Co., Ltd stock	-	Available-for-sale financial assets – current	555,000	11,794	-	11,794	555,000	-	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Available-for-sale financial assets – current	300,000	13,500	-	13,500	300,000	-	-
The Company	Synnex Technology International Co., Ltd. stock	-	Available-for-sale financial assets – current	452,000	14,486	0.03%	14,486	452,000	0.03%	-
The Company	King Yuan Electronics Co., Ltd. stock	-	Available-for-sale financial assets – current	570,000	12,284	0.05%	12,284	570,000	0.05%	-
The Company	Far Eas Tone Telecommunications Co., Ltd. stock	-	Available-for-sale financial assets – current	200,000	13,520	0.01%	13,520	200,000	0.01%	-
The Company	Pegatron Co., Ltd. stock	-	Available-for-sale financial assets – current	216,000	15,552	0.01%	15,552	216,000	0.01%	-
The Company	Yuanta Asia Pacific ex-Jpn Invt Grd Govt Bd Idx	-	Available-for-sale financial assets – current	2,000,000	17,896	-	17,896	2,000,000	-	-
The Company	Edmond de Rothschild Europe Convertibles	-	Available-for-sale financial assets – current	8,468.12	26,184	-	26,184	8,468.12	-	-
The Company	JPM Global Income A (acc)	-	Available-for-sale financial assets – current	11,945.82	62,034	-	62,034	11,945.82	-	-
The Company	JPMorgan Asia Pacific Income Fund A (mth)	-	Available-for-sale financial assets – current	97,195.14	88,758	-	88,758	97,195.14	-	-

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

Name of security holder	Name of security and type	Relationship between the investee and the Company	Financial statement account	December 31, 2015				Highest shareholding during the year		Remarks
				Units (shares)	Carrying value	Ratio	Market value (or net equity value)	Units (shares)	Ratio	
The Company	Franklin Templeton Investment Funds - Templeton Global Bond Fund Class A (acc)	-	Available-for-sale financial assets – current	46,357.62	41,999	-	41,999	46,357.62	-	-
The Company	UBS (Lux) Strategy Fund - Balanced	-	Available-for-sale financial assets – current	372.66	33,226	-	33,226	372.66	-	-
The Company	Allianz Income and Growth - AT Acc	-	Available-for-sale financial assets – current	70,900.06	31,162	-	31,162	70,900.06	-	-
The Company	Fidelity Funds - Euro Balanced Fund	-	Available-for-sale financial assets – current	88,226.18	32,233	-	32,233	88,226.18	-	-
The Company	Henderson Horizon Fund - Euroland Fund	-	Available-for-sale financial assets – current	42,625.75	15,993	-	15,993	42,625.75	-	-
Ying Dar Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets – current	550,000	7,453	0.09%	7,453	550,000	0.9%	-
Ying Dar Investment Development Corp.	AGV Products Corporation stock	-	Available-for-sale financial assets – current	100,000	898	0.02%	898	100,000	0.02%	-
Ying Dar Investment Development Corp.	The Company's stock	The Company	Available-for-sale financial assets – noncurrent	5,346,672	53,467	2.49%	53,467	5,346,672	2.49%	Note
Bae Haw Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets – current	380,000	5,149	0.62%	5,149	380,000	0.62%	-
Bae Haw Investment Development Corp.	The Company's stock	The Company	Available-for-sale financial assets – noncurrent	3,447,716	34,477	1.60%	34,477	34,478	1.6%	Note
Bae Haw Investment Development Corp.	Everest Technology Inc.	-	Financial assets carried at cost – noncurrent	1,000,000	-	1.47%	-	1,000,000	1.47%	-
Ying Cheng Investment Corp.	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets – current	235,000	3,184	0.38%	3,184	235,000	0.38%	-
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost – noncurrent	6,000,000	150,000	13.38%	-	6,000,000	13.38%	-

Note: It was eliminated in the consolidation.

- (4) Accumulated trading amount of a single security in excess of \$300 million or 20% of the Company's issued share capital: None
- (5) Acquisition of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.
- (6) Disposal of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

(7) Sales to and purchases from related parties in excess of \$100 million or 20% of issued share capital was as follows:

