Shuttle Inc. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2016 and 2015 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Shuttle Inc.

We have reviewed the accompanying consolidated balance sheets of Shuttle Inc. (the "Company") and subsidiaries (collectively, "the Group") as of June 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three months ended June 30, 2016 and 2015 and six months ended June 30, 2016 and 2015, and changes in equity and cash flows for the six months ended June 30, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

As stated in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. The total assets and total liabilities of these subsidiaries as of June 30, 2016 were 11.69% (NT$603,066 thousand) and 4.77% (NT$70,552 thousand) of consolidated total assets and consolidated total liabilities, respectively. The total assets and total liabilities of these subsidiaries as of June 30, 2015 were 11.10% (NT$590,075 thousand) and 3.99% (NT$65,164 thousand) of consolidated total assets and consolidated total liabilities, respectively. The total comprehensive income (loss) of these subsidiaries for the three months ended June 30, 2016 and 2015 and for the six months ended June 30, 2016 and 2015 were NT$11,083 thousand, NT$(50,197) thousand, NT$(60,705) thousand and NT$(114,316) thousand, respectively.

Based on our reviews, except for the effects of such adjustments, if any, as might have been required had we been able to obtain reviewed financial statements of the non-significant subsidiaries as of and for the six months ended June 30, 2016 and 2015 and for the three months then ended as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements of Shuttle Inc. and its subsidiaries referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

August 12, 2016

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2016 (Reviewed)		December 31, 2015 (Audited)		June 30, 2015 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,347,347	45	$ 2,150,837	45	$ 2,330,109	44
Financial assets at fair value through profit or loss - current (Note 7)	-	-	573	-	-	-
Available-for-sale financial assets - current (Note 8)	125,555	2	161,390	3	138,927	2
Trade receivables (Note 9)	1,115,826	22	1,071,876	23	1,230,798	23
Other receivables (Note 9)	913	-	682	-	3,142	-
Current tax assets	3,863	-	5,279	-	4,456	-
Inventories (Note 10)	704,570	14	509,328	11	728,721	14
Prepayments (Note 11)	42,653	1	66,934	1	35,577	1
Other current assets (Note 16)	62,438	1	53,175	1	69,997	1
Total current assets	4,403,165	85	4,020,074	84	4,541,727	85
NON-CURRENT ASSETS						
Financial assets measured at cost - non-current (Note 12)	62,353	1	62,353	1	64,109	1
Property, plant and equipment (Notes 14 and 32)	497,091	10	507,931	11	521,390	10
Other intangible assets (Note 15)	4,376	-	8,469	-	13,829	-
Deferred tax assets	173,875	4	166,474	4	160,155	3
Other non-current assets (Note 16)	16,994	-	16,542	-	16,360	1
Total non-current assets	754,689	15	761,769	16	775,843	15
TOTAL	$ 5,157,854	100	$ 4,781,843	100	$ 5,317,570	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	$ 221,460	4	$ 19,554	-	$ 341,723	7
Financial liabilities at fair value through profit or loss - current (Note 7)	1,614	-	-	-	510	-
Trade payables (Note 18)	828,609	16	498,057	10	872,912	16
Trade payables to related parties (Note 31)	105	-	-	-	218	-
Other payables (Note 19)	200,498	4	213,060	5	219,337	4
Provisions - current (Note 20)	72,214	2	73,119	2	75,905	2
Advance receipts	63,942	1	65,720	1	45,016	1
Other current liabilities	17,970	-	11,599	-	12,735	-
Total current liabilities	1,406,412	27	881,109	18	1,568,356	30
NON-CURRENT LIABILITIES						
Deferred tax liabilities	71,705	2	67,675	2	65,578	1
Other noncurrent liabilities	1,175	-	918	-	917	-
Total noncurrent liabilities	72,880	2	68,593	2	66,495	1
Total liabilities	1,479,292	29	949,702	20	1,634,851	31
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Ordinary shares	3,482,273	68	3,483,333	73	3,483,613	66
Capital surplus	236,492	5	235,552	5	236,520	5
Retained earnings						
Legal reserve	79,478	2	79,478	2	79,478	1
Unappropriated earnings (accumulated deficits)	(136,334)	(3)	(69,321)	(2)	(20,976)	-
Total retained earnings	(56,856)	(1)	10,157	-	58,502	1
Other equity	128,862	2	212,147	5	12,021	-
Treasury shares	(87,196)	(2)	(87,196)	(2)	(87,196)	(2)
Total equity attributable to owners of the Company	3,703,575	72	3,853,993	81	3,703,460	70
NON-CONTROLLING INTERESTS	(25,013)	(1)	(21,852)	(1)	(20,741)	(1)
Total equity	3,678,562	71	3,832,141	80	3,682,719	69
TOTAL	$ 5,157,854	100	$ 4,781,843	100	$ 5,317,570	100

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

(With Deloitte & Touche review report dated August 12, 2016)

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales	$ 1,062,372	101	$ 1,231,585	100	$ 1,956,279	101	$ 2,408,366	100
Less: Sales returns and allowances	6,317	1	5,566	-	12,702	1	12,001	-
Net sales	1,056,055	100	1,226,019	100	1,943,577	100	2,396,365	100
OPERATING COSTS (Note 10)								
Cost of goods sold	842,875	80	1,088,881	89	1,568,244	81	2,105,284	88
GROSS PROFIT	213,180	20	137,138	11	375,333	19	291,081	12
OPERATING EXPENSES (Note 31)								
Selling and marketing expenses	97,250	9	81,497	7	206,381	10	205,460	9
General and administrative expenses	45,151	4	54,726	4	98,242	5	109,479	4
Research and development expenses	77,396	8	86,485	7	150,635	8	165,123	7
Total operating expenses	219,797	21	222,708	18	455,258	23	480,062	20
OTHER REVENUE AND EXPENSES (Note 23)	77	-	(1,830)	-	77	-	(1,954)	-
PROFIT (LOSS) FROM OPERATIONS	(6,540)	(1)	(87,400)	(7)	(79,848)	(4)	(190,935)	(8)
NON-OPERATING INCOME AND EXPENSES								
Interest income	2,192	-	3,164	-	3,887	-	6,357	-
Rental revenue	202	-	185	-	419	-	371	-
Other income	1,863	-	1,949	-	3,194	-	3,808	-
Gain on disposal of investment (Note 8)	-	-	34	-	-	-	99	-
Foreign exchange gain (loss), net (Note 23)	(4,185)	-	11,850	1	5,684	-	60	-
Valuation gain (loss) on financial instruments at fair value through profit or loss	1,142	-	(13,299)	(1)	(1,614)	-	(510)	-
Other losses (Note 31)	(1,075)	-	(2,566)	-	(1,956)	-	(4,254)	-
Interest expense	(673)	-	(831)	-	(1,000)	-	(1,803)	-
Total non-operating income and expenses	(534)	-	486	-	8,614	-	4,128	-
LOSS BEFORE INCOME TAX	(7,074)	(1)	(86,914)	(7)	(71,234)	(4)	(186,807)	(8)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 24)	(2,483)	-	7,664	-	2,137	-	20,242	1
NET LOSS FOR THE PERIOD	(9,557)	(1)	(79,250)	(7)	(69,097)	(4)	(166,565)	(7)

(Continued)

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	$ 5,954	1	$ (29,845)	(2)	$ (49,171)	(2)	$ (78,334)	(3)
Unrealized loss on available-for-sale financial assets	(9,435)	(1)	(19,918)	(2)	(35,835)	(2)	(38,141)	(2)
Other comprehensive income (loss) for the period, net of income tax	(3,481)	-	(49,763)	(4)	(85,006)	(4)	(116,475)	(5)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (13,038)	(1)	$ (129,013)	(11)	$ (154,103)	(8)	$ (283,040)	(12)
NET LOSS ATTRIBUTABLE TO:								
Owners of the Company	$ (10,024)	(1)	$ (78,842)	(6)	$ (67,013)	(4)	$ (165,100)	(7)
Non-controlling interests	467	-	(408)	-	(2,084)	-	(1,465)	-
	$ (9,557)	(1)	$ (79,250)	(6)	$ (69,097)	(4)	$ (166,565)	(7)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	$ (12,952)	(1)	$ (128,937)	(11)	$ (150,942)	(8)	$ (282,656)	(12)
Non-controlling interests	(86)	-	(76)	-	(3,161)	-	(384)	-
	$ (13,038)	(1)	$ (129,013)	(11)	$ (154,103)	(8)	$ (283,040)	(12)
LOSS PER SHARE (Note 25)								
Basic	$ (0.03)		$ (0.23)		$ (0.20)		$ (0.49)	

