(English Translation of Financial Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2015 and 2016

(With Independent Auditors' Report Thereon)

Address: No. 5, Central 1st Rd., Kaohsiung Export Processing Zone, Kaohsiung, Taiwan, R.O.C.
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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Emerging Display Technologies Corp.as of and for the year ended December 31, 2016, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements."

In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Emerging Display Technologies Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Emerging Display Technologies Corp.

By
Ray Tseng
Chairman
March 08, 2017

Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

Opinion

We have audited the accompanying consolidated financial statements of Emerging Display Technologies Corp.(the Company) and subsidiaries, which comprise the balance sheets as of December 31, 2016 and 2015, the statement of consolidated comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the consolidated financial report as follows:

1. **Valuation of inventory**

   Please refer to Note 4(g) Inventories and Note 5(b) of the consolidated financial statements for inventories and accounting estimate of inventory valuation, respectively. Information regarding the inventory is shown in Note 6(g) of the consolidated financial statements.

   Inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. The Group focuses on the small and medium sized niche markets of non-consumable area. The products are used in industrial equipment, smart home devices, handheld devices, and information appliance products. The development strategy of the Group is focused on diversified and customized product. The impact to assess provision includes the purchasing and write-down of the components which are used in diversified and customized products, the management of safety stocks levels, and production planning which effects the inventory cost. As a result there is a risk that the net realizable value of inventory falls below its carrying value. Therefore this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging; assessing the reasonableness of the accounting policy, such as provision of inventory valuation and obsolescence, reviewing the accuracy of prior year's inventory allowance and understanding the basis of selling price used by the management for evaluating the reasonableness of the net realizable value. Moreover, assessing the changes of obsolescence inventory in the subsequent events, and the basis of net realizable value to evaluate the accuracy of the Group's provisions. In addition, assessing the appropriateness of the provisions and disclosures made by the management.

2. **Valuation of receivable**

Please refer to Note 4(f) and Note 5(a) of the consolidated financial statement for receivable and accounting estimate of receivable valuation, respectively. Information regarding the inventory is shown in Note 6 (f) of the consolidated financial statement.

The Group's customers are the manufacturers of industrial equipment, smart home devices, handheld devices, and information appliance product. The cause of some customers delayed payment was there is a need to clarify the responsibility of problematic products that resulted from the failure of process or the usage of end product. The management has subjective and significant judgments with the balance of allowance for bad debts from receivables. Therefore this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the processes of account checking with customers and collecting; analyzing receivable aging report; assessing the reasonableness of the provision of receivable by reviewing the historical accuracy on provision, historical receipt records, industrial economy, and concentration of credit risk; and considering the adequacy of the Group's disclosures in the accounts.

3. **Recoverability of deferred tax assets**

Please refer to Note 4(s) "Income taxes", Note 5(c) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(r) "Income taxes "of the consolidated financial statements.

The recoverability of deferred tax assets based on the management's judgment in respect of the timing and quantum of expected future profits, and the probability that the taxable profit will be available against which the deductible temporary differences can be utilized is one of the key areas our audit focused on.

How the matter was addressed in our audit

In relation to the key audit matter above, our principal audit procedures included assessing the management estimates for assumptions used in respect of the future taxable profit forecasts based on the relevant components to the Group's forecasts; retrospectively reviewing the accuracy of taxable profit and assumptions used estimates; assessing the appropriateness of management assumptions used in growth forecasts by using the knowledge of the Group and the information of industry in which it operates.

Other Matters

We have also audited the parent company only financial statement of Emerging Display Technologies Corp. as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Unless the management either intends to liquidate the Group or to cease its operations, there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Po Jen, Yang and Kuo Tsung, Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2017

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31,2016 and 2015

(Expressed in thousands of New Taiwan dollars)

	2016.12.31		2015.12.31	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS:：				
Cash and cash equivalent (Note 6(a))	$ 744,653	22	963,257	26
Financial assets at fair value through profit or loss (Note 6(b))	4,655	-	50,130	1
Available-for-sale financial assets－current (Note 6(c))	408,905	12	614,734	16
Bond investments without active market-current (Notes 6(d) and 8)	420,428	12	1,014	-
Accounts receivable, net (Note 6(f))	376,421	11	454,735	12
Other receivables (Note 6(f))	19,602	-	18,082	1
Current tax assets	2,782	-	2,601	-
Inventories (Note 6(g))	754,529	22	830,814	22
Other current assets (Note 6(h))	20,814	1	33,410	1
	2,752,789	80	2,968,777	79
NONCURRENT ASSETS:				
Financial assets carried at cost-noncurrent (Note 6(e))	185,000	6	185,000	5
Property, plant and equipment (Notes 6(j) and 8)	459,027	13	537,810	14
Investment Property (Notes 6(k) and 8)	17,047	-	17,407	1
Intangible assets (Note 6(l))	3,868	-	3,525	-
Deferred tax assets (Note 6(q))	25,898	1	38,751	1
Prepayments on purchase of equipment	377	-	-	-
Other non-current financial assets (Notes 6(d) and 6(f))	9,842	-	9,663	-
Total noncurrent assets	701,059	20	792,156	21
TOTAL	**$ 3,453,848**	**100**	**3,760,933**	**100**

	2016.12.31		2015.12.31	
LIABILITIES AND EQUITY	Amount	%	Amount	%
CURRENT LIABILITIES:				
Short-term loans (Notes 6(m) and 8)	$ 712,000	21	599,286	16
Notes payable	2,203	-	3,193	-
Accounts payable	344,224	10	365,174	10
Other payables	228,455	6	271,943	7
Current tax liabilities	13,485	-	1,463	-
Long-term loans, current portion (Note 6(n) and 8)	-	-	72,800	2
Other current liabilities	21,335	1	25,135	1
Total current liabilities	1,321,702	38	1,338,994	36
NONCURRENT LIABILITIES：				
Long-term loans (Notes 6(n) and 8)	-	-	218,400	6
Deferred tax liabilities (Note 6(q))	2,812	-	2,539	-
Net Defined Benefit liabilities-noncurrent	88,505	3	84,771	2
Guarantee Deposits Received	160	-	160	-
Total noncurrent liabilities	91,477	3	305,870	8
Total liabilities	1,413,179	41	1,644,864	44
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note (r))：				
Capital stock	1,949,076	56	2,149,076	57
Capital surplus	33,663	1	27,955	1
Retained Earnings	338,384	10	216,937	6
Other equity interest	(87,612)	(3)	(99,001)	(3)
Treasury shares	(273,209)	(7)	(259,140)	(7)
Total equity attributable to shareholders of parent	1,960,302	57	2,035,827	54
Non-controlling interests	80,367	2	80,242	2
Total equity	2,040,669	59	2,116,069	56
TOTAL	**$ 3,453,848**	**100**	**3,760,933**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31,2016 and 2015
(Expressed in thousands of New Taiwan dollars, Except Earning Per Share)

	2016			2015	
		Amount	%	Amount	%
Operating revenue (Note 6(t))	$	3,178,919	100	3,476,757	100
Operating cost (Note 6(g ,l ,p &u) and 12)		2,551,193	80	2,782,848	80
Gross profit		627,726	20	693,909	20
Operating expenses (Note 6(l, p &u) and 12):					
Selling expenses		200,572	6	213,551	6
General and administrative expenses		141,306	5	146,175	4
Research and development expenses		102,547	3	100,149	3
		444,425	14	459,875	13
Net other income (Note 6(v))		1,094	-	1,094	-
Operating profit		184,395	6	235,128	7
Non operating income and expenses(Note 6(w)):					
Other income		21,349	-	19,137	-
Other gains and losses, net		22,002	1	79,015	2
Finance costs, net		(11,762)	-	(16,136)	-
		31,589	1	82,016	2
Profit before tax		215,984	7	317,144	9
Total tax expense (Note 6(q))		28,138	1	50,507	1
Net profit		**187,846**	**6**	**266,637**	**8**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurements from defined benefit plans (Note 6(p))		(6,053)	-	794	-
Income tax related to items that will not be reclassified subsequently		-	-	-	-
		(6,053)	-	794	-
Items that will be reclassified into profit or loss:					
Foreign currency translation difference (Note 6(r))		(10,193)	(1)	1,316	-
Unrealized gain (loss) on available-for-sale financial assets (Note 6(x))		22,719	1	(66,938)	(2)
Less: Income tax related to items that will be reclassified subsequently (Note 6(q))		1,086	-	(2,570)	-
		11,440	-	(63,052)	(2)
Other comprehensive income, net		5,387	-	(62,258)	(2)
Comprehensive income	**$**	**193,233**	**6**	**204,379**	**6**
Profit (loss) attributable to:					
Shareholders of parent	$	187,772	6	265,977	8
Non-controlling interests		74	-	660	-
	$	**187,846**	**6**	**266,637**	**8**
Comprehensive income (loss) attributable to:					
Shareholders of parent	$	193,108	6	204,662	6
Non-controlling interests		125	-	(283)	-
	$	**193,233**	**6**	**204,379**	**6**
Earnings per share (Note 6(s))(expressed in New Taiwan dollars)					
Basic earnings per share	**$**		**1.03**		**1.25**
Diluted earnings per share	**$**		**1.03**		**1.24**