Purchasing (selling) company	Counterparty	Relationship	Details of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net purchases (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Co., U.S.A.	Subsidiary of the Company	Sale	1,620,306	(47.76)%	3 months	Sales prices offered to Emerging Display Technologies Co., U.S.A. was not significantly different from those offered to other customers.	Collection terms offered to Emerging Display Technologies Co., U.S.A. was not significantly different from other customers.	395,302	64.65%	(Note)
The Company	Tremendous Explore Corp.	Subsidiary of the Company	Purchase (processing cost)	464,571	27.91%	1-3 months	Tremendous Explore Corp. is the only entity the subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the subsidiary provides processing service to.	(96,904)	(28.22)%	(Note)
Emerging Display Technologies Co., U.S.A.	The Company	Subsidiary of the Company	Purchase	1,620,306	99.61%	3 months	The Company is the major supplier for Emerging Display Technologies Co., U.S.A. There is no comparable transaction.	The Company is the major supplier for Emerging Display Technologies Co., U.S.A.	(395,302)	(100.00)%	(Note)
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Sale (processing revenue)	464,571	(100.00)%	1-3 months	The Company is the only entity the subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the subsidiary provides processing service to.	96,904	100.00%	(Note)
Tremendous Explore Corp.	Dong Guan Emerging Display Limited	Subsidiary of the Company	Purchase (processing cost)	459,579	100.00%	1-3 months	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to. There is no comparable transaction.	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	(19,181)	(30.48)%	(Note)
Dong Guan Emerging Display Limited	Tremendous Explore Corp.	Subsidiary of the Company	Sale (processing revenue)	459,579	(100.00)%	1-3 months	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to. There is no comparable transaction.	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	19,181	100.00%	(Note)

Note: It was eliminated in the consolidation.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(8) Receivables from related parties in excess of \$100 million or 20% of issued share capital were as follows:

Name of company that has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Co., U.S.A.	Subsidiary of the Company	Accounts receivable of \$395,302	4.33	-	-	138,913	-	(Note)

Note: It was eliminated in the consolidation.

(9) Derivative financial instrument transactions:

The derivative financial instruments are intended to manage the market risk resulting from the fluctuations in the exchange rate in operating activities. Please refer to note 6(b).

(10) Significant inter-company transactions:

No.	Name	Counterparty	Relationship (Note)	Details of transaction			% of total consolidated revenue or total asset
				Subjects	Amount	Term of trading	
0	The Company	Emerging Display Technologies Co., U.S.A.	1	Sales revenue Accounts receivable	1,620,306 395,302	No significant collections term difference between other customers and Emerging Display Technologies Co., U.S.A.	46.42% 10.51%
0	The Company	Tremendous Explore Corp.	1	processing cost Accounts payable	464,571 96,904	Supplies on its behalf could not be compared to those offered to third-party customers	13.31% 2.58%
0	The Company	Emerging Display Technologies Co., U.S.A.	1	Selling expenses -Commission Other payable	2,075 765	Supplies on its behalf could not be compared to those offered to third	0.06% 0.02%
0	The Company	EDT-Europe ApS	1	Selling expenses -Commission Other payable	42,830 4,119	Supplies on its behalf could not be compared to those offered to third	1.23% 0.11%
0	The Company	Emerging Display Technologies Korea Corp.	1	Selling expenses -Commission	4,238	Supplies on its behalf could not be compared to those offered to third	0.12%
0	The Company	EDT-Japan Corp.	1	Selling expenses -Commission Other payable	15,720 1,436	Supplies on its behalf could not be compared to those offered to third	0.45% 0.04%
5	Tremendous Explore Corp.	The Company	3	Processing revenue Accounts receivable	459,579 19,181	No non-related-party transaction to compare to.	13.17% 0.51%
5	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Outsourcing cost Accounts payable	384,394	No non-related-party transaction to compare to.	11.01%

Note: Relationship notes as follows,

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(b) Information on investees

Relevant information about investees is as follows: (excluding investments in Mainland China)

Name of investor	Name of investee	Location	Business scope	Original cost of investment		Balance as of December 31, 2015			Net income (loss) of the investee	Investment income (less) recognized	Highest shareholding during the year		Remarks
				December 31, 2015	December 31, 2014	Shares owned	Percentage owned	Carrying value			Units (shares)	Ratio	
The Company	Emerging Display Technologies Co., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	65,222 (Note1)	2,166	2,359	3,500,000	100.00%	Subsidiary (Note 2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	94,277	12,687	10,279	5,984,071	78.49%	Subsidiary (Note 2)
The Company	EDT-Europe ApS	Denmark	Trading	2,077	2,077	125,000	100.00%	1,577	134	134	125,000	100.00%	Subsidiary (Note 2)
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	(4,564)	(596)	(596)	50,000	100.00%	Subsidiary (Note 2)
The Company	EDT-Korea	Korea	Trading	1,677	1,677	58,212,500	100.00%	1,033	31	31	58,212,500	100.00%	Subsidiary (Note 2)
The Company	EDT-Japan	Japan	Trading	17,401	17,401	5,000	100.00%	8,498	1,825	1,825	5,000	100.00%	Subsidiary (Note 2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	22,789	1,476	1,476	8,900,000	100.00%	Subsidiary (Note 2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	23,749	1,931	1,931	8,900,000	100.00%	Subsidiary (Note 2)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	83,104	266	140	8,400,000	52.50%	Subsidiary (Note 2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	7,099	12,687	-	450,000	5.90%	Subsidiary (Note 2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	13,728	12,687	-	870,000	11.41%	Subsidiary (Note 2)

Note 1: It was deducted unrealized profit from sales \$24,531.