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

(With Deloitte & Touche review report dated August 12, 2016) (Concluded)

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other Equity (Notes 8, 22 and 26)						
	Share Capital (Notes 22 and 26)	Capital Surplus (Notes 22 and 26)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits) (Notes 22 and 24)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unearned Employee Benefit	Treasury Shares (Note 22)	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2015	$ 3,484,733	$ 235,640	$ 79,478	$ 127,501	$ 16,623	$ 161,735	$ (29,867)	$ (4,556)	$ (87,196)	$ 3,984,091	$ (20,357)	$ 3,963,734
Appropriation of the 2014 earnings Special reserve	-	-	-	(127,501)	127,501	-	-	-	-	-	-	-
Share-based payment arrangement	(1,120)	880	-	-	-	-	-	2,265	-	2,025	-	2,025
Net loss for the six months ended June 30, 2015	-	-	-	-	(165,100)	-	-	-	-	(165,100)	(1,465)	(166,565)
Other comprehensive income (loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	(79,415)	(38,141)	-	-	(117,556)	1,081	(116,475)
Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	-	(165,100)	(79,415)	(38,141)	-	-	(282,656)	(384)	(283,040)
BALANCE, JUNE 30, 2015	$ 3,483,613	$ 236,520	$ 79,478	$ -	$ (20,976)	$ 82,320	$ (68,008)	$ (2,291)	$ (87,196)	$ 3,703,460	$ (20,741)	$ 3,682,719
BALANCE, JANUARY 1, 2016	$ 3,483,333	$ 235,552	$ 79,478	$ -	$ (69,321)	$ 256,187	$ (43,396)	$ (644)	$ (87,196)	$ 3,853,993	$ (21,852)	$ 3,832,141
Share-based payment arrangement	(1,060)	940	-	-	-	-	-	644	-	524	-	524
Net profit for the six months ended June 30, 2016	-	-	-	-	(67,013)	-	-	-	-	(67,013)	(2,084)	(69,097)
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	(48,094)	(35,835)	-	-	(83,929)	(1,077)	(85,006)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	(67,013)	(48,094)	(35,835)	-	-	(150,942)	(3,161)	(154,103)
BALANCE, JUNE 30, 2016	$ 3,482,273	$ 236,492	$ 79,478	$ -	$ (136,334)	$ 208,093	$ (79,231)	$ -	$ (87,196)	$ 3,703,575	$ (25,013)	$ 3,678,562

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

(With Deloitte & Touche review report dated August 12, 2016)

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (71,234)	$ (186,807)
Adjustments for:		
Depreciation	13,743	17,715
Amortization	32,881	49,505
Impairment loss recognized (reversal of impairment loss) on trade receivables	3,454	(1,429)
Compensation expense	584	2,145
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	1,614	510
Interest expenses	1,000	1,803
Interest income	(3,887)	(6,357)
(Gain) loss on disposal of property, plant and equipment	(77)	1,954
Gain on disposal of investment	-	(99)
Write down of inventories	36,186	39,731
Net gain on foreign currency exchange	(18,140)	(25,539)
Changes in operating assets and liabilities:		
Financial assets held for trading	573	339
Notes receivable	-	1,958
Trade receivables	(46,113)	390,079
Other receivables	1,185	5,782
Inventories	(231,428)	(54,606)
Prepayment	(4,469)	(12,254)
Other current assets	(5,667)	(8,024)
Trade payables	328,213	(175,233)
Trade payables to related parties	105	218
Other payables	(10,207)	(108,814)
Provisions	89	819
Advance receipts	(1,778)	(50,845)
Other current liabilities	6,371	1,365
Cash generated from (used in) operations	32,998	(116,084)
Interest paid	(724)	(1,803)
Income tax paid	(958)	(2,805)
Net cash generated from (used in) operating activities	31,316	(120,692)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	-	(3,000)
Proceeds of the disposal of available-for-sale financial assets	-	5,422
Acquisition of property, plant and equipment (Note 27)	(6,628)	(1,968)
Proceeds from the disposal of property, plant and equipment	77	-
Decrease (increase) in refundable deposits	(466)	1,252

(Continued)

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2016	**2015**
Acquisition of intangible assets	$ (46)	$ (1,683)
Decrease (increase) in other financial assets	(3,596)	32,424
Decrease (increase) in other noncurrent assets	14	(9)
Interest received	3,887	6,403
Net cash generated from (used in) investing activities	(6,758)	38,841
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	201,906	41,530
Increase (decrease) in guarantee deposits	257	(927)
Return of subscription price of restricted shares for employees	(276)	(792)
Net cash generated from financing activities	201,887	39,811
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(29,935)	(52,873)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	196,510	(94,913)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,150,837	2,425,022
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,347,347	$ 2,330,109

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

(With Deloitte & Touche review report dated August 12, 2016) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Shuttle Inc. (the “Company”; the Company and its subsidiaries are collectively referred to as the “Group”) was incorporated in June 1983. The Company is engaged in manufacturing and selling laptops, barebones, mainboards, other computer peripherals, and in providing related technical services. The Company’s shares were listed and traded on the Taiwan GreTai Securities Market (the “TGTSM”) on December 8, 1998 until the shares became listed and traded on the Taiwan Stock Exchange (the “TWSE”) since March 17, 2000.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on August 12, 2016.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application from 2017

Rule No. 1050026834 issued by the FSC endorsed the following IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) for application starting January 1, 2017.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The IFRSs applied in 2016 did not have any material impact on the Group's accounting policies.

b. New IFRSs in issue but not yet endorsed by FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note)
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15 "The Interpretations of IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

Except for the above impact, as of date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and we will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2015, except for those described below:

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

The details of subsidiaries, ownership and business items were reflected in Note 13, Table 6 and Table 7.

c. Retirement benefit costs

Pension cost for an interim 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 plan amendments, settlements, or other significant one-off events.

d. Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2016	December 31, 2015	June 30, 2015
Cash on hand	$ 951	$ 756	$ 1,130
Checking accounts and demand deposits	1,293,385	1,538,519	1,156,299
Cash equivalents			
Time deposits with maturities of less than three months	1,053,011	611,562	1,172,680
	$ 2,347,347	$ 2,150,837	$ 2,330,109

The market rate intervals of cash in bank, repurchase agreements collateralized by bonds and time deposits with maturities of less than three months at the end of the reporting period were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Demand deposits	0.001%-0.30%	0.001%-0.30%	0.01%-0.35%
Time deposits with maturities of less than three months	0.30%-1.35%	0.30%-1.35%	0.65%-1.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2016	December 31, 2015	June 30, 2015
Financial assets held for trading			
Derivatives (not designated for hedge)			
Forward exchange contracts	$ -	$ 573	$ -
Financial liabilities held for trading			
Derivatives (not designated for hedge)			
Forward exchange contracts	$ 1,614	$ -	$ 510

The Company did not apply hedge accounting on the aforementioned contracts at the balance sheet date.