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31,2016 and 2015

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of parent										
			Retained earnings			Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings	Foreign currency translation differences	Unrealized gain (loss) on Available for sale financial asset	Treasury stock	Total equity attributable of parent	Non-controlling Interests	Total Equity
Balance as of January 1, 2015	$ 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	(112,000)	27,955	-	-	-	-	-	84,045	-	-	-
Balance as of December 31, 2015	2,149,076	27,955	-	-	216,937	9,532	(108,533)	(259,140)	2,035,827	80,242	2,116,069
Net profit in 2016	-	-	-	-	187,772	-	-	-	187,772	74	187,846
Other comprehensive income in 2016	-	-	-	-	(6,053)	(9,825)	21,214	-	5,336	51	5,387
Total comprehensive income in 2016	-	-	-	-	181,719	(9,825)	21,214	-	193,108	125	193,233
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	21,614	-	(21,614)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	96,448	(96,448)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(60,272)	-	-	-	(60,272)	-	(60,272)
Repurchase of treasury stock	-	-	-	-	-	-	-	(211,167)	(211,167)	-	(211,167)
Cancellation of treasury stock	(200,000)	2,902	-	-	-	-	-	197,098	-	-	-
Cash dividends to subsidiaries	-	2,806	-	-	-	-	-	-	2,806	-	2,806
Balance as of December 31, 2016	$ 1,949,076	33,663	21,614	96,448	220,322	(293)	(87,319)	(273,209)	1,960,302	80,367	2,040,669

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31,2016 and 2015

(expressed in thousands of New Taiwan dollars)

	2016	2015
Cash flows from operating activities		
Profit before tax	$ 215,984	317,144
Adjustments :		
Income and expenses having no effect on cash flows:		
Depreciation expense	110,619	128,508
Amortization expense	1,065	970
Provision for bad debt expense	(144)	(1,147)
Net gain on financial assets or liabilities at fair value through profit or loss	(2,021)	(9,430)
Interest expense	11,762	16,136
Interest income	(3,856)	(4,991)
Dividend income	(8,647)	(13,756)
Gain on disposal of property, plant and equipment	(365)	(844)
Gain on disposal of investments	(11,632)	(20,362)
Unrealized foreign exchange loss (gain)	(5,403)	(23,857)
Total adjustments to reconcile profit (loss)	91,378	71,227
Changes in operating assets and liabilities		
Net changes in operating assets:		
Accounts receivable	77,615	(9,045)
Other receivable	(1,136)	(2,340)
Inventories	71,224	15,618
Other current assets	10,182	(8,906)
Total net changes in operating assets	157,885	(4,673)
Net changes in operating liabilities:		
Notes payable	(990)	(631)
Accounts payable	(22,138)	(38,292)
Other payables	(32,574)	31,466
Other current liabilities	(3,655)	3,138
Net defined benefit liability	(2,319)	(1,597)
Other operating liabilities	-	(11)
Total net changes in operating liabilities	(61,676)	(5,927)
Total net changes in operating asset and liabilities	96,209	(10,600)
Total adjustments	187,587	60,627
Cash generated from operating activities	403,571	377,771
Interest received	3,468	5,395
Dividends received	8,647	13,756
Interest paid	(10,345)	(14,830)
Income taxes paid	(4,170)	(7,387)
Net cash flows from operating activities	401,171	374,705
Cash flows from investing activities:		
Acquisition of financial assets designated upon initial recognition as at fair value through profit or loss	(16,187)	(105,639)
Proceed from disposal of financial assets designated upon initial recognition as at fair value through profit or loss	63,683	126,581
Acquisition of available-for-sale financial assets	(32,464)	(528,132)
Proceeds from disposal of available-for-sale financial assets	272,644	357,426
Acquisition of debt investments without active market	(417,223)	(9)
Acquisition of property, plant and equipment	(31,959)	(44,211)
Proceeds from disposal of property, plant and equipment	365	1,152
Acquisition of intangible assets	(1,408)	(1,538)
Increase in other financial assets	(492)	-
Decrease in other financial assets	-	281
Increase in prepayments on purchase of equipment	(377)	(7,319)
Net cash used in investing activities	(163,418)	(201,408)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	112,714	568,655
Repayments of long-term loans	(291,200)	(345,800)
Cash dividends	(57,457)	-
Treasury stock acquired	(222,266)	(209,804)
Net cash provided by (used in) financing activities	(458,209)	13,051
Effects of changes in foreign exchange rates	1,852	9,846
Net increase in cash and cash equivalents	(218,604)	196,194
Cash and cash equivalents at beginning of year	963,257	767,063
Cash and cash equivalents at end of year	$ 744,653	963,257

See accompanying notes to consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Notes to consolidated financial statements
For the years ended December 31, 2016 and 2015
(All amounts expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Organization and Business Scope

Emerging Display Technologies Corp.(the Company) and its subsidiaries was incorporated as a limited liability Group 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 (jointly referred to as 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 8, 2017.

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

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IAS
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
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to 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

New, Revised or Amended Standards and Interpretations	Effective date per IAS
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 above new standards and interpretations has not had any material impact on the Group’s accounting policies.

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IAS
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Lease”	January 1, 2019
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Amendment to IFRS 15 “Clarifications to IFRS 15”	January 1, 2018
Amendments to IFRS 7 “Disclosure Initiative”	January 1, 2017
Amendment to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IFRS 4 "Insurance Contracts"(“Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”)	January 1, 2018
Annual Improvements to IFRSs 2014-2016 Cycle:	
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2017
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018
Amendments to IAS 40 “transfers of investment property”	January 1, 2018

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

Issuance/Release Dates	Standards or interpretation	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent;(iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The new standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: Classification and measurement: ・Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. ・Impairment: The expected credit loss model is used to evaluate impairment. ・Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness ismeasured based on the hedge ratio.

Issuance/Release Dates	Standards or interpretation	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. ・A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.
January 19, 2016	Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	The objective of this project is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. It clarifies that 'taxable profit excluding tax deductions' used for assessing the utilization of deductible temporary differences is different from 'taxable profit on which income taxes are payable'.
January 19, 2016	Amendment to IAS 7 "Disclosure Initiative"	The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from Financing activities, including changes arising from cash flows and non-cash changes.
December 8, 2016	IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	IFRIC 22 clarifies the transaction date used to determine the exchange rate. The transaction date is the date on which the company initially recognizes the prepayment or deferred income arising from the advance consideration.
December 8, 2016	Amendments to IAS 40 "Investment Property"	The amendments specify that a transfer into,or out of, investment property would be made only when there has been a change in use of a property, supported by evidence that a change in use has occurred. The amendments also clarify that the list of circumstances that provide evidence of a change in use set out in paragraph 57 (a)-(d) of IAS 40 contains examples and is not an exhaustive list.

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 accompanying 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 consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated in note 3, the following accounting policies were applied consistently throughout the presented periods in the 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 measured at fair value through profit or loss are measured at fair value;
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 fair value of plan 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.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The Group consolidated financial statements include the accounts of the Company and all directly owned subsidiaries of the Company. 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. InterGroup balances and transactions, and any unrealized income and expenses arising from interGroup 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 investor	Name of the subsidiary	Business Activity	Percentage ownership 2016.12.31	Percentage ownership 2015.12.31	Remarks
The Company	Emerging Display Technologies Co., U.S.A	Sale of CTP and LCDs	100.00%	100.00%	
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	
The Company	EDT-Europe ApS	Sale of CTP and LCDs	100.00%	100.00%	
The Company	Tremendous Explore Corp.	Trading	100.00%	100.00%	
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100.00%	100.00%	
The Company	EDT-Japan Corp.	Sale of CTP and LCDs	100.00%	100.00%	
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	
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 International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	

(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 New Taiwan dollar at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to New Taiwan dollar 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 join 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.

