

Brogent Technologies Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors' Report**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in Taiwan, the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Brogent Technologies Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2015 and 2014**

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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Brogent Technologies Inc. as of and for the year ended December 31, 2015, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards No.10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Brogent Technologies Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

BROGENT TECHNOLOGIES INC.

By



HUANG, CHUNG-MING

Chairman

March 9, 2016



正大聯合會計師事務所

Grant Thornton

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Shareholders of
Brogent Technologies Inc.**

We have audited the accompanying consolidated balance sheets of Brogent Technologies Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Brogent Technologies Inc. and subsidiaries as of December 31, 2015 and 2014, and the consolidated financial performance and the consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance translated by the Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission in Taiwan, the Republic of China with the effective dates.

We have also audited the parent company only financial statements of Brogent Technologies Inc. as of and for the years ended December 31, 2015 and 2014, on which we have expressed an unqualified opinion on such financial statements.

Grant Thornton

March 9, 2016

Kaohsiung, Taiwan

(File No. B002.16F0010)

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

As the financial statements are the responsibility of the management, Grant Thornton cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Grant Thornton Taiwan is certified to the ISO 9001:2008 Quality Management

System Standards in "Provision of assurance, tax business compliance and advisory services".

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BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Current Assets				
Cash and cash equivalents (Note 6(1))	\$703,135	22.33	\$284,118	20.05
Financial assets at fair value through profit or loss-current (Note 6(2))	128,671	4.09	121,867	8.60
Held-to-maturity financial assets-current (Note 6(3))	719,952	22.87	327,435	23.11
Notes receivable	66,647	2.12	6,055	0.43
Accounts receivable, net (Note 6(4))	204,417	6.49	135,419	9.56
Accounts receivable-related parties, net (Notes 6(4) and 7)	3,095	0.10	—	—
Construction receipts receivable (Note 6(5))	138,140	4.39	56,772	4.01
Inventories (Note 6(6))	221,366	7.03	24,857	1.75
Prepayments	73,484	2.33	36,526	2.58
Other current assets (Notes 6(9) and 8)	83,023	2.64	35,017	2.47
Total current assets	<u>2,341,930</u>	<u>74.39</u>	<u>1,028,066</u>	<u>72.56</u>
Noncurrent Assets				
Property, plant and equipment (Notes 6(7) and 8)	557,047	17.70	310,698	21.93
Intangible assets (Note 6(8))	13,987	0.44	6,086	0.43
Deferred income tax assets (Note 6(20))	1,177	0.04	—	—
Refundable deposits	9,633	0.31	3,422	0.24
Long-term notes and accounts receivable (Note 6(4))	16,368	0.52	18,834	1.33
Other noncurrent assets (Notes 6(9), 7 and 8)	207,896	6.60	49,741	3.51
Total noncurrent assets	<u>806,108</u>	<u>25.61</u>	<u>388,781</u>	<u>27.44</u>
Total Assets	<u><u>\$3,148,038</u></u>	<u><u>100.00</u></u>	<u><u>\$1,416,847</u></u>	<u><u>100.00</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

Liabilities & Equity	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
Current Liabilities				
Notes payable	\$ 38,653	1.23	\$ 25,123	1.77
Accounts payable	27,047	0.86	55,029	3.88
Accounts payable-related parties (Note 7)	8,496	0.27	—	—
Construction receipts payable (Note 6(5))	164,144	5.21	2,152	0.15
Other payables (Note 6(10))	66,686	2.12	84,662	5.98
Other payables-related parties (Note 7)	150	0.01	—	—
Income tax payable	19,180	0.61	32,024	2.26
Long-term liabilities-current portion (Note 6(11))	238,060	7.56	6,569	0.47
Other current liabilities	4,176	0.13	3,153	0.22
Total current liabilities	<u>566,592</u>	<u>18.00</u>	<u>208,712</u>	<u>14.73</u>
Noncurrent Liabilities				
Long-term bank loans (Note 6(11))	80,564	2.56	172,629	12.19
Deferred income tax liabilities (Note 6(20))	—	—	549	0.04
Net defined benefit liabilities-noncurrent (Note 6(12))	7,576	0.24	6,987	0.49
Total noncurrent liabilities	<u>88,140</u>	<u>2.80</u>	<u>180,165</u>	<u>12.72</u>
Total Liabilities	<u>654,732</u>	<u>20.80</u>	<u>388,877</u>	<u>27.45</u>
Equity Attributable To Shareholders Of The Parent				
Capital stock				
Common stock (Note 6(13))	446,780	14.19	336,800	23.77
Advance receipts for common stock (Note 6(13))	—	—	4,494	0.32
Total capital stock	<u>446,780</u>	<u>14.19</u>	<u>341,294</u>	<u>24.09</u>
Additional paid-in capital (Note 6(14))	2,043,087	64.90	459,496	32.43
Retained earnings				
Legal reserve	25,877	0.82	3,434	0.24
Unappropriated earnings (Note 6(15))	194,582	6.18	223,746	15.79
Total retained earnings	<u>220,459</u>	<u>7.00</u>	<u>227,180</u>	<u>16.03</u>
Other equity	684	0.02	—	—
Treasury stock (Note 6(16))	(266,072)	(8.45)	—	—
Equity Attributable To Shareholders Of The Parent	<u>2,444,938</u>	<u>77.66</u>	<u>1,027,970</u>	<u>72.55</u>
Noncontrolling Interests	48,368	1.54	—	—
Total Equity	<u>2,493,306</u>	<u>79.20</u>	<u>1,027,970</u>	<u>72.55</u>
Total Liabilities and Equity	<u>\$3,148,038</u>	<u>100.00</u>	<u>\$1,416,847</u>	<u>100.00</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Items	2015		2014	
	Amount	%	Amount	%
Net Revenue (Notes 6(17) and 7)	\$705,424	100.00	\$829,511	100.00
Cost of Revenue (Note 7)	(371,463)	(52.66)	(402,596)	(48.53)
Gross Profit	333,961	47.34	426,915	51.47
Operating Expenses				
Selling and marketing	(21,498)	(3.05)	(16,799)	(2.02)
General and administrative	(118,763)	(16.83)	(89,797)	(10.83)
Research and development	(63,288)	(8.97)	(89,069)	(10.74)
Total operating expenses (Note 6(19))	(203,549)	(28.85)	(195,665)	(23.59)
Operating Income	130,412	18.49	231,250	27.88
Non-operating Income and Loss				
Other gains and losses (Note 6(18))	7,643	1.08	36,057	4.35
Interest income	14,659	2.08	5,634	0.68
Interest costs	(487)	(0.07)	(3,199)	(0.39)
Total non-operating income and loss	21,815	3.09	38,492	4.64
Income Before Income Tax	152,227	21.58	269,742	32.52
Income Tax Expenses (Note 6(20))	(32,458)	(4.60)	(45,310)	(5.46)
Net Income	119,769	16.98	224,432	27.06
Other Comprehensive Income (Loss)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 6(12))	(78)	(0.01)	(686)	(0.09)
Income tax benefit related to components of other comprehensive income that will not be reclassified subsequently (Note 6(20))	13	-	-	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	824	0.12	-	-
Income tax expense related to components of other comprehensive income that may be reclassified subsequently (Note 6(20))	(140)	(0.02)	-	-
Other comprehensive income (loss) for the year, net of income tax	619	0.09	(686)	(0.09)
Total Comprehensive Income (Loss) For The Year	\$120,388	17.07	\$223,746	26.97
Net Income Attributable To :				
Shareholders of the parent	\$112,384	15.93	\$224,432	27.06
Noncontrolling interests	7,385	1.05	-	-
	\$119,769	16.98	\$224,432	27.06
Total Comprehensive Income Attributable To :				
Shareholders of the parent	\$113,003	16.02	\$223,746	26.97
Noncontrolling interests	7,385	1.05	-	-
	\$120,388	17.07	\$223,746	26.97
Basic earnings per share (Note 6(21))	\$2.57		\$6.22	
Diluted earnings per share (Note 6(21))	\$2.57		\$6.22	

The accompanying notes are an integral part of the consolidated financial statements.

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

Items	Equity Attributable to Shareholders of the Parent										Total Equity	
	Capital Stock			Retained Earnings			Other Equity		Treasury Stock	Equity Attributable to Shareholders of the Parent		Noncontrolling Interests
	Common Stock	The Certificate of Bond Conversion to Stocks	Advance Receipts for Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit)	Exchange Differences Arising on Translation of Foreign Operations				
Balance at January 1, 2015	\$336,800	\$-	\$4,494	\$459,496	\$3,434	\$-	\$223,746	\$-	\$-	\$1,027,970	\$-	\$1,027,970
Appropriations of prior year's earnings	-	-	-	-	-	-	(22,443)	-	-	-	-	-
Legal reserve	-	-	-	-	22,443	-	(79,360)	-	-	(79,360)	-	(79,360)
Cash dividends	-	-	-	-	-	-	(39,680)	-	-	-	-	-
Stock dividends	39,680	-	-	-	-	-	-	-	-	-	-	-
Adjustments to share of changes in equities of associates and joint venture	-	-	-	17	-	-	-	-	-	17	-	17
Net income in 2015	-	-	-	-	-	-	112,384	-	-	112,384	7,385	119,769
Other comprehensive income (loss) in 2015	-	-	-	-	-	-	(65)	684	-	619	-	619
Total comprehensive income in 2015	-	-	-	-	-	-	112,319	684	-	113,003	7,385	120,388
Issuance of common stock for cash	70,300	-	(4,494)	1,583,574	-	-	-	-	(266,072)	1,649,380	-	1,649,380
Purchase of Treasury stock	-	-	-	-	-	-	-	-	-	-	40,983	(40,983)
Noncontrolling interests	-	-	-	-	-	-	-	-	-	-	448,368	448,368
Balance at December 31, 2015	\$446,780	\$-	\$-	\$2,043,087	\$25,877	\$-	\$194,582	\$684	(\$266,072)	\$2,444,938	\$48,368	\$2,493,306
Balance at January 1, 2014	\$267,277	\$7,423	\$-	\$188,618	\$5,292	\$832	(\$2,690)	\$-	\$-	\$466,752	\$-	\$466,752
Appropriations of prior year's earnings	-	-	-	-	-	-	1,858	-	-	-	-	-
Offsetting the deficit with legal reserve	-	-	-	-	(1,858)	-	832	-	-	-	-	-
Offsetting the deficit with special reserve	-	-	-	-	-	(832)	-	-	-	-	-	-
Capitalization of additional paid-in capital	27,470	-	-	(27,470)	-	-	-	-	-	-	-	-
Net income in 2014	-	-	-	-	-	-	224,432	-	-	224,432	-	224,432
Other comprehensive loss in 2014	-	-	-	-	-	-	(686)	-	-	(686)	-	(686)
Total comprehensive income in 2014	-	-	-	-	-	-	223,746	-	-	223,746	-	223,746
Issuance of common stock for cash	-	-	4,494	103,366	-	-	-	-	-	107,860	-	107,860
Convertible bonds converted to stocks	-	34,630	-	194,982	-	-	-	-	-	229,612	-	229,612
The certificate of bond conversion to stocks	42,053	(42,053)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2014	\$336,800	\$-	\$4,494	\$459,496	\$3,434	\$-	\$223,746	\$-	\$-	\$1,027,970	\$-	\$1,027,970