Forward exchange contracts as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
June 30, 2016			
Sell	EUR/NTD	2016.7.15-2016.10.24	EUR5,774/NTD211,323
Sell	JPY/NTD	2016.7.1-2017.1.19	JPY200,800/NTD57,649
December 31, 2015			
Sell	EUR/NTD	2016.1.6-2016.4.28	EUR4,501/NTD163,030
Sell	JPY/NTD	2016.1.25-2016.7.28	JPY164,400/NTD44,080
June 30, 2015			
Sell	EUR/NTD	2015.7.7-2015.10.27	EUR3,015/NTD103,151
Sell	JPY/NTD	2015.8.4-2015.10.22	JPY58,120/NTD14,967

The Company entered into derivative contracts to manage exposures due to exchange rate and interest rate fluctuations.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
Domestic listed stocks and emerging stocks	$ 125,555	$ 161,390	$ 138,927

Unrealized gain (loss) on available-for-sale financial assets:

	For the Six Months Ended June 30	
	2016	2015
Balance, beginning of period	$ (43,396)	$ (29,867)
Unrealized loss on available-for-sale financial assets	(35,835)	(38,030)
Disposal loss on available-for-sale financial assets	-	(111)
Balance, end of period	$ (79,231)	$ (68,008)

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2016	December 31, 2015	June 30, 2015
Notes receivable	$ -	$ -	$ 172
Less: Allowance for doubtful debts	-	-	(172)
	$ -	$ -	$ -
Trade receivables	$ 1,133,138	$ 1,086,678	$ 1,243,995
Less: Allowance for doubtful debts	(17,312)	(14,802)	(13,197)
	$ 1,115,826	$ 1,071,876	$ 1,230,798
Other receivables	$ 913	$ 682	$ 3,142

a. Notes receivable

The average credit terms range from 30 to 60 days from month end. When determining the collectability of notes receivable, the Company considered that if there is any change in the credit quality to the balance sheet date. For notes receivable, the allowance for doubtful accounts is estimated based on historical uncollected receivables experience and the present financial position of the customer.

Movements of the allowance for doubtful notes receivables were as follows:

	For the Six Months Ended June 30	
	2016	2015
Balance, beginning of period	$ -	$ 803
Less: Impairment losses reversed	-	(605)
Effect of exchange rate changes	-	(26)
Balance, end of period	$ -	$ 172

b. Trade receivable

The average credit terms range from 90 to 210 days from month end. No interest was charged on trade receivables. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Except for special situations, allowance for impairment loss is recognized against trade receivables aged over 30 days based on estimated irrecoverable amounts determined by insurance claim multiplier and by reference to past default experience and analysis of the current financial position of the counterparties and because historical experience had been that receivables that are past due beyond 30 days might not be recoverable.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize any allowance for impairment loss, because there was no a significant change in credit quality and the amounts were still considered recoverable.

The aging of receivables was as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Not overdue	$ 1,077,382	$ 992,215	$ 1,147,530
1-30 days	29,993	57,902	80,693
31-60 days	937	18,632	1,829
Over 61 days	24,826	17,929	13,943
	$ 1,133,138	$ 1,086,678	$ 1,243,995

The above aging schedule was based on the past due days from end of credit term.

The aging of receivables that were past due but not impaired was as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
1-30 days	$ 23,399	$ 10,407	$ 26,706
31-60 days	928	15,704	-
Over 61 days	51	621	-
	$ 24,378	$ 26,732	$ 26,706

The above aging schedule was based on the past due days from end of credit term.

Movements of the allowance for doubtful trade receivables were as follows:

	For the Six Months Ended June 30	
	2016	2015
Balance, beginning of period	$ 14,802	$ 14,580
Add: Provision for doubtful accounts	3,454	-
Less: Impairment losses reversed	-	(824)
Amounts written off during the period as uncollectible	(1,106)	(63)
Effect of exchange rate changes	162	(496)
Balance, end of period	$ 17,312	$ 13,197

c. Other receivables

Other receivables are individually assessed for impairment and considered to be impaired when there is objective evidence of impairment. As of June 30, 2016, there was no past due other receivables and the Group had not recognized allowance for impairment on other receivables.

10. INVENTORIES

	June 30, 2016	December 31, 2015	June 30, 2015
Finished goods	$ 339,294	$ 284,403	$ 188,943
Work in process	56,407	5,216	10,244
Raw materials	292,561	209,118	507,753
Merchandise	16,308	10,591	21,781
	$ 704,570	$ 509,328	$ 728,721

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2016 was $842,875 thousand, which included loss on write-downs of inventories of $14,480 thousand and recognized loss on abandonment of inventories of $247 thousand. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2016 was $1,568,244 thousand, which included loss on write-downs of inventories of $36,186 thousand and recognized loss on abandonment of inventories of $446 thousand. The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2015 was $1,088,881 thousand, which included loss on write-downs of inventories of $17,403 thousand and loss on abandonment of inventories of $2,048 thousand. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2015 was $2,105,284 thousand, which included loss on write-downs of inventories of $39,731 thousand and loss on abandonment of inventories of $3,438 thousand.

11. PREPAYMENTS

	June 30, 2016	December 31, 2015	June 30, 2015
Prepayment for purchase	$ -	$ 10,920	$ 696
Prepaid expenses - mold template	24,746	31,183	24,586
Other prepaid expenses	17,907	24,831	10,295
	$ 42,653	$ 66,934	$ 35,577

12. FINANCIAL ASSETS MEASURED AT COST

	June 30, 2016	December 31, 2015	June 30, 2015
Domestic unquoted common shares	$ 44,949	$ 44,949	$ 46,705
Domestic emerging market stocks	17,404	17,404	17,404
	$ 62,353	$ 62,353	$ 64,109

The above stocks are classified as available-for-sale financial assets based on financial assets categories. Since the range of fair values measurement is significant and difficult to reasonably evaluate the possibilities of the estimations, the fair values of the investments cannot be reliably measured, thus the above stocks investment owned by the Company were carried at costs less any impairment losses at the balance sheet date.

The Group received from investee cash of $1,756 thousand in 2015, as return of capital.

13. SUBSIDIARIES

Subsidiaries included in consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership June 30, 2016	December 31, 2015	June 30, 2015	Remark
Shuttle Inc. (Shuttle)	Holco (BVI) Inc.	Investments holding company	100.00	100.00	100.00	
	Hong Yi Investment Co., Ltd. (Hong Yi)	Investment	100.00	100.00	100.00	a.
	Gold Fountain Limited	Investments holding company	100.00	100.00	100.00	
Holco (BVI) Inc.	Atron Mall, Inc. (Atron Mall)	Investments holding company	100.00	100.00	100.00	a.
	Kaki Infotech (Shenzhen) Ltd. (Kaki)	Selling and maintaining computer and its peripheral products	75.00	75.00	75.00	a., b.
	Shuttle International Inc. (S.C.A.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	a., c.
	Shuttle Computer (H.K.) Ltd., (S.H.K.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	
Gold Fountain Limited	Shuttle Computer Handels GmbH (S.C.H.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	a.
	Shuttle Computer Group Inc. (S.C.G.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	a.
	Japan Shuttle Co., Ltd. (S.C.J.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	a.
	Shuttle Commerce (Shenzhen) Ltd. (S.C.M.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	a.
	Shuttle Information Technology (Sip) Ltd. (S.C.S.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	
	Shuttle Technology (Kunshan) Ltd. (S.C.Q.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	a.
	Shuttle International Brazil Informatica Ltda (S.C.B.)	Selling and maintaining computer and its peripheral products	-	-	-	a., d.
Atron Mall, Inc. (Atron Mall)	Importadora Creative Vision Limitada (S.C.C.)	Selling and maintaining computer and its peripheral products	75.00	75.00	75.00	a.

Remarks:

a. The company is a non-significant subsidiary, its financial statements have not been reviewed.

b. KAKI cancelled the registration and started liquidation in September 2014, but as of June 30, 2015, the liquidation has not been completed.

c. S.C.A. started liquidation in January 2015, but as of June 30, 2016, the liquidation has not been completed.

d. S.C.B. liquidated and returned all shares to Gold Fountain Limited on May 2015.

The financial statements of some non-significant subsidiaries included in the consolidated financial statements were unreviewed. The total assets and total liabilities of these subsidiaries as of June 30, 2016 were $603,066 thousand and $70,552 thousand, representing 11.69% of consolidated total assets and 4.77% of consolidated total liabilities, respectively. The total assets and total liabilities of these subsidiaries as of June 30, 2015 were $590,075 thousand and $65,164 thousand, representing 11.10% of consolidated total assets and 3.99% of consolidated total liabilities, respectively. The total comprehensive income (loss) of these subsidiaries for the three months ended June 30, 2016 and 2015 and for the six months ended June 30, 2016 and 2015 amounted to $11,083 thousand, $(50,197) thousand, $(60,705) thousand and $(114,316) thousand, respectively.

