

(English Translation of Financial Report Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP. AND
SUBSIDIARIES
Consolidated Financial Statements
For six months ended June 30, 2016 and 2015
(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

The Board of Directors
Emerging Display Technologies Corp.

We have reviewed the accompanying consolidated balance sheets of Emerging Display Technologies Corp. (the Company) and subsidiaries as of June 30, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement on Auditing Standards No.36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China excluding below paragraph. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

The above subsidiaries' quarterly financial statements of the Company included EDT-Europe ApS, Emerging Display Technologies Korea, EDT-Japan Corp., Emerging Display international (Samoa) Corp., Tremendous Explore Corp., Ying Dar Investment Development Corp., Bae Haw Investment Development Corp. and Ying Cheng Investment Corp. which were based on these investees' un-reviewed financial statements for the same reporting periods. Total assets of these subsidiaries (after eliminating internal transactions between affiliated companies) were \$272,038 thousand and \$291,662 thousand, representing 7.5% and 7.64% of the Company's consolidated total assets as of June 30, 2016 and 2015. Total liabilities of these subsidiaries (after eliminating internal transactions between affiliated companies) were \$73,313 thousand and \$100,034 thousand, representing 4.47% and 6.24% of the Company's consolidated total liabilities as of June 30, 2016 and 2015. The comprehensive income and loss of these subsidiaries (after eliminating after-tax effects resulting from internal transactions between affiliated companies) were income \$806 thousand, income 3,396 thousand, and income \$14,177 thousand, loss \$5,905 thousand representing 3.56%, 12.65% and 16.76%, -7.20% of the Company's consolidated comprehensive income and loss for the three months and six months ended June 30, 2016 and 2015.

Based on our reviews, except for the preceding paragraph that investees' un-reviewed quarterly financial statements and as stated in the above first paragraph that there might be adjustment of quarterly consolidated financial statements, we are not aware of any materials modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Report" endorsed by the Financial Supervisory Commission for the Republic of China.

KPMG
CPA: Potree Yang and David Chen
Kaohsiung, Taiwan, R.O.C.
July 29, 2016

Note to Reader

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

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

Emerging Display Technologies Corp. and its subsidiaries
Consolidated Balance Sheet
June 30, 2016 and 2015
(expressed in thousands of New Taiwan Dollars)
(Reviewed, not audited)

ASSET	2016.6.30		2015.12.31		2015.6.30		LIABILITIES AND EQUITY	2016.6.30		2015.12.31		2015.6.30	
	Reviewed		Audited		Reviewed			Reviewd		Audited		Reviied	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSET :							CURRENT LIABILITY :						
Cash and cash equivalent (Note 6(a))	\$ 955,996	26	963,257	26	1,029,705	27	Short-term loans (Notes 6(l) and 8)	\$ 646,636	18	599,286	16	307,778	8
Financial assets at fair value through profit or loss-current (Note 6(b))	65,502	2	50,130	1	118,100	3	Notes payable	2,863	-	3,193	-	3,859	-
Available-for-sale financial assets — current (Note 6(c))	578,075	16	614,734	16	428,194	11	Accounts payable	339,317	9	365,174	10	369,339	10
Bond investments without active market-current (Notes 6(d) and 8)	1,006	-	1,014	-	1,006	-	Other payables	283,328	8	271,943	7	204,154	5
Accounts receivable, net (Note 6(f))	486,970	13	454,735	12	537,843	14	Current tax liabilities	92	-	1,463	-	1,173	-
Other receivables (Note 6(f))	33,251	1	18,082	1	19,338	1	Long-term loans, current portion (Note 6(n) and 8)	254,800	7	72,800	2	72,800	2
Current tax assets	3,429	-	2,601	-	1,373	-	Other current liabilities	26,779	1	25,135	1	26,381	1
Inventories (Note 6(g))	750,560	21	830,814	22	799,321	21	Total current liabilities	<u>1,553,815</u>	<u>43</u>	<u>1,338,994</u>	<u>36</u>	<u>985,484</u>	<u>26</u>
Other current assets (Note 6(l))	20,582	1	33,410	1	29,454	1	NONCURRENT LIABILITIES :						
Total current Asset	<u>2,895,371</u>	<u>80</u>	<u>2,968,777</u>	<u>79</u>	<u>2,964,334</u>	<u>78</u>	Long-term loans (Notes 6(n) and 8)	-	-	218,400	6	527,800	14
NONCURRENT ASSET :							Deferred tax liabilities	2,539	-	2,539	-	3,313	-
Financial assets carried at cost-noncurrent (Note 6(e))	185,000	5	185,000	5	185,000	5	Net Defined Benefit liabilities-noncurrent	83,607	2	84,771	2	86,175	2
Property, plant and equipment (Notes 6(i) and 8)	495,304	14	537,810	14	579,051	15	Other non-current liabilities, others	160	-	160	-	160	-
Investment Property (Notes 6(j) and 8)	17,227	-	17,407	1	17,588	-	Total liabilities	<u>1,640,121</u>	<u>45</u>	<u>1,644,864</u>	<u>44</u>	<u>1,602,932</u>	<u>42</u>
Intangible assets (Note 6(k))	3,341	-	3,525	-	2,753	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 6 (r)) :						
Deferred tax assets (Note 6(q))	23,719	1	38,751	1	59,157	2	Capital stock	2,009,076	55	2,149,076	57	2,261,076	59
Prepayments on purchase of equipment	-	-	-	-	138	-	Capital surplus	31,097	1	27,955	1	-	-
Other non-current financial assets (Notes 6(d) and 6(f))	9,628	-	9,663	-	9,568	-	Accumulated deficit	249,788	7	216,937	6	51,136	1
Total noncurrent assets	<u>734,219</u>	<u>20</u>	<u>792,156</u>	<u>21</u>	<u>853,255</u>	<u>22</u>	Other equity interest	(107,829)	(2)	(99,001)	(3)	(55,258)	(1)
							Treasury shares	(273,208)	(8)	(259,140)	(7)	(122,282)	(3)
							Total equity attributable to shareholders of parent	1,908,924	53	2,035,827	54	2,134,672	56
							Non-controlling interests(Notes 6(h))	80,545	2	80,242	2	79,985	2
							Total equity	<u>1,989,469</u>	<u>55</u>	<u>2,116,069</u>	<u>56</u>	<u>2,214,657</u>	<u>58</u>
TOTAL	<u>\$ 3,629,590</u>	<u>100</u>	<u>3,760,933</u>	<u>100</u>	<u>3,817,589</u>	<u>100</u>	TOTAL	<u>\$ 3,629,590</u>	<u>100</u>	<u>3,760,933</u>	<u>100</u>	<u>3,817,589</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the six months ended June 30, 2016 and 2015
(expressed in thousands of New Taiwan Dollars)
(Reviewed, not audited)

	For the three months ended June 30				For the six months ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Notes 6(t))	\$ 822,467	100	906,329	100	1,710,756	100	1,804,026	100
Operating cost (Notes 6(g) and 6(p))	<u>677,073</u>	<u>82</u>	<u>733,090</u>	<u>81</u>	<u>1,374,760</u>	<u>80</u>	<u>1,447,660</u>	<u>80</u>
Gross profit	<u>145,394</u>	<u>18</u>	<u>173,239</u>	<u>19</u>	<u>335,996</u>	<u>20</u>	<u>356,366</u>	<u>20</u>
Operating expenses (Note 6(p)):								
Selling expenses	53,783	7	51,547	6	102,473	6	101,874	6
General and administrative expenses	36,610	4	37,806	4	72,654	4	73,751	4
Research and development expenses	<u>25,643</u>	<u>3</u>	<u>22,380</u>	<u>2</u>	<u>49,023</u>	<u>3</u>	<u>46,881</u>	<u>3</u>
	<u>116,036</u>	<u>14</u>	<u>111,733</u>	<u>12</u>	<u>224,150</u>	<u>13</u>	<u>222,506</u>	<u>13</u>
Net other income (Note 6(v))	<u>273</u>	<u>-</u>	<u>273</u>	<u>-</u>	<u>547</u>	<u>-</u>	<u>547</u>	<u>-</u>
Operating profit	<u>29,631</u>	<u>4</u>	<u>61,779</u>	<u>7</u>	<u>112,393</u>	<u>7</u>	<u>134,407</u>	<u>7</u>
Non-operating income and expenses (Note 6(w)):								
Other income	5,713	1	1,582	-	7,214	-	3,110	-
Other gains and losses, net	7,809	1	(2,610)	-	(1,935)	-	(1,080)	-
Finance costs	<u>(2,950)</u>	<u>-</u>	<u>(4,404)</u>	<u>(1)</u>	<u>(5,848)</u>	<u>-</u>	<u>(8,668)</u>	<u>-</u>
	<u>10,572</u>	<u>2</u>	<u>(5,432)</u>	<u>(1)</u>	<u>(569)</u>	<u>-</u>	<u>(6,638)</u>	<u>-</u>
Profit before tax	40,203	6	56,347	6	111,824	7	127,769	7
Total tax expense (Note 6(g))	<u>6,370</u>	<u>1</u>	<u>13,492</u>	<u>1</u>	<u>18,482</u>	<u>1</u>	<u>26,893</u>	<u>1</u>
Net Profit	<u>33,833</u>	<u>5</u>	<u>42,855</u>	<u>5</u>	<u>93,342</u>	<u>6</u>	<u>100,876</u>	<u>6</u>
Other comprehensive income :								
Items that will be reclassified into profit or loss :								
Foreign currency translation difference	(1,793)	-	(2,518)	-	(3,593)	-	(4,872)	-
Unrealized gain (loss) on available-for-sale financial assets (Note 6(x))	(10,585)	(1)	(13,495)	(2)	(6,980)	-	(13,940)	(1)
Less: Income tax related to items that will be reclassified subsequently (Note 6(g))	<u>(1,155)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income, net	<u>(11,223)</u>	<u>(1)</u>	<u>(16,013)</u>	<u>(2)</u>	<u>(8,744)</u>	<u>-</u>	<u>(18,812)</u>	<u>(1)</u>
Comprehensive income	<u>\$ 22,610</u>	<u>4</u>	<u>26,842</u>	<u>3</u>	<u>84,598</u>	<u>6</u>	<u>82,064</u>	<u>5</u>
Profit (loss) attributable to								
Shareholders of parent	\$ 33,975	5	42,613	5	93,123	6	100,970	6
Non-controlling interests	<u>(142)</u>	<u>-</u>	<u>242</u>	<u>-</u>	<u>219</u>	<u>-</u>	<u>(94)</u>	<u>-</u>
Net Profit	<u>\$ 33,833</u>	<u>5</u>	<u>42,855</u>	<u>5</u>	<u>93,342</u>	<u>6</u>	<u>100,876</u>	<u>6</u>
Comprehensive income attributable to								
Shareholders of parent	\$ 22,717	4	26,956	3	84,295	6	82,604	5
Non-controlling interests	<u>(107)</u>	<u>-</u>	<u>(114)</u>	<u>-</u>	<u>303</u>	<u>-</u>	<u>(540)</u>	<u>-</u>
Total Comprehensive income	<u>\$ 22,610</u>	<u>4</u>	<u>26,842</u>	<u>3</u>	<u>84,598</u>	<u>6</u>	<u>82,064</u>	<u>5</u>
Earnings per share (Note 6(s)) (expressed in New Taiwan Dollars) :								
Basic earnings per share	<u>\$ 0.18</u>		<u>0.20</u>		<u>0.50</u>		<u>0.46</u>	
Diluted earnings per share	<u>\$ 0.18</u>		<u>0.20</u>		<u>0.50</u>		<u>0.46</u>	

