

**PRIMAX ELECTRONICS LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

March 31, 2016 and 2015

(With Independent Auditors' Review Report Thereon)



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Review Report

The Board of Directors
Primax Electronics Ltd.:

We have reviewed the accompanying consolidated balance sheets of Primax Electronics Ltd. and its subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the three months ended March 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews. The financial statements of Tymphony Worldwide Enterprises Ltd. were reviewed by other auditors. Therefore, our report, insofar as it relates to Tymphony Worldwide Enterprises Ltd., is based solely on the reports of the other auditors. As of March 31, 2016, the assets of Tymphony Worldwide Enterprises Ltd. amounted to NT\$3,151,814 thousand, constituting 9.0% of the consolidated total assets. For the three months ended March 31, 2016, the operating revenue of Tymphony Worldwide Enterprises Ltd. amounted to NT\$1,848,459 thousand, constituting 13.2% of the consolidated operating revenue.

Except as described in the following paragraph, we conducted our reviews in accordance with Statement on Auditing Standards No. 36, "Engagements to Review Financial Statements". Those guidelines require that we plan and perform the review, consisting principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the Republic of China, with the objective of expressing an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Also included in the accompanying consolidated financial statements are the financial statements of nonmajor subsidiaries, which were not reviewed by independent auditors. The total assets of these subsidiaries amounted to NT\$5,625,596 thousand and NT\$11,720,455 thousand, constituting 16.0% and 34.6% of the total consolidated assets as of March 31, 2016 and 2015, respectively. The total liabilities amounted to NT\$2,705,646 thousand and NT\$4,733,256 thousand, constituting 12.4% and 21.5% of the total consolidated liabilities as of March 31, 2016 and 2015, respectively. The comprehensive income amounted to a loss of NT\$13,707 thousand and a gain of NT\$178,864 thousand, constituting 4.0% and 53.6% of the total consolidated comprehensive income for the three months ended March 31, 2016 and 2015, respectively.



Based on our reviews and the reviews of other auditors, except for the effects of the adjustments, if any, that might have emerged had the financial statements of the said consolidated subsidiaries been reviewed by independent auditors, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements described in the first paragraph for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34, "Interim Financial Reporting" which was endorsed by the Financial Supervisory Commission.

KPMG

May 12, 2016

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards and interpretations endorsed by the Financial Supervisory Commission in the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

As of March 31, 2016 and 2015 reviewed only, not audited in accordance with generally accepted auditing standards.

Consolidated Balance Sheets

March 31, 2016 and December 31 and March 31, 2015
(expressed in thousands of New Taiwan dollars)

	March 31, 2016		December 31, 2015		March 31, 2015		March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets												
Current assets:												
Cash and cash equivalents (note 6(o))	\$ 5,666,157	16	7,623,380	18	6,863,699	20	\$ 2,875,336	8	1,350,569	3	4,208,913	12
Financial assets at fair value through profit or loss – current (note 6(b))	309,692	1	88,717	-	440,720	1	11,340,015	32	18,723,930	45	11,706,582	35
Notes and accounts receivable, net (note 6(d))	11,099,336	32	14,424,622	35	10,298,766	30	264,151	1	60,105	-	5,867	-
Accounts receivable – related parties, net (notes 6(d) and 7(b))	50,781	-	54,995	-	20,786	-	3,234,476	9	3,891,786	9	2,592,514	8
Other receivables (note 6(d))	268,298	1	462,242	1	532,408	2	514,424	1	1,227,107	3	656,051	2
Inventories, net (note 6(e))	5,994,629	17	7,350,609	18	5,534,217	16	284,698	1	279,120	1	159,344	-
Other current assets (note 8)	434,649	1	408,596	1	510,127	2	808,675	2	622,347	2	603,943	2
	<u>23,823,542</u>	<u>68</u>	<u>30,413,161</u>	<u>73</u>	<u>24,200,723</u>	<u>71</u>	<u>19,321,795</u>	<u>54</u>	<u>26,154,964</u>	<u>63</u>	<u>19,933,214</u>	<u>59</u>
Non-current assets:												
Available-for-sale financial assets – non-current (note 6(c))	636,038	2	584,430	1	315,807	1	574,286	2	1,055,140	2	1,327,572	4
Property, plant and equipment (notes 6(g) and 8)	6,399,999	18	6,284,023	15	5,016,110	15	1,346,173	4	1,084,133	3	224,356	1
Investment property, net (note 6(h))	36,024	-	258,709	1	261,379	1	535,473	2	520,911	1	498,938	1
Intangible assets (note 6(i))	3,285,257	9	3,322,191	8	3,548,487	11	2,455,932	8	2,660,184	6	2,050,866	6
Deferred tax assets	386,176	1	390,414	1	149,359	-	21,777,727	62	28,815,148	69	21,984,080	65
Long-term prepaid rent (note 8)	294,268	1	306,125	1	222,562	1						
Other non-current assets (note 8)	197,287	1	172,680	-	204,526	-						
	<u>11,235,049</u>	<u>32</u>	<u>11,318,572</u>	<u>27</u>	<u>9,718,230</u>	<u>29</u>	<u>4,417,938</u>	<u>13</u>	<u>4,411,877</u>	<u>11</u>	<u>4,386,487</u>	<u>13</u>
							3,684	-	15,174	-	14,093	-
							787,085	2	777,368	2	727,165	2
							611,322	2	611,322	1	456,853	1
							97,300	-	97,300	-	97,300	-
							4,352,649	13	3,951,934	10	3,500,711	11
							492,815	1	565,406	1	308,605	1
							2,518,071	7	2,486,204	6	2,443,659	7
							13,280,864	38	12,916,583	31	11,934,873	35
							<u>35,058,591</u>	<u>100</u>	<u>41,731,733</u>	<u>100</u>	<u>33,918,953</u>	<u>100</u>
Total assets	<u>\$ 35,058,591</u>	<u>100</u>	<u>\$ 41,731,733</u>	<u>100</u>	<u>\$ 33,918,953</u>	<u>100</u>	<u>\$ 35,058,591</u>	<u>100</u>	<u>\$ 41,731,733</u>	<u>100</u>	<u>\$ 33,918,953</u>	<u>100</u>
Liabilities and equity												
Current liabilities:												
Short-term borrowings (note 6(j))												
Notes and accounts payable												
Financial liabilities at fair value through profit or loss – current (note 6(b))												
Other payables (note 7(b))												
Salary payable (note 6(p))												
Other current liabilities												
Current portion of long-term borrowings (note 6(k))												
Non-current liabilities:												
Long-term borrowings (note 6(k))												
Long-term deferred revenue (note 6(g))												
Other non-current liabilities												
Total liabilities												
Equity attributable to stockholders of parent:												
Common stock (note 6(o))												
Capital collected in advance												
Capital surplus (note 6(o))												
Legal reserve (note 6(o))												
Special reserve (note 6(o))												
Unappropriated retained earnings (note 6(o))												
Other equity												
Non-controlling interests (note 6(f))												
Total equity												
Total liabilities and equity												

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2016 and 2015
(expressed in thousands of New Taiwan dollars, except earnings per share)

	For the three months ended March 31			
	2016		2015	
	Amount	%	Amount	%
Operating revenue (notes 6(r) and 7(b))	\$ 14,012,563	100	12,957,891	100
Operating cost (notes 6(e), (m), (o), (p) and (s) and 12)	<u>12,445,397</u>	<u>89</u>	<u>11,525,517</u>	<u>89</u>
Gross profit	<u>1,567,166</u>	<u>11</u>	<u>1,432,374</u>	<u>11</u>
Operating expenses (notes 6(m), (o), (p) and (s) and 12):				
Selling expenses	358,886	3	335,905	3
Administrative expenses	266,820	2	285,454	2
Research and development expenses	<u>478,917</u>	<u>3</u>	<u>437,783</u>	<u>3</u>
	<u>1,104,623</u>	<u>8</u>	<u>1,059,142</u>	<u>8</u>
Net operating income	<u>462,543</u>	<u>3</u>	<u>373,232</u>	<u>3</u>
Non-operating income and expenses:				
Other income (note 6(t))	40,697	-	60,787	-
Other gains and losses (note 6(u))	170,411	1	70,762	1
Share of profit of subsidiaries accounted for using equity method	-	-	3,772	-
Finance costs	<u>(14,438)</u>	<u>-</u>	<u>(16,956)</u>	<u>-</u>
	<u>196,670</u>	<u>1</u>	<u>118,365</u>	<u>1</u>
Income before income taxes	659,213	4	491,597	4
Income tax expense (note 6(n))	<u>219,139</u>	<u>2</u>	<u>113,663</u>	<u>1</u>
Net income	<u>440,074</u>	<u>2</u>	<u>377,934</u>	<u>3</u>
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operation's financial statements	(148,733)	(1)	(67,147)	-
Unrealized gains and losses on available-for-sale financial assets (note 6(c))	51,608	-	22,891	-
Income tax relating to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(97,125)</u>	<u>(1)</u>	<u>(44,256)</u>	<u>-</u>
Other comprehensive income	<u>(97,125)</u>	<u>(1)</u>	<u>(44,256)</u>	<u>-</u>
Comprehensive income	<u>\$ 342,949</u>	<u>1</u>	<u>333,678</u>	<u>3</u>
Net income attributable to:				
Stockholders of parent	\$ 400,715	2	368,223	3
Non-controlling interests	<u>39,359</u>	<u>-</u>	<u>9,711</u>	<u>-</u>
	<u>\$ 440,074</u>	<u>2</u>	<u>377,934</u>	<u>3</u>
Comprehensive income attributable to:				
Stockholders of parent	\$ 311,342	1	321,115	3
Non-controlling interests	<u>31,607</u>	<u>-</u>	<u>12,563</u>	<u>-</u>
	<u>\$ 342,949</u>	<u>1</u>	<u>333,678</u>	<u>3</u>
Earnings per share (note 6(q)):				
Basic earnings per share (NT dollars)	\$ <u>0.91</u>		<u>0.85</u>	
Diluted earnings per share (NT dollars)	\$ <u>0.91</u>		<u>0.84</u>	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2016 and 2015
(expressed in thousands of New Taiwan dollars)