14. PROPERTY, PLANT, AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2015	$ 279,014	$ 249,490	$ 104,860	$ 23,918	$ 35,416	$ 89,727	$ 58,122	$ 840,547
Additions	-	124	679	-	31	1,592	196	2,622
Disposal	-	-	(2,439)	-	-	(4,117)	(2,369)	(8,925)
Effect of foreign exchange differences	(627)	(2,016)	(1,334)	(313)	(640)	(2,180)	(1,178)	(8,288)
Balance at June 30, 2015	$ 278,387	$ 247,598	$ 101,766	$ 23,605	$ 34,807	$ 85,022	$ 54,771	$ 825,956
Accumulated depreciation and impairment								
Balance at January 1, 2015	$ -	$ 75,681	$ 66,956	$ 17,254	$ 25,050	$ 79,601	$ 34,815	$ 299,357
Depreciation expense	-	2,442	4,608	1,577	2,188	3,027	3,873	17,715
Disposal	-	-	(2,315)	-	-	(2,287)	(2,369)	(6,971)
Effect of foreign exchange differences	-	(1,493)	(538)	(266)	(551)	(1,959)	(728)	(5,535)
Balance at June 30, 2015	$ -	$ 76,630	$ 68,711	$ 18,565	$ 26,687	$ 78,382	$ 35,591	$ 304,566
Carrying amounts at June 30, 2015	$ 278,387	$ 170,968	$ 33,055	$ 5,040	$ 8,120	$ 6,640	$ 19,180	$ 521,390
Cost								
Balance at January 1, 2016	$ 278,609	$ 245,832	$ 101,565	$ 22,494	$ 33,559	$ 81,906	$ 53,740	$ 817,705
Additions	-	-	2,434	-	-	423	1,356	4,213
Disposal	-	-	(9,411)	-	(973)	(159)	(200)	(10,743)
Effect of foreign exchange differences	2	5	(2,034)	(231)	(1)	(2,687)	(870)	(5,816)
Balance at June 30, 2016	$ 278,611	$ 245,837	$ 92,554	$ 22,263	$ 32,585	$ 79,483	$ 54,026	$ 805,359
Accumulated depreciation and impairment								
Balance at January 1, 2016	$ -	$ 77,308	$ 72,742	$ 18,567	$ 27,331	$ 75,715	$ 38,111	$ 309,774
Depreciation expense	-	2,431	3,758	821	1,477	1,669	3,587	13,743
Disposal	-	-	(9,411)	-	(973)	(159)	(200)	(10,743)
Effect of foreign exchange differences	-	(3)	(1,084)	(192)	(3)	(2,536)	(688)	(4,506)
Balance at June 30, 2016	$ -	$ 79,736	$ 66,005	$ 19,196	$ 27,832	$ 74,689	$ 40,810	$ 308,268
Carrying amounts at January 1, 2016	$ 278,609	$ 168,524	$ 28,823	$ 3,927	$ 6,228	$ 6,191	$ 15,629	$ 507,931
Carrying amounts at June 30, 2016	$ 278,611	$ 166,101	$ 26,549	$ 3,067	$ 4,753	$ 4,794	$ 13,216	$ 497,091

Depreciation expense is computed using the straight-line method over the following estimated service lives:

Buildings	
Main building	35-60 years
Renovation engineering	3-10 years
Air conditioner equipment	2-8 years
Machinery and equipment	1-7 years
Transportation equipment	5-7 years
Miscellaneous equipment	2-5 years
Leasehold improvements	3-5 years
Other equipment	2-12 years

Refer to Note 32 for the carrying amount of property, plant and equipment pledged by the Group to secure loan granted to the Group.

15. OTHER INTANGIBLE ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
Computer software	$ 4,376	$ 8,469	$ 13,829

	Computer Software
Cost	
Balance at January 1, 2015	$ 93,659
Additions	1,683
Disposals	(23,920)
Effect of foreign currency exchange differences	(95)
Balance at June 30, 2015	$ 71,327
Accumulated amortization	
Balance at January 1, 2015	$ 76,187
Amortization expense	5,295
Disposals	(23,920)
Effect of foreign currency exchange differences	(64)
Balance at June 30, 2015	$ 57,498
Carrying amount at June 30, 2015	$ 13,829
Cost	
Balance at January 1, 2016	$ 70,487
Additions	46
Disposals	(25)
Effect of foreign currency exchange differences	(57)
Balance at June 30, 2016	$ 70,451
Accumulated amortization	
Balance at January 1, 2016	$ 62,018
Amortization expense	4,131
Disposals	(25)
Effect of foreign currency exchange differences	(49)
Balance at June 30, 2016	$ 66,075
Carrying amount at December 31, 2015	$ 8,469
Carrying amount at June 30, 2016	$ 4,376

The cost of computer software is amortized by the straight-line method over 2 to 3 years.

16. OTHER ASSETS - CURRENT AND NONCURRENT

	June 30, 2016	December 31, 2015	June 30, 2015
Current			
Other financial assets			
Time deposits with maturities of more than three months	$ 28,712	$ 25,116	$ 40,592
Overpaid sales tax	18,179	25,379	23,981
Other	15,547	2,680	5,424
	$ 62,438	$ 53,175	$ 69,997
Non-current			
Refundable deposits	$ 15,984	$ 15,518	$ 15,345
Net defined benefit assets	1,010	1,024	1,015
	$ 16,994	$ 16,542	$ 16,360

The annual yield rates of time deposits with maturities of more than three months were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Time deposits with maturities of more than three months	0.02%	0.06%-0.07%	0.10%-2.10%

17. SHORT-TERM LOANS

	June 30, 2016	December 31, 2015	June 30, 2015
Line of credit borrowings	$ 221,460	$ 19,554	$ 341,723

Annual interest rates were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Line of credit borrowings	1.33%-1.86%	1.429%	1.08%-1.45%

18. TRADE PAYABLES

	June 30, 2016	December 31, 2015	June 30, 2015
Trade payables - operating	$ 828,609	$ 498,057	$ 872,912

19. OTHER PAYABLES

	June 30, 2016	December 31, 2015	June 30, 2015
Accrued salary and compensation	$ 107,922	$ 99,612	$ 115,330
Advertising and promotion fees payable	28,954	31,537	31,421
Payable for commission	9,846	6,863	13,689
Payables for insurance	6,724	6,156	6,779
Royalties payable	6,261	14,831	7,236
Payable for mold template	6,138	15,171	6,258
Others	34,653	38,890	38,624
	$ 200,498	$ 213,060	$ 219,337

20. PROVISIONS

	June 30, 2016	December 31, 2015	June 30, 2015
Warranties	$ 72,214	$ 73,119	$ 75,905

	Warranties
Balance at January 1, 2015	$ 77,370
Additional provisions recognized	11,361
Usage	(10,542)
Effect of foreign currency exchange differences	(2,284)
Balance at June 30, 2015	$ 75,905
Balance at January 1, 2016	$ 73,119
Additional provisions recognized	9,855
Usage	(9,766)
Effect of foreign currency exchange differences	(994)
Balance at June 30, 2016	$ 72,214

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local legislation on sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

21. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2015 and 2014, and recognized in the following line items in their respective periods:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Operating costs	$ -	$ -	$ 2	$ 1
Marketing expenses	-	-	4	1
General and administrative expenses	-	-	5	1
Research and development expenses	-	-	17	4
	$ -	$ -	$ 28	$ 7

22. EQUITY

a. Common shares

	June 30, 2016	December 31, 2015	June 30, 2015
Number of authorized shares (thousand)	500,000	500,000	500,000
Authorized shares	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of shares issued and collected proceeds (thousand)	348,227	348,333	348,361
Issued shares	$ 3,482,273	$ 3,483,333	$ 3,483,613

The issued common stock with a par value of $10 per share is entitled to the right to vote and receive dividends.