See accompanying notes to consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
For the six months ended June 30, 2016 and 2015
(In Thousands of New Taiwan Dollars)
(Reviewed, not audited)

	Equity attributable to shareholders of parent										
	Common stock	Capital surplus	Retained earnings			Other equity interest		Treasury stock	Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
			Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation difference	Unrealized gain(loss) on available-for- sale financial assets				
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 for the six months ended June 30, 2015	-	-	-	-	100,970	-	-	-	100,970	(94)	100,876
Other comprehensive income(loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	(4,778)	(13,588)	-	(18,366)	(446)	(18,812)
Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	-	100,970	(4,778)	(13,588)	-	82,604	(540)	82,064
Capital surplus to offset company losses	-	(6,294)	-	-	6,294	-	-	-	-	-	-
Balance as of June 30, 2015	\$ 2,261,076	-	-	-	51,136	3,355	(58,613)	(122,282)	2,134,672	79,985	2,214,657
Balance as of January 1, 2016	\$ 2,149,076	27,955	-	-	216,937	9,532	(108,533)	(259,140)	2,035,827	80,242	2,116,069
Net profit for the six months ended June 30, 2016	-	-	-	-	93,123	-	-	-	93,123	219	93,342
Other comprehensive income(loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	(3,448)	(5,380)	-	(8,828)	84	(8,744)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	93,123	(3,448)	(5,380)	-	84,295	303	84,598
Appropriation of the 2015 earnings:											
Legal capital reserve	-	-	21,614	-	(21,614)	-	-	-	-	-	-
Special capital reserve	-	-	-	96,448	(96,448)	-	-	-	-	-	-
Dividends	-	-	-	-	(60,272)	-	-	-	(60,272)	-	(60,272)
Repurchase of treasury stock	-	-	-	-	-	-	-	(150,926)	(150,926)	-	(150,926)
Cancellation of treasury stock	(140,000)	3,142	-	-	-	-	-	136,858	-	-	-
Balance as of June 30, 2016	\$ 2,009,076	31,097	21,614	96,448	131,726	6,084	(113,913)	(273,208)	1,908,924	80,545	1,989,469

See accompanying notes to consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statement of Cash flows
For the six months ended June 30, 2016 and 2015
(expressed in thousands of New Taiwan Dollars)
(Reviewed, not audited)

	For the six months ended June 30	
	2016	2015
Cash flows from operating activities:		
Profit before tax	\$ 111,824	127,769
Adjustments :		
Income and expenses having no effect on cash flows:		
Depreciation expense	56,968	66,991
Amortization expense	514	450
Provision for bad debt expense	170	(531)
Net gain on financial assets or liabilities at fair value through profit or loss	814	671
Interest expense	5,848	8,668
Interest income	(1,334)	(2,899)
Dividend income	(1,177)	-
Loss on disposal of property, plant and equipment	(371)	(974)
Gain on disposal of investments	(3,106)	(17,721)
Unrealized foreign exchange loss (gain)	5,566	7,710
Total adjustments to reconcile profit (loss)	<u>63,892</u>	<u>62,365</u>
Changes in operating assets and liabilities		
Net changes in operating assets:		
Accounts receivable	(36,397)	(109,554)
Other receivable	956	(3,335)
Inventories	78,182	37,635
Other current assets	12,171	(4,880)
Total net changes in operating assets	-	276
Net changes in operating liabilities:	<u>54,912</u>	<u>(79,858)</u>
Notes payable		
Accounts payable	(330)	36
Other payables	(23,439)	(28,407)
Other current liabilities	(42,182)	(30,387)
Net defined benefit liability	831	4,725
Other operating liabilities	(1,164)	(987)
Total net changes in operating liabilities	-	(11)
Total net changes in operating asset and liabilities	<u>(66,284)</u>	<u>(55,031)</u>
Total adjustments	<u>(11,372)</u>	<u>(134,889)</u>
Cash generated from operating activities	<u>52,520</u>	<u>(72,524)</u>
Interest received	164,344	55,245
Dividends received	1,318	2,865
Interest paid	577	-
Income taxes paid	(5,351)	(7,979)
Net cash flows from operating activities	<u>(3,874)</u>	<u>(5,102)</u>
Income and expenses having no effect on cash flows:	<u>157,014</u>	<u>45,029</u>
Cash flows from investing activities:		
Acquisition of financial assets designated upon initial recognition as at fair value through profit or loss	(16,187)	(57,130)
Acquisition of available-for-sale financial assets	-	(252,320)
Proceeds from disposal of available-for-sale financial assets	17,273	318,510
Acquisition of Debt Investments Without Active Market	-	(1)
Proceeds from Debt Investments Without Active Market	8	-
Acquisition of property, plant and equipment	(11,043)	(22,129)
Proceeds of property, plant and equipment	371	1,056
Acquisition of intangible assets	(330)	(247)
Increase in other financial assets	6	(3)
Increase in prepayments on purchase of equipment	-	(6,443)
Net cash flows used in investing activities	<u>(9,902)</u>	<u>(18,707)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	47,367	277,100
Repayments of long-term loans	(36,400)	(36,400)
Treasury stock acquired	(162,026)	-
Net cash provided by (used in) financing activities	<u>(151,059)</u>	<u>240,700</u>
Effects of changes in foreign exchange rates	<u>(3,314)</u>	<u>(4,380)</u>
Net increase in cash and cash equivalents	<u>(7,261)</u>	<u>262,642</u>
Cash and cash equivalents at beginning of year	<u>963,257</u>	<u>767,063</u>
Cash and cash equivalents at end of year	<u>\$ 955,996</u>	<u>1,029,705</u>

See accompanying notes to consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the six months ended June 30, 2016 and 2015

(Amounts in New Taiwan Dollars, unless specified otherwise)

(Review, Not Audited)

1. Organization and Business Scope

Emerging Display Technologies Corp. (the Company) was incorporated as a limited liability company under the laws of the Republic of China (ROC) on September 23, 1994. The address of its registered office and principal place of business is No.5, Central 1st Rd, Kaohsiung Economic Processing Zone, Kaohsiung City, Taiwan. The Consolidated financial statements of Emerging Display Technologies Corp. as of and for the six months ended June 30, 2016 and 2015 comprise Emerging Display Technologies Corp. and its subsidiaries (the Group). The Group is engaged in the manufacture and sale of Capacity Touch Panel and liquid crystal displays (LCDs).

2. Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on July 29, 2016.

3. Application of New and revised Standards and its Interpretations

(1) The IFRSs in issue and endorsed by Financial Supervisory Commission(FSC) with effective date starting 2017

On July 18, 2016, according to Rule No. 1050026834 issued by the FSC, the following IFRSs endorsed by the FSC should be adopted by the Company starting 2017.(not including IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” which are not effective or the effective date is uncertain.)

The new, revised or amended Standards and Interpretations are as follows,

<u>New, revised or amended standards and amendments</u>	<u>Effective date per IASB</u>
Amendments to IFRS10, IFRS12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IFRS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statement”	January 1, 2016
Amendment to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

<u>New, revised or amended standards and amendments</u>	<u>Effective date per IASB</u>
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
Annual Improvement to 2010-2012 and 2011-2013 Cycle	July 1, 2014
Annual Improvement to IFRSs 2012-2014 Year	January 1, 2016
IFRIC 21 “Levies”	January 1, 2014

The initial application of the above new standards and interpretations has not had any material impact on the Group’s accounting policies.