	Equity attributable to stockholders of parent									
	Capital			Retained earnings			Exchange differences on translation of foreign financial statements			Total equity
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on available-for-sale financial assets	Unearned employee compensation	Total	
Balance on January 1, 2015	\$ 4,346,578	38,903	673,543	456,853	97,300	3,132,488	422,382	(18,241)	9,150,513	10,308,747
Net income	-	-	-	-	-	368,223	-	-	368,223	368,223
Other comprehensive income	-	-	-	-	-	-	22,891	-	(47,108)	2,852
Comprehensive income	-	-	-	-	-	-	22,891	-	321,115	371,075
Issuance of restricted stock	12,250	-	41,283	-	-	368,223	-	(53,533)	-	468,000
Amortization expense of restricted stock	-	-	-	-	-	-	-	4,398	4,398	4,398
Compensation cost of share-based payment	-	-	1,095	-	-	-	-	-	1,095	1,147
Exercise of employee stock options	-	14,093	-	-	-	-	-	-	14,093	14,093
Issuance of common stock for employee stock options and abandonment	27,659	(38,903)	11,244	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Balance on March 31, 2015	\$ 4,386,487	14,093	727,165	456,853	97,300	3,500,711	352,383	(67,376)	9,491,214	11,272,810
Balance on January 1, 2016	\$ 4,411,877	15,174	777,368	611,322	97,300	3,951,934	351,045	(80,399)	10,430,381	12,916,585
Net income	-	-	-	-	-	400,715	-	-	400,715	39,359
Other comprehensive income	-	-	-	-	-	-	51,608	-	(89,373)	(37,765)
Comprehensive income	-	-	-	-	-	-	51,608	-	311,342	342,949
Retirement of restricted stock	(1,000)	-	1,000	-	-	-	-	-	-	-
Compensation cost of share-based payment	-	-	604	-	-	-	-	-	604	864
Amortization expense of restricted stock	-	-	-	-	-	-	-	16,782	16,782	16,782
Exercise of employee stock options	-	3,684	-	-	-	-	-	-	3,684	3,684
Issuance of common stock for employee stock options and abandonment	7,061	(15,174)	8,113	-	-	-	-	-	-	-
Balance on March 31, 2016	\$ 4,417,938	3,684	787,085	611,322	97,300	4,352,649	346,368	(63,617)	10,762,793	13,280,864

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2016 and 2015
(expressed in thousands of New Taiwan dollars)

	For the three months ended March 31	
	2016	2015
Cash flows from operating activities:		
Income before income taxes	\$ 659,213	491,597
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	422,905	339,597
Losses related to inventories	312,736	34,215
Provision for bad debt allowance and sales returns and allowances	12,231	2,337
Interest expenses	14,438	16,956
Interest income	(39,051)	(51,775)
Compensation cost of share-based payment	17,646	5,545
Other	1,129	2,814
	<u>742,034</u>	<u>349,689</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	3,313,055	759,119
Accounts receivable – related parties	4,214	39,795
Other receivables – current and non-current	193,951	(152,163)
Inventories	1,043,244	(310,202)
Other current assets	4,413	22,707
Financial assets at fair value through profit or loss	(220,975)	(343,232)
Other	2,881	27,757
Changes in operating assets	<u>4,340,783</u>	<u>43,781</u>
Notes and accounts payable	(7,383,915)	(1,306,890)
Salary payable	(712,683)	(399,133)
Other payables	(723,218)	(277,943)
Other current liabilities	5,578	7,220
Financial liabilities at fair value through profit or loss	204,046	(74,723)
Other	3,737	93,382
Changes in operating liabilities	<u>(8,606,455)</u>	<u>(1,958,087)</u>
Changes in operating assets and liabilities	<u>(4,265,672)</u>	<u>(1,914,306)</u>
Adjustments	<u>(3,523,638)</u>	<u>(1,564,617)</u>
Cash flows from operations	<u>(2,864,425)</u>	<u>(1,073,020)</u>
Interest received	39,051	51,775
Interest paid	(14,421)	(16,940)
Income taxes paid	<u>(186,005)</u>	<u>(111,290)</u>
Net cash flows used in operating activities	<u>(3,025,800)</u>	<u>(1,149,475)</u>
Cash flows from investing activities:		
Acquisition of subsidiary (minus cash acquired)	-	(39,099)
Acquisition of property, plant and equipment	(139,573)	(561,262)
Proceeds from disposal of property, plant and equipment	13,607	21,665
Acquisition of other deferred assets	(10,551)	(5,002)
Other	10,312	3,593
Net cash flows used in investing activities	<u>(126,205)</u>	<u>(580,105)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	1,524,787	1,754,271
Decrease in long-term borrowings	(294,526)	(6,534)
Increase in guarantee deposits	10,808	35,998
Increase in other payables – related parties	14	5,064
Exercise of employee stock options	3,684	14,093
Net cash flows provided by financing activities	<u>1,244,767</u>	<u>1,802,892</u>
Effect of foreign currency exchange translation	<u>(49,985)</u>	<u>(23,636)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,957,223)</u>	<u>49,676</u>
Cash and cash equivalents at beginning of period	<u>7,623,380</u>	<u>6,814,023</u>
Cash and cash equivalents at end of period	<u>\$ 5,666,157</u>	<u>6,863,699</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2016 and 2015

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

(1) Organization

Primax Electronics Ltd. (“the Company”), formerly known as Hong Chuan Investments Ltd., was incorporated on March 20, 2006, and registered under the Ministry of Economic Affairs, ROC. The Company changed its name to Hong Chuan Electronics Ltd. and Primax Electronics Ltd. in October 2007 and February 2008, respectively. The address of the Company’s registered office is No. 669, Ruey Kuang Road, Neihu, Taipei.

Primax Electronics Holdings, Ltd. (Primax Holdings, formerly known as Apple Holdings Ltd.) acquired all shares of the Company from YWAN PANG Management Limited on April 2, 2007. The investment was approved by the Investment Commission, Ministry of Economic Affairs. However, all shares of the Company were sold by Primax Holdings to its stockholders in October 2009.

Based on the resolution approved by the Company’s board of directors on November 5, 2007, the Company resolved to acquire and merge with Primax Electronics Ltd. (“Primax”, a listed company) on December 28, 2007. The Company is the surviving company, and Primax was dissolved upon completion of the merger.

The consolidated financial statements of the Company as at and for the years ended December 31, 2015, comprised the Company and subsidiaries (together referred to as “the Group”). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and industrial automation parts. Please refer to note 13 for further information.

The Company’s common shares were registered with the Financial Supervisory Commission, ROC (“FSC”) on June 22, 2012, and listed on the Taiwan Stock Exchange (“TWSE”) on October 5, 2012.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the board of directors on May 12, 2016.

(3) New Standards and Interpretations Not Yet Adopted

New standards, amendments and interpretations not yet endorsed by the FSC

(Continued)

Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

A summary of the IFRSs issued by the IASB but not yet endorsed by the FSC is as follows:

<u>New standards, amendments and interpretations</u>	<u>Effective date per IASB</u>
Amended IFRS 15 "Clarification of IFRS 15"	January 1, 2018

The Group is in the process of assessing the impact of the abovementioned standards and amendments on its financial position and results of its operations. The related impact will be disclosed following the completion of its assessments on the said matter.

The assessments of the new standards, amendments and interpretations, yet to be adopted by the Group, are consistent with note 3 of the consolidated financial statements for the year ended December 31, 2015.

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and the guidelines of IAS 34 Interim Financial Reporting, which were endorsed by the FSC. These consolidated financial statements do not include all of the information required by the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC ("the IFRS endorsed by the FSC") for the annual financial statements.

Except as described in the following paragraph, the significant accounting policies adopted in the preparation of the consolidated financial statements are applied consistently with those of the consolidated financial statements for the year ended December 31, 2015. For other related information, please refer to Note (4) of the consolidated financial statements for the year ended December 31, 2015.

(b) Basis of consolidation

1. Except as described in the following paragraph, the principles of preparation of the consolidated financial statements are consistent with the consolidated financial statements for the year ended December 31, 2015. Please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2015 for further information.
2. List of subsidiaries in the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

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Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The details of the subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2016	December 31, 2015	March 31, 2015	
The Company	Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	Holding company	100.00%	100.00%	100.00%	
The Company	Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	Holding company	100.00%	100.00%	100.00%	
The Company	Destiny Technology Holding Co., Ltd. (Destiny BVI)	Holding company	100.00%	100.00%	100.00%	
The Company	Primax Destiny Co., Ltd. (Destiny Japan)	Market development and customer service	100.00%	100.00%	100.00%	
The Company	Primax Electronics Korea Co., Ltd. (Primax Korea)	Market development and customer service	-	100.00%	100.00%	Primax Korea was closed and finished the liquidation process in March 2016
The Company	Diamond (Cayman) Holdings Ltd. (Diamond)	Holding company	100.00%	100.00%	100.00%	
The Company	Gratus Technology Corp. (Gratus Tech.)	Market development and customer service	100.00%	100.00%	100.00%	
The Company	Global TEK Fabrication Co., Ltd. (Global TEK)	Manufacture and sale of sophisticated machinery components, automotive parts, industrial automation parts, communication parts and aerospace components	30.00%	30.00%	30.00%	(note 2)
Primax Cayman	Primax Industries (Hong Kong) Ltd. (Primax HK)	Export and import trading	100.00%	100.00%	100.00%	
Diamond	Tymphony Worldwide Enterprises Ltd. (TWEL)	Holding company	70.00%	70.00%	70.00%	(note 1)
Global TEK	Global TEK Co., Ltd. (GT)	Manufacture of sophisticated machinery components and automotive parts	100.00%	100.00%	100.00%	(note 2)
Global TEK	Global TEK Fabrication Co., Ltd. (Samoa) (GTF-S)	Holding company	100.00%	100.00%	100.00%	(note 2)
Primax HK and Primax Tech.	Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	Manufacture of multifunctional peripherals, computer mice, mobile phone accessories, consumer electronics products, and shredders	100.00%	100.00%	100.00%	

