Cathay Securities Investment Trust Co., Ltd.
Financial Statements
For The Years Ended
31 December 2015 and 2014
With Independent Auditors' Report

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The reader is advised that these financial statements have been prepared originally in Chinese. These financial statements do not include additional disclosure information that is required for Chinese-language reports. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese language financial statements shall prevail.

Index to Financial Statements

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English Translation of Report Originally Issued in Chinese

Report of Independent Auditors

The Board of Directors
Cathay Securities Investment Trust Co., Ltd.

We have audited the accompanying balance sheets of Cathay Securities Investment Trust Co., Ltd. as of 31 December 2015, 31 December 2014 and 1 January 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2015, 31 December 2014 and 1 January 2014, and financial performance and cash flows for the years ended 31 December 2015 and 2014, in conformity with the Regulations Governing Securities Investment Trust Enterprises, the International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins recognized by the Financial Supervisory Commission.

As disclosed in Note Ⅲ to the financial statements, the Company prepared the financial reports in accordance with the International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins (excluding IFRS 9) recognized by Financial Supervisory Commission and would be applicable for annual periods beginning on or after 1 January 2015. The financial statements for the year ended 31 December 2014, and the related balance sheets as of 1 January 2014 and 31 December 2014 were restated retrospectively.

Ernst & Young

Ernst & Young
Taipei, Taiwan
The Republic of China
16 March 2016

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with IFRSs recognized by the Financial Supervisory Commission and not those of any other jurisdictions. The standards, procedures and practice to audit such financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

Cathay Securities Investment Trust Co., Ltd.

Balance Sheets

31 December 2015, 31 December 2014 and 1 January 2014

(Expressed in thousands of New Taiwan Dollars)

		31 December 2015		31 December 2014 (Restated)		1 January 2014 (Restated)	
Assets	Notes	Amount	%	Amount	%	Amount	%
Current assets							
Cash and cash equivalents	IV, VI and VII	$1,736,489	66	$1,742,914	66	$1,555,238	64
Financial assets at fair value through profit or loss-current	IV, VI and VII	240	-	-	-	-	-
Accounts receivables, net	IV	11,264	-	12,217	-	11,775	-
Accounts receivable - related parties, net	IV and VII	107,299	4	104,110	4	97,324	4
Other receivables	IV	13,386	-	2,275	-	550	-
Prepayments	VI and VII	19,257	1	19,051	1	16,436	1
Other current assets		824	-	164	-	-	-
Total current assets		1,888,759	71	1,880,731	71	1,681,323	69
Non-current assets							
Available-for-sale financial assets-non current	IV, VI and VII	60,746	2	126,726	5	143,232	6
Investments in debt securities with no active market-non current	IV	-	-	-	-	2,500	-
Investments accounted for using equity method	IV and VI	291,178	11	279,825	11	298,036	12
Property and equipment	IV, VI and VII	84,179	3	15,699	1	18,466	1
Intangible assets	IV, VI and VII	13,808	1	12,666	-	15,191	1
Deferred tax assets	IV and VI	13,422	1	9,011	-	9,026	-
Refundable deposits	IV	241,457	9	239,108	9	219,639	9
Other non-current assets	VI and VII	53,570	2	67,710	3	58,037	2
Total non-current assets		758,360	29	750,745	29	764,127	31
Total assets		$2,647,119	100	$2,631,476	100	$2,445,450	100

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

English Translation of Financial Statements Originally Issued in Chinese

Cathay Securities Investment Trust Co., Ltd.

Balance Sheets (continued)

31 December 2015, 31 December 2014 and 1 January 2014

(Expressed in thousands of New Taiwan Dollars)

		31 December 2015		31 December 2014 (Restated)		1 January 2014 (Restated)	
Liabilities and equity	Notes	Amount	%	Amount	%	Amount	%
Current liabilities							
Other payables	IV and VII	$293,438	11	$262,136	10	$240,250	10
Deferred income	VI	23,502	1	23,502	1	17,484	1
Receipts under custody		2,060	-	4,378	-	3,703	-
Total current liabilities		319,000	12	290,016	11	261,437	11
Non-current liabilities							
Provisions-non current	IV and VI	85,496	3	53,002	2	53,098	2
Deferred tax liabilities	VI	1,855	-	1,947	-	-	-
Long-term deferred income	VI	89,107	4	112,608	5	96,424	4
Total non-current liabilities		176,458	7	167,557	7	149,522	6
Total liabilities		495,458	19	457,573	18	410,959	17
Capital stock							
Common stock	VI	1,500,000	57	1,500,000	57	1,500,000	61
Capital reserves	VI	13,908	-	13,908	-	13,908	1
Retained earnings	VI						
Legal reserves		317,990	12	283,417	11	260,051	11
Special reserves		7,627	-	7,357	-	7,023	-
Undistributed earnings		313,610	12	345,337	13	233,246	9
Tota retained earnings		639,227	24	636,111	24	500,320	20
Other equity		(1,474)	-	23,884	1	20,263	1
Total equity		2,151,661	81	2,173,903	82	2,034,491	83
Total liabilities and equity		$2,647,119	100	$2,631,476	100	$2,445,450	100

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

English Translation of Financial Statements Originally Issued in Chinese

Cathay Securities Investment Trust Co., Ltd.