- (2) The new, revised or amended Standards and Interpretations haven’t been endorsed by the Financial Supervisory Commission (FSC)

The following new, revised or amended Standards and Interpretations haven’t been endorsed by the Financial Supervisory Commission (FSC) but issued and revised by International Accounting Standards Board (IASB) :

<u>New, revised or amended standards and amendments</u>	<u>Effective date per IASB</u>
IFRS 9 “Financial Instrument”	January 1, 2018
Amendments to IFRS10 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
IFRS16 “Leases”	January 1, 2019
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions	January 1, 2018
Amendment to IFRS 15 “Clarification to IFRS 15”	January 1, 2018
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendment to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017

The following may have material impact on the Group’s accounting policies:

<u>Effective date</u>	<u>New or revised standard</u>	<u>Major revised content</u>
May 28, 2014	IFRS 15, “Revenue From	New Standard establish a five-step model framework to recognize revenue that apply to all contracts with customers, and will supersede IAS18, “Revenus”, IAS 11, “Construction Contracts” and a number of revenue-related interpretations. On April, 12, 2016, the new amendment clarify following items: identify a performance obligation, determine whether a company is a principal or an agent, the revenue from granting a license should be recognised at a point in time or over time.
April 12, 2016	Contracts with Cutsomers”	

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

November 19, 2013 July 24, 2014	IFRS 9, “Financial Instruments”	New standard will substitute IAS 39, “Financial Instruments: Recognition and Measurement”. The major revise is as follows: <ul style="list-style-type: none">• Classification and Measurement : Financial assets driven by contractual cash flow characteristics and the business model can be classified into measured at the amortized cost, fair value through other comprehensive income and fair value through profit or loss. Further, designated financial liability at fair value through profit or loss, if fair vale change due to credit risk, it should recognize through other comprehensive income.• Impairment : A new expected loss impairment model had been replaced by current incurred losses model.• Hedge Accounting : Adopt more principle-based approaches as hedge accounting is more closer to risk management including revised to achieve, continue or stop adopting hadge accounting and use more types of risk exposures to meet hedged item’s condition.
January 13, 2016	IFRS 16, “Leases”	New standard revsed lease accounting methods as below : <ul style="list-style-type: none">• Lessee shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets. Lease expense within the lease period is measured by depreciation amount of the right-of-use and interest amortization of lease liability.• Lessors shall classify each lease as an operating lease or a finance lease. The accounting method is similar to IAS 17, “Leases”.
January 19, 2016	Amendment to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	Clarify that meet certain specific condition, unrealized loss recognized deferred tax asset and clarify the calculation method of “future taxable profit”.
January 29, 2016	Amendment to IAS 7 “Disclosure Initiative”	Request entity’s to provide changes of financial liabilities to enable investors to evaluate including changes of cash flow or non-cash such as foreign exchange loss or profit.

The Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the other standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

4. Summary of Significant Accounting Policies

(a) Statement of compliance

The accompanying consolidated financial statements have been prepared in conforming with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed by FSC.

Except below Note (c) and (d), the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2015. Please refer to Note 4 of 2015 consolidated financial statement for detail information.

(b) Basis of consolidation

The basis for the consolidated financial statements applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements. Please refer to Note 4(c) of 2015 consolidated financial statement for detail information.

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

Name of the Investor	Name of the Subsidiary	Business Activity	Percentage Ownership			Remarks
			2016.6.30	2015.12.31	2015.6.30	
The Company	Emerging Display Technologies Co., U.S.A.	Sale of CTP and LCDs	100.00%	100.00%	100.00%	
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	78.49%	
The Company	EDT-Europe ApS	Sale of CTP and LCDs	100.00%	100.00%	100.00%	
The Company	Tremendous Explore Corp.	Trading	100.00%	100.00%	100.00%	
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100.00%	100.00%	100.00%	
The Company	EDT-Japan Corp.	Sale of CTP and LCDs	100.00%	100.00%	100.00%	
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	
Emerging Display International (Samoa) Corp	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(c) Income tax

The Group prepared income tax in conforming with interim income tax measurement and disclosure of paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense is calculated based on an interim period’s pre-tax income multiplied by best estimation of the annual income tax rate expected for the full financial year and recognized as current income tax expense. Current income tax expense and deferred tax expense are recognized based on the prorated estimated annual current income tax expense and deferred tax.

Income tax expense is directly recognized in equity items or other comprehensive items which is the temporary difference between book value of assets and liabilities at reporting date and tax basis to measure by using appropriate tax of expected realize assets and settle the liabilities.

(d) Employee benefit

Interim defined benefit pension is calculated on a year-to-date basis using the actuarially determined pension cost rate adjusted for significant market fluctuations, curtailments, settlement or other one-time events.

5. Critical Accounting Judgement and Key Sources of Estimation and Uncertainty

Management team prepared quarterly consolidated financial statements in conforming with IAS 34, “Interim Financial Reporting,” and make judgement, estimation and assumption and the reporting amount will be affected by accounting policies, assets, liabilities, revenue and expense. The actual outcome might different from the estimation.

The same critical accounting judgement and key sources of estimation and uncertainty have been followed in these consolidated financial reports as were applied in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2015.

6. Explanation of significant accounting items

The explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year ended December 31, 2015. Please refer to Note 6 of 2015 consolidated financial statements.

(a) Cash and cash equivalents

	<u>2016.6.30</u>	<u>2015.12.31</u>	<u>2015.6.30</u>
Cash and cash equivalents	\$ 302	270	245
Demand deposits	833,159	893,084	621,576
Check deposits	3,110	4,259	3,388
Time deposits	119,425	65,644	281,056
Repurchase notes	-	-	123,440
Total	<u>\$ 955,996</u>	<u>963,257</u>	<u>1,029,705</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

	2016.6.30	2015.12.31	2015.6.30
Financial assets at fair value through profit or loss-Current:			
Corporate Bond	\$ 65,256	48,540	118,100
Financial asset held for trade:			
Swap Contract	246	1,590	-
	\$ 65,502	50,130	118,100

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

As of June 30, 2016, December 31, 2015 and June 30, 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 held the following derivative instruments presented as held-for-trading financial assets or liabilities:

2016.6.30			
	Contract amount (Thousand Dollar)	Currency	Maturity period
SWAP Contract	USD 2,000	USD to TWD	2016.7.15~2016.8.30
2015.12.31			
	Contract amount (Thousand Dollar)	Currency	Maturity period
SWAP Contract	USD 2,000	USD to TWD	2016.1.15~2016.1.29

(c) Available-for-sale financial assets

	2016.6.30	2015.12.31	2015.6.30
Listed stocks in Taiwan	\$ 183,057	209,967	164,166
Foreign listed stocks	49,368	55,282	-
Open-end mutual funds	345,650	349,485	264,028
Total	\$ 578,075	614,734	428,194

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.

As of June 30, 2016, December 31, 2015 and June 30, 2015, the Group had no available-for-sale financial assets pledged as collateral for loans.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(d) Bond investment without active market

	2016.6.30	2015.12.31	2015.6.30
Certificate Deposit-current	\$ 1,517	1,531	1,489
Current	\$ 1,006	1,014	1,006
Non-current (recorded in other non-current financial assets)	511	517	483
Total	\$ 1,517	1,531	1,489

As of June 30, 2016 and December 31, 2015 and June 30, 2015, bond investment without an active market pledged as collateral for loans are disclosed in note 8.

(e) Financial assets at cost

	2016.6.30	2015.12.31	2015.6.30
Unlisted stocks	\$ 185,000	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 June 30, 2016, December 31, 2015 and June 30, 2015, financial assets at cost were not pledged as collateral.

(f) Accounts receivable and other receivables

	2016.6.30	2015.12.31	2015.6.30
Account receivable	\$ 509,929	484,195	567,285
Other receivables-current	46,001	31,049	31,528
Other receivables- deposits paid	9,117	9,146	9,085
Less: allowance for doubtful accounts	(35,709)	(42,427)	(41,632)
	\$ 529,338	481,963	566,266

The aging analysis of unimpaired overdue receivables was as follows:

	2016.6.30	2015.12.31	2015.6.30
1~30 days	\$ 37,552	69,589	65,328
31~90 days	13,603	6,561	11,553
91~270 days	4,189	4,504	3,368
More than 271 days	149	583	2,481
	\$ 55,493	81,237	82,730

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The movement in the provision for impairment with respect to trade and note receivables for the six months ended June 30, 2015 and 2016 were as follows:

	January to June, 2016		
	Separate assessed impairment	Collectively assessed impairment	Total
	Balance at January 1, 2016	\$ 41,940	487
Recognition of impairment loss	32	138	170
Offset uncollected amount	(6,653)	-	(6,653)
The Effects of Changes in Foreign Exchange Rates	(225)	(10)	(235)
Balance at June 30, 2016	<u>\$ 35,094</u>	<u>615</u>	<u>35,709</u>

	January to June, 2015		
	Separate assessed impairment	Collectively assessed impairment	Total
	Balance at January 1, 2015	\$ 41,062	1,787
Recognition of impairment loss	-	193	193
Reversal of impairment loss	(879)	-	(879)
The Effects of Changes in Foreign Exchange Rates	(485)	(46)	(531)
Balance at June 30, 2015	<u>\$ 39,698</u>	<u>1,934</u>	<u>41,632</u>

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

As of June 30, 2016, December 31, 2015 and June 30, 2015, accounts receivable and other receivables were not pledged as collateral.

(g) Inventory

	2016.6.30	2015.12.31	2015.6.30
Raw materials	\$ 171,672	180,182	181,023
Work in process	305,981	328,336	312,383
Finished goods	270,900	321,263	304,612
Inventories in transit	2,007	1,033	1,303
Total	<u>\$ 750,560</u>	<u>830,814</u>	<u>799,321</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Write-down of Inventory to net realized value in the amount of \$11,023, \$117 and \$12,994 were included in the cost of revenue for the year 2015, three months and six months ended June 30, 2015 and 2016 respectively. 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 \$6,035 and recognized in the reduction of operating costs for the six months ended June 30, 2015.