Note 2: It was eliminated in the consolidation.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(c) Information on investments in Mainland China:

(1) Related information regarding investments in Mainland China

The related information regarding the Company's investments in Mainland China is summarized as follows:

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2015	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of Jan. 1, 2015	Net income of investee	The Company's direct or indirect investment ratio	Investment gain (loss) recognized by the Company	Book value of the investment as of December 31, 2015	Accumulated investment income repatriated to Taiwan as of December 31, 2015
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs	248,516 (US\$7,625,300)	Investing through a third country by establishing a holding company in a third country.	219,225 (US\$6,746,936) (Note 1)	-	-	219,225 (US\$6,746,936)	12,417	95.80% (Note 2)	12,216 Based on the investee's financial statements audited by the same auditor as the Company (Note 3)	105,911 (Note 4)	-



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(2) Upper limit on investment in Mainland China

Accumulated investment amount remitted from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission, Ministry of Economic Affairs (Note 8)	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
227,630 (US\$6,934,668) (Note 5)	457,966 (US\$13,951,732) (Note 6)	1,302,186 (Note 7)

Note 1: The amount includes \$13,234 which was invested by Ying Dar Investment Development Corp. and \$25,488 which was invested by Bae Haw Investment Development Corp.

Note 2: The ratio includes 5.90% which was held by Ying Dar Investment Development Corp. and 11.41% which was held by Bae Haw Investment Development Corp.

Note 3: The amount includes a loss of \$733 which was recognized by Ying Dar Investment Development Corp. and a loss of \$1,417 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes \$6,523 which was invested by Ying Dar Investment Development Corp. and \$12,614 which was invested by Bae Haw Investment Development Corp.

Note 5: The amount includes the remaining capital amounting to \$6,589 (US\$187,732) of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. remitted back after it had completed liquidation in 2009.

Note 6: The approved amount includes US\$637,732 obtained from Ying Dar Investment Development Corp. and US\$870,000 obtained from Bae Haw Investment Development Corp. The amount obtained from Ying Dar Investment Development Corp. includes the remaining capital amounting to \$6,589 (US\$187,732) of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. remitted back after it had completed liquidation in 2009.

Note 7: The amount includes \$45,754 for Ying Dar Investment Development Corp. and \$34,936 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at December 31, 2015.

(3) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, are disclosed in "Information on significant transactions".

#### (14) Segment Information

(a) General information

The Group has three reportable segments: the domestic segment, the North America segment and the mainland China segment. The domestic segment includes sales division, research develop division and manufacturing division. It engages in designing, manufacturing and selling of liquid crystal displays modules and capacitive touch panel, and functions as operating headquarters of the Group. The North America segment engages mainly in expanding the North American trading business and implements marketing function in North America. The North America segment engages in the sale of liquid crystal displays provided by the domestic segment. The mainland China segment engages in the manufacture of processing raw materials and supplies provided by the domestic segment and it deals mainly in the business of manufacturing liquid crystal display modules and capacitive touch panel.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

- (b) Information which should be reported includes the segment income, segment assets, and segment liabilities, and their measurement basis and reconciliation information

The reported amounts are consistent with the management reports adopted by decision makers. There was no material inconsistency between the accounting policies of reportable segments and the accounting policies described in note 4. The reportable segments' income was measured using the operating income before tax, which was also used as the basis for performance evaluation. Sales and other transactions among consolidated entities were considered as transactions with third parties and they are measured based on the market value.