Statements of Comprehensive Income

For the years ended 31 December 2015 and 2014

(Expressed in thousands of New Taiwan Dollars, except for share and per share data)

		2015		2014 (Restated)	
Items	Notes	Amount	%	Amount	%
Operating income	IV, VI and VII	$1,405,507	100	$1,349,944	100
Operating expenses	VI and VII	(1,075,974)	(76)	(943,656)	(70)
Operating profit		329,533	24	406,288	30
Non-operating income and expenses					
Interest income	VII	22,650	1	18,531	1
Other income		194	-	127	-
Gain on disposal of investments	VI	11,087	1	14,550	1
Gain (loss) on foreign currency exchange	IV	(510)	-	10,879	1
Other expenses		-	-	(2,689)	-
Loss on disposal of property and equipment		(1,292)	-	(53)	-
Gain on financial assets at fair value through profit or loss	IV	7	-	-	-
Share of profit or loss of associates and joint ventures		11,932	1	(26,621)	(2)
Total non-operating income		44,068	3	14,724	1
Income before income tax		373,601	27	421,012	31
Income tax expense	IV and VI	(59,598)	(4)	(75,265)	(5)
Net income		314,003	23	345,747	26
Other comprehensive income (loss)	VI				
Not to be reclassified to profit or loss in subsequent periods					
Remeasurements of defined benefit plans		(24,954)	(2)	2,079	-
Income tax relating to components of other comprehensive income (loss)		4,242	-	(353)	-
To be reclassified to profit or loss in subsequent periods					
Unrealized gains or losses on available-for-sale financial assets		(4,067)	-	(6,515)	(1)
Share of other comprehensive income of associates and joint ventures		(579)	-	8,410	1
Total comprehensive income		$288,645	21	$349,368	26
Earnings per share (in NT dollars)					
Basic earning per share					
Net income from continuing operations	VI	$2.09		$2.30	
Net income		$2.09		$2.30	

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

English Translation of Financial Statements Originally Issued in Chinese

Cathay Securities Investment Trust Co., Ltd.

Statements of Changes in Equity

For the years ended 31 December 2015 and 2014

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings			Other equity			
Description	Capital stock	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains or losses on available-for-sale financial assets	Remeasurements of defined benefit plans	Total
Balance as of 1 January 2014	$1,500,000	$13,908	$260,051	$7,023	$233,656	$5,173	$11,812	$-	$2,031,623
The effects of retrospective restatement	-	-	-	-	(410)	-	-	3,278	2,868
Balance as of 1 January 2014 (Restated)	1,500,000	13,908	260,051	7,023	233,246	5,173	11,812	3,278	2,034,491
Appropriation and distribution of 2013 earnings:									
Legal reserves	-	-	23,366	-	(23,366)	-	-	-	-
Special reserves	-	-	-	334	(334)	-	-	-	-
Cash dividends	-	-	-	-	(209,956)	-	-	-	(209,956)
Net income for the year ended 31 December 2014 (Restated)	-	-	-	-	345,747	-	-	-	345,747
Other comprehensive income for the year ended 31 December 2014 (Restated)	-	-	-	-	-	9,023	(7,128)	1,726	3,621
Total comprehensive income for the year ended 31 December 2014 (Restated)	-	-	-	-	345,747	9,023	(7,128)	1,726	349,368
Balance as of 31 December 2014 (Restated)	$1,500,000	$13,908	$283,417	$7,357	$345,337	$14,196	$4,684	$5,004	$2,173,903
Balance as of 1 January 2015	$1,500,000	$13,908	$283,417	$7,357	$345,730	$14,196	$4,684	$-	$2,169,292
The effects of retrospective restatement	-	-	-	-	(393)	-	-	5,004	4,611
Balance as of 1 January 2015 (Restated)	1,500,000	13,908	283,417	7,357	345,337	14,196	4,684	5,004	2,173,903
Appropriation and distribution of 2014 earnings:									
Legal reserves	-	-	34,573	-	(34,573)	-	-	-	-
Special reserves	-	-	-	270	(270)	-	-	-	-
Cash dividends	-	-	-	-	(310,887)	-	-	-	(310,887)
Net income for the year ended 31 December 2015	-	-	-	-	314,003	-	-	-	314,003
Other comprehensive income for the year ended 31 December 2015	-	-	-	-	-	(1,192)	(3,454)	(20,712)	(25,358)
Total comprehensive income for the year ended 31 December 2015	-	-	-	-	314,003	(1,192)	(3,454)	(20,712)	288,645
Balance as of 31 December 2015	$1,500,000	$13,908	$317,990	$7,627	$313,610	$13,004	$1,230	$(15,708)	$2,151,661

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

English Translation of Financial Statements Originally Issued in Chinese

Cathay Securities Investment Trust Co., Ltd.