The accompanying notes are an integral part of the consolidated financial statements.

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

Items	2015	2014
Cash Flows From Operating Activities		
Income Before Income Tax	\$152,227	\$269,742
Adjustments for:		
The items of gains and losses:		
Depreciation	17,815	15,573
Amortization	5,882	3,116
Allowance for bad debts	985	-
Loss (gain) on financial assets at fair value through profit or loss	4,714	(3,172)
Interest expense	487	3,199
Interest income	(14,659)	(5,634)
Loss on disposal of property, plant and equipment	8	-
Total adjustments for the items of gains and losses	15,232	13,082
Changes in operating assets and liabilities:		
(Increase) decrease in financial instruments held for trading	(11,518)	(67,523)
(Increase) decrease in notes receivable	(60,592)	(6,055)
(Increase) decrease in accounts receivable	(60,075)	25,974
(Increase) decrease in accounts receivable-related parties	(3,095)	-
(Increase) decrease in construction receipts receivable	(81,368)	(46,620)
(Increase) decrease in inventories	(196,509)	4,049
(Increase) decrease in prepayments	(36,958)	(16,843)
(Increase) decrease in other current assets	(9,669)	(1,699)
(Increase) decrease in other financial assets	(17,433)	(18,004)
(Increase) decrease in long-term notes and accounts receivable	(7,442)	(36,931)
(Increase) decrease in other operating assets	(104,981)	(6,661)
(Decrease) increase in notes payable	13,530	22,475
(Decrease) increase in accounts payable	(27,982)	28,526
(Decrease) increase in accounts payable-related parties	8,496	-
(Decrease) increase in construction receipts payable	161,992	(133,177)
(Decrease) increase in other payables	12,212	34,403
(Decrease) increase in other payables-related parties	150	-
(Decrease) increase in other current liabilities	1,023	(2,165)
(Decrease) increase in net defined benefit liabilities-noncurrent	511	449
Net changes in operating assets and liabilities	(419,708)	(219,802)
Total adjustments	(404,476)	(206,720)
Cash generated from (used in) operations	(252,249)	63,022
Income taxes paid	(47,155)	(4,148)
Net cash provided by (used in) operating activities	(299,404)	58,874

The accompanying notes are an integral part of the consolidated financial statements.

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

Items	2015	2014
Cash Flows From Investing Activities		
Acquisition of held-to-maturity financial assets	(392,517)	(222,722)
Acquisition of property, plant and equipment	(294,685)	(131,498)
Proceeds from disposal of property, plant and equipment	-	15
(Increase) decrease in refundable deposits	(6,211)	(761)
Acquisition of intangible assets	(13,783)	(5,918)
(Increase) decrease in other financial assets	-	48,425
Increase in prepayments for equipment	(73,754)	-
Interest received	14,335	5,634
Net cash used in investing activities	<u>(766,615)</u>	<u>(306,825)</u>
Cash Flows From Financing Activities		
Proceeds from long-term bank loans	146,020	85,360
Repayments of long-term bank loans	(6,594)	(3,288)
Cash dividends paid	(79,360)	-
Proceeds from issuing shares	1,649,380	107,860
Cash paid for purchase of treasury stock	(266,072)	-
Interest paid	(162)	(2,018)
Increase (decrease) in noncontrolling interests	41,000	-
Net cash provided by financing activities	<u>1,484,212</u>	<u>187,914</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>824</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	419,017	(60,037)
Cash and Cash Equivalents, Beginning of Year	284,118	344,155
Cash and Cash Equivalents, End of Year	<u>\$703,135</u>	<u>\$284,118</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

1. GENERAL

Brogent Technologies Inc. (the “Brogent” or the “Company”) was incorporated under the Company Law of Taiwan, the Republic of China (R.O.C.) in October, 2001. On December 18, 2012, the Company’s shares were traded on the GreTai Securities Market. The Company and its subsidiaries (collectively as the “Group”) are primarily engaged in the research, development, design, production and sales of the simulation entertainment equipment and its key components and peripheral products, embedded/mobile software, streaming media/video, real-time rendering (3D above), interactive multimedia network, and multi-screen seamless integration systems.

The address of its registered office and principal place of business is No.9, Fuxing 4th Rd., Qianzhen Dist., Kaohsiung City, Taiwan.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 9, 2016.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

According to Rule No.1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares traded on the Taiwan Stock Exchange, the GreTai Securities Market and Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, “Financial instruments”) as endorsed by the FSC and the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” effective January 1, 2015 (collectively as the “2013 version of IFRSs”) in preparing the consolidated financial statements. The effect of the adoption of the 2013 version of IFRSs is as follows:

A. IFRS 12, “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

B. IFRS 13, "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required for financial instruments only are extended by IFRS 13 to cover all assets and liabilities within its scope. The measurement requirements of IFRS 13 have been applied prospectively from January 1, 2015. Please refer to Note 12 for related disclosures.

C. IAS 19, "Employee Benefits"

The amendments to IAS 19 eliminate the accounting treatment of either corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when it incurs, and instead, required to recognize all actuarial gains and losses immediately through other comprehensive income or loss. The past service cost, on the other hand, will be expensed immediately when it incurs and no longer be amortized over the average period before vested on a straight-line basis. In addition, the standard also requires a broader disclosure in defined benefit plans.

According to the application of aforementioned amendments, as of January 1, 2014 and December 31, 2014, the primary impacts on the Group would include the increase in accrued pension liabilities of NT\$55 and NT\$64, respectively, the increase in deferred income tax assets of NT\$9 and NT\$11, respectively, and the decrease in retained earnings of NT\$46 and NT\$53, respectively. The operating expenses for the year ended December 31, 2014 would have increased by NT\$2. The above adjustments are not material, and the Group does not re-state the consolidated financial statement for the prior period.

D. IAS 1, "Presentation of Financial Statements"

According to the amendments to IAS 1, the items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. Items included in other comprehensive income can either be shown net of tax effects, or before tax effects with an aggregate amount of income tax that relates to all of the other comprehensive items. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

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

None.

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

A. New, revised and amended standards and interpretations issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC are summarized as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014 or transactions on or after July 1, 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012 - 2014 Cycle	January 1, 2016
IFRS 9, "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosure	January 1, 2018
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date to be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 14, "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15, "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16, "Leases"	January 1, 2019
Amendment to IAS 1 Disclosure Initiative	January 1, 2016
Amendment to IAS 7 Disclosure Initiative	January 1, 2017
Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
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 Statements	January 1, 2016
Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21, "Levies"	January 1, 2014

B. As of the date that the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of aforementioned standards and interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) **Statement of Compliance**

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standards endorsed by the FSC.

(2) **Basis of Preparation**

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value and defined benefit assets or liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

(3) **Basis of Consolidation**

A. **Basis for preparation of consolidated financial statements**

The Group shall prepare consolidated financial statements for the first time in the second quarter of 2015. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Brogent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the

consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between: (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any noncontrolling interest. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate. The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Group had directly disposed of the related assets and liabilities. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Business Scope	Location	Percentage of Ownership		Note
				December 31, 2015	December 31, 2014	
Brogent Technologies Inc.	Brogent Mechanical Inc.	Manufacture and sales of the simulator rides and its key components	May, 2015 Taoyuan City	61.11%	-	1
	Brogent Creative Inc.	Development and sales of the peripheral products of simulator rides	April, 2015 Kaohsiung City	60.00%	-	1
	Brogent Hong Kong Limited	Reinvestment and trading business	June, 2015 Hong Kong	100%	-	1
	Brogent Global Inc.	Development and management business of self-operated outlets	September, 2015 Taipei City	100%	-	1
Brogent Hong Kong Limited	Brogent Rides (Shanghai) Limited	Import and export business	July, 2015 Shanghai	100%	-	1
Brogent Rides (Shanghai) Limited	Brogent Creative (Shanghai) Limited	Development and management business of self-operated outlets	September, 2015 Shanghai	100%	-	1

Note 1: The consolidated financial statements are prepared by according to the Accountants auditing financial statements of subsidiaries.

C. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign Currency Translation

Foreign currency transactions of each of the Group's entities are expressed in the functional currency. Monetary assets and liabilities denominated in foreign currencies are recognized using the exchange rates at the dates of the transactions. Exchange differences arising when monetary items are settled or when monetary items are translated at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

Regarding to the net investment in a foreign operation or long-term receivables or loans, including all foreign subsidiaries, their financial statements are translated into the presentation currency as follows: assets and liabilities are translated at the closing exchange rate at the date of that balance sheet; income and expenses for each statement of comprehensive income are translated at the average exchange rates of that period; equity items, other than the beginning retained earnings carryforward, are translated at the historical exchange rates; dividends are translated using the exchange rates at the declaration date; and all resulting exchange differences are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in a separate component of equity, shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss shall be recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss.

(5) Classification of Current and Noncurrent Assets and Liabilities

Current assets include: (a) unrestricted cash or cash equivalents; (b) assets held mainly for trading purposes; (c) assets that are expected to be realized within twelve months from the balance sheet date; and (d) assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle. Current liabilities include: (a) liabilities that are to be paid off within twelve months from the balance sheet date; and (b) liabilities that are expected to be paid off within the normal operating cycle. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

As the operating cycle for construction contracts usually exceeds one year, the Group uses the operating cycle as its criteria for classifying current and noncurrent assets and liabilities related to construction contracts. For other assets and liabilities, the criterion is one year.

(6) Cash Equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term

cash commitment in operations are classified as cash equivalents.

(7) **Inventories**

Inventories mainly include the materials of simulation entertainment equipment. Inventories are accounted for on a perpetual basis, and stated at cost at the time of acquisition or initial measurement. Cost is determined using the weighted average method. Except for allowance for obsolescence, inventories are subsequently measured at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Write-downs of inventories and any reversal of write-downs are recorded as cost of goods sold for the period.

(8) **Construction Contracts**

If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue and costs should be recognized by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion of a contract is measured by the percentage-of-completion method. Contract revenue should include the revenue arising from variations in contract work, claims and incentive payments as long as it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognized only to the extent of contract costs incurred that it is probable will be recoverable and contract costs should be expensed as incurred.

If it is probable that total contract costs will exceed total contract revenue, the expected loss should be recognized as an expense immediately.

The excess of the cumulative costs incurred plus recognized profits (less recognized losses) over the progress billings on each construction contract is presented as an asset within "Construction receipts receivable". While, the excess of the progress billings over the cumulative costs incurred plus recognized profits (less recognized losses) on each construction contract is presented as a liability within "Construction receipts payable".

(9) **Property, Plant and Equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the following estimated useful lives: buildings – 5 to 20 years; machinery and equipment – 3 to 5 years; transportation equipment – 5 years; office equipment – 3 to 5 years; and other equipment – 3 to 15 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimates accounted for on a

prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Intangible Assets

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction.

Computer software is amortized on an average basis over its estimated useful life of 3 years. The exchange of simulation entertainment equipment for profit-sharing right of ticket sales is amortized on an average basis over its estimated useful life of 5 to 10 years. If the fair value of the asset received cannot be measured reliably, its cost is measured at the carrying amount of the asset given up.

The estimated useful life and amortization method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

(11) Impairment of Tangible and Intangible Assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of (a) the time value of money and (b) the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(12) Provisions

Provisions are recognized when: (a) the Group has a present legal or constructive obligation as a result of a past event; (b) it is probable that the Group will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(13) Employee Benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

For defined contribution plan, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit plan, the cost of providing benefit is recognized based on actuarial calculations.

Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

Remeasurement under a defined benefit plan recognized in other comprehensive income is reflected immediately in retained earnings. Past service costs are recognized immediately in profit or loss.

(14) Financial Instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(15) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

Financial assets are classified as “Financial assets at fair value through profit or loss”, “Held-to-maturity financial assets” and “Loans and receivables” by nature.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value at the end of the reporting period, with any gains or losses arising on remeasurement recognized in profit or loss. Such gains or losses include any dividends and interest received.

B. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

C. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) financial assets at fair value through profit or loss; (b) available-for-sale financial assets; (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Such financial assets are measured at amortized cost using the effective interest method, less any impairment, except for those loans and receivables with immaterial discounted effect. The effective interest rate calculation includes discounts or premiums and transaction costs.

D. Impairment of financial assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, their estimated future cash flows have been affected less.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (has reflected collateral and guarantee) discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When loans and receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed what the amortized cost would have been had the impairment loss not been recognized.

E. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset, the difference between the financial asset's carrying amount and the consideration received and receivable is recognized in profit or loss.

(16) Financial Liabilities and Equity Instruments

A. Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

B. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

C. Financial liabilities

Financial liabilities other than those held for trading purposes and designated as at fair value through profit or loss are subsequently measured at amortized cost at the end of the reporting period.

Financial liabilities at fair value through profit or loss are stated at fair value at the end of the reporting period, with any gains or losses arising on remeasurement recognized in profit or loss.

D. Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the obligations are discharged, cancelled or has expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(17) Share-based Payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments is measured by appropriate pricing model.

(18) Employees' Bonus and Directors' and Supervisors' Remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be estimated reliably. However, if the accrued amounts for

employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(19) Income Tax

Income tax expense (benefit) for the period comprises current and deferred tax.

A. Current tax

The tax charge of current period and of current adjustments on prior years tax estimation are calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period.

An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets are recognized for an unused tax loss and credit carryforward if, and only if, it is considered probable that there will be sufficient future taxable profits against which the loss and credit carryforward can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Others

Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which cases the tax is also recognized in other comprehensive income or directly in equity, respectively.

Tax privilege arising from research and development expenses uses income tax credits accounting.

Income tax expense of the interim period is recognized based on the estimated average annual effective income tax rate applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(20) Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that (a) the Group will comply with any conditions attached to the grants and (b) the grants will be received.

Government grants related to income should be recognized as revenue in a rational and systematic way over the periods when the related costs are expected to be incurred. However, the government grants that are not realized yet should be presented as deferred revenue. If there is no rational and systematic way available to recognize such government grants, then the amount of government grants should be recognized in full when received.

Government grants related to assets should be recognized as deferred revenue. If the government grants are related to depreciable assets, they should be recognized as revenue over the useful lives and in the proportions in which depreciation expenses on those assets are charged. If the government grants are not related to depreciable assets and if the government requires an enterprise to fulfill certain obligations, the enterprise should recognize such government grants over the periods and in the proportions in which the related costs are incurred by the enterprise to fulfill the obligations.

If the government grants are intended to compensate for expenses or losses already incurred, or are intended to give immediate financial support with no future related costs, the amount of government grants should be recognized in full when there is reasonable assurance that the grants will be received.

(21) Revenue and Expense Recognition

Income and expenses are recognized in the consolidated statements of comprehensive income when an increase or decrease in economic benefits can be measured reliably. Income includes revenues and gains, while expenses include costs, losses and other expenses. If the expenditures cannot generate future economic benefits, or if the future economic benefits do not meet the criteria for recognition as an asset, the expenditures should be recognized as expenses in the consolidated statements of comprehensive income.

Revenues is recognized when it is realized or realizable and earned, that is, when the earning process is complete or virtually complete. Expense is recognized when it is incurred.

The Group provides customized software development services. When the outcome of the transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. When the outcome of the transaction involving

the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the costs incurred that are recoverable. If it is not probable that the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as expenses.

If the outcome of the transaction involving the rendering of services is estimated to bear a loss, the loss should be recognized immediately. However, if the loss is estimated to be smaller in future years, the difference should be reversed and recognized as a gain in that year.

(22) Earnings Per Share

Basic earnings per share are calculated as net income divided by the weighted average number of common shares outstanding. Basic earnings per share are retrospectively adjusted to reflect the effect of the capitalization of stock dividends from capital reserve and retained earnings. For the purpose of calculating the diluted earnings per share, potentially dilutive common shares are deemed to have been converted into common stock at the beginning of the period, and the effect on the net income attributable to additional common shares outstanding is considered accordingly.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying International Financial Reporting Standards endorsed by the FSC and make critical assumptions and estimates concerning future events. Judgments and estimates are continually evaluated and adjusted based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are information on key assumptions about the future and other key sources of estimation and uncertainty at the end of the reporting period. Such assumptions and estimates may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Impairment of Tangible and Intangible Assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(2) Realization of Deferred Income Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Group's subjective judgments and estimates, including the future revenue growth and profitability, tax holidays, the amount of tax credits

can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

(3) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Group use judgments and estimates to determine the net realizable value of inventory at the end of the reporting period.

Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

(4) Accrued Pension Liabilities

When calculating the present value of defined benefit obligation, the Company should use judgments and estimates to determine relevant actuarial assumptions at the end of the reporting period. Actuarial assumptions comprise the discount rate and expected rate of return on plan assets. Changes in any actuarial assumptions may have a material impact on the amount of defined benefit obligation.

(5) Share-based Payment

Equity-settled transaction costs between the Group and employees are measured at the fair value of equity instruments in accordance with the given terms to determine the best pricing model. The estimate also requires the best parameters to determine the pricing model, including stock options' expected duration, expected volatility, expected dividend yield, and other assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash	\$955	\$1,085
Checking accounts	53	53
Demand deposits	411,958	137,141
Foreign currency demand deposits	92,503	75,049
Cash equivalents	197,666	70,790
Total	<u>\$703,135</u>	<u>\$284,118</u>

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(2) **Financial Assets at Fair Value Through Profit or Loss-Current**

<u>Held for Trading Financial Assets</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Beneficiary certificates	<u>\$128,671</u>	<u>\$121,867</u>

(3) **Held-to-maturity Financial Assets-Current**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Time deposits	<u>\$719,952</u>	<u>\$327,435</u>

Time deposits represent deposits with maturities of more than three months.