In their meeting on June 15, 2012, the shareholders of the Company approved a restricted stock plan for employees which were reflected in Note 26.

In their meeting on June 15, 2016, the shareholders of the Company proposed to return to shareholders 30% of capital. Based on the number of outstanding shares, 104,468 thousand shares were extinguished. The shares were distributed in accordance with the shareholding percentage of shareholders in the register of shareholders on the record date of the reduction and conversion. The follow-up arrangements have not been proposed by the board of directors yet.

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the six months ended June 30, 2016 and 2015 for each class of capital surplus was as follows:

	Share Premium	Treasury Share Transactions	Change in Capital Surplus from Investments in Associates Accounted for by Using Equity Method	Restricted Stock Plan for Employees	Total
Balance at January 1, 2015	$ 124,667	$ 104,984	$ 2,325	$ 3,664	$ 235,640
Arising on share-based payments	2,392	-	-	(1,512)	880
Balance at June 30, 2015	$ 127,059	$ 104,984	$ 2,325	$ 2,152	$ 236,520
Balance at January 1, 2016	$ 127,059	$ 104,984	$ 2,325	$ 1,184	$ 235,552
Arising on share-based payments	2,124	-	-	(1,184)	940
Balance at June 30, 2016	$ 129,183	$ 104,984	$ 2,325	$ -	$ 236,492

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital which however is limited to a certain percentage of the Company's capital surplus and once a year.

The capital surplus from investments accounted for using equity method and the capital surplus from restricted stock plan for employees may not be used for any purpose.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 15, 2016 and, in that meeting, had resolved amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, please refer to employee benefits expense in Note 23,c.

The Company's Articles of Incorporation also stipulate a dividend policy that the issuance of stock dividend and the payment of cash dividends should be distributed appropriately. In principle, cash dividends are limited to 10% of total dividends distributed. The distribution of cash dividends may be accommodated depending on fund position.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2015 and 2014 which had been approved in the shareholders' meetings on June 15, 2016 and June 22, 2015, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2015	**2014**
Reverse special reserve	$ -	$ (127,501)

d. Other equity - unearned employee benefit

In the meeting of shareholders on June 15, 2012, the shareholders approved a restricted share plan for employees. Refer to Note 26 for the information on restricted shares issued.

e. Treasury shares

The Company held 8,800 thousand shares of treasury stocks unchanged on June 30, 2016, December 31, 2015 and June 30, 2015, for transferring to employees.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

23. NET PROFIT

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Gain (loss) on disposal of property, plant and equipment	$ 77	$ (1,830)	$ 77	$ (1,954)

b. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Depreciation				
Operating cost	$ 2,746	$ 3,489	$ 5,698	$ 6,864
Operating expenses	3,778	5,320	8,045	10,851
	$ 6,524	$ 8,809	$ 13,743	$ 17,715
Amortization				
Operating cost	$ 9,685	$ 20,570	$ 28,750	$ 44,210
Operating expenses	1,968	2,924	4,131	5,295
	$ 11,653	$ 23,494	$ 32,881	$ 49,505

c. Employee benefit expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Post-employment benefit				
Defined contribution plans	$ 10,546	$ 13,702	$ 21,432	$ 26,062
Defined benefit plans	-	-	28	7
	10,546	13,702	21,460	26,069
Share-based payments				
Equity-settled share-based payments	-	612	584	2,145
Other employee benefit	178,480	207,427	354,608	395,348
Total employee benefit expenses	$ 189,026	$ 221,741	$ 376,652	$ 423,562
Summary by function				
Operating costs	$ 39,176	$ 61,821	$ 75,882	$ 103,624
Operating expenses	149,850	159,920	300,770	319,938
	$ 189,026	$ 221,741	$ 376,652	$ 423,562

In compliance with the Company Act as amended in May 2015, the Articles of Incorporation of the Company were amended by the shareholders in their meeting in June 2016 to stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 8-10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. However, for the six months ended June 30, 2016, there was no bonus to employees and no remuneration to directors and supervisors because the amount of distributable earnings was not sufficient.

The Articles of Incorporation of the Company before amendment stipulated to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 8% and no higher than 3%, respectively, of net income (net of the bonus and remuneration). However, for the six months ended June 30, 2015, there was no bonus to employees and no remuneration to directors and supervisors because the amount of distributable earnings was not sufficient.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

For the years ended December 31, 2015 and 2014, there was no bonus to employees and no remuneration to directors and supervisors because the amount of distributable earnings was not sufficient.

Information on the bonus to employees, directors and supervisors proposed by the Company’s board of directors in 2016 and information on the bonus to employees, directors and supervisors proposed by the shareholders in their meeting in 2015 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Foreign exchange gain	$ 4,724	$ 21,586	$ 23,487	$ 36,639
Foreign exchange loss	(8,909)	(9,736)	(17,803)	(36,579)
Net gain (loss)	$ (4,185)	$ 11,850	$ 5,684	$ 60

24. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax (expense) income were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Current tax				
In respect of the current period	$ (836)	$ (739)	$ (1,758)	$ (1,544)
Deferred tax				
In respect of the current period	(1,647)	8,403	3,895	21,786
Income tax expense recognized in profit or loss	$ (2,483)	$ 7,664	$ 2,137	$ 20,242

b. Integrated income tax

	June 30, 2016	December 31, 2015	June 30, 2015
Accumulated deficits			
Accumulated deficits generated on and after January 1, 1998	$ (136,334)	$ (69,321)	$ (20,976)
Imputation credit account	$ 6,234	$ 6,234	$ 6,029

There was no distribution of earnings approved in the shareholders' meeting because the Company had a loss for the years ended December 31, 2015 and 2014.

c. Income tax assessment

The tax authorities have examined income tax returns of Shuttle and Hong Yi Investment Co., Ltd. through 2014.

25. LOSS PER SHARE

The amount of loss and the weighted-average number of shares of common stock used to calculate loss per share were as follows:

Net Loss for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Loss used in the computation of basic and diluted loss per share	$ (10,024)	$ (78,842)	$ (67,013)	$ (165,100)

Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Weighted-average number of ordinary shares in computation of basic loss per share	339,427	339,614	339,474	339,644

26. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARES FOR EMPLOYEES

In their meeting on June 15, 2012, the shareholders of the Company approved a restricted stock plan for employees with a total amount of $125,000 thousand, consisting of 12,500 thousand shares, and the issue prices was $6 per share. The plan was approved by the Financial Supervisory Commission and effective on June 21, 2013.

On August 9, 2013, the board of directors approved to issue restricted shares with a total amount of $120,000 thousand, consisting of 12,000 thousand shares. The grant date and issuance date of restricted share were August 9, 2013 and September 6, 2013, respectively. The fair value was $12 per share on grant date. The Company recognized compensation cost of $584 thousand and $2,145 thousand for the six months ended June 30, 2016 and 2015, respectively. Because part of employees resigned, the Company recalled 106 thousand shares and 112 thousand shares and returned issue price of $276 thousand and $792 thousand to resigned employees for the six months ended June 30, 2016 and 2015, respectively.

On the third month, ninth month, eighteenth month and thirtieth month of the grant date, 30%, 30%, 20% and 20%, respectively, of the stock options shall vest, and the employees should exercise the right to apply for shares against the stock option vested in them pursuant to the stock option plan.

From the date of grant to June 30, 2016, the number of restricted shares that have met the vesting conditions was 8,096 thousand, the number of restricted shares that became ineffective due to employees' resignation was 3,904 thousand. All restricted shares have met the vesting condition on March 7, 2016.