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.

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.

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.

(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.

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

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 form 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.

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

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.

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.

(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. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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 non-operating income and expense.

(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.

(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 Group as Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. The total incentive benefits provided to the lessee in order to fulfill the lease arrangement, are deemed as part of the total lease income, and shall be recognized using the straight-line method, as a reduction in lease income during the lease term.

(ii)The Group as Lessee

Leases in which the Group 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	4	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 carrying amounts of the Company's non- financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash generating unit (CGU).

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

The Company 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.

(p) Revenue

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.

(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 the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of 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 the present value of the economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of the economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Group if it is realizable during the life of the plan, or on the settlement of the plan liabilities.

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

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity.

If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

The 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 the change in the present value of the defined benefit obligation.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group is required to recognize the termination benefits at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes any related restructuring costs. 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. A liability is recognized for the amount expected to be pain under short-term cash bonus or profit-sharing plans if the Consolidated Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(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.

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.

(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 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 have significant risk of resulting in material adjustments within the next year:

(a) Impairment Assessment of Accounts Receivable

When there is objective evidence that shows signs of impairment, the Consolidated Group shall consider estimation of future cash flow. The amount of impairment loss shall take into consideration factors such as customers' past arrears records, analysis of their current financial situation, analysis of their accounts receivable aging, etc., and be measured based on the difference between the asset's book value and discounted present value by estimation the future cash flow according to cash flow in the future is less than the expected amount, it may result in significant impairment loss. For provision of impairment, please refer to Note 6(f).

(b) Inventory Valuation

As inventory shall be measured based on the lower of cost or realizable value, if on the Consolidated Group's evaluation report date, the inventory has suffered normal wear and tear, is outdated or has no market value, the inventory cost shall be offsetted to net realizable value. The assessment of the inventory valuation is mainly based on the product requirements within a specific future period. Hence, it may have significant changes due to rapid industrial changes. For inventory valuation, please refer to Note 6(g).

(b) Recognition of deferred income tax assets

Deferred income tax asset shall be recognized if there is a high possibility of sufficient taxable profit in the future for deductible temporary difference and loss carryforward. The Consolidated Group shall base on assumptions such as expected future sales revenue growth, profit margin, available income tax credits,

tax planning, etc., assess the attainability of deferred income tax assets. For estimation of deferred income tax assets, please refer to Note 6(q).

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	2016.12.31	2015.12.31
Cash and cash equivalents	$ 331	270
Demand deposits	505,746	893,084
Check deposits	3,552	4,259
Time deposits	235,024	65,644
Total	$ 744,653	963,257

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 at fair value through profit or loss

Details were as follows:

	2016.12.31	2015.12.31
Financial assets at fair value through profit or loss:		
Corporate Bond	$ -	48,540
Financial asset held for trade:		
Swap contract	4,655	1,590
	$ 4,655	50,130

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

As of December 31, 2016 and 2015, 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 doesn't apply to hedge accounting and held the following derivative instruments presented as held-for-trading financial assets or liabilities:

	2016.12.31		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Swap contract	USD 6,000	NTD to USD	106.01.06~106.02.24

	2015.12.31		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Swap contract	USD 3,000	NTD to USD	105.01.15~105.02.17

(c) Available-for-sale financial assets

	2016.12.31	2015.12.31
Listed stocks in Taiwan	$ 181,953	209,967
Foreign listed stocks	59,763	55,282
Open-end mutual funds	167,189	349,485
Total	$ 408,905	614,734

Please refer to note 6(w) for disposal of investment profit and loss.

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

With the objective of investment and financial management, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not lose control on these financial assets, and they are hence not derecognized. As at 31December 2015 and 2016, the book value our Group entrusted to the financial institutions are TWD 14,050,000 and TWD 0 respectively.

As at 31 December 2015 and 2016, the Consolidated Group's available for sale financial assets were not pledged as collaterals.

(d) Bond investment without active market

	2016.12.31	2015.12.31
Restricted Certificate Deposit-current	$ 421,535	1,531
Current	$ 420,428	1,014
Non-current (recorded in other non-current financial assets)	1,107	517
Total	$ 421,535	1,531

As of December 31, 2016 and 2015, bond investment without an active market pledged as collateral for loans are disclosed in note (8).

(e) Financial assets at cost

	2016.12.31	2015.12.31
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, 2016 and 2015, financial assets at cost were not pledged as collateral.

(f) Accounts receivable and other receivables

		2016.12.31	2015.12.31
Account receivable	$	399,069	484,195
Other receivables-current		22,666	31,049
Other receivables- deposits paid		8,735	9,146
Less: allowance for doubtful accounts		(25,712)	(42,427)
	$	404,758	481,963

The aging analysis of unimpaired overdue receivables was as follows:

		2016.12.31	2015.12.31
1~30 days	$	51,215	69,589
31~90 days		4,509	6,561
91~270 days		318	4,504
More than 271 days		50	583
	$	56,092	81,237

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

	2016			
		Separately assessed impairment	**Collectively assessed impairment**	**Total**
Balance at January 1, 2016	$	41,940	487	42,427
Recognition(reversal) of impairment loss of				
Accounts Receivables and other receivables		31	(175)	(144)
Offset uncollected amount		(16,226)	-	(16,226)
The Effects of Changes in Foreign Exchange Rates		(336)	(9)	(345)
Balance at December 31, 2016	$	25,409	303	25,712

	2015			
		Separately assessed impairment	**Collectively assessed impairment**	**Total**
Balance at January 1, 2015	$	41,062	1,787	42,849
Recognition(reversal) of impairment loss of				
Accounts Receivables and other receivables		174	(1,321)	(1,147)
The Effects of Changes in Foreign Exchange Rates		704	21	725
Balance at December 31, 2015	$	41,940	487	42,427

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, 2016and 2015, accounts receivable and other receivables were not pledged as collateral.

(g) Inventories

		2016.12.31	**2015.12.31**
Raw materials	$	188,683	180,182
Work in process		310,053	328,336
Finished goods		250,990	321,263
Inventories in transit		4,803	1,033
Total	$	754,529	830,814

For the years ended December 31, 2015 and 2014, the cost of inventories recognized as operating costs and expense were $2,514,344 and $2,744,133, respectively. Write-down of Inventory to net realized value in the amount of $4,037 was included in the cost of revenue. 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 recognized in the reduction of operating costs.

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

(h) Other current assets:

	2016.12.31	2015.12.31
Income tax refund receivable	$ 2,526	2,111
Prepayment for purchases	4,094	4,850
Prepaid expense	9,096	8,155
Prepaid sales tax	5,098	18,294
	$ 20,814	33,410

(i) 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	
		2016.12.31	**2015.12.31**
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,

	2016.12.31	**2015.12.31**
Current Asset	$ 9,171	8,343
Non-Current Asset	150,000	150,000
Current Liability	(60)	(50)
Non-Current liability	-	-
Net Asset	**$ 159,111**	**158,293**
Non-Controlling equity closing book amount	**$ 75,578**	**75,189**

		2016 Year	2015 Year
Operating revenue	$	62	361
Net profit(Net Loss)	$	(63)	266
Other comprehensive income		881	(1,810)
Comprehensive income	$	818	(1,544)
Profit attributable to non-controlling interes	$	(30)	127
Comprehensive income attributable to non-controlling interest	$	389	(733)

		2016 Year	2015 Year
Cash flow from operating activities	$	(47)	288
Cash flow from investing activities		-	-
Cash flow from financing activities		-	-
Net increase in cash and cash equivalents	$	(47)	288

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

		2016.12.31	2015.12.31
Current Asset	$	127,372	135,002
Non-Current Asset		14,176	21,178
Current Liability		(27,511)	(35,862)
Non-Current liability		-	-
Net Asset	$	114,037	120,318
Non-Controlling equity closing book amount	$	4,789	5,053

		2016 Year	2015 Year
Operating revenue	$	352,333	459,579
Net profit(Net Loss)	$	2,459	12,687
Other comprehensive income		(8,740)	(1,954)
Comprehensive income	$	(6,281)	10,733
Profit attributable to non-controlling interest	$	104	533
Comprehensive income attributable to non-controlling interest	$	(264)	450

		2016 Year	2015 Year
Cash flow from operating activities	$	7,334	7,810
Cash flow from investing activities		(2,787)	(4,425)
Cash flow from financing activities		-	-
Effects of changes in foreign exchange rates		(1,338)	(296)
Increase in cash and cash equivalents	$	3,209	3,089