As of June 30, 2016, December 31, 2015 and June 30, 2015, inventories were not pledged as collateral.

(h) Non-controlling interests' share of subsidiaries

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

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity		
		<u>2016.6.30</u>	<u>2015.12.31</u>	<u>2015.6.30</u>
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	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:

	<u>2016.6.30</u>	<u>2015.12.31</u>	<u>2015.6.30</u>
Current Asset	\$ 8,765	8,343	9,088
Non-Current Asset	150,000	150,000	150,000
Current Liability	-	(50)	-
Non-Current liability	-	-	-
Net Asset	<u>\$ 158,765</u>	<u>158,293</u>	<u>159,088</u>
Non-Controlling equity closing book amount	<u>\$ 75,413</u>	<u>75,189</u>	<u>75,567</u>

	April to June, 2016	April to June, 2015	January to June, 2016	January to June, 2015
Operating revenue	\$ -	-	-	-
Net profit (Net Loss)	\$ (4)	(2)	(10)	(8)
Other comprehensive income	328	(646)	482	(740)
Comprehensive income	<u>\$ 324</u>	<u>(648)</u>	<u>472</u>	<u>(748)</u>
Profit attributable to non-controlling interest	<u>\$ (2)</u>	<u>(1)</u>	<u>(5)</u>	<u>(4)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 154</u>	<u>(308)</u>	<u>224</u>	<u>(356)</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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	January to June, 2016	January to June, 2015
Cash flow from operating activities	\$ (54)	(36)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	\$ (54)	(36)

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

	2016.6.30	2015.12.31	2015.6.30
Current Asset	\$ 132,295	135,002	91,308
Non-Current Asset	17,408	21,178	25,528
Current Liability	(27,510)	(35,862)	(11,625)
Non-Current liability	-	-	-
Net Asset	\$ 122,193	120,318	105,211
Non-Controlling equity closing book amount	\$ 5,132	5,053	4,419

	April to June, 2016	April to June, 2015	January to June, 2016	January to June, 2015
Operating revenue	\$ 88,708	130,130	189,663	224,881
Net profit (Net Loss)	\$ (3,334)	5,799	5,329	(2,146)
Other comprehensive income	(2,890)	(1,169)	(3,454)	(2,227)
Comprehensive income	\$ (6,224)	4,630	1,875	(4,373)
Profit attributable to non-controlling interest	\$ (140)	243	224	(90)
Comprehensive income attributable to non-controlling interest	\$ (261)	194	79	(184)

	January to June, 2016	January to June, 2015
Cash flow from operating activities	\$ (2,376)	(1,334)
Cash flow from investing activities	(1,133)	(3,542)
Cash flow from financing activities	-	-
Effects of changes in foreign exchange rates	(273)	(349)
Net increase in cash and cash equivalents	\$ (3,782)	(5,225)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(i) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Office equipment	Others	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	-	1,295	5,134	373	8,956	15,758
Reclassification	-	-	9,465	-	(9,465)	-
Disposals	-	-	(126,052)	(27)	(1,827)	(127,906)
Effect of movements in exchange rates	(876)	(1,856)	(7,449)	(177)	(159)	(10,517)
Balance at June 30, 2016	<u>\$ 51,373</u>	<u>995,422</u>	<u>2,586,662</u>	<u>32,587</u>	<u>149,025</u>	<u>3,815,069</u>
Balance at January 1, 2015	\$ 50,378	992,833	2,896,845	37,782	138,135	4,115,973
Additions	-	650	5,114	2,196	26,698	34,658
Reclassification	-	-	6,558	800	(7,358)	-
Disposals	-	-	(216,785)	(4,653)	(18)	(221,456)
Effect of movements in exchange rates	(1,257)	(1,674)	(5,801)	(425)	(263)	(9,420)
Balance at June 30, 2015	<u>\$ 49,121</u>	<u>991,809</u>	<u>2,685,931</u>	<u>35,700</u>	<u>157,194</u>	<u>3,919,755</u>
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	-	9,943	38,107	643	8,095	56,788
Disposals loss	-	-	(126,052)	(27)	(1,827)	(127,906)
Effect of movements in exchange rates	-	(1,558)	(7,152)	(177)	(154)	(9,041)
	<u>\$ -</u>	<u>746,144</u>	<u>2,434,667</u>	<u>28,963</u>	<u>109,991</u>	<u>3,319,765</u>
Balance at June 30, 2016	\$ -	712,250	2,669,205	35,491	85,467	3,502,413
Balance at January 1, 2015	-	14,790	41,657	606	9,758	66,811
Depreciation for the year	-	-	-	(149)	149	-
Reclassification	-	-	-	(149)	149	-
Disposals loss	-	-	(216,748)	(4,608)	(18)	(221,374)
Effect of movements in exchange rates	-	(1,186)	(5,421)	(396)	(143)	(7,146)
Balance at June 30, 2015	<u>\$ -</u>	<u>725,854</u>	<u>2,488,693</u>	<u>30,944</u>	<u>95,213</u>	<u>3,340,704</u>
Carrying amounts:						
Balance at January 1, 2016	<u>\$ 52,249</u>	<u>258,224</u>	<u>175,800</u>	<u>3,894</u>	<u>47,643</u>	<u>537,810</u>
Balance at June 30, 2016	<u>\$ 51,373</u>	<u>249,278</u>	<u>151,995</u>	<u>3,624</u>	<u>39,034</u>	<u>495,304</u>
Balance at January 1, 2015	<u>\$ 50,378</u>	<u>280,583</u>	<u>227,640</u>	<u>2,291</u>	<u>52,668</u>	<u>613,560</u>
Balance at June 30, 2015	<u>\$ 49,121</u>	<u>265,955</u>	<u>197,238</u>	<u>4,756</u>	<u>61,981</u>	<u>579,051</u>

As of June 30, 2016, December 31 and June 30, 2015, property, plant and equipment pledged as collateral for short-term, long-term loans and finance are disclosed in note 8.

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Notes to consolidated financial statements

(j) Investment property

	Land	Building and construction	Total
Cost or deemed cost:			
Balance at January 1, 2016	\$ 10,079	7,328	17,407
Balance at June 30, 2016	\$ 10,079	7,148	17,227
Balance at January 1, 2015	\$ 10,079	7,689	17,768
Balance at June 30, 2015	\$ 10,079	7,509	17,588

The Group had no significant acquisition, disposal or reversal or write-down of impairment loss of investment property for the six months ended June 30, 2015 and 2016. Please refer to Note 12 for depreciation amount for the six months ended June 30, 2016. Other related information, please refer to Note 6(j) of 2015 consolidated financial statements.

The fair value of Group's investment property had no significant difference with 2015 consolidated financial statements disclosed in Note 6(j).

As of June 30, 2016, December 31 and June 30, 2015, investment property pledged as collateral for short-term, long-term loans and finance are disclosed in note 8.

(k) Intangible assets

	Patent and other	Computer software cost	Total
Book value detail as below			
Balance as of January 1, 2016	\$ 1,938	1,587	3,525
Balance as of June 30, 2016	\$ 1,886	1,455	3,341
Balance as of January 1, 2015	\$ 1,894	1,063	2,957
Balance as of June 30, 2015	\$ 1,855	898	2,753

There is no increase for acquisition, disposal, reversal or write-down of impairment loss of investment property for the six months ended June 30, 2015 and 2016. Please refer Note 12 for amortization amount for the six months ended June 30, 2016. Other related information, please refer to Note 6(k) of 2015 consolidated financial statements.

As of June 30, 2016, December 31, 2015 and June 30, 2015, intangible assets were not pledged as collateral.

(l) Other current asset

The details of other current assets were as follows:

	2016.6.30	2015.12.31	2015.6.30
Tax refund receivable	\$ 2,551	2,111	2,238
Prepayment for purchases	6,687	4,850	2,445
Other prepaid expenses	7,228	6,622	7,476
VAT paid	3,220	18,294	15,353
Others	896	1,533	1,942
	\$ 20,582	33,410	29,454

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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(m) Short-term loans

The details of short-term loans were as follows:

	2016.6.30	2015.12.31	2015.6.30
Letters of credit	\$ 6,636	9,286	7,778
Unsecured bank loans	570,000	540,000	270,000
Secured bank loans	70,000	50,000	30,000
Total	\$ 646,636	599,286	307,778
Unused lines of credit	\$ 980,279	1,024,682	883,982
Interest rates applied	0.95%~1.68%	1.18%~1.43%	0.99%~1.50%

(i) Increase and repayment of loan

For the six months ended June 30, 2016 and 2015, the increase amount is \$573,347 and \$160,674 with interest rate 0.95%~1.68% and 0.99%~1.50% and maturity period is from July to November, 2016 and July to December, 2015, respectively. Repayment amount is \$620,714 and \$437,821 respectively. Please refer to Note 6(w) for interest expense. Other related information, please refer to Note 6(m) of 2015 consolidated financial statements.

(ii) Collateral for short-term loans

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

(iii) As of June 30, 2016, December 31 and June 30, 2015, The Group's acceptance credit for purchases of raw materials amounted to \$14,550, \$11,174 and \$16,454, respectively.