Statements of Cash Flows

For the years ended 31 December 2015 and 2014

(Expressed in thousands of New Taiwan Dollars)

Items	Notes	2015	2014 (Restated)
Cash flows from operating activities:			
Net income before income tax		$373,601	$421,012
Adjustments items:			
Depreciation	VI	7,342	6,407
Amortization	VI	7,092	9,187
Loss on disposal of property and equipment		1,292	53
Interest income		(22,650)	(18,531)
Gain on disposal of investments		(11,087)	(14,550)
Gain on financial assets at fair value through profit or loss		(7)	-
Share of profit or loss of associates and joint ventures		(11,932)	26,621
Net changes in operating assets and liabilities:			
Net changes in operating assets:			
Decrease (increase) in accounts receivables		953	(442)
Increase in accounts receivable - related parties		(3,189)	(6,786)
Increase in prepayments		(205)	(2,615)
Increase in other current assets		(660)	(164)
Decrease (increase) in other non-current assets		14,139	(9,673)
Net changes in operating liabilities:			
Increase in other payables		12,224	9,814
Increase in deferred income		-	6,017
Increase (decrease) in receipts under custody		(2,318)	676
Increase in provision		791	1,982
Increase (decrease) in long-term deferred income		(23,502)	16,185
Cash from operating activities		341,884	445,193
Interest received		11,546	16,806
Income tax paid		(71,928)	(61,582)
Net cash provided by operating activities		281,502	400,417
Cash flows from investing activities:			
Aquisition of financial assets at fair value through profit or loss		(1,871)	-
Proceeds from disposal of financial assets at fair value through profit or loss		1,631	-
Aquisition of availabl-for-sale financial assets		(71,333)	(90,655)
Proceeds from disposal of available-for-sale financial assets		144,333	115,195
Repayment of investments in debt securities with no active market		-	2,500
Aquisition of property and equipment		(39,221)	(3,693)
Proceeds from disposal of property and equipment		4	-
Increase in refundable deposits		(2,349)	(19,470)
Aquisition of intangible assets	VI	(8,234)	(6,662)
Net cash provided by (used in) investing activities		22,960	(2,785)
Cash flows from financing activities:			
Cash dividends		(310,887)	(209,956)
Net cash used in financing activities		(310,887)	(209,956)
Net increase (decrease) in cash and cash equivalents		(6,425)	187,676
Cash and cash equivalents at beginning of the period		1,742,914	1,555,238
Cash and cash equivalents at end of the period		$1,736,489	$1,742,914

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

English Translation of Financial Statements Originally Issued in Chinese

Cathay Securities Investment Trust Co., Ltd.

Notes to Financial Statements

December 31 2015 and 2014

(Expressed in thousands of New Taiwan Dollars unless otherwise stated)

I. Organization and Operations

Cathay Securities Investment Trust Co., Ltd. ("the Company") was authorized to be established in Taipei on 11 February 2000. The Company was enfranchised by the Securities and Futures Bureau, Financial Supervisory Commission ("FSC") in the Republic of China ("the ROC") on 9 March 2000.

In order to provide immediate services to clients in southern Taiwan, the Company established Kaohsiung branch on 18 September 2008 under permission of Explanatory Letter No. Jin-Guan-Zheng-Si-Zi-0970049791 of the FSC and started its main operating business on 15 December 2008. The Company obtained the business license authorized to establish branches and started its main operating business in Hsinchu and Taichung in June 2011 and May 2010, respectively.

The Company has become one of the subsidiaries of Cathay Financial Holding Co., Ltd. as the former stockholders sold all shares to Cathay Financial Holding Co., Ltd. on 24 June 2011.

The Company has been approved to conduct business in (1) raising securities investment trust funds through issuance of beneficiary certificates to invest in securities and related products (2) discretionary investment services (3) futures trust business (4) securities investment consulting business (5) other business permitted by the Securities and Futures Bureau, FSC in the ROC.

As of 31 December 2015 and 2014, the Company employed 269 and 254 employees, respectively.

II. Date and procedures of authorization of financial statements for issue

The financial statements of the Company for the years ended 2015 and 2014 were authorized for issue in accordance with the Board of Directors' resolution on 16 March 2016.

Ⅲ. Newly issued or revised standards and interpretations

1. Changes in accounting policies resulting from the first-time adoption of certain standards and amendments

   The Company prepared the financial reports in accordance with the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations issued, revised, or amended, which are recognized by FSC and would be applicable for annual periods beginning on or after 1 January 2015. There is no material effect on the Company from first-time adoption except the nature and the impact of new standards and amendments described below:

   (1) IAS 19 "Employee Benefits"

   The revised IAS 19 brought about the following changes to defined benefit plans which are summarized below:

   A. The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under the revised IAS 19, which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

   B. In the previous version of IAS 19, past service cost is recognized as an expense immediately to the extent that the benefits are already vested, or on a straight-line basis over the average period until the benefits become vested. Under the revised IAS 19, all past service costs are recognized at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognized. Therefore unvested past service cost is no longer deferred over future vesting periods.

   C. The revised IAS 19 requires more disclosures.

   D. The Company applied the revised IAS 19 "Employee Benefits" retrospectively in the current period in accordance with the transitional provisions set out in the revised standard except that the carrying amount of assets was not adjusted for changes in employee benefit costs that were included in the carrying amount before 1 January 2014. The figures of the earliest comparative period presented and the comparative period have been accordingly restated.

E. In the previous version of IAS 19, the Company amortized the amount that net cumulative unrecognized actuarial gains and losses exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets over the expected remaining working lives of employees participating in the plan. Under the amended standard, the remeasurement of net defined benefit liability (asset) will be recognized in other comprehensive income and other equity immediately when occurs.