(4) **Accounts Receivables and Long-term Accounts Receivables**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts receivable-current	\$177,397	\$117,322
Long-term accounts receivable		
Recoverable amount within a year	28,005	18,097
Less : Allowance for doubtful receivables	(985)	-
Accounts receivable, net	<u>\$204,417</u>	<u>\$135,419</u>
Accounts receivable-related parties	\$3,095	\$-
Less : Allowance for doubtful receivables	-	-
Accounts receivable-related parties, net	<u>\$3,095</u>	<u>\$-</u>
Long-term accounts receivable	\$62,932	\$55,490
Less : Allowance for doubtful receivables	(18,559)	(18,559)
Less : Recoverable amount within a year	(28,005)	(18,097)
Long-term accounts receivable, net	<u>\$16,368</u>	<u>\$18,834</u>

In principle, the payment term granted to customers is due 30 days from the invoice date. The allowance for bad debts is assessed by reference to the collectability of receivables by performing the account aging analysis, historical experience and current financial condition of customers.

Except for those impaired, for the rest of accounts receivable, the account aging analysis at the end of the reporting period is summarized in the following table. Accounts receivables include amounts that are past due but for which the Group has not recognized a specific allowance for doubtful receivables after the assessment since there has not been a significant change in the credit quality of its customers and the amounts are still considered recoverable. The Group does not hold any collateral for accounts receivable.

Aging analysis of accounts receivable

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Neither past due nor impaired	\$144,888	\$-
Past due but not impaired		
within 30 days	3,023	115,950
31-90 days	4,350	13
91-180 days	36,758	19,456
over 181 days	15,398	-
Total	<u>\$204,417</u>	<u>\$135,419</u>

Movements of the allowance for doubtful receivables

	<u>2015</u>	<u>2014</u>
Balance at January 1	(\$18,559)	(\$18,559)
Provision of impairment	(985)	-
Balance at December 31	<u>(\$19,544)</u>	<u>(\$18,559)</u>

(5) Construction Contracts

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Aggregate costs incurred plus recognized profits	\$1,182,592	\$775,180
Less : Progress billings	(1,208,596)	(720,560)
Net balance sheet position for construction in progress	<u>(\$26,004)</u>	<u>\$54,620</u>
Presented as:		
Construction Receipts Receivable	\$138,140	\$56,772
Construction Receipts Payable	(164,144)	(2,152)
	<u>(\$26,004)</u>	<u>\$54,620</u>

As of December 31, 2015 and 2014, the retentions relating to construction contracts and the advances received before the related construction work is performed amounted to NT\$0 and NT\$0, respectively.

(6) Inventories

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Raw materials	\$39,049	\$-
Supplies	5,859	-
Work in process	359	-
Finished goods	184	-
Simulator ride materials	175,915	24,857
Less : Allowance for losses	-	-
Total	<u>\$221,366</u>	<u>\$24,857</u>

(7) Property, Plant and Equipment

		2015						
		Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>								
Balance at January 1		\$152,421	\$-	\$-	\$14,400	\$19,281	\$154,501	\$340,603
Additions		857	6,001	1,140	6,340	8,374	241,460	264,172
Disposals		-	-	-	(71)	-	-	(71)
Reclassifications		-	5,033	-	-	(5,033)	-	-
Balance at December 31		<u>153,278</u>	<u>11,034</u>	<u>1,140</u>	<u>20,669</u>	<u>22,622</u>	<u>395,961</u>	<u>604,704</u>
<u>Accumulated Depreciation and Impairment</u>								
Balance at January 1		17,161	-	-	5,465	7,279	-	29,905
Depreciation		9,263	1,641	56	4,611	2,244	-	17,815
Disposals		-	-	-	(63)	-	-	(63)
Reclassifications		-	3,829	-	-	(3,829)	-	-
Balance at December 31		<u>26,424</u>	<u>5,470</u>	<u>56</u>	<u>10,013</u>	<u>5,694</u>	<u>-</u>	<u>47,657</u>
Balance at December 31, net		<u>\$126,854</u>	<u>\$5,564</u>	<u>\$1,084</u>	<u>\$10,656</u>	<u>\$16,928</u>	<u>\$395,961</u>	<u>\$557,047</u>
Balance at January 1, net		<u>\$135,260</u>	<u>\$-</u>	<u>\$-</u>	<u>\$8,935</u>	<u>\$12,002</u>	<u>\$154,501</u>	<u>\$310,698</u>
		2014						
		Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>								
Balance at January 1		\$149,973	\$-	\$-	\$7,146	\$18,851	\$-	\$175,970
Additions		2,448	-	-	7,300	430	154,501	164,679
Disposals		-	-	-	(46)	-	-	(46)
Balance at December 31		<u>152,421</u>	<u>-</u>	<u>-</u>	<u>14,400</u>	<u>19,281</u>	<u>154,501</u>	<u>340,603</u>
<u>Accumulated Depreciation and Impairment</u>								
Balance at January 1		8,221	-	-	2,661	3,481	-	14,363
Depreciation		8,940	-	-	2,835	3,798	-	15,573
Disposals		-	-	-	(31)	-	-	(31)
Balance at December 31		<u>17,161</u>	<u>-</u>	<u>-</u>	<u>5,465</u>	<u>7,279</u>	<u>-</u>	<u>29,905</u>
Balance at December 31, net		<u>\$135,260</u>	<u>\$-</u>	<u>\$-</u>	<u>\$8,935</u>	<u>\$12,002</u>	<u>\$154,501</u>	<u>\$310,698</u>
Balance at January 1, net		<u>\$141,752</u>	<u>\$-</u>	<u>\$-</u>	<u>\$4,485</u>	<u>\$15,370</u>	<u>\$-</u>	<u>\$161,607</u>

- A. The significant parts of the Group's buildings include main plants, electricity, decoration, plumbing and drainage, extinguishing protection and air conditioning equipment, and the related depreciation is calculated using the estimated useful lives of 20 years, 20 years, 10 years, 10 years and 8 years, respectively.
- B. For the years ended December 31, 2015 and 2014, the amount of equipment under installation and construction in progress was NT\$395,961 thousand and NT\$154,501 thousand, respectively, mainly arising from the construction of offices and factories for phase 2 Research and Testing Center. As of December 31, 2015 and 2014, the construction work was not yet completed.
- C. The amount of capitalized interest for the years ended December 31, 2015 and 2014 was NT\$4,712 thousand and NT\$0 thousand, respectively.
- D. Please refer to Note 8 for the details of pledged property, plant and equipment.

(8) **Intangible Assets**

	2015	2014
	Computer Software	Computer Software
<u>Cost</u>		
Balance at January 1	\$11,301	\$5,742
Additions	13,783	5,918
Disposals	(965)	(359)
Balance at December 31	24,119	11,301
<u>Accumulated amortization and impairment</u>		
Balance at January 1	5,215	2,458
Amortization	5,882	3,116
Disposals	(965)	(359)
Balance at December 31	10,132	5,215
Balance at December 31, net	\$13,987	\$6,086
Balance at January 1, net	\$6,086	\$3,284

(9) **Other Current and Noncurrent Assets**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Other financial assets	\$92,917	\$75,484
Tax receivable	5,701	1,726
Temporary payments	5,192	638
Prepayments for equipment	73,754	-
Others	1,713	249
Other noncurrent assets		
a) Profit sharing right of ticket sales	97,274	6,661
b) Franchise fee and guaranteed royalty	14,368	-
Total	<u>\$290,919</u>	<u>\$84,758</u>

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current portion	\$83,023	\$35,017
Noncurrent portion	207,896	49,741
Total	<u>\$290,919</u>	<u>\$84,758</u>

A. Please refer to Note 8 for the details of other financial assets used as collateral.

B. Brogent Mechanical Inc., a subsidiary of the Company, signed a purchase contract for land and plant amounting to NT\$168,000 thousand in November, 2015. As of December 31, 2015, the amount of prepayments was NT\$60,721 thousand.

C. Please refer to Notes 9(3) and (4) for the details of the contract commitments related to other noncurrent assets.

(10) **Other Payables**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accrued payroll	\$44,497	\$43,534
Payables on equipment	4,084	34,597
Accrued insurance	1,966	1,349
Accrued professional fee	2,462	-
VAT payable	1,827	-
Accrued pension	1,079	735
Others	10,771	4,447
Total	<u>\$66,686</u>	<u>\$84,662</u>

(11) Long-term Bank Loans

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Secured Loans</u>		
Taiwan Cooperative Bank :		
Loan period from February, 2013 to August, 2027; monthly repayments beginning from August, 2014 to August, 2027 at an annual rate of 1.71% ~2.36%.	\$87,244	\$93,838
Loan period from October, 2014 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in October, 2014 and repayment of principal upon maturity.	21,933	21,933
Loan period from November, 2014 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in November, 2014 and repayment of principal upon maturity.	18,178	18,178
Loan period from December, 2014 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in December 2014 and repayment of principal upon maturity.	45,249	45,249
Loan period from January, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in January, 2015 and repayment of principal upon maturity.	28,756	-
Loan period from February, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in February, 2015 and repayment of principal upon maturity.	22,666	-
Loan period from March, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in March, 2015 and repayment of principal upon maturity.	12,501	-
Loan period from April, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in April, 2015 and repayment of principal upon maturity.	5,789	-
Loan period from May, 2015 to April, 2016; monthly payment of interest at an interest rate of 1.83% beginning in May, 2015 and repayment of principal upon maturity.	7,975	-

(Continued)

	December 31, 2015	December 31, 2014
<u>Secured Loans</u>		
Loan period from June, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in June, 2015 and repayment of principal upon maturity.	15,314	-
Loan period from July, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in July, 2015 and repayment of principal upon maturity.	11,788	-
Loan period from August, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in August, 2015 and repayment of principal upon maturity.	13,342	-
Loan period from September, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in September, 2015 and repayment of principal upon maturity.	10,078	-
Loan period from October, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in October, 2015 and repayment of principal upon maturity.	7,337	-
Loan period from December, 2015 to April, 2016; monthly payment of interest at an annual rate of 1.83% beginning in December, 2015 and repayment of principal upon maturity.	10,474	-
	318,624	179,198
Less : Current portion	(238,060)	(6,569)
Noncurrent liabilities	\$80,564	\$172,629

(Concluded)

- A. The Company signed a long-term contract with Taiwan Cooperative Bank Co., Ltd. in February, 2013, and the total financing amount was NT\$96,000 thousand.
- B. The Company signed a long-term contract for Phase 2 construction project of Kaohsiung Software Park with Taiwan Cooperative Bank Co., Ltd. in October, 2014, and the total financing amount was NT\$240,000 thousand.
- C. Brogent Mechanical Inc., a subsidiary of the Company, signed a General Agreement for Omnibus Credit Lines and Banking Transactions with CTBC Bank Co., Ltd. in December, 2015, and the total financing amount was NT\$120,000 thousand. As of December 31, 2015, the actual drawings was NT\$0.