(n) Long-term loans

The details of long-term loans were as follows:

	2016.6.30	2015.12.31	2015.6.30
Secured bank loans	\$ 254,800	291,200	600,600
Less: current portion	(254,800)	(72,800)	(72,800)
Total	\$ -	218,400	527,800
Unused lines of credit	\$ -	-	273,000
Interest rates applied	1.8795%	2.0056%	2.0791%~2.1854%

(i) Increase and repayment of loan

For the six months ended June 30, 2016 and 2015, there were no increases in long-term loans, and the repayments of long-term loans amounted to \$36,400 according to the contract. Please refer to Note 6(w) for interest expense detail.

The Group signed a 3-year loan contract with E. Sun Bank and six other banks on the purpose of repaying the long-term loans as mentioned above to raise its operating capital November, 2013. Besides, according to the contract, if the Group does not violate any terms during last three to six months before the contract expires, the Group can extend its term of credit for another two years.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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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.

The financial covenants were as follows:

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

(ii) Collateral for long-term loans

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

(o) Operating lease

There is no increase for Operating lease for the six months ended June 30, 2016 and 2015. Please refer to Note 6(o) for the 2015 consolidated financial statements.

(p) Employee Benefit

(i) Defined benefit plan

There are no significant market fluctuations, curtailments, settlement or other one-time events after the end the previous financial year, the pension cost measurement and disclosure of interim pension cost are calculated based on actuarial adopted on December 31, 2015 and 2014.

Cost recognized in profit or loss is as below:

	April to June, 2016	April to June, 2015	January to June, 2016	January to June, 2015
Operating cost	\$ 436	510	876	1,015
Selling expenses	19	19	37	40
General and administrative expenses	55	66	110	134
Research and development expenses	42	50	84	101
	\$ 552	645	1,107	1,290

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Notes to consolidated financial statements

(ii) Defined Contribution Plan

Cost recognized in profit or loss is as below:

	<u>April to June, 2016</u>	<u>April to June, 2015</u>	<u>January to June, 2016</u>	<u>January to June, 2015</u>
Operating cost	\$ 5,612	5,706	11,182	11,139
Selling expenses	1,354	1,283	2,713	2,550
General and administrative expenses	451	451	899	907
Research and development expenses	525	515	1,051	1,028
	<u>\$ 7,942</u>	<u>7,955</u>	<u>15,845</u>	<u>15,624</u>

(q) Income tax

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

	<u>April to June, 2016</u>	<u>April to June, 2015</u>	<u>January to June, 2016</u>	<u>January to June, 2015</u>
Current tax expense(profit)				
Current	\$ (855)	1,607	2,143	2,151
Adjust previous current tax	53	1,617	(213)	1,597
Deferred tax expense				
Origination and reversal of temporary differences	7,172	10,268	16,552	23,145
	<u>\$ 6,370</u>	<u>13,492</u>	<u>18,482</u>	<u>26,893</u>

No income tax was recognized directly in equity.

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

	<u>April to June, 2016</u>	<u>April to June, 2015</u>	<u>January to June, 2016</u>	<u>January to June, 2015</u>
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ 1,155</u>	<u>-</u>	<u>1,829</u>	<u>-</u>

(ii) Approval of income tax

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

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

	<u>2016.6.30</u>	<u>2015.12.31</u>	<u>2015.6.30</u>
1997 and prior years	\$ -	-	-
1998 and thereafter	249,788	216,937	51,136
	<u>\$ 249,788</u>	<u>216,937</u>	<u>51,136</u>
Balance of imputation credit	<u>\$ 8,308</u>	<u>8,268</u>	<u>6,355</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	<u>2015(Actual)</u>	<u>2014(Actual)</u>
Tax creditable ratio for earnings distributed to residents in R.O.C.	<u>3.83%</u>	<u>-</u>

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

(r) Share capital and other equity

The Group had no share capital change for the six months ended June 30, 2016 and 2015 except below statement. Please refer to Note 6(r) of 2015 consolidated financial statements for detail information.

(i) Common Stock

The Company's Board of Directors approved resolutions to retire treasury stock amounting to 14,000 thousand shares with a face value of \$140,000 on January 14, 2016. The related registration procedures had been completed as of June 30, 2016.

As of June 30, 2016, December 31, 2015 and June 30, 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 200,907 thousand shares, 214,908 thousand shares and 226,108 thousand shares, respectively. The weighted-average numbers of shares of common stock outstanding excluded treasury stock and the common stock held by the Company's subsidiaries were comprising 180,113 thousand shares, 192,114 thousand shares and 217,313 thousand shares, respectively.

(ii) Capital surplus

As of June 30, 2016 and 2015, capital surplus was as follows:

	<u>2016.6.30</u>	<u>2015.12.31</u>	<u>2015.6.30</u>
Treasury stock	<u>\$ 31,097</u>	<u>27,955</u>	<u>-</u>

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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(iii) Retained earnings

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

Pay income tax;

Make up accumulated deficit;

Appropriate legal reserve;

Appropriate special reserve;

If there is a remaining balance, the Board of Directors shall propose an earning distribution plan which distribution amount is no more than 80 percent of the income after tax for the current year

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

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

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The special reserve \$62,110 has been approved by EDT's shareholders meeting as of June 30, 2016.

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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 EDT's shareholders meeting as of June 30, 2016.

c. Earnings distribution

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

Cash dividend to shareholders	<u>\$ 0.3036</u>
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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) Treasury stock

For the six months ended June 30, 2016, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 12,000 thousand shares of its own common stock as treasury shares in order to protect the Company's integrity and shareholders' equity. As of June 30, 2016, a total of 12,000 thousand shares were not yet cancelled.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all common shares issued. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. As of September 30, 2015, the Company could repurchase no more than 22,110 thousand shares with a total value of no more than \$168,037. As of June 30, 2016, the repurchase shares and 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. For the six months ended June 30, 2016 and 2015, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose of any of the Company's shares. As of June 30, 2016, December 31, 2015 and June 30, 2015, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock. As of June 30, 2016, December 31, 2015 and June 30, 2015, their market values amounted to \$100,696, \$87,944 and \$62,880, respectively.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(v) Other equity

	Foreign exchange differences arising from foreign operation	Unrealized gains and losses from available-for-sale investment
January 1, 2016	\$ 9,532	(108,533)
The Group	(3,448)	(5,380)
Balance as of June 30, 2016	<u><u>\$ 6,084</u></u>	<u><u>(113,913)</u></u>
January 1, 2015	\$ 8,133	(45,025)
The Group	(4,778)	(13,588)
Balance as of June 30, 2015	<u><u>\$ 3,355</u></u>	<u><u>(58,613)</u></u>

(s) Earnings per share

The basic and diluted earnings per share of the Group are as follows:

	April to June, 2016	April to June, 2015	January to June, 2016	January to June, 2015
Basic Earnings per share				
Profit (loss) attributable to owners of parent	<u><u>\$ 33,975</u></u>	<u><u>42,613</u></u>	<u><u>93,123</u></u>	<u><u>100,970</u></u>
Weighted-average number of common shares (expressed in thousands of shares)	<u><u>185,219</u></u>	<u><u>217,313</u></u>	<u><u>185,219</u></u>	<u><u>217,313</u></u>
Expressed in New Taiwan dollars	<u><u>\$ 0.18</u></u>	<u><u>0.20</u></u>	<u><u>0.50</u></u>	<u><u>0.46</u></u>
Diluted Earnings per share				
Profit (loss) attributable to owners of parent	<u><u>\$ 33,975</u></u>	<u><u>42,613</u></u>	<u><u>93,123</u></u>	<u><u>100,970</u></u>
Weighted-average number of common shares (expressed in thousands of shares)	185,219	217,313	185,219	217,313
Effect of potentially dilutive common stock:				
— Employee bonus	522	335	975	335
Weighted-average number of common shares - diluted (expressed in thousands of shares)	<u><u>185,741</u></u>	<u><u>217,648</u></u>	<u><u>186,194</u></u>	<u><u>217,648</u></u>
Expressed in New Taiwan dollars	<u><u>\$ 0.18</u></u>	<u><u>0.20</u></u>	<u><u>0.50</u></u>	<u><u>0.46</u></u>

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

(t) Revenue

Details of revenue for the six months ended June 30, 2016 and 2015 were as follows:

	April to June, 2016	April to June, 2015	January to June, 2016	January to June, 2015
Sales of goods	<u><u>\$ 822,467</u></u>	<u><u>906,329</u></u>	<u><u>1,710,756</u></u>	<u><u>1,804,026</u></u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(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 compensation will be distributed in cash or stock to employees who satisfy certain specifications of the Company and its affiliates.

For the three months and six months ended June 30, 2016, EDT accrued the compensation of employees, remuneration of directors and supervisors amounted to \$2,254, \$5,979 and \$1,352, \$3,587 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 during this period. For any change after the issuance date of the financial statements, the difference shall be accounted for as a change in accounting estimate and recognized in profit or loss in the following year. If Board of Directors resolved to contribute employee compensation by issuing stocks, the shares of stock will be calculated based on the date of the Company's stock closing price prior to the date of Board of Directors' meeting.