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group as follows:

		Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Cost or deemed cost:							
Balance at January 1, 2016	$	52,249	995,983	2,705,564	32,418	151,520	3,937,734
Additions		-	2,365	8,232	424	22,560	33,581
Reclassification		-	-	11,373	-	(11,373)	-
Disposals		-	-	(126,049)	(340)	(2,046)	(128,435)
Effect of movements in exchange rates		(915)	(4,195)	(18,771)	(532)	(509)	(24,922)
Balance at December 31, 2016	$	51,334	994,153	2,580,349	31,970	160,152	3,817,958
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		-	-	(217,064)	(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	$	52,249	995,983	2,705,564	32,418	151,520	3,937,734
Depreciation and impairment loss:							
Balance at January 1 2016	$	-	737,759	2,529,764	28,524	103,877	3,399,924
Depreciation for the year		-	18,928	74,614	1,282	15,435	110,259
Disposals loss		-	-	(126,049)	(340)	(2,046)	(128,435)
Effect of movements in exchange rates		-	(3,788)	(18,039)	(518)	(472)	(22,817)
Balance at December 31 2016	$	-	752,899	2,460,290	28,948	116,794	3,358,931
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
Disposals loss		-	-	-	(154)	154	-
Reclassification		-	-	(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	$	-	737,759	2,529,764	28,524	103,877	3,399,924
Carrying amounts:							
Balance at December 31,2016	$	51,334	241,254	120,059	3,022	43,358	459,027
Balance at January 1, 2015	$	50,378	280,583	227,640	2,291	52,668	613,560
Balance at December 31,2015	$	52,249	258,224	175,800	3,894	47,643	537,810

Please refer to Note 6(w) for detail of disposal gain and loss.

As of December 31, 2016 and 2015, property, plant and equipment pledged as collateral for short-term, long-term loans and finance are disclosed in note 8.

(k) Investment property

		Land	Building and construction	Total
Cost or deemed cost:				
Balance at January 1, 2016	$	10,079	21,670	31,749
Balance at December 31, 2016	$	**10,079**	**21,670**	**31,749**
Balance at January 1, 2015	$	10,079	21,670	31,749
Balance at December 31, 2015	$	**10,079**	**21,670**	**31,749**
Depreciation and impairment loss:				
Balance at January 1, 2016	$	-	14,342	14,342
Depreciation for the year		-	360	360
Balance at December 31, 2016	$	**-**	**14,702**	**14,702**
Balance at January 1, 2015	$	-	13,981	13,981
Depreciation for the year		-	361	361
Balance at December 31, 2015	$	**-**	**14,342**	**14,342**
Carrying amounts:				
Balance at December 31, 2016	$	**10,079**	**6,968**	**17,047**
Balance at January 1, 2015	$	**10,079**	**7,689**	**17,768**
Balance at December 31, 2015	$	**10,079**	**7,328**	**17,407**
Fair value：				
Balance at December 31, 2016				**$ 20,475**
Balance at December 31, 2015				**$ 28,552**

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).

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 Group's investment property was determined by Level 3 fair value measurement inputs.

When measuring the fair value of investment property, the Group 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 2016 and 2015, the yields applied to the net annual rentals to determine the fair value of investment property were 2.826% and 2.9%, respectively.

As of December 31, 2016 and 2015, investment property pledged as collateral for short-term, long-term loans and finance are disclosed in note 8.

(l) Intangible assets

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

		Patent and other	Computer software cost	Total amount
Initial cost：				
Balance as of January 1, 2016	$	6,454	54,162	60,616
Individual acquisition		271	1,137	1,408
Effects of changes in foreign exchange rates		-	(278)	(278)
Balance as of December 31, 2016	$	6,725	55,021	61,746
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	$	6,454	54,162	60,616
Amortization				
Accumulated balance as of January 1,2016	$	4,516	52,575	57,091
Amortization		366	699	1,065
Effects of changes in foreign exchange rates		-	(278)	(278)
Accumulated balance as of December 31, 2016	$	4,882	52,996	57,878
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	$	4,516	52,575	57,091
Book value：				
Balance as of December 31, 2016	$	1,843	2,025	3,868
Balance as of January 1, 2015	$	1,894	1,063	2,957
Balance as of December 31, 2015	$	1,938	1,587	3,525

The amortization expenses of intangible assets included in statement of comprehensive income were as follows:

		2016	2015
Operating cost	$	667	571
Operating expense		398	399
	$	1,065	970

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

(m) Short-term loans

The details of short-term loans were as follows:

	2016.12.31	2015.12.31
Letters of credit	$ -	9,286
Unsecured bank loans	330,000	540,000
Secured bank loans	382,000	50,000
Total	$ 712,000	599,286
Unused lines of credit	$ 1,236,685	1,024,682
Interest rates applied	0.88%~1.10%	1.18%~1.43%

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

As of December 31, 2016 and 2015, The Group's acceptance credit for purchases of raw materials amounted to $11,017 and $11,174, respectively.

(n) Long-term loans

The details of long-term loans were as follows:

	2016.12.31	2015.12.31
Secured bank loans	$ -	291,200
Less: current portion	-	(72,800)
Total	$ -	218,400
Unused lines of credit	$ 800,000	-
Interest rates applied	-	2.0056%

(i) Violation of loan agreement

For year 2016 and 2015, the Group had no increase of long-term loans, and the repayments of long-term loans were amounted to $291,200 and $345,800, respectively, according to the contract. The advanced repayment of long-term loan amounted to $254,800 and $273,000 due to the Group's financing strategy. Please refer to Note 6(w) for interest expense detail.

The Group signed a three-year syndicated loan agreements with eight banks, including Taishin international Bank, on 17 November 2016, with a financing limit to TWD 800,000,000 . As of December 31, 2016, the Group has not utilized this loan amount. The financial covenants were as follows:

Pursuant to the loan contract, for the duration of the loan, the Group 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 Group 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 Group.

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 $1,600,000 should be maintained.

Also, a long-term loan balance has been fully settled in 2016,which is a three-year syndicated by Group with six banks including E.Sun commercial Bank, on November 2013. The qualifying clauses of agreement are as follows:

During the period of loan, it is agreed that the Group's annual consolidated financial report shall maintain the following financial ration. If the following requirements are not met, the Consolidated Group shall make adjustments within 9 months after the end of the financial year. If after the adjustments, the accountant reviews that the financial ratios comply with the contract, it is not deemed as breach of contract. During the period of adjustment, the unutilized credit line shall be put on hold until the financial ratios comply with the contract. However, form the next coupon day after notification from the management bank, to the next coupon day when the financial ratios are in compliance with the contract, the lending rate of each credit item in the contract shall increase by a margin of 0.125%. Upon agreement by majority of the banks on the exemption conditions of the borrower, the 0.125% increase in the rate mentioned earlier may be exempted.

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.

(ii) Collateral for long-term loans

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

(o) Operating lease

(i)The Group as lessee

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

	2016.12.31	2015.12.31
Less than one year	$ 14,072	13,285
Between one and five years	11,547	13,444
	$ 25,619	26,729

The Group leases land, several offices, warehouses 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 recognized in profit or loss were $15,928 and $15,047 for the years ended December 31, 2016 and 2015, respectively.

(ii)The Group as lesser

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

	2016.12.31	2015.12.31
Less than one year	$ 945	945
Between one and five years	1,890	2,835
	$ 2,835	3,780

The rental income from investment properties were both $900 in 2016 and 2015. The investment properties did not have any significant maintenance expense.