D. The Company's buildings were used as first-priority mortgage on the collateral for the secured loans. Details were summarized in Note 8.

(12) **Pensions**

	2015	2014
Defined benefit pension costs	\$563	\$472
Defined contribution pensions	5,659	3,606
Total	<u>\$6,222</u>	<u>\$4,078</u>

A. The Company has a defined benefit plan under the Labor Standards Law that provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company makes monthly contributions to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March. As of December 31, 2015 and 2014, the Company's pension account balance was NT\$991 thousand and NT\$923 thousand, respectively.

B. Reconciliation on the present value of defined benefit obligation and the fair value of plan assets were as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligation	\$8,576	\$7,910
Fair value of plan assets	<u>(1,000)</u>	<u>(923)</u>
Accrued pension liabilities	<u>\$7,576</u>	<u>\$6,987</u>

C. Accumulated amounts of actuarial gains or losses recognized under other comprehensive income were as follows:

	2015	2014
Balance at January 1	(\$1,220)	(\$534)
Current actuarial gain (loss)	<u>(78)</u>	<u>(686)</u>
Balance at December 31	<u>(\$1,298)</u>	<u>(\$1,220)</u>

D. The retirement funds are all deposited in the Trust Department, Bank of Taiwan. Expected return on plan assets was estimated based on historical returns and shall not be less than the interest rate of a two-year time deposit of local banks by reference to the status of Labor Retirement Fund utilization by the Labor Pension Fund Supervisory Committee.

E. Actuarial assumptions:

	December 31, 2015	December 31, 2014
Discount rate	1.80%	1.90%
Expected rate of return on plan assets	1.20%	1.20%
Future salary increase rate	2.00%	2.00%

F. Historical information of experience adjustments was as follows:

	2015	2014
Present value of defined benefit obligation at year end	\$8,576	\$7,910
Fair value of plan assets at year end	(1,000)	(923)
Surplus or deficit in the plan	\$7,576	\$6,987
Experience adjustments on plan liabilities	\$286	\$835
Experience adjustments on plan assets	(\$6)	(\$10)

G. The Company disclosed related pension information in accordance with the actuarial valuation report as follows:

	2015	2014
Service cost	\$422	\$355
Interest cost	160	128
Expected return on pension assets	(19)	(11)
Current pension costs	\$563	\$472

H. As of December 31, 2015, the Group expects to make contributions of NT\$192 thousand to the defined benefit plans in the next twelve months.

I. The new pension plan under the Labor Pension Act which became effective on July 1, 2005, is deemed a defined contribution plan. The employees with R.O.C. nationality can choose to continue to use the Labor Standards Law's pension regulations, or be subject to the pension mechanism under the Labor Pension Act, and their seniority prior to the enforcement of this Act shall be maintained. The Company and its domestic subsidiaries have made monthly contributions equal to 6% of each employee's monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. For defined contribution plan, payments to the benefit plan are recognized as an expense.

(13) Capital Stock

	December 31, 2015	December 31, 2014
Authorized capital	\$500,000	\$500,000
Issued capital	\$446,780	\$336,800
Advance receipts for common stock	\$-	\$4,494

As of December 31, 2015, the authorized shares were 50,000 thousand shares, including 2,000 thousand shares reserved for employee stock options. A holder of issued shares with par value of NT\$10 per share is entitled to vote and to receive dividends. The issued and paid shares were 44,678 thousand shares.

To bring in strategic investors, the issuance of 6,000 thousand shares at a premium of NT\$240 per share by private placement had been resolved at the interim shareholders' meeting on

December 19, 2014, resulting in advance receipts for common stock for the year ended December 31, 2014. To fulfill the needs of future operation and enhancing the working capital, the issuance of not more than 3,300 thousand shares by private placement had been resolved at the general shareholders' meeting on June 11, 2014. The privately placed shares would be issued in one or several installments (not more than two times) within one year after the resolution of the shareholders' meeting. The shareholders' meeting authorized the Board of Directors with full power and authority to handle related matters. The record date determined by the resolution of the Board of Directors was June 4, 2015. There were 1,030 thousand shares issued by private placement at a premium of NT\$308 per share. Aforementioned issuance of new shares had already been registered. As of the date of the consolidated financial statements, there are 7,030 thousand shares issued by private placement. All the rights and obligations for the privately placed shares are the same as those for the issued common shares of the Company. However, except for being transferred to a transferee meeting the requirement under Article 43-8 of the Securities and Exchange Act, the privately placed shares cannot be sold within three years after delivery of shares.

(14) Additional Paid-in Capital

Under the R.O.C. Company Law, except for covering accumulated deficit or issuing new shares or cash to shareholders, the capital reserve shall not be used for any other purpose. Unless the legal reserve is insufficient, the capital reserve should not be used to cover accumulated deficit.

The capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to issue new shares or cash to shareholders by the special resolution of the shareholders' meeting, provided that the Company has no accumulated deficit. Further, the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year.

(15) Retained Earnings and Dividend Policy

A. When allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge; and then set aside 10%~15% of the balance as employees' bonus and not more than 2% of the balance as directors' and supervisors' remuneration. The Company may issue stock bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors. The remaining balance along with the unappropriated earnings at the beginning of the period shall be distributed according to the resolution of the shareholders' meeting.

As the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's operation expansion, working capital and long-term financial planning. The Company measures future capital needs through future capital budgeting, then use retained earnings

to fund its capital needs. The remainder will be distributed by way of cash dividend or stock dividend, and the cash dividend shall not be less than 10% of total dividends.

- B. Under the R.O.C. Company Law, the Company shall not pay dividends or bonuses when there is no profit. Except for covering accumulated deficit or issuing new shares or cash to shareholders, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. The appropriations of earnings for 2014 had been resolved at the shareholders' meeting on May 20, 2015. The appropriations were as follows:

	2014	
	Amount	Dividends Per Share (NT\$)
Legal reserve	\$22,443	
Cash dividends	79,360	\$2
Stock dividends	39,680	1
Total	\$141,483	

- D. The appropriations of earnings for 2015 had been approved in the meeting of the Board of Directors held on March 9, 2015 and are to be presented for approval in the shareholders' meeting. The appropriations were as follows:

	2015	
	Amount	Dividends Per Share (NT\$)
Legal reserve	\$11,238	
Special reserve	751	
Cash dividends	110,610	\$2.50
Total	\$122,599	

- E. According to the amendments to the R.O.C. Company Law in May, 2015, the dividends and bonuses shall be distributed to shareholders and the employees are not entitled to share bonuses. Please refer to Note 6(19) for the details of the accrued and actual amounts of employees' bonuses and directors' and supervisors' remuneration. The Company expects to amend the Articles of Association at the general shareholders' meeting in 2016.

(16) Treasury Stock

In order to retain and recruit talents, motivate employees and enhance their centripetal force, the Company expected to repurchase 1,000 thousand shares representing 2.24% of the total issued shares on the approval of the Board of Directors in July, 2015. The repurchase period was from July 22, 2015 to September 21, 2015. The predetermined interval of repurchase price was from NT\$170 to NT\$448 per share.

From July 23, 2015 to September 1, 2015, the Company repurchased 1,000 thousand shares at the price of NT\$249.5-NT\$283 per share, and the total amount of the repurchase was NT\$266,072 thousand. As of December 31, 2015, the Company had 43,678 thousand shares outstanding.

(17) Net Revenue

Items	2015	2014
Construction contract revenue	\$675,537	\$812,086
Mobile phone software revenue	593	2,377
Service and maintenance revenue	4,348	15,048
Sales revenue	24,946	-
Total	\$705,424	\$829,511

(18) Other Gains and Losses

	2015	2014
Gain (Loss) on financial assets at fair value through profit or loss	(\$4,714)	\$2,700
Gain on financial liabilities at fair value through profit or loss	-	472
Net currency exchange gain	7,435	12,180
Gain on disposal of investment	2,181	3,264
Loss on disposal of property, plant and equipment	(8)	-
Other gains	9,343	18,054
Other losses	(6,594)	(613)
Total	\$7,643	\$36,057

(19) **Additional Information of Expenses by Nature**

Items	2015		
	Cost of Revenue	Operating Expenses	Total
Employee benefit expense			
Salaries and wages	\$53,210	\$84,855	\$138,065
Labor/Health insurance expenses	5,505	5,820	11,325
Pension costs	3,002	3,220	6,222
Other employee benefit expenses	2,561	4,620	7,181
Total	<u>\$64,278</u>	<u>\$98,515</u>	<u>\$162,793</u>
Depreciation expense	<u>\$10</u>	<u>\$17,805</u>	<u>\$17,815</u>
Amortization expense	<u>\$7</u>	<u>\$5,875</u>	<u>\$5,882</u>
Items	2014		
	Cost of Revenue	Operating Expenses	Total
Employee benefit expense			
Salaries and wages	\$16,758	\$83,879	\$100,637
Labor/Health insurance expenses	1,784	5,176	6,960
Pension costs	944	3,134	4,078
Other employee benefit expenses	999	4,228	5,227
Total	<u>\$20,485</u>	<u>\$96,417</u>	<u>\$116,902</u>
Depreciation expense	<u>\$-</u>	<u>\$15,573</u>	<u>\$15,573</u>
Amortization expense	<u>\$-</u>	<u>\$3,116</u>	<u>\$3,116</u>

As of December 31, 2015 and 2014, the number of the Company's employees was 209 and 145, respectively, state of agreeing with the calculation basis of employee benefit expense recognized above.