(Continued)

Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2016	December 31, 2015	March 31, 2015	
Primax HK	Primax Electronics (KS) Corp., Ltd. (PKSI)	Manufacture of computer, peripherals and keyboards	100.00%	100.00%	100.00%	
Primax HK	Primax Electronics (Chongqing) Corp., Ltd. (PCQI)	Manufacture of computer peripherals and keyboards	100.00%	100.00%	100.00%	
Primax Tech.	Polaris Electronics Inc. (Polaris)	Sale of multi-function printers and computer peripheral devices	100.00%	100.00%	100.00%	
Destiny BVI	Destiny Electronic Corp. (Destiny Beijing)	Research and development of computer peripheral devices and software	100.00%	100.00%	100.00%	
TWEL	Tymphany HK Ltd. (TYM HK)	Sale of audio accessories, amplifiers and their components	100.00%	100.00%	100.00%	(note 1)
TWEL	TYP Enterprises, Inc. (TYP)	Market development and customer service of amplifiers and their components	100.00%	100.00%	100.00%	(note 1)
TYM HK	Premium Loudspeakers (Hui Zhou) Co., Ltd. (Premium Hui Zhou)	Manufacture, research and development, design, and sale of audio accessories, amplifiers and their components	100.00%	100.00%	100.00%	(note 1)
TYM HK	Tymphany Australia Pty Ltd. (TYM Australia)	Research and development, design, and sale of audio accessories, amplifiers and their components	-	-	100.00%	TYM Australia was closed and finished the liquidation process in August 2015
TYM HK	TYMPHANY LOGISITCS, INC. (TYML)	Sale of audio accessories, amplifiers and their components	100.00%	100.00%	-	TYML was incorporated in May 2015
TYM HK	Dongguan Tymphany Acoustic Technology Co., (Tymphany Dongguan)	Manufacture, research and development, design, and sale of audio accessories, amplifiers and their components	100.00%	100.00%	-	Tymphany Dongguan was incorporated in September 2015
GT	GP Tech, Inc. (GP)	Sale of automotive parts, industrial automation parts, communication parts and aerospace components	100.00%	100.00%	100.00%	(note 2)
GTF-S	Global TEK Fabrication Co., Ltd. (HK) (GTF-HK)	Holding company	100.00%	100.00%	100.00%	(note 2)
GTF-S	Global TEK Co., Ltd. (Samoa) (GTS)	Holding company	100.00%	100.00%	100.00%	(note 2)

(Continued)

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2016	December 31, 2015	March 31, 2015	
GTF-HK	WUXI GLOBAL TEK FABRICATION CO., LTD. (WUXI GLOBAL TEK)	Manufacture of sophisticated machinery components	100.00%	100.00%	100.00%	(note 2)
GTS	GLOBAL TEK (XI' AN) CO., LTD. (GLOBAL TEK XI' AN)	Manufacture of industrial automation parts, communication parts and aerospace components	100.00%	100.00%	100.00%	(note 2)
GTS and WUXI GLOBAL TEK	GLOBAL TEK CO. (WUXI), LTD. (GLOBAL TEK WUXI)	Manufacture of sophisticated machinery components and automotive parts	100.00%	100.00%	100.00%	(note 2)

Note 1: TWEL was incorporated in October 2013, acquiring all shares of TYM HK by issuing new common stock. The Company acquired 70% of the shares of TWEL by cash through its subsidiary Diamond on January 10, 2014. Therefore, the Company indirectly acquired all shares of TWEL's subsidiaries, and included them in the consolidated financial statements from the same date.

Note 2: The Company acquired 30% of the shares of Global TEK by cash on January 5, 2015. Therefore, the Company indirectly acquired all shares of Global TEK's subsidiaries. The Company has control over its relevant activities by acquiring more than 50% of the board of directors' voting rights based on the resolution of its interim meeting of shareholders held on February 13, 2015. The Company included all Global TEK's subsidiaries in the consolidated financial statements from the same date. Before the Company has control, investments in subsidiaries are accounted for using the equity method.

(c) Income taxes

Tax expense in the financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the period is best estimated by multiplying the profit before tax for the reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

If tax expense is recognized directly in equity or other comprehensive income, temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation.

(d) Employee Benefits

Pension cost for the period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

The preparation of the consolidated financial statements in conformity with IAS 34 Interim Financial Reporting endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of this consolidated financial statements, the major sources of significant accounting assumptions, judgments and estimation uncertainty are consistent with note 5 of the consolidated financial statements for the year ended December 31, 2015.

(6) Explanation of Significant Accounts

Except as described on the following paragraphs, there were no significant change between the explanations on the significant accounts and those of the consolidated financial statements for the year ended December 31, 2015. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2015 for further information.

(a) Cash and cash equivalents

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	\$ 3,694	4,097	3,914
Checking accounts and demand deposits	1,979,266	2,939,622	2,391,274
Time deposits	<u>3,683,197</u>	<u>4,679,661</u>	<u>4,468,511</u>
	<u>\$ 5,666,157</u>	<u>7,623,380</u>	<u>6,863,699</u>

Please refer to note 6(v) for the currency risk and the interest rate risk of the Group's cash and cash equivalents.

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

1. The fair value of financial instruments was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Financial assets at fair value through profit or loss – current:			
Non-derivative financial assets:			
Mutual funds	\$ <u>1,000</u>	<u>969</u>	<u>432,509</u>

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Derivative financial assets:			
Forward exchange contracts	\$ <u>308,692</u>	<u>87,748</u>	<u>8,211</u>
Financial liabilities at fair value through profit or loss – current:			
Derivative financial liabilities:			
Forward exchange contracts	\$ (107,275)	(60,105)	(3,146)
Foreign exchange swap contracts	<u>(156,876)</u>	<u>-</u>	<u>(2,721)</u>
	\$ <u>(264,151)</u>	<u>(60,105)</u>	<u>(5,867)</u>

2. The Group held the following derivative financial instruments not designated as hedging instruments presented as held-for-trading financial assets as of March 31, 2016, and December 31 and March 31, 2015:

<u>March 31, 2016</u>			
<u>Derivative financial instruments</u>	<u>Nominal amount</u>	<u>Maturity date</u>	<u>Predetermined rate</u>
Forward exchange contracts— buy USD / sell TWD	USD 141,100 thousand	April 8, 2016~ May 31, 2016	32.510~33.578
Forward exchange contracts— buy TWD / sell USD	USD 298,100 thousand	April 1, 2016~ June 15, 2016	32.580~33.869
Forward exchange swap contracts—swap in USD / swap out TWD	USD 150,000 thousand	April 13, 2016~ June 15, 2016	32.8975~33.702
<u>December 31, 2015</u>			
<u>Derivative financial instruments</u>	<u>Nominal amount</u>	<u>Maturity date</u>	<u>Predetermined rate</u>
Forward exchange contracts— buy USD / sell TWD	USD 205,000 thousand	January 7, 2016~ February 26, 2016	32.754~32.892
Forward exchange contracts— buy TWD / sell USD	USD 205,000 thousand	January 7, 2016~ February 26, 2016	32.802~33.010
Forward exchange contracts— buy USD / sell CNY	USD 63,500 thousand	January 4, 2016~ May 19, 2016	6.4115~6.5934
Forward exchange contracts— buy CNY / sell USD	USD 40,000 thousand	January 19, 2016	6.6380

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015

Derivative financial instruments	Nominal amount	Maturity date	Predetermined rate
Foreign exchange contracts— buy JPY / sell USD	USD 516 thousand	January 25, 2016	120.75~122.40

March 31, 2015

Derivative financial instruments	Nominal amount	Maturity date	Predetermined rate
Forward exchange contracts— buy USD / sell TWD	USD 40,000 thousand	April 2, 2015~ April 28, 2015	31.280~31.548
Forward exchange contracts— buy TWD / sell USD	USD 50,000 thousand	April 2, 2015~ April 28, 2015	31.325~31.707
Forward exchange contracts— buy JPY / sell TWD	JPY 30,000 thousand	April 7, 2015~ May 7, 2015	0.2696
Foreign exchange swap contracts—swap in USD / swap out TWD	USD 10,000 thousand	April 14, 2015	31.654

3. Please refer to note 6(v) for the liquidity risk of the Group's financial instruments.

4. The Group did not provide any of the aforementioned financial assets at fair value through profit or loss – current as collateral.

(c) Available-for-sale financial assets – non-current

	March 31, 2016	December 31, 2015	March 31, 2015
Stocks listed in domestic markets	\$ 606,600	551,600	-
Stocks unlisted in domestic markets	13,297	16,297	298,536
Stocks unlisted in foreign markets	16,141	16,533	17,271
	\$ 636,038	584,430	315,807

1. The unrealized gains were \$51,608 and \$22,891 for the three months ended March 31, 2016 and 2015, respectively, and were recognized as unrealized gains on available-for-sale financial assets.