(p) Employee benefits

(i) Defined benefit plan

The defined benefit obligation was as follows:

		2016.12.31	2015.12.31
Present value of defined benefit obligations	$	186,226	180,918
Fair value of plan assets		(97,721)	(96,147)
Net liabilities of defined benefit obligations	$	88,505	84,771

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 $97,721 as of December 31, 2016. 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:

		2016	2015
Balance at January 1	$	180,918	177,175
Current service and interest cost		4,056	4,411
Remeasurement of the net defined benefit liability (assets)			
－Actuarial loss (gain) on financial assumptions change		4,201	4,042
－Experience		701	(4,286)
Employee benefits paid		(3,650)	(424)
Obligation at end of year	$	186,226	180,918

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

		2016	2015
Fair value of assets at beginning of year	$	96,147	89,657
Plan expected return		1,839	1,830
Remeasurement of net defined benefit liability (assets)			
－Return on plan assets (excluding current interest cost)		(1,151)	550
Contributions made by employer		4,536	4,534
Employee benefit paid		(3,650)	(424)
Fair value of plan assets at end of year	**$**	**97,721**	**96,147**

4. Cost recognized in profit or loss

		2016	2015
Current service cost	$	670	876
Interest cost on net defined benefit liability (asset)		1,547	1,705
	$	**2,217**	**2,581**
Operating cost	$	1,760	2,041
Selling expenses		71	77
General and administrative expenses		218	263
Research and development expenses		168	200
	$	**2,217**	**2,581**
Actual return on assets	**$**	**688**	**2,380**

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 was as follows:

		2016	2015
Cumulative amount at January 1	$	(28,990)	(29,784)
Recognized during the period		(6,053)	794
Cumulative amount at December 31	**$**	**(35,043)**	**(28,990)**

6. Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	2016.12.31	2015.12.31
Discount rate at December 31	1.500%	1.875%
Future salary increases	2.750%	3.00%

The expected amount of contributions for the following year after the reporting date is $4,452. The weighted-average duration of the defined benefit obligation is 20.52 years.

7. Sensitivity analysis

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

	Present value of defined benefit obligation	
	Increase	**Decrease**
December 31, 2016		
Discount rate (change of 0.25%)	(7,971)	8,386
Change in future salary (change of 0.25%)	8,175	(7,786)
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.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2016 and 2015.

(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:

		2016	2015
Operating Cost	$	22,528	22,474
Selling expenses		5,356	4,946
General and administrative expenses		1,883	1,813
Research and development expenses		2,137	2,081
	$	**31,904**	**31,314**

(q)Income tax

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

		2016	2015
Current tax expense(loss)			
Current	$	13,990	6,31
Adjust previous current tax		2,108	(1,630
		16,098	4,68
Deferred tax expense			
Origination and reversal of temporary differences		20,337	47,97
Change in unrecognized deductible temporary differences		(8,297)	(2,155
		12,040	45,82
Income tax expense	**$**	**28,138**	**50,50**

No income tax was recognized directly in equity in 2016 and 2015.

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

		2016	2015
Unrealized gain (loss) on available-for-sale financial assets			
	$	**(1,086)**	**2,570**

Reconciliation of income tax and profit before tax is as follows.

	2016	2015
Income before income tax	**$ 215,984**	**317,144**
Income tax calculated based on the Group's tax rate	$ 36,717	53,915
Effect of overseas income tax differences	457	2,035
Income tax already paid abroad	150	164
Tax-exempt income	(3,531)	(3,295)
Adjustment for prior year	2,108	(1,630)
Change in unrecognized temporary differences	(8,297)	(2,338)
10% income tax imposed on retained earnings	3,870	-
Income Basic Tax	-	715
Others	(3,336)	941
Total	**$ 28,138**	**50,507**

(ii) Deferred tax assets and liabilities

1.Unrecognized deferred tax assets

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

	2016.12.31	2015.12.31
Unrealized inventory valuation and obsolescence loss	$ 4,711	12,977
Pension cost	13,075	12,750
Temporary variances related to invest subsidiaries	49,213	49,237
Others	963	1,295
Total	**$ 67,962**	**76,259**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

2. Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2016 and 2015 were as follows:

Deferred tax liabilities:

		Unrealized exchange gain	Others	Total
Balance at January 1, 2016	$	2,264	275	2,539
Recognized in profit or loss		(516)	789	273
Balance at December 31, 2016	$	1,748	1,064	2,812
Balance at January 1, 2015	$	2,875	429	3,304
Recognized in profit or loss		(611)	(154)	(765)
Balance at December 31, 2015	$	2,264	275	2,539

Deferred tax assets:

		Tax loss carry-forward	Inventory valuation loss	Unrealized sales profit	Others	Total
Balance at January 1, 2016	$	19,794	881	4,171	13,905	38,751
Recognized in profit or loss		(19,794)	8,874	(738)	(109)	(11,767)
Recognized in other comprehensive income		-	-	-	(1,086)	(1,086)
Balance at December 31, 2016	$	-	9,755	3,433	12,710	25,898
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	$	19,794	881	4,171	13,905	38,751

(iii) Approval of income tax

The Group's income tax returns for all fiscal years up to 2014 have been examined and approved by the R.O.C. tax authority.

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

		2016.12.31	2015.12.31
1997 and prior years	$	-	-
1998 and thereafter		220,322	216,937
	$	220,322	216,937
Balance of imputation credit	$	2,565	8,268

	2016(Expected)	2015(Actual)
Tax creditable ratio for earnings distributed to residents in R.O.C.	1.16%	4.18%

The aforementioned information has been prepared in accordance Tai-Tsai-Suei Letter no. 10204562810 dated October 17, 2013, issued by the Ministry of Finance.

(r) Share capital and other equity

(i) Common stock

Resolutions were passed during the board meeting held on February 25, October 19, and November 9, 2016, for the Company to repurchase 18,000 thousand shares of its stock as treasury stock. The Company's Board of Directors approved resolutions to retire treasury stock amounting to20,000 thousand shares with a face value of $200,000 on January 14 and December 5, 2016. The related registration procedures had been completed.

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, 2016, and 2015, 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 194,908 thousand shares and 214,908 thousand shares, respectively. The weighted-average numbers of shares of common stock outstanding excluded treasury stock and the common stock held by the Group's subsidiaries were comprising 174,113 thousand shares and 192,114 thousand shares, respectively.

(ii) Capital surplus

Capital surplus was as follows:

	2016.12.31	2015.12.31
Treasury stock	$ 33,663	27,955

According to the Company Act, 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

Base on the regulations of our Company, if the Company's annual final accounts show surplus, it shall first pay the taxes, offset past annual loss, and then set 10% as regulatory surplus reserve. However, it is not applicable if the statutory surplus reserve has reached our Company's paid-up capital. Also based on the Company's operational needs and regulatory requirements, provisions shall be make for special reserve. If there are still surplus, the board of directors shall draft a surplus distribution proposal by combining it with the undistributed surplus at the beginning of period., on not more than 80% of the year's distributable surplus, and submit to the shareholders meeting for approval.

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.

a. Legal reserve

According to the ROC Company Act, 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 the Ruling NO.1010012865 issued by the Financial Supervisory Commission on April 6, 2012, 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 shareholder's equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholder's equity for additional distributions. The special reserve $62,110 has been approved by the Company's shareholders meeting as of December 31, 2016.

In accordance with Ruling No. 1010047490 issued by the Financial Supervisory Commission on November 21, 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. The special reserve $34,338 has been approved by the Company's shareholders meeting as of December 31, 2016.

c. Earnings distribution

The appropriation of 2015 earning has been approved by the Company's shareholders meeting on June 7, 2016. The appropriation and dividend per share is as follows,

Dividends distributed to ordinary shareholders	Year 2015
Cash dividend to shareholders (NT$)	**$ 0.31905693** (Note)

Note: The Company's shareholders meeting resolved to pay dividends $0.3036 per share but adjusted to NT$0.31905693 per share due to treasury stock affected outstanding shares

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

(iv) Other equity

	Foreign exchange differences arising from foreign operation	Unrealized gains and losses from available-for-sale investment	Total
January 1, 2016	$ 9,532	(108,533)	(99,001)
－Changes of the Group	(8,311)	17,409	9,098
－Changes of subsidiaries	(1,514)	3,805	2,291
Balance as of December 31,2016	**$ (293)**	**(87,319)**	**(87,612)**
January 1, 2015	$ 8,133	(45,025)	(36,892)
－Changes of the Group	1,737	(55,482)	(53,745)
－Changes of subsidiaries	(338)	(8,026)	(8,364)
Balance as of December 31,2015	**$ 9,532**	**(108,533)**	**(99,001)**

(v) Treasury stock

The changes of treasury stocks were as follows:

Reason to buy back	Beginning shares	Increase shares	Decrease shares	Ending shares
2016				
Maintain the Company's credit and stockholders' equity	**14,000**	**6,000**	**(20,000)**	**-**
Transfer to employees	**-**	**12,000**	**-**	**12,000**
	14,000	**18,000**	**14,000**	**12,000**
2015				
Maintain the Company's credit and stockholders' equity	**-**	**25,200**	**(11,200)**	**14,000**

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, 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.