Adjustments are as follows:

Impacts on the statements of comprehensive income:

	For the year ended 31 December	
	2015	2014
Gross profit	$-	$-
Operating expenses	534	(21)
Income before income tax	(534)	21
Income tax expense	(91)	4
Net income	(443)	17
Other comprehensive income	(20,712)	1,726
Total comprehensive income	$(21,155)	$1,743

Impact on the balance sheets:

	2015.12.31	2014.12.31	2014.1.1
Deferred tax assets	$3,389	$(944)	$(588)
Provisions-non current	19,933	(5,555)	(3,456)
Retained earnings	(836)	(393)	(410)
Other equity	(15,708)	5,004	3,278

(2) IFRS 7 “Financial Instruments: Disclosures” – Transfers of financial assets

The amendment sets out the requirements for additional qualitative and quantitative disclosures for transferred financial assets not derecognized and transferred financial assets that represent continuing involvement. The Company has added additional qualitative and quantitative disclosures for transferred financial assets.

(3) IFRS 7 "Financial Instruments: Disclosures" – Offsetting financial assets and financial liabilities

The amendment sets out the requirements for additional disclosures on the legally enforceable rights of offsetting arrangements, with additional disclosures providing guidance on the potential effects of offsetting arrangements. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master offsetting arrangements and similar agreements even if they are not set off under IAS 32. The Company has added additional disclosures on offsetting of financial assets and financial liabilities.

(4) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 Disclosure of Interests in Other Entities sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements. For example, it requires summarized financial information about the associate or disclosure on subsidiaries with material non-controlling interests as disclosed in Note VI.

(5) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance under IFRSs for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRSs. There is no material effect of the fair value measurements of the Company from adopting IFRS 13 after re-assessing its policies for measuring fair values.

Additional disclosures required under IFRS 13 are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 12. According to the transitional provisions of IFRS 13, IFRS 13 is applied prospectively as of 1 January 2015; the disclosure requirements of IFRS 13 need not be applied in comparative information before 1 January 2015.

(6) IAS 1 "Presentation of Financial Statements" – Presentation of other comprehensive income

Under the amendment, if there is a material impact on the statements of financial position of previous period when adopting an accounting policy retrospectively, restating financial statements retrospectively or reclassifying financial statements, disclose the beginning statement of financial position, but without relative notes, of the earliest comparative period. Except for the notes to the financial statements, there is no material impact on the recognition or valuation of the Company.

(7) IAS 1 "Presentation of Financial Statements" – Clarification of comparative information

Under the amendment, if there is a material impact on the statements of financial position of previous period when adopting an accounting policy retrospectively, restating financial statements retrospectively or reclassifying financial statements, disclose the beginning statement of financial position, but without relative notes, of the earliest comparative period. Except for the notes to the financial statements, there is no material impact on the recognition or valuation of the Company.

2. Standards or interpretations issued by IASB but not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue are listed below.

(1) *IAS 36 "Impairment of Assets" (Amendment)*

This amendment relates to the amendment issued in May 2011 and requires entities to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit when an impairment loss has been recognized or reversed during the period. The amendment also requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed, including valuation techniques used, level of fair value hierarchy of assets and key assumptions used in measurement. The amendment is effective for annual periods beginning on or after 1 January 2014.

(2) *IFRIC 21 "Levies"*

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government (both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain). The interpretation is effective for annual periods beginning on or after 1 January 2014.

(3) *IAS 39 "Financial Instruments: Recognition and Measurement" (Amendment)*

Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The interpretation is effective for annual periods beginning on or after 1 January 2014.

(4) *IAS 19 "Employee Benefits" (Defined benefit plans: employee contributions)*

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to provide a policy choice for a simplified accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is effective for annual periods beginning on or after 1 July 2014.

(5) *Improvements to International Financial Reporting Standards (2010-2012 cycle):*

IFRS 2 "Share-based Payment"

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment prospectively applies to share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 "Business Combinations"

The amendments include: (1) deleting the reference to "other applicable IFRSs" in the classification requirements; (2) deleting the reference to "IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or other IFRSs as appropriate", other contingent consideration that is not within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss; (3) amending the classification requirements of IFRS 9 *Financial Instruments* to clarify that contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in profit or loss depending on the requirements of IFRS 9. The amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

IFRS 8 "Operating Segments"

The amendments require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. The amendments also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 "Fair Value Measurement"

The amendment to the Basis for Conclusions of IFRS 13 clarifies that when deleting paragraph B5.4.12 of IFRS 9 *Financial Instruments* and paragraph AG79 of IAS 39 *Financial Instruments: Recognition and Measurement* as consequential amendments from IFRS 13 *Fair Value Measurement*, the IASB did not intend to change the measurement requirements for short-term receivables and payables.

IAS 16 "Property, Plant and Equipment"

The amendment clarifies that when an item of property, plant and equipment is revalued, the accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 24 "Related Party Disclosure"

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 38 "Intangible Assets"

The amendment clarifies that when an intangible asset is revalued, the accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

(6) *Improvements to International Financial Reporting Standards (2011-2013 cycle):*

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendment clarifies that an entity, in its first IFRSs financial statements, has the choice between applying an existing and currently effective IFRSs or applying early a new or revised IFRSs that is not yet mandatorily effective, provided that the new or revised IFRSs permits early application.