The accrued amounts of employees' compensation and directors' and supervisors' remuneration for 2015 based on income before tax as proposed by the Board of Directors on March 9, 2016 were NT\$16,059 thousand and NT\$3,212 thousand, respectively. The proposed distribution amounts above were state of agreeing with the amounts recognized as expenses in 2015, and such amounts are to be resolved by the general shareholders' meetings in 2016.

The accrued amounts of employees' bonus and directors' and supervisors' remuneration for 2014 based on net income as resolved by the shareholders' meeting on May 20, 2015 were NT\$20,199 thousand and NT\$4,040 thousand, respectively. The actual distribution amounts above were state of agreeing with the proposal of the Board of Directors on March 24, 2015 and had been recognized as expenses in 2014.

The accrued amounts of employees' compensation and directors' and supervisors' remuneration were recognized as expenses. If the actual distribution amounts subsequently resolved by the shareholders' meeting differ from the accrued amounts, the differences should

be recognized in profit or loss in next year. The information about the appropriations of employees' compensation and directors' and supervisors' remuneration as proposed by the Board of Directors and resolved by the shareholders' meeting will be posted in the "Market Observation Post System" at the website of Taiwan Stock Exchange.

(20) **Income Tax**

A. Income tax expense recognized in profit or loss consisted of the following:

	<u>2015</u>	<u>2014</u>
Current tax:		
Current tax on profits for the period	\$28,132	\$34,193
Additional income tax on unappropriated earnings	8,226	-
Current adjustments on prior years tax estimation	(2,174)	119
Total current tax	<u>34,184</u>	<u>34,312</u>
Deferred tax:		
The origination and reversal of temporary differences	(1,351)	(24)
Loss carryforwards	(375)	11,022
Income tax credits	-	-
Total deferred tax	<u>(1,726)</u>	<u>10,998</u>
Income tax expense	<u>\$32,458</u>	<u>\$45,310</u>

B. Income tax expense recognized in other comprehensive income:

	<u>2015</u>	<u>2014</u>
Deferred income tax expense (benefit)		
Remeasurement of defined benefit plans	(\$13)	\$-
Exchange differences arising on translation of foreign operations	140	-
	<u>\$127</u>	<u>\$-</u>

C. A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	<u>2015</u>	<u>2014</u>
Income before income tax	<u>\$152,227</u>	<u>\$269,742</u>
Income tax expense at the statutory rate (17%)	\$27,546	\$45,856
Effects from adjusting items in determining taxable income	586	(11,663)
The origination and reversal of temporary differences	(1,351)	(24)
Loss carryforwards	(375)	11,022
Additional income tax on unappropriated earnings	8,226	-
Current investment tax credits	-	-
Income tax adjustments on prior years	(2,174)	119
Income tax expense recognized in profit or loss	<u>\$32,458</u>	<u>\$45,310</u>

D. Amounts of deferred tax assets or liabilities were as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Temporary differences		
Unrealized defined benefit pensions	\$465	\$378
Loss on valuation of accounts receivable	278	584
Unrealized exchange gains	(1,161)	(1,052)
Loss (Gain) on valuation of financial assets	342	(459)
Depreciation expense	1,701	-
Unrealized sales profit	863	-
Gain on investment using equity method	(1,559)	-
Others	(127)	-
Loss carryforwards	375	-
Deferred income tax assets (liabilities)	<u>\$1,177</u>	<u>(\$549)</u>

E. Unused loss carryforwards and tax-exemption information were as follows:

As of December 31, 2015, unused loss carryforwards of Brogent Creative Inc., a subsidiary of the Company, consisted of the following:

Year Incurred	Creditable Amount	Used Creditable Amount	Remaining Creditable Amount	Usable Until Year
<u>2015</u>	<u>\$91</u>	<u>\$-</u>	<u>\$91</u>	<u>2025</u>

As of December 31, 2015, unused loss carryforwards of Brogent Global Inc., a subsidiary of the Company, consisted of the following:

Year Incurred	Creditable Amount	Used Creditable Amount	Remaining Creditable Amount	Usable Until Year
<u>2015</u>	<u>\$2,115</u>	<u>\$-</u>	<u>\$2,115</u>	<u>2025</u>

F. Integrated income tax information of the Company:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Balance of the Imputation Credit Account	\$37,410	\$6,885
	<u>2015(Expected)</u>	<u>2014(Actual)</u>
Tax creditable ratio of earnings distribution	19.22%	15.80%

Under the Income Tax Law, the imputation credit allocated to shareholders is based on its balance as of the date of the dividend distribution. The estimated creditable ratio may change when the actual distribution of the imputation credit is made.

Effective from January 1, 2015, the creditable ratio for individual shareholders residing in the Republic of China will be half of the original creditable ratio according to the revised Income Tax Law.

G. As of December, 2015, the Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

(21) Earnings Per Share

	2015	2014
Basic earnings per share	\$2.57	\$6.22
Diluted earnings per share	\$2.57	\$6.22

Earnings per share is computed as follows:

	Amount (In Thousands)	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>2015</u>			
Basic earnings per share			
Net income attributable to common shareholders of the parent	\$112,384	43,712	\$2.57
Effect of dilutive potential common shares	-	-	
Diluted earnings per share			
Net income attributable to common shareholders of the parent (including effect of dilutive potential common shares)	\$112,384	43,712	\$2.57
<u>2014</u>			
Basic earnings per share			
Net income attributable to common shareholders of the parent	\$224,432	36,078	\$6.22
Effect of dilutive potential common shares	-	-	
Diluted earnings per share			
Net income attributable to common shareholders of the parent (including effect of dilutive potential common shares)	\$224,432	36,078	\$6.22

The effect of the issuance of stock dividends had been retrospectively adjusted in calculation of earnings per share. The movements of basic and diluted earnings per share because of retrospective adjustments were as follows:

	2014	
	Before Retrospective Adjustments	After Retrospective Adjustments
Basic earnings per share	\$6.83	\$6.22
Diluted earnings per share	\$6.83	\$6.22

7. RELATED PARTY TRANSACTIONS

- (1) In preparing the consolidated financial statements, the transaction amounts and balances between the Company and its subsidiaries (the Company's related parties) had been eliminated and were not disclosed in this Note. The significant transactions between the Group and other related parties were as follows:

A. Sales

Type of Related Parties	2015	2014
Entities with significant influence over the subsidiary	\$3,390	\$-

B. Purchases

Type of Related Parties	2015	2014
Entities with significant influence over the subsidiary	\$48,123	\$-

C. Receivables from related parties

Financial Statement Items	Type of Related Parties	December 31, 2015	December 31, 2014
Accounts receivable-related parties	Entities with significant influence over the subsidiary	\$3,095	\$-

D. Payables to related parties

Financial Statement Items	Type of Related Parties	December 31, 2015	December 31, 2014
Accounts payable-related parties	Entities with significant influence over the subsidiary	\$8,496	\$-
Other payables-related parties	Entities with significant influence over the subsidiary	\$150	\$-

E. Acquisition of other assets

Type of Related Parties	2015	2014
Entities with significant influence over the subsidiary	\$14,368	\$-

F. Other related parties transactions

Financial Statement Items	Type of Related Parties	2015	2014
Manufacturing expenses	Entities with significant influence over the subsidiary	\$9,995	\$-
Administrative expenses	Entities with significant influence over the subsidiary	\$3,000	\$-
Selling and marketing expenses	Entities with significant influence over the subsidiary	\$920	\$-
Research and development expenses	Entities with significant influence over the subsidiary	\$286	\$-
Refundable deposits	Entities with significant influence over the subsidiary	\$500	\$-

The sales prices and payment terms between the Group and its related parties are not significantly different from those to non-related parties. For other related party transactions with no same classified variety, which prices and terms are determined in accordance with mutual agreements.

(2) Key management compensation was as follows:

	2015	2014
Short-term employee benefits	\$12,822	\$11,295
Post-employment benefits	626	472
Total	\$13,448	\$11,767

8. PLEDGED ASSETS

Pledged Assets	December 31, 2015	December 31, 2014	Purpose
Other financial assets-current (Pledged time deposits)	\$67,133	\$32,404	Construction performance guarantee , warranty
Other financial assets-current (Restricted assets-reserve account)	3,284	-	Construction performance guarantee
Other financial assets-noncurrent (Restricted assets-reserve account)	-	20,580	Construction performance guarantee
Other financial assets-noncurrent (Pledged time deposits)	22,500	22,500	Lease development guarantee
Buildings	126,854	135,260	Long-term loans
Total book value	<u>\$219,771</u>	<u>\$210,744</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2015 and 2014, the Company had outstanding notes payable for the purpose of construction performance guarantee and warranty amounting to NT\$15,468 thousand and NT\$180,481 thousand, respectively.

(2) Significant Operating Lease Arrangements

In order to raise up the technical level, corporate image, and focus on research and development resources in response to future continual growth, the Company should increase capacity to achieve the goal of sustainable management. The Company leased 1.85 hectares of land from the Kaohsiung Software Technology Park to establish the Operations Research and Development Center on February 29, 2012. The lease period is 20 years, beginning from March 14, 2012 to March 13, 2032. The lease agreements can be renewed upon expiration. As of December 31, 2015 and 2014, the Company had pledged time deposits for the purpose of lease development guarantee amounting to NT\$22,500 thousand and NT\$22,500 thousand, respectively. The lease payments recognized in 2015 and 2014 were NT\$6,437 thousand and NT\$5,551 thousand, respectively.