Statutory limit related to the purchase of treasury shares of the Company are as follows:

Year	Record date	Upper limit of re-purchasable shares	Upper limit of re-purchasable amount
2016	2015.9.30	20,731 thousand shares	168,037 amount
	2016.6.30	18,011 thousand shares	184,437 amount
	2016.9.30	18,011 thousand shares	223,220 amount
2015	2015.6.30	21,731 thousand shares	51,136 amount
	2015.9.30	20,731 thousand shares	168,037 amount

The above amount did not exceed the statutory limit.

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 2016 and 2015, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose of any of the Company's shares. As of December 31, 2016 and 2015, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock. As of December 31, 2016 and 2015, their market values amounted to $86,185 and $87,944, respectively.

(s) Earnings per share

	2016	**2015**
Basic earnings per share		
Profit (loss) attributable to owners of parent	$ 187,772	265,977
Weighted-average number of common shares at end of year (expressed in thousands of shares)	181,702	212,510
Expressed in New Taiwan dollars	$ 1.03	1.25
Diluted earnings per share		
Profit (loss) attributable to owners of parent	$ 187,772	265,977
Weighted-average number of common shares (expressed in thousands of shares)	181,702	212,510
Effect of potentially dilutive common stock:		
－Employee bonus (expressed in thousands of shares)	1,399	1,437
Weighted-average number of common shares - diluted (expressed in thousands of shares)	183,101	213,947
Expressed in New Taiwan dollars	$ 1.03	1.24

In computing basic earnings (loss) per share of common stock for the years ended December 31, 2016 and 2015, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Group's subsidiaries as treasury stock.

(t) Revenue

Details of revenue for the years ended December 31, 2016 and 2015 were as follows:

	2016	**2015**
Sales of goods	$ 3,178,919	3,476,757

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

According to the Company's articles of association, 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 Group and its affiliates.

For the year ended December 31, 2016 and 2015, the Company accrued the compensation of employees amounted to $11,500 and $14,371, respectively and the remuneration of directors' and supervisors' amounted to $6,900 and $8,623, respectively. The compensation of employees, remuneration of directors and supervisors were estimated as the Company's net income before tax, excluding compensation of employees and remuneration of directors and supervisors, multiplied by the appropriate percentage in compliance with the Company's articles. These expenses were recognized in operating costs and operating expenses for the respective period. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors had no difference with the accrued amount for year 2016 and 2015 consolidated financial reports. For related information, please go to website: http://emops.twse.com.tw.

(v) Other operating income and expenses

Other operating income and expenses were rental revenue.

(w) Non-operating income and expenses

(i) Other income

Details of other income were as follows:

		2016	2015
Interest income			
Bank deposits	$	3,615	4,671
Other loans and receivables		241	320
Dividend Revenue		8,647	13,756
Others		8,846	390
	$	21,349	19,137

(ii) Other gains and losses

Details of other gains and losses were as follows:

		2016	2015
Foreign exchange gains (losses), net	$	828	44,488
Net gains on disposal of investments and financial liability			
Net gains on disposal of Available-for-sale financial assets		11,632	20,362
Others		(158)	-
Net gains on disposal of financial assets at fair value through profit or loss		10,954	13,390
Gains on disposal of property, plant and equipment, net		365	844
Others		(1,619)	(69)
	$	22,002	79,015

(iii) Finance costs

Details of finance costs were as follows:

		2016	2015
Interest expenses			
Bank loans	$	11,762	16,136

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

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

		2016	2015
Available-for-sale financial assets			
Net change in fair value occurred in current year	$	34,551	(46,291)
Net change in fair value reclassified to income		(11,832)	(20,647)
Net change in fair value recognized in other comprehensive income	$	22,719	(66,938)

(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, 2016 and 2015, the Group's maximum exposures to credit risk amounted to $2,169,175 and $2,296,345, 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, 2016 and 2015.

(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.

	Carry amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5years	Due in over 5 years
December 31, 2016							
Non-derivative financial liabilities							
Secured loans	$ 382,000	(382,144)	(382,144)	-	-	-	-
Unsecured loans	330,000	(330,148)	(330,148)	-	-	-	-
Accounts payable	344,224	(344,224)	(344,224)	-	-	-	-
Notes payable	2,203	(2,203)	(2,203)	-	-	-	-
Other payable	87,760	(87,760)	(87,760)	-	-	-	-
Guarantee deposits received	160	(160)	-	-	-	(160)	-
	$ 1,146,347	(1,146,639)	(1,146,479)	-	-	(160)	-

December 31, 2015		Carrying amount	Constracted cash flows	Due within 6 months	Due in 6-12months	Due in 1-2 years	Due in 2-5 years	Due in over 5 yeats
Non-derivative financial liabilities								
Secured loan	$	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)	-	-	-	-
Guarantee deposits received		160	(160)	-	-	-	(160)	-
	$	1,378,740	(1,385,555)	(1,127,261)	(38,774)	(219,360)	(160)	-

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:

		2016.12.31			2015.12.31		
		Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
Financial assets							
Monetary items							
USD	$	46,679	32.25	1,505,389	40,032	32.825	1,314,035
JPY		47,505	0.2756	13,092	22,824	0.2727	6,224
CNY		4,165	4.617	19,231	13,163	4.995	65,747
EUR		-	-	-	285	35.88	10,192
Non-monetary items							
USD		6,635	32.25	213,985	11,834	32.825	388,461
Financial liabilities							
Monetary items							
TWD		-	-	-	36	1	36
USD		8,961	32.25	288,995	9,256	32.825	303,830
JPY		22,992	0.2756	6,337	29,200	0.2727	7,963

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, 2016 and 2015, 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 $10,234 and $9,015, 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, 2016 and 2015, the exchange gain (including realized and unrealized) that resulted from monetary items translated to the functional currency was $828 and $44,488, respectively.

(iv) Interest rate risk

Please refer to liquidity risk management for the detail of the Group’s financial assets and financial liabilities’ interest exposure.

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.

The rate of change used by the Consolidated Group as interest to report to the management lever is ±1% of the interest rate. This also represents the management’s assessment of the reasonable scope of change.

If interest rates on loans had increased or decreased by 1% with all other variables held constant. Profit after tax for the years 2016 and 2015 would have been decreased or increased by $58 and $113, respectively, mainly as a result of liabilities bearing floating interest rates.

(v) Other price risk

If the equity securities price changes on the reporting date (adopt the same basis of analysis for both period, with the assumption that other variable factors remain unchanged), the impact on the comprehensive gain or loss items are as follows:

	2016		2015	
Equity price at reporting date	**After tax amount of other comprehensive income**	**After tax profit/loss**	**After tax amount of other comprehensive income**	**after tax profit/loss**
Increase3%	$ 11,199	-	16,469	-
Dereas 3%	$ (11,199)	-	(16,469)	-

(vi) 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.

	2016.12.31				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
SWAP contract	$ 4,655	-	4,655	-	4,655
Available-for-sale financial assets					
Stocks in listed companies	241,716	241,716	-	-	241,716
Open-end Mutual Fund	167,189	167,189	-	-	167,189
Financial assets carried at cost	185,000	-	-	-	-
Subtotal	593,905				

	2016.12.31				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	744,653	-	-	-	-
Debt instrument without active market	421,535	-	-	-	-
Accounts receivable	376,421	-	-	-	-
Other receivable	19,602	-	-	-	-
Other receivable - refundable deposits (recognized in other assets - noncurrent)	8,735	-	-	-	-
Subtotal	1,570,946				
	$ 2,169,506				
Financial liabilities at amortized cost					
Bank loans	$ 712,000	-	-	-	-
Notes payable	2,203	-	-	-	-
Accounts payable	344,224	-	-	-	-
Other payables	87,760	-	-	-	-
Guarantee deposits received	160	-	-	-	-
	$ 1,146,347				

	2015.12.31				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
ECB	$ 48,540	48,540	-	-	48,540
SWAP contract	1,590	-	1,590	-	1,590
Subtotal	50,130				
Available-for-sale financial assets					
Stocks in listed companies	265,249	265,249	-	-	265,249
Open-end Mutual Fund	349,485	349,485	-	-	349,485
Financial assets carried at cost	185,000	-	-	-	-
Subtotal	799,734				
Loans and receivables					
Cash and cash equivalents	963,257	-	-	-	-
Debt instrument without active marke	1,531	-	-	-	-
Accounts receivable	454,735	-	-	-	-
Other receivable	18,082	-	-	-	-
Other receivable - refundable deposits (recognized in other assets - noncurrent)	9,146	-	-	-	-
Subtotal	1,446,751				
	$ 2,296,615				
Financial liabilities at amortized cost					
Bank loans	$ 890,486	-	-	-	-
Notes payable	3,193	-	-	-	-
Accounts payable	365,174	-	-	-	-
Other payables	119,727	-	-	-	-
Guarantee deposits received	160	-	-	-	-
	$ 1,378,740				

2. 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 Swap 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, 2016 and 2015.