Reportable segment information is as follows:

	<b>2015</b>					
	<b>Domestic</b>	<b>North America</b>	<b>Mainland China</b>	<b>Other operating department</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
<b>Revenue</b>						
Sales to customers other than consolidated entities	\$ 1,756,780	1,719,269	-	708	-	3,476,757
Sales among consolidated entities	1,620,306	2,075	924,149	62,788	(2,609,318)	-
Interest revenue	4,935	16	37	3	-	4,991
<b>Total revenue</b>	<b>\$ 3,382,021</b>	<b>1,721,360</b>	<b>924,186</b>	<b>63,499</b>	<b>(2,609,318)</b>	<b>3,481,748</b>
Interest expenses	\$ 16,125	-	-	11	-	16,136
Depreciation and amortization	\$ 115,975	696	12,702	425	(320)	129,478
<b>Segment income</b>	<b>\$ 298,436</b>	<b>1,504</b>	<b>14,628</b>	<b>2,062</b>	<b>514</b>	<b>317,144</b>
<b>Segment assets</b>	<b>\$ 3,672,739</b>	<b>497,154</b>	<b>169,076</b>	<b>20,229</b>	<b>(598,265)</b>	<b>3,760,933</b>
<b>Segment liabilities</b>	<b>\$ 1,650,886</b>	<b>408,605</b>	<b>63,086</b>	<b>9,121</b>	<b>(486,834)</b>	<b>1,644,864</b>
	<b>2014</b>					
	<b>Domestic</b>	<b>North America</b>	<b>Mainland China</b>	<b>Other operating department abroad</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
<b>Revenue</b>						
Sales to customers other than consolidated entities	\$ 2,196,267	1,723,275	-	348	-	3,919,890
Sales among consolidated entities	1,613,674	2,211	1,033,278	61,745	(2,710,908)	-
Interest revenue	6,930	32	392	1	-	7,355
<b>Total revenue</b>	<b>\$ 3,816,871</b>	<b>1,725,518</b>	<b>1,033,670</b>	<b>62,094</b>	<b>(2,710,908)</b>	<b>3,927,245</b>
Interest expenses	\$ 19,572	-	-	-	-	19,572
Depreciation and amortization	\$ 175,540	826	15,926	419	(345)	192,366
<b>Segment income</b>	<b>\$ 233,028</b>	<b>4,636</b>	<b>(25,032)</b>	<b>(597)</b>	<b>1,120</b>	<b>213,155</b>
<b>Segment assets</b>	<b>\$ 3,450,176</b>	<b>451,073</b>	<b>215,594</b>	<b>17,316</b>	<b>(584,467)</b>	<b>3,549,692</b>
<b>Segment liabilities</b>	<b>\$ 1,418,450</b>	<b>367,854</b>	<b>119,471</b>	<b>8,304</b>	<b>(496,980)</b>	<b>1,417,099</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The following is the explanation of material reconciliation item:

1. For the years ended December 31, 2015 and 2014, the operating segments revenue eliminated from the consolidated entities were \$2,609,318 and 2,710,908, respectively.
2. For the years ended December 31, 2015 and 2014, the operating segments depreciation and amortization eliminated from the consolidated entities were \$320 and 345, respectively.
3. For the years ended December 31, 2015 and 2014, the operating segments profit and loss eliminated from the consolidated entities were \$514 and 1,120, respectively.
4. For the years ended December 31, 2015 and 2014, the operating segments assets eliminated from the consolidated entities were \$598,265 and 584,467, respectively.
5. For the years ended December 31, 2015 and 2014, the operating segments liabilities eliminated from the consolidated entities were \$486,834 and 496,980, respectively.

(c) Products and services information

Sales to customers other than consolidated entities, classified by products and services, were as follows:

<b>Production</b>	<b>2015</b>	<b>2014</b>
Liquid crystal display modules	\$ 2,448,029	2,557,916
Capacitive touch panel and capacitive touch panel Module	979,609	1,276,786
Liquid crystal display panel	33	440
Other	49,086	84,748
	<b>\$ 3,476,757</b>	<b>3,919,890</b>

(d) Geographic information

Sales to customers other than consolidated entities, classified by location of customers, were as follows:

<b>Geographic Area</b>	<b>2015</b>	<b>2014</b>
Mainland China	\$ 1,044,173	1,645,331
Europe	1,093,679	956,994
USA	921,543	700,047
Japan	133,332	184,512
Taiwan	192,615	312,308
Korea	46,554	33,702
Other	44,861	86,996
	<b>\$ 3,476,757</b>	<b>3,919,890</b>

Non-current assets, classified by location of assets, were as follows:

<b>Geographic Area</b>	<b>2015</b>	<b>2014</b>
Taiwan	\$ 474,057	544,118
Mainland China	17,611	25,724
USA	66,453	64,163
Europe	544	1,039
Japan	78	95
	<b>\$ 558,743</b>	<b>635,139</b>

Non-current assets included in Property, plant and equipment, investment property, intangible assets and other assets, excluding financial instrument and deferred tax assets.

(e) Major customers' information

	<b>2015</b>	<b>2014</b>
A from location USA	\$ 359,415	272,653
B from location Taiwan	\$ 354,449	276,553