2. The Group did not provide any of the aforementioned available-for-sale financial assets as collateral.

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(d) Notes and accounts receivable, and other receivables (including related parties)

	March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable	\$ 410,556	134,860	22,811
Accounts receivable	10,763,700	14,353,936	10,349,768
Accounts receivable – related parties	50,781	54,995	20,786
Other receivables	268,298	462,242	532,408
Less: allowance for doubtful accounts	(37,425)	(29,247)	(33,443)
allowance for sales returns and discounts	(37,495)	(34,927)	(40,370)
	\$ <u>11,418,415</u>	<u>14,941,859</u>	<u>10,851,960</u>

1. The Group did not provide any of the aforementioned notes and accounts receivable, and other receivables (including related parties) as collateral.
2. Please refer to note 6(v) for changes in the allowance for doubtful accounts and the credit risk and currency risk for the three months ended March 31, 2016 and 2015.
3. The Company entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Company does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Company receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Company shall pay handling charges based on a fixed rate. As of March 31, 2016, and December 31 and March 31, 2015, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

Buyer	Amount sold NTS	Credit facilities US\$ (expressed in thousands)	March 31, 2016 Cash received in advance	Interest rate	Guarantee (promissory note) expressed in thousands	Amount derecognized NTS	Amount not received
			NTS				
Mega International Commercial Bank	\$ -	25,000	-	-	US\$7,000	-	-
HSBC Bank	-	64,400	-	-	US\$58,000	-	-
Bank of Taiwan	-	26,000	-	-	NT\$725,400	-	-
	\$ -	<u>115,400</u>	<u>-</u>			<u>-</u>	<u>-</u>

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Notes to Consolidated Financial Statements

December 31, 2015							
Buyer	Amount sold	Credit facilities	Cash received	Interest rate	Guarantee	Amount	Amount
	NT\$	US\$ (expressed in	in advance		(promissory note)	derecognized	not received
		thousands)	NT\$		expressed in	NT\$	
					thousands		
Mega International	\$ -	25,000	-	-	US\$7,000	-	-
Commercial Bank							
HSBC Bank	-	64,400	-	-	US\$58,000	-	-
Bank of Taiwan	-	26,000	-	-	NT\$725,400	-	-
	<u>\$ -</u>	<u>115,400</u>	<u>-</u>			<u>-</u>	<u>-</u>
March 31, 2014							
Buyer	Amount sold	Credit facilities	Cash received	Interest rate	Guarantee	Amount	Amount
	NT\$	US\$ (expressed in	in advance		(promissory note)	derecognized	not received
		thousands)	NT\$		expressed in	NT\$	
					thousands		
Mega International	\$ -	35,000	-	-	US\$7,000	-	-
Commercial Bank							
HSBC Bank	520,897	64,400	468,807	0.98%-1.12%	NT\$58,000	468,807	52,090
	<u>\$ 520,897</u>	<u>99,400</u>	<u>468,807</u>			<u>468,807</u>	<u>52,090</u>

4. Please refer to note 9 for guarantee notes provided by the Company to sell its accounts receivable.

(e) Inventories

	March 31,	December 31,	March 31,
	2016	2015	2015
Raw materials	\$ 1,393,131	1,465,472	1,575,046
Semi-finished goods and work in process	1,207,622	1,488,325	1,419,673
Finished goods and merchandise	3,393,876	4,396,812	2,539,498
	<u>\$ 5,994,629</u>	<u>7,350,609</u>	<u>5,534,217</u>

The Group did not provide any of the aforementioned inventories as collateral.

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the three months ended March 31, 2016 and 2015, the Group recognized the following items as cost of goods sold:

	For the three months ended March 31	
	2016	2015
Additional gains (losses) on inventory valuation	\$ (280,929)	43,505
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(32,024)	(24,336)
Losses on disposal of inventories	(146)	(53,220)
Gain (losses) on physical inventories, net	363	(164)
	\$ (312,736)	(34,215)

(f) Details of subsidiaries that have material non-controlling interests

Details of subsidiaries that have material non-controlling interests were as follows:

<u>Name of subsidiary</u>	<u>Principal Place of Business/Registered Country</u>	<u>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</u>		
		<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
TWEL and its subsidiaries	Hong Kong and China/Cayman Is.	30%	30%	30%
Global TEK and its subsidiaries	Taiwan and China/Taiwan	70%	70%	70%

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information prepared in accordance with the IFRSs endorsed by the FSC reflects the adjustments of fair value and differences in accounting policies. It represents amounts before intragroup eliminations.

1. TWEL and its subsidiaries:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Current assets	\$ 2,803,337	4,380,696	2,319,310
Non-current assets	3,109,687	3,126,982	3,111,374
Current liabilities	(1,702,729)	(3,440,368)	(1,423,410)
Non-current liabilities	(241,770)	(97,340)	(95,606)
Net assets	\$ 3,968,525	3,969,970	3,911,668

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

	March 31, 2016	December 31, 2015	March 31, 2015
Non-controlling interests	<u>\$ 1,190,558</u>	<u>1,190,991</u>	<u>1,173,500</u>

	For the three months ended March 31	
	2016	2015
Operating revenue	<u>\$ 1,856,928</u>	<u>1,302,957</u>
Net income	<u>\$ 24,866</u>	<u>58,574</u>
Other comprehensive income	<u>(27,177)</u>	<u>(7,862)</u>
Comprehensive income	<u>\$ (2,311)</u>	<u>50,712</u>
Net income attributable to non-controlling interests	<u>\$ 7,460</u>	<u>17,572</u>
Comprehensive income attributable to non-controlling interests	<u>\$ (694)</u>	<u>15,214</u>

	For the three months ended March 31	
	2016	2015
Cash flows from operating activities	<u>\$ (640,411)</u>	<u>(635,155)</u>
Cash flows from investing activities	<u>(53,296)</u>	<u>(17,810)</u>
Cash flows from financing activities	<u>(197)</u>	<u>(20)</u>
Effect of foreign currency exchange translation	<u>(22,002)</u>	<u>(5,721)</u>
Net decrease in cash and cash equivalents	<u>\$ (715,906)</u>	<u>(658,706)</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

2. Global TEK and its subsidiaries

	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	<u>\$ 1,496,334</u>	<u>1,447,425</u>	<u>1,742,820</u>
Non-current assets	<u>1,779,783</u>	<u>1,805,801</u>	<u>1,615,145</u>
Current liabilities	<u>(1,007,116)</u>	<u>(994,338)</u>	<u>(1,224,890)</u>
Non-current liabilities	<u>(372,553)</u>	<u>(408,586)</u>	<u>(318,562)</u>
Net assets	<u>\$ 1,896,448</u>	<u>1,850,302</u>	<u>1,814,513</u>
Non-controlling interests	<u>\$ 1,327,513</u>	<u>1,295,213</u>	<u>1,270,159</u>

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Notes to Consolidated Financial Statements

	For the three months ended March 31, 2016	February 1 to March 31, 2015
Operating revenue	\$ <u>607,448</u>	<u>370,182</u>
Net income (loss)	\$ 45,569	(11,231)
Other comprehensive income	<u>575</u>	<u>7,444</u>
Comprehensive income (loss)	\$ <u>46,144</u>	<u>(3,787)</u>
Net income (loss) attributable to non-controlling interests	\$ <u>31,899</u>	<u>(7,861)</u>
Comprehensive income (loss) attributable to non-controlling interests	\$ <u>32,301</u>	<u>(2,651)</u>

	For the three months ended March 31, 2016	February 1 to March 31, 2015
Cash flows from operating activities	\$ 12,317	(45,377)
Cash flows from investing activities	(8,563)	2,547
Cash flows from financing activities	(29,079)	117,961
Effect of foreign currency exchange translation	<u>(9,665)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	\$ <u>(34,990)</u>	<u>75,131</u>
Dividends paid to non-controlling interests	\$ <u>-</u>	<u>-</u>

(g) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the three months ended March 31, 2016 and 2015, were as follows:

	<u>Land</u>	<u>Buildings, leasehold improvement, and additional equipment</u>	<u>Machinery and equipment</u>	<u>Office and other equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Government grants</u>	<u>Total</u>
Cost or deemed cost:							
Balance on January 1, 2016	\$ 284,973	4,145,565	6,578,407	680,211	503,242	(12,731)	12,179,667
Additions	-	7,191	111,084	10,763	305,335	-	434,373
Disposals	-	(9,774)	(180,809)	(8,292)	-	-	(198,875)
Reclassifications	111,822	241,511	89,334	2,308	(256,524)	-	188,451
Effect of movements in exchange rates	-	(70,670)	(115,557)	(10,773)	(8,218)	240	(204,978)
Balance on March 31, 2016	\$ <u>396,795</u>	<u>4,313,823</u>	<u>6,482,459</u>	<u>674,217</u>	<u>543,835</u>	<u>(12,491)</u>	<u>12,398,638</u>

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

	<u>Land</u>	<u>Buildings, leasehold improvement, and additional equipment</u>	<u>Machinery and equipment</u>	<u>Office and other equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Government grants</u>	<u>Total</u>
Balance on January 1, 2015	\$ 22,879	3,062,153	4,741,057	578,964	779,029	(12,911)	9,171,171
Additions	-	2,862	72,227	7,649	399,848	-	482,586
Disposals	-	(90)	(35,817)	(1,399)	-	-	(37,306)
Acquisition from business combination	104,503	323,852	322,950	93,295	128,368	-	972,968
Reclassifications	-	22,722	52,037	(9,900)	(115,313)	-	(50,454)
Effect of movements in exchange rates	-	(30,648)	(50,349)	(6,901)	(7,699)	130	(95,467)
Balance on March 31, 2015	\$ <u>127,382</u>	<u>3,380,851</u>	<u>5,102,105</u>	<u>661,708</u>	<u>1,184,233</u>	<u>(12,781)</u>	<u>10,443,498</u>
Depreciation and impairments loss:							
Balance on January 1, 2016	\$ -	1,737,377	3,718,475	449,371	-	(9,579)	5,895,644
Depreciation	-	62,081	285,545	23,303	-	(733)	370,196
Disposals	-	(9,573)	(168,694)	(6,023)	-	-	(184,290)
Reclassifications	-	31,256	(2,657)	(131)	-	-	28,468
Effect of movements in exchange rates	-	(30,956)	(72,393)	(8,221)	-	191	(111,379)
Balance on March 31, 2016	\$ -	<u>1,790,185</u>	<u>3,760,276</u>	<u>458,299</u>	<u>-</u>	<u>(10,121)</u>	<u>5,998,639</u>
Balance on January 1, 2015	\$ -	1,643,871	3,214,184	384,695	-	(6,724)	5,236,026
Depreciation	-	64,931	201,019	25,866	-	(739)	291,077
Disposals	-	(91)	(11,567)	(1,169)	-	-	(12,827)
Reclassifications	-	5,248	(48,992)	11,436	-	-	(32,308)
Effect of movements in exchange rates	-	(15,795)	(34,118)	(4,733)	-	66	(54,580)
Balance on March 31, 2015	\$ -	<u>1,698,164</u>	<u>3,320,526</u>	<u>416,095</u>	<u>-</u>	<u>(7,397)</u>	<u>5,427,388</u>
Carrying amounts:							
Balance on January 1, 2016	\$ <u>284,973</u>	<u>2,408,188</u>	<u>2,859,932</u>	<u>230,840</u>	<u>503,242</u>	<u>(3,152)</u>	<u>6,284,023</u>
Balance on March 31, 2016	\$ <u>396,795</u>	<u>2,523,638</u>	<u>2,722,183</u>	<u>215,918</u>	<u>543,835</u>	<u>(2,370)</u>	<u>6,399,999</u>
Balance on January 1, 2015	\$ <u>22,879</u>	<u>1,418,282</u>	<u>1,526,873</u>	<u>194,269</u>	<u>779,029</u>	<u>(6,187)</u>	<u>3,935,145</u>
Balance on March 31, 2015	\$ <u>127,382</u>	<u>1,682,687</u>	<u>1,781,579</u>	<u>245,613</u>	<u>1,184,233</u>	<u>(5,384)</u>	<u>5,016,110</u>

1. The unamortized deferred revenue of equipment subsidy amounted to \$1,282,334, \$1,018,732 and \$157,678 as of March 31, 2016 and December 31 and March 31, 2015, respectively.