(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.

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 Group'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.

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, 2016 and 2015, the Group has unused credit facilities for short-term amounting to $2,036,685 and $1,024,682, 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.

(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 the investment value of 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 management strategy in 2016 and 2015 coincide. The Group’s debt-to-equity ratio at the end of the reporting period as at December 31, 2016 and 2015, is as follows:

	2016.12.31	2015.12.31
Net debt	$ 254,966	16,743
Total equity	$ 2,040,669	2,116,069
Debt-to-equity ratio	12.49%	0.79%

In 2016, cash and cash equivalent decreased since restricted deposits increased for borrowing. As a result, net debt increased on December 31, 2016; and debt to equity ratio is higher than which on December 31, 2015.

(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:

	2016	2015
Short-term employee benefits	$ 25,324	29,407
Post-employment benefits	578	572
Termination benefits	-	-
Other long-term benefints	-	-
Share-based payments	-	-
	$ 25,902	29,979

The Group provided five 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 the rental expense of the other rental car amounted to $905 in 2016 and 2015 , respectively.

(8) Pledged Assets

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

Pledged assets	Purpose	2016.12.31	2015.12.31
Bond investments without active market －current－time deposits	Guarantee for customs and government grants	$ 1,014	1,014
Property, plant and equipment－buildings	Guarantee for long-term borrowings	-	240,645
Property, plant and equipment－machinery and equipment	Guarantee for long-term borrowings	-	106,658
Investment property	Guarantee for short-term borrowings	14,277	14,638
Bond investments without active market －current－time deposits	Guarantee for short-term borrowings	419,414	-
Other financial assets－noncurrent－time deposits	Guarantee Letter of Credit for lease contract	1,107	517
		$ 435,812	363,472

(9) Commitments and Contingencies

(a)As of December 31, 2016 and 2015, The Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to $18,298 and $27,457, respectively.

(b) As of December 31, 2016 and 2015, 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 $9,500 and $3,221, respectively.

(10) Losses Due to Major Disaster: None

(11) Significant Subsequent Event:

According to Board of directors' resolution, the Group expected to buy treasury stocks 5,500 thousands and 6,000 thousands shares during January to March and February to April in 2017, respectively. All treasury stocks has been bought back till the issuing date of financial report, March, 8, 2017. Board of directors on February 9, 2017 resolved to offset treasury stocks and reduce capital 5,500 thousand shares. As of March 8, 2017, the related registration procedures had been completed.

(12)Others

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

	2016			2015		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee expenses:						
Salaries and wages	385,170	196,459	581,629	421,013	198,741	619,754
Labor and health insurance	40,584	13,086	53,670	42,070	12,529	54,599
Pension expense	24,288	9,833	34,121	24,515	9,380	33,895
Other personnel cost	28,304	5,872	34,176	29,986	5,983	35,969
Depreciation	104,599	6,020	110,619	122,401	6,107	128,508
Amortization	667	398	1,065	571	399	970

(13) Supplementary Disclosure Requirements

(a) Information on significant transactions:

In accordance with the ROC "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", the required disclosures for the year ended December 31, 2016 were as follows:

(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	Financial statement account	December 31.2016				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%	10,000	1,000,000	5.00%	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost－noncurrent	1,000,000	25,000	2.23%	25,000	1,000,000	2.23%	-
The Company	Apple Inc. stock	-	Available-for-sale financial assets－current	16,000	59,763	-	59,763	16,000	-	-
The Company	Innolux Corp. stock	-	Available-for-sale financial assets－current	1,147,089	13,306	0.01%	13,306	1,147,089	0.01%	-
The Company	Fubon Financial Holding Co., Ltd. Stock	-	Available-for-sale financial assets－current	300,000	15,300	-	15,300	300,000	-	-
The Company	Hon Hai Precision Co., Ltd. Stock	-	Available-for-sale financial assets－current	577,500	48,626	-	48,626	577,500	-	-
The Company	Radiant Opto-Electronics Corp. stock	-	Available-for-sale financial assets－current	250,000	14,050	0.05%	14,050	250,000	0.05%	-
The Company	Taiwan Cement Corp., Ltd. Stock	-	Available-for-sale financial assets－current	300,000	10,545	0.01%	10,545	300,000	0.01%	-
The Company	Synnex Technology International Co. , Ltd. Stock	-	Available-for-sale financial assets－current	474,600	15,424	0.03%	15,424	474,600	0.03%	-
The Company	Pegatron Co., Ltd. stock	-	Available-for-sale financial assets－current	216,000	16,632	0.01%	16,632	216,000	0.01%	-
The Company	Mega Financial Holding Co., Ltd stock	-	Available-for-sale financial assets－current	555,000	12,765	-	12,765	555,000	-	-
The Company	Coasia Microelectronics Corp.	-	Available-for-sale financial assets－current	441,508	6,093	0.32%	6,093	441,508	0.32%	-
The Company	Shian Yih Electronic Co., Ltd. Stock	-	Available-for-sale financial assets－current	480,000	8,304	0.78%	8,304	480,000	0.78%	-
The Company	Edmond de Rothschild Europe Convertibles)	-	Available-for-sale financial assets－current	8,468.12	25,084	-	25,084	8,468.12	-	-
The Company	JPMorgan Asia Pacific Income Fund A (mth)	-	Available-for-sale financial assets－current	100,738.54	92,559	-	92,559	100,738.54	-	-
The Company	Fidelity Funds - Euro Balanced Fund	-	Available-for-sale financial assets－current	88,226.18	31,924	-	31,924	88,226.18	-	-
The Company	Yuanta Asia Pacific ex-Jpn Invt Grd Govt Bd Idx	-	Available-for-sale financial assets－current	2,000,000	17,622	-	17,622	2,000,000	-	-
Ying Dar Investment Development Corp.	Shian Yih Electronic Co., Ltd. Stock	-	Available-for-sale financial assets－current	550,000	9,515	0.90%	9,515	550,000	0.90%	-
Ying Dar Investment Development Corp.	AGV Products Corporation stock	-	Available-for-sale financial assets－current	101,500	753	0.02%	753	101,500	0.02%	-
Ying Dar Investment Development Corp.	The Group's stock	The Group	Available-for-sale financial assets－noncurrent	5,346,672	52,397	2.74%	52,397	5,346,672	2.74%	(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%	-
Bae Haw Investment Development Corp.	Shian Yih Electronic Co., Ltd. Stock	-	Available-for-sale financial assets－current	380,000	6,574	0.62%	6,574	380,000	0.62%	-
Bae Haw Investment Development Corp.	The Group's stock	The Group	Available-for-sale financial assets－noncurrent	3,447,716	33,788	1.77%	33,788	3,447,716	1.77%	(Note)
Ying Cheng Investment Corp	Chenfeng Optronics Corp. stock	-	Available-for-sale financial assets－noncurrent	6,000,000	150,000	13.38%	150,000	6,000,000	13.38%	-
Ying Cheng Investment Corp	Shian Yih Electronic Co., Ltd. Stock	-	Available-for-sale financial assets－current	235,000	4,066	0.38%	4,066	235,000	0.38%	-

Note: It was eliminated in the consolidation.

(4) Accumulated trading amount of a single security in excess of $300 million or 20% of the Group'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.

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

			Details of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		
Purchasing (selling) Group	**Counterparty**	**Relation-ship**	**Purchase (sale)**	**Amount**	**% of net purchases (sales**	**Credit line**	**Unit price**	**Period for credit**	**Balance**	**% of notes and accounts receivable (payable)**	**Remarks**
The Company	Emerging Display Technologies Co., U.S.A.	Subsidiary of the Company	Sale	1,371,463	45.04%	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.	304,585	61.48%	(Note)
The Company	Tremendous Explore Corp.	Subsidiary of the Company	Purchase (processing cost)	360,022	23.98%	1-3 months	Tremendous Explore Corp. is the only entity the subsidiary provides processing service to. There is no comparable transaction.	The Group is the only entity the subsidiary provides processing service to.	(106,250)	26.59%	(Note)
Emerging Display Technologies Co., U.S.A.	The Company	Subsidiary of the Company	Purchase	1,371,463	99.87%	3 months	The Group is the major supplier for Emerging Display Technologies Co., U.S.A. There is no comparable transaction.	The Group is the major supplier for Emerging Display Technologies Co., U.S.A.	(304,585)	100%	(Note)
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Sale (processing revenue)	360,022	100%	1-3 months	The Group is the only entity the subsidiary provides processing service to. There is no comparable transaction.	The Group is the only entity the subsidiary provides processing service to.	106,250	100%	(Note)
Tremendous Explore Corp.	Dong Guan Emerging Display Limited	Subsidiary of the Company	Purchase (processing cost	352,333	100%	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.	(68,167)	64.17%	(Note)
Dong Guan Emerging Display Limited	Tremendous Explore Corp.	Subsidiary of the Company	Sale (processing revenue	352,333	100%	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.	68,167	100%	(Note)

Note: It was eliminated in the consolidation.