Movements in the accounts related to restricted shares for employees from January 1 to June 30, 2016 and 2015 were as follows:

	Ordinary Shares	Capital Surplus - Restricted Shares for Employees	Capital Surplus - Share Premium	Unearned Employee Benefit
Balance at January 1, 2015	$ 83,420	$ 3,664	$ 11,676	$ (4,556)
Recognized compensation cost	-	-	-	2,145
Vesting conditions met	-	(2,392)	2,392	-
Ineffectiveness from employees resignation	(1,120)	880	-	120
Balance at June 30, 2015	$ 82,300	$ 2,152	$ 14,068	$ (2,291)
Balance at January 1, 2016	$ 82,020	$ 1,184	$ 14,068	$ (644)
Recognized compensation cost	-	-	-	584
Vesting conditions met	-	(2,124)	2,124	-
Ineffectiveness from employees resignation	(1,060)	940	-	60
Balance at June 30, 2016	$ 80,960	$ -	$ 16,192	$ -

The restrictions on the rights of the employees who acquired restricted shares but have not met the vesting conditions are as follows:

a. The employees should not sell, pledge, transfer, donate or in any other way to dispose of these shares.
b. The employees holding these shares are entitled to receive cash and stock dividends.
c. The employees holding these shares have voting right.

If an employee fails to meet the vesting conditions, the Company will recall or buy back his/her restricted shares and have them canceled.

27. PARTIAL CASH TRANSACTIONS

For the six months ended June 30, 2016 and 2015, the Group entered into the following partial cash investing activities:

	For the Six Months Ended June 30	
	2016	2015
Paid partial cash to acquire property, plant and equipment		
Acquistions of property, plant and equipment	$ 4,213	$ 2,622
Net change in payables to equipment suppliers	2,415	(654)
Cash paid	$ 6,628	$ 1,968

28. OPERATING LEASE ARRANGEMENTS

Operating leases relate to office, plant and warehouse and parking lot leased by the Group with lease terms of between 1 and 5 years. The Group does not have a bargain purchase option to acquire the property.

The lease payments recognized as expenses were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
	$ 13,437	$ 13,184	$ 26,485	$ 26,729

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Within one year	$ 30,340	$ 44,707	$ 44,335
Longer than one year but within five years	2,484	7,488	27,516
	$ 32,824	$ 52,195	$ 71,851

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, and the number of new shares issued or repurchased, the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying value of the financial assets not carried at fair value is approximately equal to the fair value.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC	$ 125,555	$ -	$ -	$ 125,555
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 1,614	$ -	$ 1,614

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 573	$ -	$ 573
Available-for-sale financial assets				
Securities listed in ROC	$ 161,390	$ -	$ -	$ 161,390

June 30, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC	$ 138,927	$ -	$ -	$ 138,927
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 510	$ -	$ 510

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	June 30, 2016	December 31, 2015	June 30, 2015
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ -	$ 573	$ -
Loans and receivables (Note 1)	3,508,782	3,264,029	3,619,986
Available-for-sale financial assets (Note 2)	187,908	223,743	203,036
Financial Liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	1,614	-	510
Amortized cost (Note 3)	1,250,672	730,671	1,434,190

Note 1: The balances included cash and cash equivalents, trade receivables, other receivables, refundable deposits and other financial assets which were loans and receivables carried at amortised cost.

Note 2: The balances included the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balances included short-term loans, trade payables, trade payables to related parties and other payables which were financial liabilities carried at amortized cost.

d. Financial risk management objectives

The main financial instruments of the Group include trade receivables, trade payables and loans. The Group's finance department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk, and liquidity risk.

1) Market risk

The Group is exposed to market risks of changes in foreign currency exchange rates and interest rates.

There were no changes to the Group's exposure to market risks or the manner in which these risks are managed and measured. Sensitivity analysis is an estimate of the influence of the reasonably possible range of the interest rate and currency fluctuation in a year. Sensitivity analysis of interest rate and currency fluctuation was as follows.

a) Foreign currency risk management

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including the foreign currency denominated monetary assets and monetary liabilities that were eliminated upon consolidation) at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group is mainly affected by the fluctuations of the U.S. dollars, Japanese yen and EUR.

The table below is the analysis of the sensitivity of the Group's functional currency to a 5% increase or decrease in the relevant currency rate on the balance sheet date. The 5% sensitivity rate is the currency risk factor used in the internal report to management; it is the rate that management believes represents the reasonably possible range of the currency fluctuation. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and assumed their translation at the end of the reporting period for a 5% change in foreign currency rates.

The table below shows the amount of change in income before tax when the Group's functional currency increases by 5% against the other relevant currency. When the Group's functional currency falls 5% against other relevant currency, the impact to income before tax is the negative number of the same amount.

	U.S. Dollar		Japan Yen		EUR	
	For the Six Months Ended June 30		For the Six Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015	2016	2015
Gain (loss)	$ 10,864	$ 1,133	$ (3,170)	$ (921)	$ (13,814)	$ (5,090)

The above effects are mainly derived from the Group's outstanding cash in bank, short-term loans, receivables and payables, which were not cash flows hedged, valued in U.S. dollars, Japanese yen and EUR on balance sheet date.

b) Interest rate risk

The carrying amount of the Group's exposures to interest rates on financial assets and financial liabilities are as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Fair value interest rate risk			
Financial assets	$ 1,082,892	$ 638,089	$ 1,214,894
Cash flow interest rate risk			
Financial assets	1,292,216	1,537,108	1,154,677
Financial liabilities	221,460	19,554	341,723

Sensitivity analysis

The sensitivity analyses below have been determined the exposure to interest rates risk for non-derivative instruments at the end of the reporting period. Increase or decrease 25 basis point is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's loss for the six months ended June 30, 2016 and 2015 would increase/decrease by $1,338 thousand and $1,016 thousand, respectively. This is mainly attributable to the Group's exposure to floating rates on demand deposits and short-term loan.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the consolidated balance sheet as of the balance sheet date.

The Group evaluates the main customers' credit rating by the use of accessible financial information and transaction record with customers. The Group keeps an eye on credit exposure and customers' credit rating.

The Group's credit risk mainly focuses on the main customer. As of June 30, 2016, December 31, 2015 and June 30, 2015, the ratios of total receivables from the main customers were 75%, 69% and 80%, respectively.

3) Liquidity risk

The Group copes with the operation and alleviates the effect of fluctuations in cash flows by managing and maintaining sufficient cash and cash equivalents. The management monitors the usage of bank's financing limit and ensures that the terms of loan agreements are followed.

Bank loans are sources of liquidity of the Group. As of June 30, 2016, December 31, 2015 and June 30, 2015, the Group's unused bank financing limits were $1,994,306 thousand, $2,976,263 thousand and $2,495,225 thousand, respectively.

The following tables, which were prepared based on the earliest repayment date and undiscounted cash flows of financial liabilities, are details about the analysis of the maturities of the non-derivative financial liabilities during the agreed repayment period.

June 30, 2016

	Weighted-average Effective Interest Rate (%)	**Within One Month**	**1 to 3 Months**	**3 Months to 1 Year**
Non-derivative financial liabilities				
Non-interest bearing	-	$ 162,222	$ 377,962	$ 489,028
Variable interest rate liabilities	1.33-1.86	55,777	152,683	13,000
		$ 217,999	$ 530,645	$ 502,028

December 31, 2015

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 1 Year
Non-derivative financial liabilities				
Non-interest bearing	-	$ 136,553	$ 259,325	$ 315,239
Variable interest rate liabilities	1.429	19,554	-	-
		$ 156,107	$ 259,325	$ 315,239

June 30, 2015

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 1 Year
Non-derivative financial liabilities				
Non-interest bearing	-	$ 246,634	$ 388,737	$ 457,096
Variable interest rate liabilities	1.08-1.45	79,417	109,973	152,333
		$ 326,051	$ 498,710	$ 609,429

The following table detailed the Group’s liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

June 30, 2016

	Less Than 1 Month	1 to 3 Months	3 Months to 1 Year
Gross settled			
Forward exchange forward contracts			
Inflows	$ 56,356	$159,433	$ 53,183
Outflows	(58,296)	(157,784)	(54,257)
	$ (1,940)	$ 1,649	$ (1,074)

December 31, 2015

	Less Than 1 Month	1 to 3 Months	3 Months to 1 Year
Gross settled			
Forward exchange forward contracts			
Inflows	$ 37,096	$ 87,127	$ 82,887
Outflows	(36,756)	(86,442)	(83,130)
	$ 340	$ 685	$ (243)

June 30, 2015

	Less Than 1 Month	1 to 3 Months	3 Months to 1 Year
Gross settled			
Forward exchange forward contracts			
Inflows	$ 15,095	$ 62,360	$ 40,663
Outflows	(15,162)	(62,997)	(40,407)
	$ (67)	$ (637)	$ 256

31. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

a. Related parties

Related Party	Relationship with the Group
Other parties	
Ares International Corporation	Chairman is the second degree relative of the Company's chairman

b. Balances and transactions between the Group and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Term were determined in accordance with mutual agreement between the Group and related parties. Details of transactions between the Group and related parties are disclosed below.