The accrued amount of 2015 profit sharing compensation to employees, remuneration of directors and supervisors was \$14,371 and \$8,623, respectively and had no difference with the one recognized in the consolidated financial statement for the year ended December 31, 2015. 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:

	<u>April to June, 2016</u>	<u>April to June, 2015</u>	<u>January to June, 2016</u>	<u>January to June, 2015</u>
Interest income				
Bank deposits	\$ 759	1,324	1,200	2,730
Other loans and receivables	66	80	134	169
Dividend revenue	898	-	1,177	-
Others	3,990	178	4,703	211
	<u>\$ 5,713</u>	<u>1,582</u>	<u>7,214</u>	<u>3,110</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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(ii) Other gains and losses

Details of other gains and losses were as follows:

	<u>April to June, 2016</u>	<u>April to June, 2015</u>	<u>January to June, 2016</u>	<u>January to June, 2015</u>
Foreign exchange gains (losses), net	\$ 3,217	(10,890)	(7,533)	(19,067)
Net gains on disposal of investments and financial liability	807	8,883	3,106	17,721
Net gains on disposal of financial assets at fair value through profit or loss	3,441	(1,583)	2,148	(677)
Gains on disposal of property, plant and equipment, net	371	980	371	974
Others	<u>(27)</u>	<u>-</u>	<u>(27)</u>	<u>(31)</u>
	<u>\$ 7,809</u>	<u>(2,610)</u>	<u>(1,935)</u>	<u>(1,080)</u>

(iii) Finance Cost

Details of finance costs were as follows:

	<u>April to June, 2016</u>	<u>April to June, 2015</u>	<u>January to June, 2016</u>	<u>January to June, 2015</u>
Interest expenses				
Bank loans	<u>\$ 2,950</u>	<u>4,404</u>	<u>5,848</u>	<u>8,668</u>

(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:

	<u>April to June, 2016</u>	<u>April to June, 2015</u>	<u>January to June, 2016</u>	<u>January to June, 2015</u>
Available-for-sale financial assets				
Net change in fair value occurred in current year	\$ (9,778)	(4,445)	(3,874)	3,948
Net change in fair value reclassified to income	<u>(807)</u>	<u>(9,050)</u>	<u>(3,106)</u>	<u>(17,888)</u>
Net change in fair value recognized in other comprehensive income	<u>\$ (10,585)</u>	<u>(13,495)</u>	<u>(6,980)</u>	<u>(13,940)</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(y) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below statements. Please refer to Note 6(y) of 2015 consolidated financial statements.

(i) 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 June 30, 2016, December 31, 2015 and June 30, 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.

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5 years	Due in over 5 years
June 30, 2016							
Non-derivative financial liabilities							
Secured loans	\$ 326,239	(329,496)	(110,196)	(219,300)	-	-	-
Unsecured loans	575,197	(575,537)	(575,537)	-	-	-	-
Accounts payable	339,317	(339,317)	(339,317)	-	-	-	-
Notes payable	2,863	(2,863)	(2,863)	-	-	-	-
Other payable	154,444	(154,444)	(154,284)	-	-	(160)	-
	\$ 1,398,060	(1,401,657)	(1,182,197)	(219,300)	-	(160)	-
December 31, 2015							
Non-derivative financial liabilities							
Secured loans	\$ 341,200	(347,206)	(89,072)	(38,774)	(219,360)	-	-
Unsecured loans	549,286	(550,095)	(550,095)	-	-	-	-
Accounts payable	365,174	(365,174)	(365,174)	-	-	-	-
Notes payable	3,193	(3,193)	(3,193)	-	-	-	-
Other payable	119,887	(119,887)	(119,727)	-	-	(160)	-
	\$ 1,378,740	(1,385,555)	(1,127,261)	(38,774)	(219,360)	(160)	-
June 30, 2015							
Non-derivative financial liabilities							
Secured loans	\$ 638,330	(658,695)	(80,939)	(42,184)	(535,572)	-	-
Unsecured loans	270,000	(270,320)	(270,320)	-	-	-	-
Accounts payable	369,339	(369,339)	(369,339)	-	-	-	-
Notes payable	3,859	(3,859)	(3,859)	-	-	-	-
Other payable	108,414	(108,414)	(108,254)	-	-	(160)	-
	\$ 1,389,942	(1,410,627)	(832,711)	(42,184)	(535,572)	(160)	-

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

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Notes to consolidated financial statements

(iii) Market Risk

a. Exchange rate risk

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

	2016.6.30			2015.12.31			2015.6.30			
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	46,680	32.275	1,506,605	40,032	32.825	1,314,035	56,405	30.86	1,740,657
JPY		44,756	0.3143	14,067	22,824	0.2727	6,224	10,886	0.2524	2,748
RMB		6,672	4.845	32,327	13,163	4.995	65,747	7,176	4.973	35,685
EURO		-	-	-	285	35.88	10,192	-	-	-
<u>Non-Monetary items</u>										
USD		11,661	32.275	376,356	11,834	32.825	388,461	7,985	30.86	246,431
<u>Financial Liabilities</u>										
<u>Monetary items</u>										
TWD		64	1	64	36	1	36	14	1	14
USD		9,643	32.275	311,233	9,256	32.825	303,830	9,987	30.86	308,192
JPY		24,669	0.3143	7,754	29,200	0.2727	7,963	40,342	0.2524	10,182

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 June 30, 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 \$7,438 and \$12,139, respectively.

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain of monetary items. For the three months and six months ended June 30, 2016 and 2015, the exchange loss and profit (including realized and unrealized) that resulted from monetary items translated to the functional currency was profit \$3,217, loss \$10,890, loss \$7,533 and loss \$19,067, respectively.

b. Interest rate risk

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

If interest rates on loans had increased or decreased by 1% with all other variables held constant. Profit after tax for the six months ended June 30, 2016 and 2015 would have been increased or decreased by \$48 and \$69, respectively, mainly as a result of liabilities bearing floating interest rates.

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Notes to consolidated financial statements

c. Other price risk

If the equity price changes, and if it is on the same basis for both years, and assuming all other variables remain the same, the impact on other comprehensive income will be as follows:

Equity price at reporting date	January to June, 2016		January to June, 2015	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 3%	\$ 15,424	-	12,846	-
Decrease 3%	\$ (15,424)	-	(12,846)	-

(iv) Fair value

a. 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.

	2016.6.30				
	Carrying Amount	Fair Value			Amount
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
ECB	\$ 65,256	65,256	-	-	65,256
SWAP	246	-	246	-	246
	<u>65,502</u>	<u>65,256</u>	<u>246</u>	<u>-</u>	<u>65,502</u>
Available-for-sale financial assets					
Stocks in listed companies	232,425	232,425	-	-	232,425
Open-end fund	345,650	345,650	-	-	345,650
Financial assets carried at cost	185,000	-	-	-	-
	<u>763,075</u>	<u>578,075</u>	<u>-</u>	<u>-</u>	<u>578,075</u>
Loans and receivables					
Cash and Cash equivalent	955,996	-	-	-	-
Debt instrument without active market	1,517	-	-	-	-
Account Receivables	486,970	-	-	-	-
Other Account Receivables	33,251	-	-	-	-
Other receivable - refundable deposits (recognized in other assets - noncurrent)	9,117	-	-	-	-
	<u>1,486,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets	\$ 2,315,428	643,331	246	-	643,577
Financial liabilities at amortized cost					
Bank loans	\$ 901,436	-	-	-	-
Notes payable	2,863	-	-	-	-
Account payable	339,317	-	-	-	-
Other payable	154,444	-	-	-	-
Total financial liabilities	\$ 1,398,060	-	-	-	-

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	2015.12.31				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or less					
ECB	\$ 48,540	48,540	-	-	48,540
SWAP Contract	1,590	-	1,590	-	1,590
	50,130	48,540	1,590	-	50,130
Available-for-sale financial assets					
Stocks in listed companies	265,249	265,249	-	-	265,249
Open-end fund	349,485	349,485	-	-	349,485
Financial assets carried at cost	185,000	-	-	-	-
	799,734	614,734	-	-	614,734
Loan and receivables					
Cash and Cash equivalent	963,257	-	-	-	-
Debt instrument without active market	1,531	-	-	-	-
Account Receivables	454,735	-	-	-	-
Other Account Receivables	18,082	-	-	-	-
Other receivable - refundable deposits (recognized in other assets - noncurrent)	9,146	-	-	-	-
	1,446,751	-	-	-	-
Total financial assets	\$ 2,296,615	663,274	1,590	-	664,864
Financial liabilities at amortized cost					
Bank loans	\$ 890,486	-	-	-	-
Notes payable	3,193	-	-	-	-
Account payable	365,174	-	-	-	-
Other payable	119,887	-	-	-	-
Total financial liabilities	\$ 1,378,740	-	-	-	-
		105.6.30			
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Amount
Financial assets at fair value through profit or less					
ECB	\$ 118,100	118,100	-	-	118,100
Available-for-sale financial assets					
Stocks in listed companies	164,166	164,166	-	-	164,166
Open-end fund	264,028	264,028	-	-	264,028
Financial assets carried at cost	185,000	-	-	-	-
	613,194	428,194	-	-	428,194
Loan and receivables					
Cash and Cash equivalent	1,029,705	-	-	-	-
Debt instrument without active market	1,489	-	-	-	-
Account Receivables	537,843	-	-	-	-
Other Account Receivables	19,338	-	-	-	-
Other receivable - refundable deposits (recognized in other assets - noncurrent)	9,085	-	-	-	-
	1,597,460	-	-	-	-
Total financial assets	\$ 2,328,754	546,294	-	-	546,294
		105.6.30			
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Amount
Financial liabilities at amortized cost					
Bank loans	\$ 908,378	-	-	-	-
Notes payable	3,859	-	-	-	-
Account payable	369,339	-	-	-	-
Other payable	108,414	-	-	-	-
Total financial liabilities	\$ 1,389,990	-	-	-	-

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

- b. 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).

- c. 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.

- d. Valuation techniques and assumptions used in fair value determination

Non-derivative instruments

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

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

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

Derivative instruments

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

- e. Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the six months ended June 30, 2016 and 2015.

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Notes to consolidated financial statements

(z) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy disclosed in 2015 consolidated report.