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

Name of Group	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 304,585	3.92	-	−	180,304	-	(Note)
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Accounts receivable of 106,250	3.54	-	−	60,728	-	(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-Group transactions:

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subjects	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Emerging Display Technologies Co., U.S.A.	1	Sales revenue Accounts receivable	1,371,463 304,585	No significant collections term difference between other customers and Emerging Display Technologies Co., U.S.A.	43.14% 8.82%
0	The Company	Tremendous Explore Corp.	1	processing cost Accounts payable	360,022 106,250	Supplies on its behalf could not be compared to those offered to third-party customers	11.33% 3.08%
0	The Company	Emerging Display Technologies Co., U.S.A.	1	Selling expenses -Commission Other payable	1,828 588	Supplies on its behalf could not be compared to those offered to third parties	0.06% 0.02%
0	The Company	EDT-Europe ApS	1	Selling expenses -Commission	47,433 3,675	Supplies on its behalf could not be compared to those offered to third parties	1.49% 0.11%
0	The Company	Emerging Display Technologies Korea	1	Selling expenses -Commission	4,211	Supplies on its behalf could not be compared to those offered to third parties	0.13%
0	The Company	EDT-Japan Corp.	1	Selling expenses -Commission Other payable	11,804 524	Supplies on its behalf could not be compared to those offered to third parties	0.37% 0.02%
1	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Processing revenue Accounts receivable	352,333 68,167	Supplies on its behalf could not be compared to those offered to third parties	11.08% 1.97%
1	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Outsourcing cost Accounts payable	293,096	Supplies on its behalf could not be compared to those offered to third parties	9.22%

Note: Relationship notes as follows,

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

(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		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Highest shareholding during the year		Remarks
				December 31, 2016	December 31, 2015	Number of shares	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%	64,534 (Note1)	(3,205)	(3,483)	3,500,000	100.00%	Subsidiary (Note 3)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	89,508	2,460	2,090	5,984,071	78.49%	Subsidiary (Note 3))
The Company	EDT-Europe ApS	Denmark	Trading	2,077	2,077	125,000	100.00%	1,604	122	122	125,000	100.00%	Subsidiary (Note 3)
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	(4,201)	363	363	50,000	100.00%	Subsidiary (Note 3)
The Company	Emerging Display Technologies Korea	Korea	Trading	1,677	1,677	58,212,500	100.00%	1,086	97	97	58,212,500	100.00%	Subsidiary (Note 3)
The Company	EDT-Japan Corp.	Japan	Trading	17,401	17,401	5,000	100.00%	6,719	(2,016)	(2,016)	5,000	100.00%	Subsidiary (Note 3)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	26,229	3,367	1,661 (Note2)	8,900,000	100.00%	Subsidiary (Note 3)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	26,816	2,639	1,539 (Note2)	8,900,000	100.00%	Subsidiary (Note 3)
The Company	Ying cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	83,534	(63)	(33)	8,400,000	52.50%	Subsidiary (Note 3)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	6,728	2,460	145	450,000	5.90%	Subsidiary (Note 3)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	13,012	2,460	281	870,000	11.41%	Subsidiary (Note 3)

Note 1: It was deducted unrealized profit from sales $20,186.

Note 2: Cash dividends to subsidiaries, which were reclassified as capital surplus, were deducted.

Note 3: It was eliminated in the consolidation.

(c) Information on investments in Mainland China:

(1) Related information regarding investments in Mainland China

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

Investee Group	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2016	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of Jan. 1, 2016	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of December 31, 2016	Accumulated investment income repatriated to Taiwan as of December 31, 2016
					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 Group in a third country.	219,225 (US$ 6,746,936) (Note1)	-	-	219,225 (US$ 6,746,936)	2,944	95.80% (Note2)	2,981 Based on the investee's financial statements audited by the same auditor as the Group (Note 3)	100,360 (Note4)	-

(2) Upper limit on investment in Mainland China

Accumulated investment amount remitted from Taiwan to Mainland China as of December 31, 2016 (Note 8)	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
223,643 (US$6,934,668) (Note5)	449,943 (US$13,951,732) (Note6)	1,259,719 (Note7)

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 $174 which was recognized by Ying Dar Investment Development Corp. and a loss of $336 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes $6,180 which was invested by Ying Dar Investment Development Corp. and $11,953 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 $47,176 for Ying Dar Investment Development Corp. and $36,362 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at December 31, 2016.

(3) Significant transactions:

The significant inter-Group 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.

(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:

	2016					
	Domestic	**North America**	**Mainland China**	**Other operating department**	**Adjustments and elimination**	**Total**
Revenue						
Sales to customers other than consolidated entities	$ 1,673,626	1,504,230	-	1,063	-	3,178,919
Sales among consolidated entities	1,371,463	1,828	360,022	63,448	(1,796,761)	-
Interest revenue	3,787	11	37	21	-	3,856
Total revenue	$ 3,048,876	1,506,069	360,059	64,532	(1,796,761)	3,182,775
Interest expenses	$ 11,758	-	-	4	-	11,762
Depreciation and amortization	$ 102,070	748	8,647	379	(160)	111,684
Segment income	$ 214,486	(3,136)	6,464	(1,713)	(117)	215,984
Segment assets	$ 3,305,133	399,735	170,394	18,313	(439,727)	3,453,848
Segment liabilities	$ 1,438,965	315,942	69,836	8,905	(420,469)	1,413,179

	2015					
	Domestic	North America	Mainland China	Other operating department	Adjustments and elimination	Total
Revenue						
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
Total revenue	$ 3,382,021	1,721,360	924,186	63,499	(2,609,318)	3,481,748
Interest expenses	$ 16,125	-	-	11	-	16,136
Depreciation and amortization	$ 115,975	696	12,702	425	(320)	129,478
Segment income	$ 298,436	1,504	14,628	2,062	514	317,144
Segment assets	$ 3,672,739	497,154	169,076	20,229	(598,265)	3,760,933
Segment liabilities	$ 1,650,886	408,605	63,086	9,121	(486,834)	1,644,864

The following is the explanation of material reconciliation item:

1. For the years ended December 31, 2016 and 2015, the operating segments revenue eliminated from the consolidated entities were $1,796,761 and 2,609,318, respectively.
2. For the years ended December 31, 2016 and 2015, the operating segments depreciation and amortization eliminated from the consolidated entities were $160 and 320, respectively.
3. For the years ended December 31, 2016 and 2015, the operating segments profit and loss eliminated from the consolidated entities were $117 and 514, respectively.
4. For the years ended December 31, 2016 and 2015, the operating segments assets eliminated from the consolidated entities were $439,727 and 598,265, respectively.
5. For the years ended December 31, 2016 and 2015, the operating segments liabilities eliminated from the consolidated entities were $420,469 and 486,834, respectively.

(c) Products and services information

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

Production		2016	2015
Liquid crystal display modules	$	2,122,797	2,448,029
Capacitive touch panel and capacitive touch panel		1,016,096	979,609
Module			
Liquid crystal display panel		-	33
Other		40,026	49,086
	$	3,178,919	3,476,757

(d) Geographic information

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

Geographic Area	2016	2015
Mainland China	$ 756,898	1,044,173
Europe	1,077,995	1,093,679
USA	930,017	921,543
Japan	117,805	133,332
Taiwan	237,232	192,615
Korea	30,911	46,554
Other	28,061	44,861
	$ 3,178,919	**3,476,757**

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

Taiwan	$ 404,362	474,057
Mainland China	11,183	17,611
USA	64,541	66,453
Europe	170	544
Other	63	78
	$ 480,319	**558,743**

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

	2016	2015
A from location USA	**$ 334,908**	**359,415**
B from location Taiwan	**$ 404,912**	**354,449**