1) Operating expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Others	$ 92	$ 190	$ 187	$ 236

2) Other losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Others	$ -	$ 369	$ -	$ 369

3) Payables to related parties

	June 30, 2016	December 31, 2015	June 30, 2015
Others	$ 105	$ -	$ 218

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Short-term employee benefits	$ 8,538	$ 6,823	$ 16,313	$ 13,668
Post-employment benefits	154	126	298	252
Share-based payments	-	72	90	252
	$ 8,692	$ 7,021	$ 16,701	$ 14,172

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL

The Group's assets mortgaged or pledged as collateral for bank loans and other financings were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Property, plant and equipment, net	$ 435,173	$ 437,112	$ 439,729

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of June 30, 2016, December 31, 2015 and June 30, 2015, unused letters of credit amounted to approximately $158,059 thousand, $60,907 thousand and $266,867 thousand, respectively.

34. SUBSEQUENT EVENTS AFTER REPORTING PERIOD: NONE

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

June 30, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,400	32.275 (USD:NTD)	$ 142,010
USD	4,381	6.6312 (USD:RMB)	141,397
USD	5	0.8993 (USD:EUR)	161
JPY	201,715	0.3143 (JPY:NTD)	63,399
EUR	5,710	35.89 (EUR:NTD)	204,932
EUR	2,000	1.1120 (EUR:USD)	71,780
Financial liabilities			
Monetary items			
USD	7,563	32.275 (USD:NTD)	244,096
USD	7,955	6.6312 (USD:RMB)	256,748
EUR	12	35.89 (EUR:NTD)	431

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,344	32.825 (USD:NTD)	$ 109,767
USD	1,818	6.4936 (USD:RMB)	59,676
USD	4	0.9149 (USD:EUR)	131
JPY	115,529	0.2727 (JPY:NTD)	31,505
EUR	4,227	35.88 (EUR:NTD)	151,665
Financial liabilities			
Monetary items			
USD	6,693	32.825 (USD:NTD)	219,698
USD	3,906	6.4936 (USD:RMB)	128,214
EUR	12	35.88 (EUR:NTD)	431
HKD	41	4.235 (HKD:NTD)	174

June 30, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,769	30.86 (USD:NTD)	$ 116,311
USD	8,101	6.1136 (USD:RMB)	249,997
JPY	77,081	0.2524 (JPY:NTD)	19,455
EUR	2,954	34.46 (EUR:NTD)	101,795
Financial liabilities			
Monetary items			
USD	4,462	30.86 (USD:NTD)	137,697
USD	8,142	6.1136 (USD:RMB)	251,262
JPY	4,109	0.2524 (JPY:NTD)	1,037

For the three months ended June 30, 2016 and 2015 and the six months ended June 30, 2016 and 2015, (realized and unrealized) net foreign exchange gains (losses) were $(4,185) thousand, $11,850 thousand, $5,684 thousand and $60 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1 (attached);

2) Endorsements/guarantees provided: Table 2 (attached);

3) Marketable securities held (excluding investment in subsidiaries and associates): Table 3 (attached);

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4 (attached);

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5 (attached);

9) Trading in derivative instruments: Notes 7 and 30; Derivative transaction of investees over which the Company has a controlling interest;

10) Information on investees: Table 6 (attached);

11) Intercompany relationships and significant intercompany transactions: Table 8 (attached).

b. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (attached).

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8 (attached);

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8 (attached);

c) The amount of property transactions and the amount of the resultant gains or losses: None;

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None;

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

37. SEGMENTS INFORMATION

The Group engages solely in manufacturing and selling of computer equipment. Thus, the accompanying financial statements reflect the Group’s segment information.

TABLE 1

SHUTTLE INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 1)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limits (Note 3)	Note
													Item	Value			
1	S.H.K.	S.C.C.	Accounts receivable from related parties - financing	Y	$ 103,803	$ 100,157	$ 100,157	-	a.	$ 100,157	-	$ -	-	-	$ 175,846	$ 524,997	

Note 1: Nature of financing are divided into two categories as follows:

a. Business transaction.
b. Short-term financing.

Note 2: The Company limits the financing amount on each entity that has business transaction within the business transaction amount between the two parties in last two years.

Note 3: S.H.K. limits the financing amount within 20% of the net value of S.H.K.

SHUTTLE INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Nature of Relationship (Note 1)											
0	The Company	SHK	c.	$ 3,716,527	$ 2,776,211	$ 2,374,325	$ 158,059	$ -	63.89	$3,716,527	Y	$ -	-	

Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. Trading partner.
b. Majority owned subsidiary.
c. The Company and subsidiary owns over 50% ownership of the investee company.
d. A subsidiary jointly owned by the Company and the Company's directly - owned subsidiary.
e. Guaranteed by the Company according to the construction contract.
f. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

Note 2: The Company limits the endorsement/guarantee amount on each entity to within 20% of the net value of the Company; for 100% held foreign subsidiary the amount is limited to within 100% of the net value of the Company.

Note 3: The Company limits the endorsement/guarantee amount within 100% of the net value of the Company.

Note 4: If the endorsement/guarantee belongs to endorsement/guarantee given by parent on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent, and endorsement/guarantee given on behalf of companies in Mainland China, fill-in "Y".

SHUTTLE INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2016				Note
				Shares/Units	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value (Note 1)	
Shuttle Inc.	Stock							
	Motech Industries Inc.	-	Available-for-sale financial assets - current	1,709,000	$ 57,252	0.35	$ 57,252	
	iCatch Technology, Inc.	-	Financial assets carried at cost - non-current	2,500,000	35,000	4.54	26,587	
	Technology Partner IV Venture Capital Corp.	-	〃	994,882	9,949	3.24	5,763	
	Partner Tech Corp.	-	〃	1,247,215	7,352	1.66	17,188	Emerging stock
	Twinmos Technologies Inc.	-	〃	805,000	-	0.39	-	Note 2
Hong Yi Investment Co., Ltd.	Stock							
	Motech Industries Inc.	-	Available-for-sale financial assets - current	1,503,000	50,350	0.31	50,350	
	Ares International Corporation.	Chairman within second degree of kinship to the Company's chairman	〃	1,214,546	17,429	2.57	17,429	
	Unimicron Technology Corp.	-	〃	20,000	282	-	282	
	C Sun MFG Ltd.	-	〃	16,000	242	0.01	242	
	Partner Tech Corp.	-	Financial assets carried at cost - non-current	1,705,336	10,052	2.27	23,502	Emerging stock

Note 1: Financial assets carried at cost with no quoted market prices, their fair values are determined by the Company's proportionate share in the investee's equity. Fair values of available-for-sale investments are based on closing prices as of June 30, 2016.

Note 2: An impairment loss was recognized to the full amount of the original acquisition cost.

Note 3: Information of investees (refer to Tables 6 and 7).

SHUTTLE INC. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Shuttle Inc.	S.C.H.	Subsidiary of Gold Fountain Limited	Sale	$ (296,457)	(55)	Within 120 days	Note 1	Month end 120 days	$ 124,449	43	Note 2
S.C.H.	Shuttle Inc.	Parent company of Gold Fountain Limited	Purchase	296,457	93	Within 120 days	Note 1	Month end 120 days	(124,449)	(99)	Note 2

Note 1: The prices were determined after taking the different market area into consideration.

Note 2: The amounts were eliminated upon consolidation.

SHUTTLE INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Shuttle Inc.	S.C.H.	Subsidiary of Holco (BVI) Inc.	$ 124,449	-	$ -	-	$ 78,438	$ -
S.H.K.	S.C.C.	Subsidiary of Holco (BVI) Inc.	100,157	-	-	-	-	-

Note 1: The amount was eliminated upon consolidation.