IFRS 3 "Business Combinations"

This amendment clarifies that paragraph 2(a) of IFRS 3 *Business Combinations* excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 "Fair Value Measurement"

The amendment clarifies that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. The objective of this amendment is to clarify that this portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 40 "Investment Property"

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property; in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 *Business Combinations* and investment property as defined in IAS 40 *Investment Property*, separate application of both standards independently of each other is required. The amendment is effective for annual periods beginning on or after 1 July 2014.

(7) *IFRS 14 "Regulatory Deferral Accounts"*

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRSs. However, to enhance comparability with entities that already apply IFRSs and do not recognize such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. IFRS 14 is effective for annual periods beginning on or after 1 January 2016.

(8) *IFRS 11 "Joint Arrangements" (Accounting for Acquisitions of Interests in Joint Operations)*

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments require the entity to apply all of the principles on business combinations accounting in IFRS 3 "Business Combinations", and other IFRSs (that do not conflict with the guidance in IFRS 11), to the extent of its share in a joint operation acquired. The amendment also requires certain disclosure. The amendment is effective for annual periods beginning on or after 1 January 2016.

(9) *IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" — Clarification of Acceptable Methods of Depreciation and Amortization*

The amendment clarified that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as selling activities and change in sales volumes or prices. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendment is effective for annual periods beginning on or after 1 January 2016.

(10) *IFRS 15 "Revenue from Contracts with Customers"*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity performs obligations

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

(11) *IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"* — Agriculture: Bearer Plants

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendment is effective for annual periods beginning on or after 1 January 2016.

(12) *IFRS 9 "Financial Instruments"*

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12 months or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after 1 January 2018.

(13) *IAS 27 "Separate Financial Statements" — Equity Method in Separate Financial Statements*

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. In 2003, the equity method was removed from the options. This amendment removes the only difference between the separate financial statements prepared in accordance with IFRSs and those prepared in accordance with the local regulations in certain jurisdictions.

The amendment is effective for annual periods beginning on or after 1 January 2016.

(14) *IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

The effective date of this amendment has been postponed indefinitely, but early adoption is allowed.

(15) *Improvements to International Financial Reporting Standards (2012-2014 cycle):*

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also requires identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendment is effective for annual periods beginning on or after 1 January 2016.

IFRS 7 "Financial Instruments: Disclosures"

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and therefore the disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety under IFRS 7 "*Financial Instruments: Disclosures*" is required. The amendment also clarifies that whether the IFRS 7 disclosure related to the offsetting of financial assets and financial liabilities are required to be included in the condensed interim financial report would depend on the requirements under IAS 34 *Interim Financial Reporting.* The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 19 "Employee Benefits"

The amendment clarifies the requirement under IAS 19.83, that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 34 "Interim Financial Reporting"

The amendment clarifies what is meant by "elsewhere in the interim financial report" under IAS 34; the amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is effective for annual periods beginning on or after 1 January 2016.

(16) *Disclosure Initiative — Amendment to IAS 1 "Presentation of Financial Statements":*

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2016.

(17) *IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", and IAS 28 "Investments in Associates and Joint Ventures" — Investment Entities: Applying the Consolidation Exception*

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendment is effective for annual periods beginning on or after 1 January 2016.

(18) *IFRS 16 "Leases"*

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease. The Standard is effective for annual periods beginning on or after 1 January 2019.

(19) *IAS 12 "Income Taxes" — Recognition of Deferred Tax Assets for Unrealized Losses*

The amendment clarifies how to account for deferred tax assets for unrealized losses. The amendment is effective for annual periods beginning on or after 1 January 2017.

(20) *Disclosure Initiative — Amendment to IAS 7 "Statement of Cash Flow":*

The amendment relates to changes in liabilities arising from financing activities and to require a reconciliation of the carrying amount of liabilities at the beginning and end of the period. The amendment is effective for annual periods beginning on or after 1 January 2017.

The abovementioned standards and interpretations issued by IASB have not yet recognized by FSC at the date of issuance of the Company's financial statements, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed above, it is not practicable to estimate their impact on the Company at this point.

IV. Summary of significant accounting policies

1. Statement of compliance

The financial statements of the Company for the years ended 31 December 2015 and 2014 have been prepared in accordance with the Regulations Governing Securities Investment Trust Enterprises, International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins recognized by the FSC.

2. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars unless otherwise stated.

3 Foreign currency transactions

The Company's financial statements are presented in New Taiwan Dollars, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at its functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(2) Foreign currency items within the scope of IAS 39 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.

(3) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

4. Current and non-current distinction

An asset is classified as current when:
(1) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(2) The Company holds the asset primarily for the purpose of trading
(3) The Company expects to realize the asset within twelve months after the reporting period
(4) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(1) The Company expects to settle the liability in its normal operating cycle
(2) The Company holds the liability primarily for the purpose of trading
(3) The liability is due to be settled within twelve months after the reporting period
(4) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

5. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments (including within twelve months' time deposits) that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

6. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Company are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Company determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if:

(A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(A) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(B) a group of financial assets, financial liabilities or both are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment). If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheets and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheets and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheets as receivables or bond investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

(A) significant financial difficulty of the issuer or obligor; or
(B) a breach of contract, such as a default or delinquency in interest or principal payments; or
(C) it becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
(D) the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired
(B) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(C) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(2) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading and

(A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
(B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
(C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(A) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(B) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(1) In the principal market for the asset or liability, or
(2) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

8. Investments accounted for using the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

As the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the Company's interest in the associate or joint venture is recognized in Capital reserves and Investment accounted for using equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital reserves recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate or joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

9. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Computer equipment	3 - 6 years
Office equipment	5 - 10 years
Leasehold improvements	3 - 5 years

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

10. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

11. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

12. Recognition of revenue

The Company's operating income was mainly from the management fees and sale service fees. The Company receives management fees resulting from managing the trust funds. Sale service fees are collected when investors subscribe the securities investment trust funds under the Company's management. Operating income is recognized on an accrual basis.

13. Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to other equity in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

14. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

15. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% surtax on undistributed retained earning is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Cathay Financial Holding Co., Ltd. has adopted the consolidated income tax return for income tax filings with its qualified subsidiaries, including the Company.

V. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements require the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

1. Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

The classification of financial assets

The management must make judgements for the classification of financial assets which would affect the method of accounting and the financial position and the result of operation of the Company.

2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(2) Income tax

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(3) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases. Please refer to Note VI for more details.

VI. Contents of significant accounts

1. Cash and cash equivalents

	2015.12.31	2014.12.31
Cash on hand	$50	$104
Demand deposits	23,658	14,128
Check deposits	6,487	10,620
Time deposits	1,502,366	1,573,039
Securities purchased under agreements to resell	203,928	145,023
Total	$1,736,489	$1,742,914

Time deposits referred to above shall mean time deposits that will mature within twelve months and are readily convertible to known amounts of cash, and are subjected to an insignificant risk of changes in value.

2. Financial assets

(1) Financial assets at fair value through profit or loss-current

	2015.12.31	2014.12.31
Beneficiary certificates－open-end funds	$240	$-

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

	2015.12.31	2014.12.31
Beneficiary certificates－open-end funds	$60,746	$126,726

No financial asset was pledged.

3. Investments accounted for using the equity method

The following lists the investments accounted for using the equity method of the Company:

Investees	31 December 2015 Carrying amount	31 December 2015 Percentage of ownership (%)
Investments in associates		
CDBS Cathay Asset Management Co., Ltd.	$291,178	33.3%

Investees	31 December 2014 Carrying amount	31 December 2014 Percentage of ownership (%)
Investments in associates		
CDBS Cathay Asset Management Co., Ltd.	$279,825	33.3%

The summarized financial information of the associate is as follows:

	2015.12.31	2014.12.31
Current assets	$754,608	$687,077
Non-current assets	181,652	183,853
Current liabilities	(50,258)	(30,616)
Non-current liabilities	(11,594)	-
Equity	874,408	840,314
Proportion of the Company's ownership	33.3%	33.3%
Carrying amount of the investment	$291,178	$279,825

	For the years ended 31 December	
	2015	2014
Operating revenue	$71,821	$29,410
Profit or loss from continuing operations	35,831	(74,693)
Other comprehensive income	-	(1,843)
Total comprehensive income	35,831	(76,536)

(1) The Company acquired 33.3% shareholding of CDBS Cathay Asset Management Co., Ltd. for CNY 66,600 thousands in August 2013. The reinvestment has been approved by the Investment Commission, Ministry of Economic Affairs (MOEAIC).

(2) The shares of the associates that the Company invested in are not publicly traded and the associates are not significantly restricted in terms of ability to transfer funds to the investors in the form of cash dividends, repayment of loans or advances.

(3) No investment in associates was pledged.

4. Property and equipment

	Computer equipment	Office equipment	Leasehold improvements	Total
Cost:				
2015.1.1	$25,278	$7,639	$28,182	$61,099
Additions	11,170	3,110	62,838	77,118
Disposals	(2,151)	(70)	(26,396)	(28,617)
2015.12.31	$34,297	$10,679	$64,624	$109,600
2014.1.1	$23,496	$7,479	$27,673	$58,648
Additions	3,019	165	509	3,693
Disposals	(1,237)	(5)	-	(1,242)
2014.12.31	$25,278	$7,639	$28,182	$61,099
Depreciation and impairment:				
2015.1.1	$(14,184)	$(4,547)	$(26,669)	$(45,400)
Depreciation	(3,402)	(871)	(3,069)	(7,342)
Disposals	1,877	55	25,389	27,321
2015.12.31	$(15,709)	$(5,363)	$(4,349)	$(25,421)
2014.1.1	$(12,659)	$(3,728)	$(23,795)	$(40,182)
Depreciation	(2,709)	(824)	(2,874)	(6,407)
Disposals	1,184	5	-	1,189
2014.12.31	$(14,184)	$(4,547)	$(26,669)	$(45,400)
Net carrying amount as at:				
2015.12.31	$18,588	$5,316	$60,275	$84,179
2014.12.31	$11,094	$3,092	$1,513	$15,699

No property and equipment was pledged.

5. Intangible assets

	2015.1.1	Addition-acquired separately	Amortization	2015.12.31
Computer software				
Cost	$49,795	$8,234	$-	$58,029
Amortization and impairment	(37,129)	-	(7,092)	(44,221)
Net carrying amount	$12,666	$8,234	$(7,092)	$13,808

	2014.1.1	Addition-acquired separately	Amortization	2014.12.31
Computer software				
Cost	$43,133	$6,662	$-	$49,795
Amortization and impairment	(27,942)	-	(9,187)	(37,129)
Net carrying amount	$15,191	$6,662	$(9,187)	$12,666

6. Refundable deposits

	2015.12.31	2014.12.31
Lease deposits	$19,387	$9,538
Security deposits (Note 1)	172,070	179,570
Operating deposits (Note 2)	50,000	50,000
Total	$241,457	$239,108

Note 1: Security deposits are used as collaterals in certain discretionary contracts.