2. Please refer to note 8 for further information on property, plant and equipment provided as collateral.

(h) Investment property

	<u>Land</u>	<u>Buildings and other equipment</u>	<u>Total</u>
Carrying amounts:			
Balance on January 1, 2016	\$ <u>128,071</u>	<u>130,638</u>	<u>258,709</u>
Balance on March 31, 2016	\$ <u>16,249</u>	<u>19,775</u>	<u>36,024</u>
Balance on January 1, 2015	\$ <u>128,071</u>	<u>134,198</u>	<u>262,269</u>
Balance on March 31, 2015	\$ <u>128,071</u>	<u>133,308</u>	<u>261,379</u>

(Continued)

Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. The Group reclassified \$222,053 as property, plant and equipment from investment property due to the change of the use of such property in the first quarter of 2016.
2. Except for the above paragraph, there was no significant additions, disposals, or recognition and reversal of impairment losses of the investment property. Please refer to note 6(i) of the consolidated financial statements for the year ended December 31, 2015 for further information.
3. The fair value of the investment property has no significant change from note 6(i) of the consolidated financial statements for the year ended December 31, 2015.
4. The Group did not provide any of the aforementioned investment property as collateral.

(i) Intangible assets

The carrying amounts of the intangible assets of the Group as of March 31, 2016 and 2015, were as follows:

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2016	\$ <u>2,191,382</u>	<u>676,241</u>	<u>423,954</u>	<u>30,614</u>	<u>3,322,191</u>
Balance at March 31, 2016	\$ <u>2,191,382</u>	<u>655,547</u>	<u>409,900</u>	<u>28,428</u>	<u>3,285,257</u>
Balance at January 31, 2015	\$ <u>1,850,383</u>	<u>648,659</u>	<u>378,384</u>	<u>39,218</u>	<u>2,916,644</u>
Balance at March 31, 2015	\$ <u>2,281,384</u>	<u>862,137</u>	<u>367,902</u>	<u>37,064</u>	<u>3,548,487</u>

1. For the intangible assets from obtaining control over Global TEK and its subsidiaries on January 5, 2015, please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2015.
2. Except for above paragraph, there were no significant change on intangible assets for the three months ended March 31, 2016 and 2015.
3. The Group did not provide any of the aforementioned intangible assets as collateral.

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Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(j) Short-term borrowings

The details were as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Unsecured bank loans	\$ 2,724,304	1,130,518	4,019,328
Secured bank loans	<u>151,052</u>	<u>220,051</u>	<u>189,585</u>
Short-term borrowings	\$ <u>2,875,356</u>	<u>1,350,569</u>	<u>4,208,913</u>
Unused credit lines	\$ <u>8,605,863</u>	<u>10,729,002</u>	<u>5,575,992</u>
Annual interest rates	<u>0.96%~5.89%</u>	<u>0.85%~5.89%</u>	<u>0.85%~5.89%</u>

Please refer to note 8 for further information on assets provided as collateral.

(k) Long-term borrowings

The details were as follows:

<u>March 31, 2016</u>				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	0.95%~2.31%	2016~2020	\$ 1,069,194
"	USD	2.66%	2018	36,734
Secured bank loans	TWD	1.66%~2.71%	2018~2026	225,457
"	USD	3.24%~3.3%	2018~2030	51,576
Less: current portion				(808,675)
Total				\$ <u>574,286</u>
Unused credit lines				\$ <u>94,749</u>

<u>December 31, 2015</u>				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	0.95%~2.78%	2016~2020	\$ 1,374,282
"	USD	2.66%	2018	41,037
Secured bank loans	TWD	1.73%~2.13%	2016~2026	215,963
"	USD	3.24%~3.3%	2018~2030	46,205
Less: current portion				(622,347)
Total				\$ <u>1,055,140</u>
Unused credit lines				\$ <u>228,086</u>

<u>March 31, 2015</u>			
<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Unsecured bank loans	TWD	1.06%~1.56%	2017~2020	\$	1,563,333
Secured bank loans	TWD	2.12%~2.85%	2015~2026		322,002
"	USD	2.08%~3.24%	2015~2019		46,180
Less: current portion					<u>(603,943)</u>
Total				\$	<u><u>1,327,572</u></u>
Unused credit lines				\$	<u><u>1,207,506</u></u>

1. Pursuant to the loan agreements with Industrial Bank of Taiwan, The Export-Import Bank of the ROC and CTBC Bank, the Company has to maintain the following financial ratios calculated based on the Company's semi-annual audited (reviewed) consolidated financial statements. As of March 31, 2016, the Company had not violated the financial covenants. The financial covenants include (1) a current ratio of not less than 100%; (2) a financial debt ratio of not greater than 75%; (3) an interest coverage ratio of not less than 400%; and (4) stockholders' equity of not less than \$4,000,000. If the Company violates the financial covenants, the banks have the right to charge a default penalty or to require the Company to improve its financial ratios.

2. Please refer to note 9 for the details of the outstanding guarantee notes.

3. Please refer to note 8 for further information on assets provided as collateral.

(I) Operating lease

1. Lessee

Non-cancellable operating lease rentals are payable as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Less than one year	\$ 230,673	251,403	260,292
Between one and five years	426,460	508,595	653,932
More than five years	<u>1,019</u>	<u>7,203</u>	<u>41,566</u>
	<u><u>\$ 658,152</u></u>	<u><u>767,201</u></u>	<u><u>955,790</u></u>

The Group leases a number of offices and warehouses and pieces of equipment under operating leases. The lease terms are between 1 and 15 years.

(Continued)

Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

2. Lessor

The Group leases out its investment property under operating leases. Please refer to note 6(h) for further information. Non-cancellable operating leases are receivable as follows:

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
Less than one year	\$ <u>707</u>	<u>1,060</u>	<u>2,516</u>

(m) Employee benefits

1. Defined benefit plans

There was no material volatility of the market, reimbursement and settlement or other material one-time events after the end of the prior fiscal year. As a result, the pension cost in the financial statements was measured and disclosed based on the actuarial calculation as of December 31, 2015 and 2014.

2. Defined contribution plans

The Company, Global TEK, and GT contribute the pension cost on the defined contribution plans to the labor pension personal account at the Bureau of Labor Insurance. Subsidiaries other than the Company, Global TEK, and GT set up their defined contribution plans in accordance with the regulations of their respective countries.

3. The Group recognized its pension costs and recorded them as operating expenses and operating cost in the statement of comprehensive income.

	<u>For the three months</u> <u>ended March 31</u>	
	<u>2016</u>	<u>2015</u>
Defined benefit plans	\$ 632	772
Defined contribution plans	<u>96,247</u>	<u>76,077</u>
	\$ <u>96,879</u>	<u>76,849</u>

(n) Income taxes

1. Income tax expense for the period is best estimated by multiplying the profit before tax of the reporting period by the effective annual tax rate as forecasted by the management.

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Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

2. The details of the Group's income tax expenses were as follows:

	For the three months ended March 31	
	2016	2015
Income tax expense	\$ <u>219,139</u>	<u>113,663</u>

3. There were no income tax recognized in equity or other comprehensive income.
4. The income tax returns of the Company and GT have been examined by the tax authority through 2013. Global TEK's income tax returns have been examined by the tax authority through 2014. However, the Company disagreed with the examination of the income tax return for 2008 and requested an administrative remedy. The tax effect of the administrative remedy had been recognized by the Company.
5. Information related to the unappropriated earnings and tax deduction ratio is summarized below:

	March 31, 2016	December 31, 2015	March 31, 2015
Unappropriated earnings in 1998 and after	\$ <u>4,352,649</u>	<u>3,951,934</u>	<u>3,500,711</u>
Balance of imputation credit account	\$ <u>420,838</u>	<u>420,838</u>	<u>385,069</u>
	<u>2015 (estimated)</u>	<u>2014 (actual)</u>	
Creditable ratio for earnings distribution to ROC residents stockholders	\$ <u>18.12%</u>	<u>15.12%</u>	

The above information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance, ROC, on October 17, 2013.

(o) Capital and other equity

Except for the following paragraph, there were no significant change between the capital and the other equity for the three months ended March 31, 2016 and 2015. Please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2015 for further information.

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Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Common stock

As of March 31, 2016 and December 31 and March 31, 2015, the nominal common stock amounted to \$5,000,000. Face value of each share is \$10 (dollars), which means in total there were 500,000 thousand authorized common shares, of which 441,794, 441,188 and 438,649 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding was as follows:

	Ordinary shares (in thousands of shares)	
	For the three months ended March 31	
	2016	2015
Balance on January 1	441,188	434,658
Exercise of employee stock options	706	2,766
Issued for restricted stock	-	1,225
Retirement of restricted stock	(100)	-
Balance on March 31	<u>441,794</u>	<u>438,649</u>

2. Capital surplus

The balances of capital surplus were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Additional paid-in capital	\$ 472,651	447,630	423,267
Employee stock options	232,345	236,277	239,748
Restricted employee stock options	82,089	93,461	64,150
	<u>\$ 787,085</u>	<u>777,368</u>	<u>727,165</u>

3. Retained earnings

According to the articles of the Company, 10% of its annual net income after settling accumulated deficit, if any, is to be set aside as legal reserve until it is equal to authorized capital. Also, a special reserve should be retained or reversed under related regulations. After the recognition or reversal of special reserve, 2% to 10% is to be appropriated as employee bonuses, and a maximum of 2% as directors' and supervisors' remuneration. The remainder, if any, is to be distributed as dividends as determined by the board of directors and approved by the stockholders.