Note 2: Account receivable from related parties as S.H.K of $100,157 thousand, had already dealt with according to the financing provided to others method, please refer to Table 1.

SHUTTLE INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2016			Net Income (Loss) of the Investee	Share of profits (Loss)	Note
				June 30, 2016	December 31, 2015	Shares	%	Carrying Amount			
Shuttle Inc.	Holco (BVI) Inc.	B.V.I.	Holding company	$ 1,551,896	$ 1,551,896	5,210	100	$ 2,638,623	$ 66,906	$ 66,906	Subsidiary; Notes 1 and 4
	Gold Fountain Limited	Cayman Islands	Holding company	855,307	855,307	19,875,886	100	139,776	(47,083)	(47,083)	Subsidiary; Notes 1 and 4
	Hong Yi Investment Co., Ltd.	No. 30, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	Investment	160,000	160,000	16,000,000	100	100,452	118	118	Subsidiary; Notes 2 and 4
Holco (BVI) Inc.	S.H.K.	Unit 1405-1406, Dominion Centre, 43-59 Queen's Road East, Wanchai	Selling of computer peripherals	1,502,008	1,502,008	50,001,300	100	2,682,182	72,801	72,801	Indirect subsidiary; Notes 1 and 4
	S.C.A.	48389 Fremont Blvd Ste 110 Fremont CA 94538-6558	Selling of computer peripherals	25,737	25,737	80,000	100	26,986	496	496	Indirect subsidiary; Notes 2 and 4
	Atron Mall, Inc.	17068 Evergreen PL, City of Industry, CA 91745 U.S.A.	Holding company	7,834	7,834	197,500	100	-	(6,360)	(6,360)	Indirect subsidiary; Notes 2, 3 and 4
Gold Fountain Limited	S.C.G.	17068 Evergreen Place Industry, CA 91745 U.S.A.	Selling of computer peripherals	186,662	186,662	30,000	100	70,749	4,310	4,310	Indirect subsidiary; Notes 2 and 4
	S.C.H.	Fritz-Strassmann Str. 5 D-25337 Elmshorn, Germany	Selling of computer peripherals	171,495	171,495	-	100	104,347	11,891	11,891	Indirect subsidiary; Notes 2 and 4
	S.C.J.	7F, Aioisonpo Building, 2-8-11 Sumiyosi Koutou-Ku Tokyo 135-0002, Japan	Selling of computer peripherals	34,658	34,658	2,000	100	16,485	1,360	1,360	Indirect subsidiary; Notes 2 and 4
Atron Mall, Inc.	S.C.C.	Santa Clara 301 of 2806 Hue Churaba, Santiago, Chile	Selling of computer peripherals	5,440	5,440	-	75	-	(8,335)	(6,251)	Indirect subsidiary; Notes 2, 3 and 4

Note 1: Recognition of investment gains (losses) was based on the investee's reviewed financial statements.

Note 2: Recognition of investment gains (losses) was based on the investee's unreviewed financial statements.

Note 3: The accumulated book value of Atron Mall, Inc. and S.C.C. had a credit amount of $74,940 thousand and $75,038 thousand as of June 30, 2016, respectively, and was classified as other liabilities.

Note 4: The amount was eliminated upon consolidation.

Note 5: The information on investment in Mainland China is set out in Table 7.

SHUTTLE INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2016	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 3)	Carrying Amount as of June 30, 2016 (Note 8)	Accumulated Repatriation of Investment Income as of June 30, 2016
					Outward	Inward						
S.C.M.	Selling of computer peripherals	$ 55,617	(Note 1)	$ 55,617	$ -	$ -	$ 55,617	$ (4,266)	100	$ (4,266)	$ - (Note 8)	$ -
S.C.Q.	Selling of computer peripherals	32,010	(Note 1)	32,010	-	-	32,010	324	100	324	30,019	-
S.C.S.	Selling of computer peripherals	215,745	(Note 1)	215,745	-	-	215,745	(61,824)	100	(61,824)	- (Note 8)	-
KAKI (Note 6)	Selling of computer peripherals	57,125	(Note 1)	43,024	-	-	43,024	-	75	-	-	-
Shanghai Wiwin Information Technology Co., Ltd.	Selling of computer peripherals	24,983	(Note 2)	-	-	-	-	(144)	30	- (Note 4)	-	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2016 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
$375,336	US$16,750,000	$3,703,575 x 60% = $2,222,145

Note 1: Investments were through a holding company registered in a third region.

Note 2: Investments were through S.C.S.

Note 3: Except S.C.S., other investee companies were calculated on unreviewed financial statements for the same period.

Note 4: S.C.S. recognized impairment loss on its investments in Shanghai Wiwin Information Technology Co., Ltd.

Note 5: Subject to 60% of net asset value of GUC according to the revised “Guidelines Governing the Approval of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission.

Note 6: KAKI cancelled the registration and started liquidation in September 2014, but as of June 30, 2016, the liquidation has not been completed.

(Continued)

Note 7: Including investment of $7,621 thousand and $21,319 thousand which was not returned by the liquidated company - Shuttle Computer (Shanghai) Incorporation Limited and Shuttle Technology (Shenzhen) Ltd., respectively.

Note 8: The accumulated book value of S.C.S. and S.C.M. had a credit amount of $86,532 thousand and $3,693 thousand as of June 30, 2016 and was classified as other liabilities.

Note 9: Except Shanghai Wiwin Information Technology Co., Ltd., the amount was eliminated upon consolidation.

(Concluded)

TABLE 8

SHUTTLE INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			% to Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Shuttle Inc.	S.C.H.	a	Trade receivables from related parties	$ 124,449	Month end 120 days	2
			a	Sales revenue	296,457	Month end 120 days	15
		S.C.G.	a	Trade receivables from related parties	82,612	Month end 120 days	2
			a	Sales revenue	86,553	Month end 120 days	4
		S.C.J.	a	Trade receivables from related parties	42,421	Month end 120 days	1
			a	Sales revenue	54,965	Month end 120 days	3
		S.C.M.	a	Trade receivables from related parties	3,030	Month end 120 days	-
			a	Sales revenue	2,945	Month end 120 days	-
		S.C.S.	a	Gain on disposal of property, plant and equipment	34	Month end 120 days	-
		S.H.K.	a	Trade receivables from related parties	14,439	Month end 120 days	-
			a	Technical service income	76,030	Month end 120 days	4
			a	Sales revenue	2,978	Month end 120 days	-
1	S.C.H.	Shuttle Inc.	b	Trade receivables from related parties	190	Month end 120 days	-
			b	Other revenue	542	Month end 120 days	-
2	S.C.M.	S.H.K.	c	Technical service income	21,395	Month end 120 days	1
3	S.C.S.	S.H.K.	c	Trade receivables from related parties	70,111	Month end 120 days	1
			c	Sales revenue	45,464	Month end 120 days	2
4	S.H.K.	Shuttle Inc.	b	Trade receivables from related parties	2,788	Month end 120 days	-
			b	Sales revenue	3,469	Month end 120 days	-
		S.C.M.	c	Prepayments	9,559	Month end 120 days	-
			c	Sales revenue	162	Month end 120 days	-
		S.C.C.	c	Trade receivables from related parties	100,157	Month end 150 days	2
		S.C.G.	c	Trade receivables from related parties	3,258	Month end 120 days	-
			c	Sales revenue	3,358	Month end 120 days	-
5	S.C.G.	S.H.K.	c	Trade receivables from related parties	5,586	Month end 120 days	-
			c	Commission revenue	5,748	Month end 120 days	-
6	S.C.Q.	S.H.K.	c	Trade receivables from related parties	1,485	Month end 120 days	-
			c	Sales revenue	3,518	Month end 120 days	-
7	S.C.J.	Shuttle Inc.	b	Trade receivables from related parties	1,338	Month end 120 days	-

(Continued)

Note: Related party transactions are divided into three categories as follows:

a. The Company to subsidiaries.
b. Subsidiaries to the Company.
c. Subsidiaries to subsidiaries.

(Concluded)