The future aggregated minimum lease payments are as follows:

Years Range on the Lease	December 31, 2015	December 31, 2014
Within 1 year	\$6,661	\$6,437
Over 1 year and not later than 5 years	39,069	34,629
Later than 5 years	124,351	135,452
Total	<u>\$170,081</u>	<u>\$176,518</u>

- C
- C
- (3) The Company signed a construction contract for indoor playground equipment of the theme park amounting to NT\$375,000 thousand with the buyer in July, 2014. The buyer shall pay NT\$150,000 thousand for construction work to the Company and the remaining NT\$225,000 thousand shall be paid by the proceeds from ticket sales. After the buyer pays up the total contract price, it still needs to pay the proceeds from ticket sales to the Company until the equipment is out of operation.

C

According to the above contract, because of the exchange of the other 60% value of the playground equipment assets, the Company has obtained the right to share the profits of the tickets and the sale of its peripheral products and asks for monthly payments from the operation start date of the equipment.

- C
- (4) The Company signed a copyright contract with the seller in October, 2014, including franchise fees amounting to 6,250 thousand yen and guaranteed royalties amounting to 48,000 thousand yen. The Company shall continue to pay royalties based on the contract provision even the guaranteed royalties are in-sufficient during the copyright period.

10.SIGNIFICANT DISASTER LOSS

C

None.

11.SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- C
- (1) The Company's buildings are structured with a steel-reinforced concrete construction. After considering the main structure and actual usage of the buildings, the buildings were assessed to have longer useful life. Therefore, to be in compliance with the consumption of the future economic benefits of the buildings, the Company re-considered the estimated useful life of these buildings.

C

Effective from 2015, in response to the buildings' current status and future economic benefits, the Board of Directors resolved to change the useful life from 20 years to 50 years on December 30, 2015. The change of the estimated useful life will decrease depreciation expenses by NT\$3,622 thousand in 2016, with the effect of any changes in estimates accounted for on a prospective basis.

- C
- (2) Brogent Mechanical Inc., a subsidiary of the Company, borrowed NT\$120,000 thousand from CTBC Bank Co., Ltd. with 15-years installment starting in January, 2016.
- C
- (3) Brogent Mechanical Inc., a subsidiary of the Company, purchased land and plant for NT\$168,000 thousand, and paid in full to acquire the assets in January, 2016.

12. OTHERS

(1) Financial Instruments

A. Categories of financial instruments

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Financial Assets</u>		
Cash and cash equivalents	\$703,135	\$284,118
Financial assets at fair value through profit or loss	128,671	121,867
Held-to-maturity financial assets-current	719,952	327,435
Accounts and notes receivable	271,064	141,474
Accounts and notes receivable-related parties	3,095	-
Refundable deposits	9,633	3,422
Other financial assets	92,917	75,484
Long-term receivables	16,368	18,834
Total	<u>\$1,944,835</u>	<u>\$972,634</u>
<u>Financial Liabilities</u>		
Accounts and notes payable	\$65,700	\$80,152
Accounts and notes payable-related parties	8,496	-
Other payables	66,686	84,662
Other payables-related parties	150	-
Long-term bank loans (including current portion)	318,624	179,198
Total	<u>\$459,656</u>	<u>\$344,012</u>

B. Financial risk management objectives

The Group manages its exposure to market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal controls. During the implementation of such plans, the Group must comply with certain treasury procedures that provide guides for overall financial risk management and segregation of duties.

C. Market risk

The Group is exposed to the market risks arising from changes in foreign exchange rates and interest rates.

(a) Foreign currency risk

Some majority of the Group's operating activities are denominated in foreign currencies. Consequently, the Group is exposed to foreign currency risk.

The Group's sensitivity analysis to foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period. Assuming an unfavorable (or favorable) 10% movement in the levels of the United States dollar against the New Taiwan dollar, the net income for the years ended December 31, 2015 and 2014 would have decreased (or increased) by NT\$50,953 thousand and NT\$16,141 thousand, respectively. Assuming an unfavorable (or favorable) 10% movement in the levels of the Canadian dollar against the New Taiwan dollar, the net income for the years ended December 31, 2015 and 2014 would have decreased (or increased) by NT\$4,038 thousand and NT\$6,053 thousand, respectively. Assuming an unfavorable (or favorable) 10% movement in the levels of the Euro against the New Taiwan dollar, the net income for the years ended December 31, 2015 and 2014 would have decreased (or increased) by NT\$7,037 thousand and NT\$8,194 thousand, respectively. Assuming an unfavorable (or favorable) 10% movement in the levels of the Chinese Yuan against the New Taiwan dollar, the net income for the years ended December 31, 2015 and 2014 would have decreased (or increased) by NT\$16,816 thousand and NT\$15,640 thousand, respectively.

(b) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments will change as a result of changes in market interest rates. The Group is exposed to interest rate risk arising from fixed-income investments and fixed-rate loans.

The Group's sensitivity analysis to interest rate risk mainly focuses on changes in interest rates of fixed-income investments and fixed-rate loans at the end of the reporting period. Assuming an increase (or decrease) in interest rates of 10 basis point (0.1%), the net income for the years ended December 31, 2015 and 2014 would have decreased (or increased) by NT\$359 thousand and NT\$122 thousand, respectively.

(c) Other price risk

The Group is exposed to price risk arising from financial assets and liabilities at fair value through profit or loss.

The Group's sensitivity analysis to price risk mainly focuses on changes in fair value at the end of the reporting period. Assuming an increase (or decrease) of 7% in prices of financial instruments, the net income for the years ended December 31, 2015 and 2014 would have increased (or decreased) by NT\$9,007 thousand and NT\$8,531 thousand,

respectively.

D. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivables, and from financing activities, primarily bank deposits, fixed-income investments and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

(a) Business related credit risk

The Group has set the procedures for business related credit risk to maintain the quality of accounts receivable. The Group assesses the credit quality of the customers by taking into account their financial position, the credit rating agencies' rating, the Group's internal credit rating, historical trading records, current economic situation and other factors. The Group also uses some credit enhancement instruments such as prepayment for purchases and credit insurance to reduce certain customers' credit risk.

As of December 31, 2015 and 2014, the Group's three largest customers accounted for 65.43% and 99.13% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(b) Financial credit risk

The Group monitors and reviews credit risk of bank deposits, fixed-income investments and other financial instruments. The counterparties are banks with good credit quality, financial institutions with investment grade or above, corporations and government agencies, so there is no significant compliance concerns and credit risk.

E. Liquidity risk management

The objective of liquidity risk management is to ensure the Group has sufficient cash and cash equivalents, highly liquid securities and adequate bank lines to maintain financial flexibility.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and interest.

	Less than 1 year	2-3 years	4-5 years	Over 5 years	Total
<u>December 31, 2015</u>					
Accounts and notes payable	\$65,700	\$-	\$-	\$-	\$65,700
Accounts and notes payable-related parties	8,496	-	-	-	8,496
Other payables	66,686	-	-	-	66,686
Other payables-related parties	150	-	-	-	150
Long-term bank loans	240,887	16,985	16,985	57,324	332,181
Total	\$381,919	\$16,985	\$16,985	\$57,324	\$473,213
<u>December 31, 2014</u>					
Accounts and notes payable	\$80,152	\$-	\$-	\$-	\$80,152
Other payables	84,662	-	-	-	84,662
Long-term bank loans	8,290	102,074	16,714	64,763	191,841
Total	\$173,104	\$102,074	\$16,714	\$64,763	\$356,655

F. Fair value of financial instruments

(a) Fair value of financial instruments carried at amortized cost

The Group considers that the carrying amounts of financial assets and financial liabilities carried at amortized cost in the consolidated financial statements approximate their fair values.

(b) Valuation techniques and assumptions used in fair value measurement are as follows:

- I. The fair values of cash and cash equivalents, accounts receivable, other financial assets-current, short-term loans and accounts payable are approximately equal to the carry amounts because of short maturity.
- II. The fair values of financial assets and financial liabilities with standard terms and trading in active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks and beneficiary certificates).
- III. The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow

analysis.

(c) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- I. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- II. Level 2 fair value measurements are those derived from 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); and
- III. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities measured at fair value on a recurring basis

Financial instruments that are measured subsequent to initial recognition at fair value are primarily publicly traded stocks and beneficiary certificates that their fair value measurements are those derived from quoted prices in active markets for identical assets.

The following table presents the Group's financial assets and liabilities measured at fair value on a recurring basis:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
<u>Financial Assets at Fair Value Through Profit or Loss</u>				
Beneficiary certificates	\$128,671	\$-	\$-	\$128,671

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
<u>Financial Assets at Fair Value Through Profit or Loss</u>				
Beneficiary certificates	\$121,867	\$-	\$-	\$121,867

For assets and liabilities held as of December 31, 2015 and 2014 that are measured at fair value on a recurring basis, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

There were no purchases and disposals for assets on Level 3 for the years ended December 31, 2015 and 2014, respectively.

(2) **Capital Risk Management**

The Group's objective of capital management is to maintain robust credit rating and good capital ratio to support business operations and maximize shareholders' interests. In order to maintain and adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(3) **Information about Foreign Currency Financial Assets and Liabilities with a Significant Impact on the Group**

	December 31, 2015			December 31, 2014		
	Foreign Currencies	Exchange Rate	TWD	Foreign Currencies	Exchange Rate	TWD
<u>Financial Assets</u>						
Monetary items						
USD	\$15,610	32.78	\$511,696	\$5,108	31.60	\$161,414
CAD	1,716	23.53	40,377	2,229	27.16	60,528
EUR	2,053	35.68	73,251	2,141	38.27	81,937
CNY	33,874	4.97	168,354	30,866	5.067	156,398
JPY	107	0.27	29	1,349	0.263	354
Non-monetary items						
JPY	48,000	0.27	12,960	-	-	-
CNY	4	4.97	20	-	-	-
<u>Financial Liabilities</u>						
Monetary items						
USD	66	32.88	2,170	-	-	-
EUR	5	36.08	180	-	-	-
CNY	41	5.02	206	-	-	-

13. ADDITIONAL DISCLOSURES

(1) Related Information on Significant Transactions

<u>No.</u>	<u>Items</u>	<u>Table</u>
1	Financings provided	None
2	Endorsement/guarantee provided	None
3	Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and jointly controlled entities)	1
4	Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of the paid-in capital or more	2
5	Acquisition of individual real estate reaching NT\$300 million or 20% of the paid-in capital or more	3
6	Disposal of individual real estate reaching NT\$300 million or 20% of the paid-in capital or more	None
7	Total purchases from or sales to related parties reaching NT\$100 million or 20% of the paid-in capital or more	None
8	Receivables from related parties reaching NT\$100 million or 20% of the paid-in capital or more	None
9	Derivative financial instruments undertaken during the reporting period	None
10	Others: The business relationship between the parent and the subsidiaries and significant transactions between them	4

(2) Information on Investees

Please see Table 5 attached (excluding the investee in Mainland China).