(aa) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2015 consolidated financial statements. Further, there was no significant change of the summary quantitative information disclosed in 2015 consolidated financial statements. Please refer to Note 6(aa) of 2015 consolidated financial statements.

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:

	<u>April to June, 2016</u>	<u>April to June, 2015</u>	<u>January to June, 2016</u>	<u>January to June, 2015</u>
Short-term employee benefits	\$ 6,349	5,648	14,130	11,057
Post-employment benefits	144	143	288	285
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 6,493</u>	<u>5,791</u>	<u>14,418</u>	<u>11,342</u>

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 car amounted to \$226, \$226, \$452 and \$452, respectively for the three months and six months ended June 30, 2016 and 2015.

8. Pledged Assets

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

<u>Pledged Assets</u>	<u>Purpose</u>	<u>2016.6.30</u>	<u>2015.12.31</u>	<u>2015.6.30</u>
Bond investments without active market — current — time deposits	Guarantee for customs and government grants	\$ 1,006	1,014	1,006
Property, plant and equipment — buildings	Guarantee for long-term borrowings	232,570	240,645	247,089
Property, plant and equipment — machinery and equipment	Guarantee for short-term and long-term borrowings	79,845	106,658	133,471
Investment property	Guarantee for short-term borrowings	14,458	14,638	14,818
Other financial assets — noncurrent — time deposits	Guarantee Letter of Credit for lease contract	511	517	483
		<u>\$ 328,390</u>	<u>363,472</u>	<u>396,867</u>

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Notes to consolidated financial statements

9. Commitments and Contingencies

- (a) As of June 30, 2016, December 31, 2015 and June 30, 2015, The Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$16,735, \$27,457 and \$28,666, respectively.
- (b) As of June 30, 2016, December 31, 2015 and June 30, 2015, The Group has signed contracts for the purchase of equipment. The unrecognized contingencies of contracts for the purchase of property, plant and equipment amounted to \$2,221, \$3,221 and \$4,724, respectively.

10. Losses Due to Major Disaster: None.

11. Significant Subsequent Event: None.

12. Others

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

	April to June, 2016			April to June, 2015		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee expenses:						
Salaries and wages	96,586	47,629	144,215	103,053	45,821	148,874
Labor and health insurance	9,898	3,075	12,973	11,034	3,222	14,256
Pension expense	6,048	2,446	8,494	6,216	2,384	8,600
Other personnel cost	7,089	1,358	8,447	7,846	1,431	9,277
Depreciation	26,819	1,412	28,231	31,817	1,501	33,318
Amortization	147	87	234	133	90	223

	January to June, 2016			January to June, 2015		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee expenses:						
Salaries and wages	200,019	96,108	296,127	203,904	95,766	299,670
Labor and health insurance	20,701	6,521	27,222	21,297	6,359	27,656
Pension expense	12,058	4,894	16,952	12,154	4,760	16,914
Other personnel cost	14,570	2,948	17,518	14,872	2,998	17,870
Depreciation	54,039	2,929	56,968	63,938	3,053	66,991
Amortization	314	200	514	260	190	450

- (b) Seasonal operation:

The operation of the Group hadn't been affected by either seasonal or periodical factors.

13. Supplementary Disclosure Requirements

In accordance with the ROC "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", the required disclosures for the six months ended June 30, 2016 were as follows:

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(a) Information on significant transactions:

(i) Loans extended to other parties: None.

(ii) Guarantees provided to other parties: None.

(iii) Securities owned as of June 30, 2016 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship between the investee and the Company	Financial statement account	June 30, 2016				Remark
				Units (shares)	Carrying value	Ratio	Market value (or net equity value)	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets carried at cost – noncurrent	1,000,000	10,000	5.00%	10,000	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost – noncurrent	1,000,000	25,000	2.23%	25,000	-
The Company	Epistar Corp., Ltd ECB	-	Financial assets at fair value through profit or loss	1,000,000	32,376	-	32,376	-
The Company	Taiwan Glass Inc., Ltd. ECB	-	Financial assets at fair value through profit or loss	1,000,000	32,880	-	32,880	-
The Company	Apple Inc. stock	-	Available-for-sale financial assets – current	16,000	49,368	-	49,368	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Available-for-sale financial assets – current	300,000	11,295	-	11,295	-
The Company	Innolux Corp. stock	-	Available-for-sale financial assets – current	1,147,089	12,389	0.01%	12,389	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets – current	480,000	7,488	0.78%	7,488	-
The Company	Hon Hai Precision Co., Ltd. stock	-	Available-for-sale financial assets – current	525,000	43,312	-	43,312	-
The Company	Coasia Microelectronics Corp.	-	Available-for-sale financial assets – current	386,610	7,307	0.32%	7,307	-
The Company	Radiant Opto-Electronics Corp. stock	-	Available-for-sale financial assets – current	250,000	12,550	0.05%	12,550	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Available-for-sale financial assets – current	300,000	9,615	0.01%	9,615	-
The Company	Mega Financial Holding Co., Ltd stock	-	Available-for-sale financial assets – current	555,000	13,486	-	13,486	-
The Company	Synnex Technology International Co., Ltd. stock	-	Available-for-sale financial assets – current	452,000	15,707	0.03%	15,707	-
The Company	King Yuan Electronics Co., Ltd. stock	-	Available-for-sale financial assets – current	570,000	16,273	0.05%	16,273	-
The Company	Pegatron Co., Ltd. stock	-	Available-for-sale financial assets – current	216,000	14,645	0.01%	14,645	-
The Company	Yuanta Asia Pacific ex-Jpn Invt Grd Govt Bd Idx	-	Available-for-sale financial assets – current	2,000,000	18,908	-	18,908	-
The Company	Edmond de Rothschild Europe Convertibles	-	Available-for-sale financial assets – current	8,468.12	25,021	-	25,021	-
The Company	JPM Global Income A (acc)	-	Available-for-sale financial assets – current	11,945.82	62,093	-	62,093	-
The Company	JPMorgan Asia Pacific Income Fund A (mth)	-	Financial assets carried at cost – current	97,195.14	90,596	-	90,596	-
The Company	Franklin Templeton Investment Funds - Templeton Global Bond Fund Class A (acc)	-	Available-for-sale financial assets – current	46,357.62	40,442	-	40,442	-
The Company	UBS (Lux) Strategy Fund - Balanced	-	Financial assets carried at cost – current	372.66	32,887	-	32,887	-
The Company	Allianz Income and Growth - AT Acc	-	Available-for-sale financial assets – current	70,900.06	30,984	-	30,984	-
The Company	Fidelity Funds - Euro Balanced Fund	-	Available-for-sale financial assets – current	88,226.18	30,411	-	30,411	-
The Company	Henderson Horizon Fund - Euroland Fund	-	Available-for-sale financial assets – current	42,625.75	14,308	-	14,308	-
Ying Dar Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets – current	550,000	8,580	0.90%	8,580	-
Ying Dar Investment Development Corp.	AGV Products Corporation stock	-	Available-for-sale financial assets – current	100,000	816	0.02%	816	-
Ying Dar Investment Development Corp.	The Company's stock	The Company	Available-for-sale financial assets – current	5,346,672	61,219	2.66%	61,219	Note
Bae Haw Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets – current	380,000	5,928	0.62%	5,928	-
Bae Haw Investment Development Corp.	The Company's stock	The Company	Available-for-sale financial assets – noncurrent	3,447,716	39,477	1.72%	39,477	Note
Bae Haw Investment Development Corp.	Everest Technology Inc.	-	Available-for-sale financial assets – noncurrent	1,000,000	-	1.47%	-	-
Ying Cheng Investment Corp.	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets – current	235,000	3,666	0.38%	3,666	-
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost – noncurrent	6,000,000	150,000	13.38%	150,000	-

Note: It was eliminated in the consolidation.

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Notes to consolidated financial statements

- (iv) Accumulated trading amount of a single security in excess of \$300 million or 20% of the Company's issued share capital: None.
- (v) Acquisition of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.
- (vi) Disposal of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.
- (vii) Sales to and purchases from related parties in excess of \$100 million or 20% of issued share capital was as follows:

Purchasing (selling) company	Counterparty	Relation-ship	Detail of Transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remark
			Purchase (sale)	Amount	% of net Purchases (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Co., U.S.A.	Subsidiary of the Company	Sale	(725,612)	(42.56)%	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.	330,211	54.42%	Note
The Company	Tremendous Explore Corp.	Subsidiary of the Company	Purchase (processing cost)	198,356	24.93%	12 months	Tremendous Explore Corp. is the only entity the subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the subsidiary provides processing service to.	(119,692)	(29.34)%	Note
Emerging Display Technologies Co., U.S.A.	The Company	Subsidiary of the Company	Purchase	725,612	99.81%	3 months	The Company is the major supplier for Emerging Display Technologies Co., U.S.A. There is no comparable transaction.	The Company is the major supplier for Emerging Display Technologies Co., U.S.A.	(330,211)	(100.00)%	Note
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Sale (processing revenue)	(198,356)	(100.00)%	1-3 months	The Company is the only entity the subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the subsidiary provides processing service to.	119,692	100.00%	Note
Tremendous Explore Corp.	Dong Guan Emerging Display Limited	Subsidiary of the Company	Purchase (processing cost)	189,663	100.00%	1-3 months	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to. There is no comparable transaction.	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	(59,682)	(62.29)%	Note
Dong Guan Emerging Display Limited	Tremendous Explore Corp.	Subsidiary of the Company	Sale (processing revenue)	(189,663)	(100.00)%	1-3 months	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to. There is no comparable transaction.	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	59,682	100.00%	Note

Note: It was eliminated in the consolidation.