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Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The Company is at the growth stage and considers its future cash demand, long-term financial plans, benefits to stockholders, and balanced dividends. Earnings distribution is made by stock dividend and cash dividend. The cash dividend shall not be less than 10 percent of the total dividends and could be adjusted depending on the Company's operating condition.

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

(i) Legal reserve

In accordance with the Company Act, 10 percent of the net income after tax should be set aside as legal reserve, until it is equal to share capital. If the Company experiences profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the stockholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

(ii) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the International Financial Reporting Standards endorsed by the FSC, retained earnings increased by \$97,300 by recognizing the cumulative translation adjustments (gains) on the adoption date as deemed cost. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, the increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as special reserve, and when the relevant asset is used, disposed of, or reclassified, this special reserve, shall be reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to \$97,300 on March 31, 2016.

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

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(iii) Earnings distribution

Employee bonuses amounted to \$18,555 for the three months ended March 31, 2015. Directors' and supervisors' remuneration amounted to \$7,422 for the three months ended March 31, 2015. These amounts were calculated based on the Company's net profit for the three months ended March 31, 2015 by using the earnings allocation method as stated under the Company's articles. These benefits were expensed under operating costs or operating expenses during this period

On March 24, 2016, the board of directors' meeting approved the distribution of earnings for 2015. On June 29, 2015, the stockholders' meeting resolved the distribution of earnings for 2014. The distribution was NT\$2.1 and 1.8 (dollars) per share, which amounted to \$927,933 and \$791,107, respectively. The differences between the amounts approved in the stockholders' meeting and those recognized in the financial statements for employee bonuses and remuneration for directors and supervisors for 2014 were as follows:

	2014		
	Actual earnings distributed	Accrued in the financial statements	Difference
Employee bonuses			
Stock	\$ -	-	-
Cash	71,000	71,318	318
Directors' and supervisors' remuneration	27,800	28,527	727

Differences between the amounts approved in the stockholders' meeting and those recognized in the financial statements for the distributions of earnings for 2014 were accounted for as changes in accounting estimates and recognized as profit or loss in the year 2015.

The information about the employee bonuses and the directors' and supervisors' remuneration approved in the board of directors' and stockholders' meetings can be accessed in the Market Observation Post System.

(p) Share-based payment

Except for the following paragraph, there were no significant change on the share-based payment for the three months ended March 31, 2016 and 2015. Please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2015 for further information.

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

After the stockholders' meeting on June 24, 2014, the Company decided to issue 3,000 shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 1,225 thousand shares on January 28, 2015.

1. Employee stock options and share-based payment

- (i) As of March 31, 2016, outstanding employee stock options of the Company for equity-settled share-based payment were as follows:

	Plan 1 (note 1)	Plan 2 (note 2)	Plan 3 (note 3)	
			Issued in November 2011	Issued in October 2012
Modification and grant date	December 30, 2008/ November 12, 2009	December 30, 2008/ November 12, 2009	November 24, 2011	October 22, 2012
Exercise price	\$11.42	\$11.42	\$17.10	\$26.50
Granted units (thousand)	30,828	7,224	1,500	3,500
Service period (from the grant date of the original stock options)	5 years (May 23, 2005~ November 11, 2014)	6~8 years (January 2, 2008~November 11, 2017)	5 years (November 24, 2011~November 23, 2016)	5 years (October 22, 2012~ October 21, 2017)
Vesting period (from the grant date of the original stock options)	2 ~ 3 years	3 ~ 5 years	2 ~ 3 years	2 ~ 3 years

Note 1: Stock options under Plan 1 included those granted by Primax in May 2005, June and December 2006, and February and March 2007; those granted by Primax Holdings in January, May and November 2008; and those granted by the Company in November 2009.

Note 2: Stock options under Plan 2 included those granted by Primax Holdings in January and May 2008, and those granted by the Company in November 2009.

Note 3: Stock options under Plan 3 included those granted by the Company in November 2011 and October 2012.

The Company applied the Black-Scholes option pricing model to measure the fair value of employee stock options.

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The related information on compensatory employee stock option plans was as follows:

	For the three months ended March 31			
	2016		2015	
	Weighted- average exercise price	Stock options (in thousands)	Weighted- average exercise price	Stock options (in thousands)
Outstanding at January 1	24.66	1,728	22.66	3,724
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	26.50	(139)	16.01	(880)
Expired during the year	-	-	-	-
Outstanding at March 31	24.50	<u>1,589</u>	24.72	<u>2,844</u>
Exercisable at March 31	24.50	<u>1,589</u>	21.76	<u>1,428</u>

As of March 31, 2016 and December 31 and March 31, 2015, the information on the employee stock option plans outstanding was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Employee stock option plan 1	-	-	-
Employee stock option plan 2	211	211	446
Employee stock option plan 3 –Issued in November 2011	-	-	125
Employee stock option plan 3 –Issued in October 2012	<u>1,378</u>	<u>1,517</u>	<u>2,273</u>
Outstanding at end of period	<u>1,589</u>	<u>1,728</u>	<u>2,844</u>

- (ii) As of March 31, 2016, the outstanding employee stock options of TWEL for equity-settled share-based payment were as follows:

	November 2014	July 2015
Grant date	November 18, 2014	July 1, 2015
Exercise price	\$15.74	\$18.82
Granted units (thousand)	700	2,750
Service period	5 years	5 years
Vesting period	3 ~4 years	3 ~5 years

(Continued)

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

TWEL applied the Black-Scholes option pricing model to measure the fair value of employee stock options.

The related information on compensatory employee stock option plans of TWEL was as follows:

	For the three months ended March 31			
	2016		2015	
	Weighted-average exercise price	Stock options (in thousands)	Weighted-average exercise price	Stock options (in thousands)
Outstanding at January 1	18.20	3,450	15.74	700
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	18.82	(215)	-	-
Outstanding at March 31	18.15	<u>3,235</u>	15.74	<u>700</u>
Exercisable at March 31	-	<u>-</u>	-	<u>-</u>

2. Restricted stock

As of March 31, 2016, the outstanding restricted stock of the Company were as follows:

	Plan 1 (note 1)				Plan 2 (note 1)	
	October 1, 2013	November 20, 2013	February 10, 2014	July 17, 2014	February 24, 2015	August 18, 2015
Grant date	October 1, 2013	November 20, 2013	February 10, 2014	July 17, 2014	February 24, 2015	August 18, 2015
Fair value on grant date (per share)	22.8	25.15	27.30	52.00	43.70	38.40
Exercise price	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants
Granted units (thousand shares)	1,450	186	135	220	1,225	1,775
Vesting period	1~3 years	1~2 years	1~2 years	1~2 years	1~3 years	1~3 years
	(notes 2 and 3)	(notes 3 and 4)	(notes 3 and 4)	(note 3)	(note 2 and 3)	(note 2)

Note 1: Plan 1 – After the stockholders' meeting on June 25, 2013, the Company decided to issue shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 1,450 thousand shares, 186 thousand shares, 135 thousand shares, and 220 thousand shares on August 13 and November 12, 2013, and January 22 and June 27, 2014, respectively.

Plan 2 – After the stockholders' meeting on June 24, 2014, the Company decided to issue shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 1,225 thousand shares and 1,775 thousand shares on January 28 and August 13, 2015, respectively.

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 2: If the employees continue to provide service to the Company and meet the prior year's performance indicator, 30% of the restricted stock shall be vested in year 1 after the grant date, and the remaining 30% and 40% shall be vested in year 2 and year 3, respectively, after the grant date.

Note 3: If the employees continue to provide service to the Company and meet the prior year's performance indicator, 50% of the restricted stock shall be vested in year 1 after the grant date, and the remaining 50% shall be vested in year 2 after the grant date.

Note 4: If the employees continue to provide service to the Company and meet the prior year's performance indicator, the restricted stock shall be vested in year 1 after the grant date.

The related information on restricted stock of the Company was as follows:

	For the three months ended March 31	
	2016	2015
(Thousand shares)		
Outstanding at January 1	3,270	1,310
Granted during the period	-	1,225
Forfeited during the period	-	-
Vesting during the period	(389)	(55)
Expired during the period	-	-
Outstanding at March 31	<u>2,881</u>	<u>2,480</u>

3. Expenses and liabilities attributable to share-based payment were as follows:

	For the three months ended March 31	
	2016	2015
Expenses attributable to employee stock options	\$ 864	1,147
Restricted stock	<u>16,782</u>	<u>4,398</u>
Total	<u>\$ 17,646</u>	<u>5,545</u>

	March 31, 2016	December 31, 2015	March 31, 2015
Salary payable:			
Current	<u>\$ 1,938</u>	<u>4,092</u>	<u>11,820</u>

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Reviewed only, not audited in accordance with generally accepted auditing standards.

PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(q) Earnings per share

The calculation of basic earnings and diluted earnings per share was as follows:

1. Basic earnings per share

	For the three months ended March 31	
	2016	2015
Profit attributable to common stockholders	\$ <u>400,715</u>	<u>368,223</u>
Weighted-average number of common shares (thousand shares)	<u>438,198</u>	<u>434,306</u>
Basic earnings per share (NT dollars)	\$ <u>0.91</u>	<u>0.85</u>

2. Diluted earnings per share

	For the three months ended March 31	
	2016	2015
Profit attributable to ordinary stockholders	\$ <u>400,715</u>	<u>368,223</u>
Weighted-average number of common shares (diluted / thousand shares)	<u>442,753</u>	<u>440,349</u>
Diluted earnings per share (NT dollars)	\$ <u>0.91</u>	<u>0.84</u>

	For the three months ended March 31	
	2016	2015
Weighted-average number of ordinary shares at March 31 (basic)	438,198	434,306
Effect of employee stock options	836	3,015
Effect of employee stock bonuses	2,483	2,083
Effect of restricted stock	<u>1,236</u>	<u>945</u>
Weighted-average number of ordinary shares at March 31 (diluted)	<u>442,753</u>	<u>440,349</u>

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(r) Operating revenue

The operating revenue was as follows:

	For the three months ended March 31	
	2016	2015
Goods sold	\$ 13,536,816	12,538,369
Services rendered	<u>475,747</u>	<u>419,522</u>
	<u>\$ 14,012,563</u>	<u>12,957,891</u>

(s) Employee bonuses, and directors' and supervisors remuneration

According to the Company's articles approved at the board of directors' meeting, but has yet to be approved during the stockholder's meeting, employee bonuses amounted to \$18,889 for the three months ended March 31, 2016. The directors' and supervisors' remuneration amounted to \$7,556 for the three months ended March 31, 2016. These amounts were calculated based on the Company's income before income taxes excluding employee bonuses and directors' and supervisors' remuneration by using the earnings allocation method as stated under the Company's articles. These benefits were expensed under operating costs or operating expenses during the first quarter of 2016. The differences between the amounts approved in the stockholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year.

The employee bonuses, and the remuneration to directors and supervisors, amounted to \$78,269 and \$31,907, respectively, in 2015. These amounts were calculated based on the Company's income before income taxes, excluding employee bonuses and directors' and supervisors' remuneration, by using the earnings allocation method as stated under the Company's articles. These benefits were expensed under operating costs or operating expenses during 2015.

	2015		
	Actual earnings distributed	Accrued in the financial statements	Difference
Employee bonuses			
Stock	\$ -	-	-
Cash	78,500	78,269	(231)
Directors' and supervisors' remuneration	32,000	31,907	(93)

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The differences between the amounts approved in the stockholders' meeting and those recognized in the financial statements for the distributions of earnings for 2015 were accounted for as changes in accounting estimates and recognized as profit or loss in the year 2016.

The employee bonuses, and the directors' and supervisor's remuneration in 2015 have yet to be approved during the stockholder's meeting. Information about the employee bonuses and the directors' and supervisors' remuneration approved in the board of directors' and stockholders' meetings can be accessed in the Market Observation Post System after the meetings. The differences between the amounts approved in the stockholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in 2016.

(t) Other income

The other income was as follows:

	For the three months ended March 31	
	2016	2015
Interest revenue of cash in banks	\$ 39,051	51,775
Rent revenue	1,061	2,976
Other	585	6,036
	\$ 40,697	60,787

(u) Other gains and losses

The other gains and losses were as follows:

	For the three months ended March 31	
	2016	2015
Net losses on disposal of property, plant and equipment	\$ (1,129)	(2,814)
Net gains on financial assets/liabilities measured at fair value through profit or loss	44,540	4,635
Foreign currency exchange gains, net	109,489	64,519
Other	17,511	4,422
	\$ 170,411	70,762

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Notes to Consolidated Financial Statements

(v) Financial instruments

Except for the following paragraph, the credit risk, liquidity risk, currency risk and fair value have no significant change from the consolidated financial statements for the year ended December 31, 2015. Please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2015 for further information.

1. Credit risk

The aging analysis of notes, accounts, and other receivables (including related parties) that were past due but not impaired was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Past due 0-30 days	\$ 595,183	1,215,010	1,044,565
Past due 31-90 days	251,229	122,456	82,348
Past due 91-180 days	15,159	14,149	42,000
Past due 181-360 days	18,620	26,023	2,544
Past due over a year	-	-	-
	<u>\$ 880,191</u>	<u>1,377,638</u>	<u>1,171,457</u>

The Group assesses the uncollectible amount of notes, accounts, and other receivables (including related parties) based on the aging analysis, the collection history, and the customers' current financial status, and recognizes an allowance for doubtful debts accordingly. After the Group's assessment, there is no significant change in the customers' credit quality and the collectability of related receivables.

The changes in the allowance for the three months ended March 31, 2016 and 2015 were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance on January 1, 2016	\$ -	29,247	29,247
Impairment loss recognized	-	9,663	9,663
Amounts written off	-	(865)	(865)
Exchange differences on translation of foreign currency	-	(620)	(620)
Balance on March 31, 2016	<u>\$ -</u>	<u>37,425</u>	<u>37,425</u>

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	Individually assessed impairment	Collectively assessed impairment	Total
Balance on January 1, 2015	\$ -	26,034	26,034
Impairment loss recognized	-	1,497	1,497
Acquisition from business combination	-	6,718	6,718
Amounts written off	-	(625)	(625)
Exchange differences on translation of foreign currency	-	(181)	(181)
Balance on March 31, 2015	<u>\$ -</u>	<u>33,443</u>	<u>33,443</u>

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
March 31, 2016							
Non-derivative financial liabilities:							
Short-term borrowings	\$ 2,875,356	2,875,356	2,875,356	-	-	-	-
Notes and accounts payable	11,340,015	11,340,015	11,340,015	-	-	-	-
Other payables	2,053,454	2,053,454	2,053,454	-	-	-	-
Long-term borrowings	1,382,961	1,430,227	333,440	493,153	309,247	201,581	92,806
Guarantee deposits	129,449	129,449	-	-	-	-	129,449
Derivative financial liabilities:	264,151	-	-	-	-	-	-
Outflow	-	7,562,011	7,562,011	-	-	-	-
Inflow	-	(7,298,960)	(7,298,960)	-	-	-	-
	<u>\$ 18,045,386</u>	<u>18,091,552</u>	<u>16,865,316</u>	<u>493,153</u>	<u>309,247</u>	<u>201,581</u>	<u>222,255</u>
December 31, 2015							
Non-derivative financial liabilities:							
Short-term borrowings	\$ 1,350,569	1,350,569	1,350,569	-	-	-	-
Notes and accounts payable	18,723,930	18,723,930	18,723,930	-	-	-	-
Other payables	2,737,288	2,737,288	2,737,288	-	-	-	-
Long-term borrowings	1,677,487	1,735,887	338,378	332,881	641,587	326,777	96,264
Guarantee deposits	118,641	118,641	-	-	-	-	118,641
Derivative financial liabilities:	60,105	-	-	-	-	-	-
Outflow	-	1,217,415	1,217,415	-	-	-	-
Inflow	-	(1,157,310)	(1,157,310)	-	-	-	-
	<u>\$ 24,668,020</u>	<u>24,726,420</u>	<u>23,210,270</u>	<u>332,881</u>	<u>641,587</u>	<u>326,777</u>	<u>214,905</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6~12 months</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
March 31, 2015							
Non-derivative financial liabilities:							
Short-term borrowings	\$ 4,208,913	4,208,913	4,208,913	-	-	-	-
Notes and accounts payable	11,706,582	11,706,582	11,706,582	-	-	-	-
Other payables	1,777,967	1,777,967	1,777,967	-	-	-	-
Long-term borrowings	1,931,515	2,013,533	319,299	332,344	807,459	434,732	119,699
Guarantee deposits	200,706	200,706	-	-	-	-	200,706
Derivative financial liabilities:	5,867	-	-	-	-	-	-
Outflow	-	1,260,951	1,260,951	-	-	-	-
Inflow	-	(1,255,160)	(1,255,160)	-	-	-	-
	<u>\$ 19,831,550</u>	<u>19,913,492</u>	<u>18,018,552</u>	<u>332,344</u>	<u>807,459</u>	<u>434,732</u>	<u>320,405</u>

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

3. Currency risk

(i) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>March 31, 2016</u>			<u>December 31, 2015</u>			<u>March 31, 2015</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD:CNY	\$ 261,227	6.4612	8,432,930	472,140	6.4936	15,611,768	305,209	6.1422	9,583,868
USD:HKD	148,148	7.7542	4,782,502	403,487	7.751	1,334,701	126,018	7.7544	3,957,091
USD:TWD	311,579	32.282	10,058,408	430,293	33.066	14,228,077	325,972	31.401	10,235,849
Financial liabilities									
Monetary items									
USD:CNY	268,684	6.4612	8,673,671	434,501	6.4936	14,367,209	291,043	6.1422	9,139,032
USD:HKD	144,572	7.7542	4,667,063	395,385	7.751	13,073,812	122,372	7.7544	3,842,603
USD:TWD	246,614	32.282	7,961,205	397,940	33.066	13,158,292	310,265	31.401	9,742,628

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

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A weakening (strengthening) of 5% of the TWD, CNY and HKD against the USD as of March 31, 2016 and 2015, would have increased or decreased the net profit after tax by \$81,834 and \$43,679, respectively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2016 and 2015, the foreign exchange gain or loss, including both realized and unrealized, amounted to \$109,489 and \$64,519, respectively.

(ii) Interest rate analysis

Please refer to the note of liquidity risk for the exposure of financial assets and liabilities to changes in interest rates.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. The analysis is based on the assumption that the assets and liabilities with floating interest rates outstanding at the reporting date were outstanding throughout the year. The rate of change is an interest rate increase or decrease of 0.25% when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible changes in interest rates.

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$1,193 and \$1,045 for the three months ended March 31, 2016 and 2015, respectively, mainly as a result of bank savings and borrowings with variable interest rates.