(3) Information on Investments in Mainland China

Please see Table 6 attached.

Table 1: Marketable Securities Held as of December 31, 2015 (Excluding Investments in Subsidiaries, Associates and Jointly Controlled Entities)

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

Held Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Securities Issuer (Note 2)	Financial Statement Item	Shares/Units (In Thousands)	December 31, 2015			Remark (Note 4)
					Carrying Value (Foreign Currencies in Thousands) (Note 3)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands) (Note 4)	
Brogent Technologies Inc.	<u>Callable Bond</u>							
	14CHB1B	None	Cash equivalents	-	USD 1,337	-	USD 1,337	
	Bank of India 21	None	Cash equivalents	-	USD 1,622	-	USD 1,622	
	Industrial and Commercial Bank 23	None	Cash equivalents	-	USD 1,178	-	USD 1,178	
	Sumitomo Mitsui 22	None	Cash equivalents	-	USD 1,772	-	USD 1,772	
	<u>Fund</u>							
	Nomura - Global Bond Portfolio	None	Financial assets at fair value through profit or loss-current	2,288	29,307	-	29,307	
	JPMorgan - Global Emerging Markets Corporate Bond Fund	None	Financial assets at fair value through profit or loss-current	4,786	49,304	-	49,304	
	Taishin - 1699 Money Market Fund	None	Financial assets at fair value through profit or loss-current	752	10,040	-	10,040	
	Bank SinoPac - Mega RMB Money Market Fund	None	Financial assets at fair value through profit or loss-current	764	40,020	-	40,020	

Note 1 : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39, "Financial instruments : Recognition and Measurement".

Note 2 : Leave the column blank if the issuer of marketable securities is non-related party.

Note 3 : For items measured at fair value, the carrying value represents fair value adjustments less accumulated impairment. For items that are not measured at fair value, the carrying value represents original cost or amortized cost less accumulated impairment.

Note 4 : The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Table 2: Aggregate Purchases or Sales of the Same Securities Reaching NT\$300 Million or 20% of the Paid-in Capital or More

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

Company Name	Type and Name of Marketable Securities	Financial Statement Item	Counterparty	Relationship with the counterparty	Balance at January 1, 2015		Acquisition		Disposal			Balance at December 31, 2015			
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units (In Thousands)	Amount	
Brogent Technologies Inc.	Callable Bond	cash equivalents	-	-	-	\$30,000	-	\$177,778	\$207,902	\$207,778	\$124	-	-	\$-	
	97 Cathay Financial Holdings	cash equivalents	-	-	-	-	-	222,111	222,252	222,111	141	-	-	-	
	02 China Airlines 1A	cash equivalents	-	-	-	-	-	217,000	217,162	217,000	162	-	-	-	
	01 United Microelectronics Corporation 1A	cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	
	01 Fubon Financial Holdings 1A	cash equivalents	-	-	-	-	-	129,500	129,589	129,500	89	-	-	-	
	99 Bank SinoPac 1A	cash equivalents	-	-	-	-	-	-	100,084	100,000	84	-	-	-	
	Formosa Group (Cayman) Limited 25 Fund	cash equivalents	-	-	-	-	-	USD 4,450	USD 4,452	USD 4,450	USD 2	-	-	-	
	Fuh Hwa - RMB Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	119,167	-	-	120,290	119,167	1,123	-	2,311	-	

Table 3: Acquisition of Individual Real Estate Reaching NT\$300 Million or 20% of the Paid-in Capital or More

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

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship with the Counterparty	Prior Transaction of Related Counterparty			Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date			
Brogent Technologies Inc.	Research and Testing Center Phase Two	July 15, 2014 to October 31, 2015	\$328,000	By the construction progress	Bright First Manufacturing Limited	-	N/A	N/A	N/A	Open bidding	Growth purpose	None
Brogent Technologies Inc.	Research and Testing Center Phase Two	July 15, 2014 to November 16, 2015	\$63,800	By the construction progress	Li Yao Electrical and Mechanical Technology Limited	-	N/A	N/A	N/A	Open bidding	Growth purpose	None

Table 4: Intercompany Relationships and Significant Intercompany Transactions

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

No.	Company Name	Counterparty	Relationship with the Counterparty (Note 1)	Intercompany Transactions				Percentage of Consolidated Net Revenue or Total Assets
				Financial Statements Item	Amount	Terms (Note 2)		
0	Brogent Technologies Inc.	Brogent Mechanical Inc.	1	Purchases	\$59,791	-	8%	
				Construction expenses	6	-	-	
				Payables to related parties	36,284	-	1%	
				Prepayment for purchases	56,430	-	2%	
				Other revenues	55	-	-	
	Brogent Global Inc.		1	Construction receipts payable	23,642	-	1%	
				Accounts receivable	31,500	-	1%	

Note 1 : No. 1 represents the transactions from parent company to subsidiary.

Note 2 : The sales prices and payment terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Table 5: Information on Investees (Excluding the Investee in Mainland China)

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

Investor Company	Investee Company	Location	Business Scope	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				December 31, 2015 (Foreign Currencies in Thousands)	December 31, 2014	Shares (in Thousands)	Percentage of Ownership	Carrying Value (Foreign Currencies in Thousands)			
Brogent Technologies Inc.	Brogent Mechanical Inc.	Taoyuan City	Manufacture and sales of the simulator rides and its key components	\$55,000	\$-	5,500	61.11%	\$66,639	\$11,639	Subsidiary	
	Brogent Creative Inc.	Kaohsiung City	Development and sales of the peripheral products of simulator rides	\$9,000	-	900	60.00%	\$8,964	(53)	Subsidiary	
	Brogent Hong Kong Limited	Hong Kong	Reinvestment and trading business	54,063 (USD 1,700)	-	-	100.00%	54,247 (USD 1,655)	(641)	Subsidiary	
	Brogent Global Inc.	Taipei City	Development and management business of self-operated outlets	300,000	-	30,000	100.00%	293,149	(1,777)	Subsidiary	

Table 6: Information on Investments in Mainland China

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Thousands)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Brogent Rides (Shanghai) Limited	Import and export business	\$22,690 (USD 700)	2	\$-	\$22,690 (USD 700)	\$-	\$22,690 (USD 700)	(\$264) (USD (8))	100%	(\$264)	\$21,861 (USD 667) (Note 2)	\$-
Brogent Creative (Shanghai) Limited	Development and management business of self-operated outlets	14,961 (RMB 3,000)	2	-	-	-	-	(199) (RMB (39))	100%	(199)	14,717 (RMB 2,961) (Note 2)	-

Accumulated Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$22,690 (USD 700)	\$22,690 (USD 700)	\$1,466,963

Note 1 : Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (Brogent Hong Kong Limited), which then invested in the investee in Mainland China.
- (3) Others.

Note 2 : Amount was recognized based on the audited financial statements.

14. OPERATING SEGMENTS INFORMATION

(1) Operating Segments

The Group's revenues are principally from the research, development, design, production and sales of the media-based attraction (MBA). The Group will uphold the concept of sustainable development, and achieve the objective of making profits for the shareholders in the coming year. Starting from this year, the Group executes the operating strategy of double C by taking a two-pronged approach ("channel" and "content") to transform into the cooperators of the entertainment industry from a supplier of amusement park facilities. In the meantime, the Group implements the diversification strategy, the profit sharing model, and the integration of the one-time outright sale of equipment to expand the sites of global sales and optimize the product content and value.

The Group's operating decision maker reviews the Groups' overall operating results to make decisions about resource allocation and assess the Groups' overall performance. Therefore, the Group has a single operating segment.

(2) Geographic Information

	Revenue		Noncurrent Assets	
	2015	2014	December 31, 2015	December 31, 2014
Taiwan	\$79,964	\$557,413	\$756,430	\$323,445
Asia	222,244	222,358	-	-
Europe	191,648	47,370	-	-
United States	211,568	2,370	-	-
Total	<u>\$705,424</u>	<u>\$829,511</u>	<u>\$756,430</u>	<u>\$323,445</u>

The Group categorized the revenues mainly by region. Noncurrent assets include property, plant and equipment, intangible assets and other assets, except for financial instruments, deferred tax assets and pension assets.

(3) Production and Service Information

Production/Service	2015	2014
Construction contracts	\$675,537	\$812,086
Mobile phone software	593	2,377
Others	29,294	15,048
Total	<u>\$705,424</u>	<u>\$829,511</u>

(4) Major Customer's Information

Customer	2015		2014	
	Amount	Percentage of Net Revenue	Amount	Percentage of Net Revenue
Customer N	\$210,975	29.91	\$-	-
Customer L	115,259	16.34	14,341	1.73
Customer O	97,010	13.75	-	-
Customer Q	80,572	11.42	-	-
Customer P	74,976	10.63	-	-
Customer F	55,743	7.90	547,802	66.04
Customer J	5,292	0.75	86,786	10.46
Customer I	-	-	115,787	13.96