Note 2: Operating deposits are set aside with an aim to operate the futures trust business and discretionary investment in according to “Standards Governing the Establishment of Futures Trust Enterprises” and “Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises”.

7. Deferred expenses and income

On 6 August 2014, 24 October 2013 and 26 October 2012, the Company organized principal protected investment trust funds, and received fund management fees incomes of the contract amounted to $170,631 (calculated by funds raised) and paid distributors $102,644 for sales costs, which were recognized as deferred income and expenses, respectively. The Company offered management service, in accordance with the contracts and transferred deferred income and expenses to management fees income and operating expenses over time.

For the year ended 31 December 2015, prepayments which will be transferred to expenses in one year and other non-current assets which will be transferred to expenses one year later amounted to $14,139 and $53,570, respectively. Deferred income which will be transferred to revenue in one year and long-term deferred income which will be transferred to revenue one year later amounted to $23,502 and $89,107, respectively. The amounts that have been transferred to management fees income and operating expenses amounted to $23,502 and $14,139, respectively.

For the year ended 31 December 2014, prepayments which will be transferred to expenses in one year and other non-current assets which will be transferred to expenses one year later amounted to $14,139 and $67,710, respectively. Deferred income which will be transferred to revenue in one year and long-term deferred income which will be transferred to revenue one year later amounted to $23,502 and $112,608, respectively. The amounts that have been transferred to management fees income and operating expenses amounted to $19,918 and $11,989, respectively.

8. Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Operating expenses under the defined contribution plan for the years ended 31 December 2015 and 2014 are $14,179 and $11,860, respectively.

Defined benefit plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $2,398 to its defined benefit plan during the 12 months beginning after 31 December 2015.

The average duration of the defined benefit plan obligation as at 31 December 2015 and 2014, both are expected to expire in 2030.

Pension costs recognized in profit or loss for the years ended 31 December 2015 and 2014:

	For the years ended 31 December	
	2015	2014
Current period service costs	$(1,997)	$(2,031)
Net interest expense	(1,192)	(1,062)
Total	$(3,189)	$(3,093)

Reconciliation of asset (liability) of the defined benefit plan is as follows:

	2015.12.31	2014.12.31	2014.1.1
Defined benefit obligation	$(95,217)	$(69,913)	$(68,557)
Plan assets at fair value	16,471	16,911	15,459
Net defined benefit liabilities recognized on the balance sheets	$(78,746)	$(53,002)	$(53,098)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit asset (liability)
2014.1.1	$(68,557)	$15,459	$(53,098)
Current period service costs	(2,031)	-	(2,031)
Net interest income (expense)	(1,371)	309	(1,062)
Subtotal	(3,402)	309	(3,093)
Remeasurements of the net defined benefit asset (liability):			
Actuarial gains and losses arising from changes in demographic assumptions	(13,473)	-	(13,473)
Actuarial gains and losses arising from changes in financial assumptions	(25,677)	-	(25,677)
Experience adjustments	41,196	-	41,196
Return on plan assets	-	33	33
Subtotal	2,046	33	2,079
Contributions by employer	-	1,110	1,110
2014.12.31	(69,913)	16,911	(53,002)
Current period service costs	(1,997)	-	(1,997)
Net interest income (expense)	(1,573)	381	(1,192)
Subtotal	(3,570)	381	(3,189)
Remeasurements of the net defined benefit asset (liability):			
Actuarial gains and losses arising from changes in demographic assumptions	(1,209)	-	(1,209)
Actuarial gains and losses arising from changes in financial assumptions	(18,302)	-	(18,302)
Experience adjustments	(5,508)	-	(5,508)
Return on plan assets	-	65	65
Subtotal	(25,019)	65	(24,954)
Payments from the plan	3,285	(3,285)	-
Contributions by employer	-	2,399	2,399
2015.12.31	$(95,217)	$16,471	$(78,746)

The following significant actuarial assumptions are used to determine the present value of the defined benefit plan:

	2015.12.31	2014.12.31
Discount rate	1.50%-1.75%	2.25%
Expected rate of salary increases	3.00%	2.00%

A sensitivity analysis for significant assumption is as shown below:

	For the years ended 31 December			
	2015		2014	
	Increase on defined benefit obligation	Decrease on defined benefit obligation	Increase on defined benefit obligation	Decrease on defined benefit obligation
Discount rate increases by 0.5%	$-	$6,480	$-	$4,722
Discount rate decreases by 0.5%	7,155	-	5,223	-
Future salary increases by 0.5%	7,023	-	5,209	-
Future salary decreases by 0.5%	-	6,430	-	4,755

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

9. Provisions

	Decommissioning, restoration and rehabilitation	Benefit liability	Total
2015.1.1	$-	$(53,002)	$(53,002)
Arising during the period	(6,750)	(28,143)	(34,893)
Unused provision reversed	-	2,399	2,399
2015.12.31	$(6,750)	$(78,746)	$(85,496)

Decommissioning, restoration and rehabilitation

A provision has been recognized for decommissioning costs associated with the office. The Company is committed to restoring the business site to its original state after decommissioning the site.