4. Fair value

(i) Kinds of financial instruments and fair value

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

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Notes to Consolidated Financial Statements

	March 31, 2016				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss – current	\$ 309,692	1,000	-	308,692	309,692
Available-for-sale financial assets – non-current	\$ 636,038	606,600	-	29,438	636,038
Loans and receivables					
Cash and cash equivalents	\$ 5,666,157				
Notes and accounts receivable (including related parties)	11,150,117				
Other receivables	268,298				
Total	\$ 17,084,572				
Financial liabilities at fair value through profit or loss – current	\$ 264,151	-	-	264,151	264,151
Financial liabilities carried at amortized cost					
Borrowings	\$ 4,258,317				
Notes and accounts payable	11,340,015				
Salary payable	514,424				
Other payables	3,234,476				
Guarantee deposits received	129,449				
Total	\$ 19,476,681				
	December 31, 2015				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss – current	\$ 88,717	969	-	87,748	88,717
Available-for-sale financial assets – non-current	\$ 584,430	551,600	-	32,830	584,430
Loans and receivables					
Cash and cash equivalents	\$ 7,623,380				
Notes and accounts receivable (including related parties)	14,479,617				
Other receivables	462,242				
Total	\$ 22,565,239				
Financial liabilities at fair value through profit or loss – current	\$ 60,105	-	-	60,105	60,105
Financial liabilities carried at amortized cost					
Borrowings	\$ 3,028,056				
Notes and accounts payable	18,723,930				
Salary payable	1,227,107				
Other payables	3,891,786				
Guarantee deposits received	118,641				
Total	\$ 26,989,520				

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Notes to Consolidated Financial Statements

		March 31, 2015			
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss – current	\$ 440,720	432,509	-	8,211	440,720
Available-for-sale financial assets – non-current	\$ 315,807	-	-	315,807	315,807
Loans and receivables					
Cash and cash equivalents	\$ 6,863,699				
Notes and accounts receivable (including related parties)	10,319,552				
Other receivables	532,408				
Total	\$ 17,715,659				
Financial liabilities at fair value through profit or loss – current	\$ 5,867	-	-	5,867	5,867
Financial liabilities carried at amortized cost					
Borrowings	\$ 6,140,428				
Notes and accounts payable	11,706,582				
Salary payable	656,051				
Other payables	2,592,514				
Guarantee deposits received	200,706				
Total	\$ 21,296,281				

(ii) Fair value valuation techniques for financial instruments measured at fair value

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be reached, then the market is non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The Group uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

- A. The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.
- B. Available-for-sale financial assets – non-current are investments in domestic or foreign non-listed stock. The fair value is based on a valuation technique. For stocks in the emerging market, the estimated fair value is adjusted for the lack of liquidity. When prices listed in the emerging market are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.

(iii) There is no transferring of fair value hierarchy for the three months ended March 31, 2016 and 2015.

(iv) Changes in Level 3

For the three months ended March 31						
	2016			2015		
	Fair value through profit or loss	Available for sale	Total	Fair value through profit or loss	Available for sale	Total
Balance on January 1	\$ 27,643	32,830	60,473	15,695	292,916	308,611
Recognized in profit or loss	44,521	-	44,521	2,344	-	2,344
Recognized in other comprehensive income	-	(3,392)	(3,392)	-	22,891	22,891
Acquisition / disposal	(27,643)	-	(27,643)	(15,695)	-	(15,695)
Balance on March 31	<u>\$ 44,521</u>	<u>29,438</u>	<u>73,959</u>	<u>2,344</u>	<u>315,807</u>	<u>318,151</u>

(v) Fair value measurements using significant unobservable inputs (Level 3)

The fair value measurements of the Group which are categorized within level 3 are classified as financial assets and liabilities at fair value through profit or loss – derivative financial instruments and available-for-sale financial assets – equity securities. The quantitative information about significant unobservable inputs was as follows:

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Notes to Consolidated Financial Statements

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Available-for-sale financial assets – equity securities listed on emerging stock market	Guideline Public Company method	Lack-of-Marketability Discount(80% on March 31,2015)	The higher the Lack-of-Marketability Discount is, the lower the fair value will be.
Available-for-sale financial assets – equity securities not listed on emerging stock market	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at fair value through profit or loss	(note 2)	(note 2)	(note 2)

note 1: The fair value is based on unadjusted prior trade prices, therefore there is no need to show the sensitivity analysis of unobservable inputs.

note 2: The fair value is based on the quotation of a third party, therefore there is no need to show the sensitivity analysis of unobservable inputs.

(vi) Sensitivity analysis for fair values of financial instrument using Level 3 Inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impact on net income or loss and other comprehensive income or loss are as follows:

	<u>Input</u>	<u>Variation</u>	<u>Other comprehensive income</u>	
			<u>Advantageous change</u>	<u>Disadvantageous change</u>
<u>March 31, 2015</u>				
Available-for-sale financial assets – equity securities listed on emerging stock market	Discount of lock Marketability	10%	\$ <u>33,623</u>	<u>33,623</u>

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(w) Financial risk management

The Group's objectives and policies on financial risk management are consistent with note 6(y) of the consolidated financial statements for the year ended December 31, 2015.

(x) Capital management

The Group's objectives, policies and process of managing capital are consistent with the consolidated financial statements for the year ended December 31, 2015. The information on capital management items has no significant change from that of the consolidated financial statements for the year ended December 31, 2015. Please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2015 for further information.

(7) Related-party Transactions

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group and its subsidiaries.

(b) Other related-party transactions

1. Sale of goods to related parties

The amounts of significant sales by the Group to related parties and the outstanding balances were as follows:

	Sales		Notes and accounts receivable		
	For the three months ended March 31		March 31, 2016	December 31, 2015	March 31, 2015
	2016	2015			
Other related parties	\$ <u>42,605</u>	<u>16,594</u>	<u>50,781</u>	<u>54,995</u>	<u>20,786</u>

There were no significant differences in the selling prices and trading terms between the related parties and other customers.

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PRIMAX ELECTRONICS, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

2. Loans from related parties

The outstanding balance of loans to the Group from its related parties was as follows:

	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
Key management personnel of Global TEK	\$ <u>64,008</u>	<u>125,442</u>

The highest outstanding balance amounted to \$64,008 and \$144,330 for the three months ended March 31, 2016 and 2015, respectively.

(c) Key management personnel compensation

	<u>For the three months</u> <u>ended March 31</u>	
	<u>2016</u>	<u>2015</u>
Short-term employee benefits	\$ 41,663	42,530
Post-employment benefits	361	204
Termination benefits	-	64
Other long-term benefits	-	-
Share-based payments	<u>4,546</u>	<u>1,353</u>
	\$ <u>46,570</u>	<u>44,151</u>

For information related to share-based payments, please refer to note 6(p).

(8) Pledged Assets

Assets pledged as collateral were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>Book value of pledged assets</u>		
		<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
Other current assets – restricted assets	Guarantee letters issued by bank	\$ <u>6,116</u>	<u>4,502</u>	<u>-</u>
Other non-current assets – restricted assets	Loan collateral and guarantee letters issued by bank	\$ <u>6,477</u>	<u>4,667</u>	<u>36,200</u>
Property, plant and equipment	Loan collateral	\$ <u>651,699</u>	<u>699,107</u>	<u>309,408</u>
Long-term prepaid rent	Loan collateral	\$ <u>90,866</u>	<u>99,832</u>	<u>27,609</u>

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Notes to Consolidated Financial Statements

(9) Commitments and Contingencies

(a) The amounts of guarantee were as follows:

<u>Guarantor</u>	<u>Guarantee</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
The Company	PCH2	\$ 375,117	384,227	50,870
The Company	TYM HK	-	-	628,020
PCH2	PCQ1	193,692	231,462	219,807
PCH2	PKS1	96,846	99,198	94,203
Global TEK	GT	30,000	30,000	64,000
Global TEK	GLOBAL TEK CO (WUXI), LTD	-	-	47,102
Global TEK	GLOBAL TEK XI'AN	-	-	31,401
GT	Global TEK	-	50,000	-
GT	GLOBAL TEK CO (WUXI), LTD	48,423	49,599	-
		<u>\$ 744,078</u>	<u>844,486</u>	<u>1,135,403</u>

(b) The following are savings accounts provided by the Group to the banks in order for the banks to issue a guarantee letter to customs as guarantee deposits. Please refer to note 8.

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Guarantee letters	\$ <u>64,392</u>	<u>39,912</u>	<u>25,500</u>

(c) Guarantee notes provided as part of agreements with banks to sell accounts receivables, to acquire long-term borrowings, and to purchase materials were as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Sales of accounts receivable	\$ <u>2,823,730</u>	<u>2,874,690</u>	<u>2,041,065</u>
Long-term borrowings	\$ <u>2,595,488</u>	<u>2,598,906</u>	<u>5,610,762</u>
Purchase of material	\$ <u>21,988</u>	<u>39,732</u>	<u>-</u>

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Notes to Consolidated Financial Statements

(d) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Property, plant and equipment	\$ <u>62,445</u>	<u>66,482</u>	<u>26,902</u>

(e) TWEL Group entered into patent license agreements with several companies in July 2015. According to the agreements, the amounts that TWEL Group shall pay in the future were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Patent license agreements	\$ <u>68,018</u>	<u>69,670</u>	<u>-</u>

(10) Loss Due to Major Disasters: None

(11) Subsequent Events: None.

(12) Others

The following is a summary statement of current-period employee benefit, depreciation, and amortization expenses by function:

By function By item	For the three months ended March 31, 2016			For the three months ended March 31, 2015		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	849,941	557,496	1,407,437	967,865	555,084	1,522,949
Labor and health insurance	38,221	37,179	75,400	32,984	31,880	64,864
Pension	70,200	26,679	96,879	52,844	24,005	76,849
Others	17,034	35,263	52,297	26,322	33,084	59,406
Depreciation	333,942	36,254	370,196	249,879	41,198	291,077
Amortization	5,286	46,791	52,077	3,041	44,589	47,630

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Notes to Consolidated Financial Statements

(13) Segment Information

For the three months ended March 31, 2016 and 2015, the Group's segment information has no significant change. Please refer to note 14 of the consolidated financial statements for the year ended December 31, 2015 for further information.

For the three months ended March 31, 2016			
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
External revenue	\$ 6,750,050	7,262,513	14,012,563
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 6,750,050</u>	<u>7,262,513</u>	<u>14,012,563</u>
Segment profit	<u>\$ 341,174</u>	<u>318,039</u>	<u>659,213</u>

For the three months ended March 31, 2015			
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
External revenue	\$ 6,075,832	6,882,059	12,957,891
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 6,075,832</u>	<u>6,882,059</u>	<u>12,957,891</u>
Segment profit	<u>\$ 346,536</u>	<u>145,061</u>	<u>491,597</u>