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

Name of company that has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remark
					Amount	Status			
The Company	Emerging Display Technologies Co., U.S.A.	Subsidiary of the Company	Account Receivables of \$330,211	4.00	-	-	40,354	-	Note
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Account Receivables of \$119,692	3.66	-	-	36,431	-	Note

Note: It was eliminated in the consolidation.

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(ix) 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 (b).

(x) Significant inter-company transactions:

No.	Name	Counterparty	Relationship (Note)	Details of transaction			% of total consolidated revenue or total asset
				Subjects	Amount	Term of trading	
0	The Company	Emerging Display Technologies Co., U.S.A.	1	Sales revenue Accounts receivable	725,612 330,211	No significant collections term difference between other customers and Emerging Display Technologies Co., U.S.A.	42.22% 9.10%
0	The Company	Tremendous Explore Corp.	1	Processing cost Accounts payable	198,356 119,692	No non-related-party transaction to compare to.	11.54% 3.30%
0	The Company	Emerging Display Technologies Co., U.S.A.	1	Selling expenses-Commission Other payable	1,097 935	No non-related-party transaction to compare to.	0.06% 0.03%
0	The Company	EDT-Europe ApS	1	Selling expenses-Commission Other payable	26,485 2,341	No non-related-party transaction to compare to.	1.54% 0.06%
0	The Company	Emerging Display Technologies Korea Corp.	1	Selling expenses -Commission	2,091	No non-related-party transaction to compare to.	0.12%
0	The Company	EDT-Japan Corp.	1	Selling expenses -Commission Other payable	6,768 1,042	No non-related-party transaction to compare to.	0.39% 0.03%
5	Tremendous Explore Corp.	The Company	3	Processing revenue Accounts receivable	189,663 59,682	No non-related-party transaction to compare to.	11.04% 1.64%
5	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Purchase material	154,911	No non-related-party transaction to compare to.	9.01%

Note: Relationship notes as follows:

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

(b) Information on investees

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

Name of investors	Name of investees	Location	Business Scope	Original cost of investment		Balance as of June 30, 2016			Net Income(loss) of the investee	Investment income(Loss) recognized	Remark
				2016.6.30	2015.12.31	Shares	Ratio	Carrying value			
The Company	Emerging Display Technologies Co., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	63,603 (Note 1)	(2,056)	(2,230)	Subsidiary (Note 2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	95,909	5,329	4,183	Subsidiary (Note 2&3)
The Company	EDT-Europe ApS	Denmark	Trading	2,077	2,077	125,000	100.00%	1,927	317	317	Subsidiary (Note 2&3)
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	2,162	6,727	6,727	Subsidiary (Note 2&3)
The Company	Emerging Display Technologies Korea	Korea	Trading	1,677	1,677	58,212,500	100.00%	1,089	52	52	Subsidiary (Note 2&3)
The Company	EDT-Japan Corp.	Japan	Trading	17,401	17,401	5,000	100.00%	9,478	(296)	(296)	Subsidiary (Note 2&3)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	22,606	304	304	Subsidiary (Note 2&3)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	24,733	598	598	Subsidiary (Note 2&3)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	83,351	(10)	(5)	Subsidiary (Note 2&3)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	7,209	5,329	-	Subsidiary (Note 2&3)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	13,942	5,329	-	Subsidiary (Note 2&3)

Note 1: It was deducted unrealized profit from sales \$22,469.

Note 2: It was eliminated in the consolidation.

Note 3: The net income (loss) and carrying value of the Investee's financial statements were not reviewed by CPA.

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Notes to consolidated financial statements

(c) Information on investments in Mainland China:

(i) Related information regarding investments in Mainland China:

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

Investee company	Main Business and product	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 June 30, 2016	Net Income of Investee	The Company Direct or indirect Investment ratio	Investment gain (loss) recognized by the Company	Book value of the investment as of June 30, 2016	Accumulated Investment income repatriated to Taiwan as of June 30, 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 company in a third country.	219,225 (US\$6,746,936) (Note 1)	-	-	219,225 (US\$6,746,936)	5,458	95.80% (Note 2)	5,389 Based on the investee's financial statements audited by the same auditor as the Company (Note 3)	107,831 (Note 4)	-

(ii) Upper limit on investment in Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China as of June 30, 2016	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
223,816 (US\$6,934,668) (Note 5)	450,292 (US\$13,951,732) (Note 6)	1,234,175 (Note 7)

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

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

Note 3: The amount includes a profit of \$322 which was recognized by Ying Dar Investment Development Corp. and a profit of \$623 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes \$6,641 which was invested by Ying Dar Investment Development Corp. and \$12,843 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 \$50,295 for Ying Dar Investment Development Corp. and \$38,526 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at June 30, 2016.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, are disclosed in “Information on significant transactions” for the six months ended June 30, 2016.

14. Segment Information

Reportable segment information is as follows:

	April to June, 2016					Total
	Domestic	North America	Mainland China	Other Operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 436,781	385,534	-	152	-	822,467
Sales among consolidated entities	<u>353,215</u>	<u>550</u>	<u>92,249</u>	<u>17,374</u>	<u>(463,388)</u>	<u>-</u>
Total revenue	<u>\$ 789,996</u>	<u>386,084</u>	<u>92,249</u>	<u>17,526</u>	<u>(463,388)</u>	<u>822,467</u>
Segment Income	<u>\$ 42,963</u>	<u>(945)</u>	<u>2,783</u>	<u>(103)</u>	<u>(4,495)</u>	<u>40,203</u>
	April to June, 2015					Total
	Domestic	North America	Mainland China	Other Operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 470,622	435,413	-	294	-	906,329
Sales among consolidated entities	<u>399,862</u>	<u>500</u>	<u>131,125</u>	<u>15,683</u>	<u>(547,170)</u>	<u>-</u>
Total revenue	<u>\$ 870,484</u>	<u>435,913</u>	<u>131,125</u>	<u>15,977</u>	<u>(547,170)</u>	<u>906,329</u>
Segment Income	<u>\$ 49,999</u>	<u>(146)</u>	<u>(374)</u>	<u>948</u>	<u>5,920</u>	<u>56,347</u>
	January to June, 2016					Total
	Domestic	North America	Mainland China	Other Operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 901,732	808,763	-	261	-	1,710,756
Sales among consolidated entities	<u>726,677</u>	<u>1,097</u>	<u>198,356</u>	<u>35,344</u>	<u>(961,474)</u>	<u>-</u>
Total revenue	<u>\$ 1,628,409</u>	<u>809,860</u>	<u>198,356</u>	<u>35,605</u>	<u>(961,474)</u>	<u>1,710,756</u>
Segment Income	<u>\$ 100,325</u>	<u>(2,006)</u>	<u>6,727</u>	<u>88</u>	<u>6,690</u>	<u>111,824</u>

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Notes to consolidated financial statements

	January to June 2015					
	Domestic	North America	Mainland China	Other Operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 904,099	899,498	-	429	-	1,804,026
Sales among consolidated entities	<u>835,341</u>	<u>1,152</u>	<u>226,089</u>	<u>31,531</u>	<u>(1,094,113)</u>	<u>-</u>
Total revenue	<u>\$ 1,739,440</u>	<u>900,650</u>	<u>226,089</u>	<u>31,960</u>	<u>(1,094,113)</u>	<u>1,804,026</u>
Segment Income	<u>\$ 125,673</u>	<u>3,717</u>	<u>(1,328)</u>	<u>1,000</u>	<u>(1,293)</u>	<u>127,769</u>
	Domestic	North America	Mainland China	Other Operating Department	Adjustments and Eliminations	Total
Segment Assets						
June 30, 2016	<u>\$ 3,582,800</u>	<u>427,844</u>	<u>239,200</u>	<u>21,010</u>	<u>(641,264)</u>	<u>3,629,590</u>
December 31, 2015	<u>\$ 3,672,739</u>	<u>497,154</u>	<u>169,076</u>	<u>20,229</u>	<u>(598,265)</u>	<u>3,760,933</u>
June 30, 2015	<u>\$ 3,716,473</u>	<u>494,411</u>	<u>181,909</u>	<u>16,089</u>	<u>(591,293)</u>	<u>3,817,589</u>
Segment Liabilities						
June 30, 2016	<u>\$ 1,683,454</u>	<u>342,803</u>	<u>124,479</u>	<u>8,516</u>	<u>(519,131)</u>	<u>1,640,121</u>
December 31, 2015	<u>\$ 1,650,886</u>	<u>408,605</u>	<u>63,086</u>	<u>9,121</u>	<u>(486,834)</u>	<u>1,644,864</u>
June 30, 2015	<u>\$ 1,601,475</u>	<u>410,305</u>	<u>91,310</u>	<u>6,618</u>	<u>(506,776)</u>	<u>1,602,932</u>

The following is the explanation of material reconciliation item:

- (a) For the three months and six months ended June 30, 2016 and 2015, the operating segments revenue eliminated from the consolidated entities were \$463,388, \$547,170, \$961,474 and \$1,094,113, respectively.
- (b) For the three months and six months ended June 30, 2016 and 2015, the operating segments profit and loss eliminated from the consolidated entities were profit \$4,495, loss \$5,920, profit \$6,690 and profit \$1,293, respectively.
- (c) As of June 30, 2016, December 31, 2015 and June 30, 2015, the operating segments assets eliminated from the consolidated entities were \$641,264, \$598,265 and \$591,293, respectively.
- (d) As of June 30, 2016, December 31, 2015 and June 30, 2015, the operating segments liabilities eliminated from the consolidated entities were \$519,131, \$486,834 and \$506,776, respectively.