10. Equity

(1) Common Stock

As of 31 December 2015 and 31 December 2014, the authorized and issued capital of the Company both were $1,500,000, at par value of $10 New Taiwan Dollar divided into 150,000 thousand shares.

(2) Capital reserves

As of 31 December 2015 and 31 December 2014, capital surplus of the Company both were $13,908.

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Legal reserves

According to the Company Act, 10% of the Company's after-tax net income in the current year must be appropriated to legal reserve unless where such legal reserve amounts to the total authorized capital. This legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of shareholders.

(4) Special reserves

According to the Rules Governing Future Trust Enterprises, the Company shall appropriate 20% of the current year after income tax earnings as special reserve. Once the special reserve reaches the paid-in capital, it shall not be appropriated.

(5) Retained earnings

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve and appropriate in specific ratio of special reserve. The remaining earnings should be appropriated in accordance with the board meetings where 1% shall be appropriated as employees' bonus and the remaining amount together with prior years' accumulated undistributed earnings will be used as retained earnings and if any, shall be appropriated as special reserve for business need.

However, according to the amended Article 235-1 of the Company Act announced on 20 May, 2015, the Company shall provide a fixed amount or percentage of the actual profit of the current year to be distributed as "employees' compensation", after deducting and setting aside an amount equal to the cumulative losses. The Articles of Incorporation are to be amended in accordance with the aforementioned recent amendment to the Company Act in the shareholders' meeting in 2016. Please refer to Note VI (12) for further details on employees' compensation.

11. Operating income

	For the years ended 31 December	
	2015	2014
Management fees income	$1,396,363	$1,345,022
Sales service fees income	8,963	4,922
Advisory services income	181	-
Total	$1,405,507	$1,349,944

12. Operating expenses

Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2015 and 2014:

	For the years ended 31 December	
	2015	2014
Personnel expenses		
Salary	$482,781	$423,328
Insurance	30,085	26,280
Pension	17,368	14,978
Other employee benefits	8,939	7,984
Depreciation	7,342	6,407
Amortization	7,092	9,187

A resolution was passed at a Board of Directors meeting of the Company held on 4 November 2015 to amend the Articles of Incorporation of the Company. According to the resolution, 1% of profit of the current year is distributable as employees' compensation. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in cash. And a report of such distribution is submitted to the shareholders' meeting. The Articles of Incorporation are to be amended in the shareholders' meeting in 2016.

Based on profit of current year, the Company estimated the amounts of the employees' compensation for the year ended 31 December 2015 to be 1% of profit of current year and recognized \$3,766 as employee benefits expense. A resolution was passed at a Board of Directors meeting held on 16 March 2016 to distribute \$3,770 in cash as employees' compensation. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the difference as an adjustment to current income.

Based on the Company's Articles of Incorporation, the estimated employee bonus for the year ended 31 December 2014 was 1% of current net income net of legal reserve. The estimated employee bonus was recognized as employee benefits expense for the period. If the Board modified the estimates significantly in the subsequent period, the Company will recognize the difference as an adjustment to current income. The difference between the estimates and the amounts resolved at the shareholders' meeting will be recognized in profit or loss of the subsequent year. The estimated amount of the employee bonus for the year ended 31 December 2014 was \$2,903. There was no material difference between the estimated amount and the actual distribution of the employee bonus for the year ended 31 December 2014.

13. Components of other comprehensive income

For the year ended 31 December 2015

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(24,954)	\$-	\$(24,954)	\$4,242	\$(20,712)
To be reclassified to profit or loss in subsequent periods:					
Unrealized gains on available-for-sale financial assets	7,020	(11,087)	(4,067)	-	(4,067)
Share of other comprehensive income of associate accounted for using the equity method	(579)	-	(579)	-	(579)
Total of other comprehensive income	\$(18,513)	\$(11,087)	\$(29,600)	\$4,242	\$(25,358)

For the year ended 31 December 2014

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,079	$-	$2,079	$(353)	$1,726
To be reclassified to profit or loss in subsequent periods:					
Unrealized gains on available-for-sale financial assets	8,035	(14,550)	(6,515)	-	(6,515)
Share of other comprehensive income of associate accounted for using the equity method	8,410	-	8,410	-	8,410
Total of other comprehensive income	$18,524	$(14,550)	$3,974	$(353)	$3,621

14. Income tax

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

	For the year ended 31 December	
	2015	2014
Income tax expense recognized in profit or loss		
Current income tax expense:		
Current income tax charge	$59,859	$72,471
Adjustments in respect of current income tax of prior periods	-	1,185
Deferred tax (income) expense:		
Deferred tax (income) expense relating to origination and reversal of temporary differences	(261)	1,609
Income tax expense	$59,598	$75,265

	For the year ended 31 December	
	2015	2014
Income tax relating to components of other comprehensive income		
Deferred tax (income) expense:		
Remeasurements of defined benefit plans	$(4,242)	$353

(2) A reconciliation between tax expense and the product accounting profit multiplied by applicable tax rates is as follows:

	For the year ended 31 December	
	2015	2014
Accounting profit before tax from continuing operations	$373,601	$421;012
Tax at the domestic rates applicable to profits in the country concerned (17%)	$63,512	$71,572
Adjustments in respect of current income tax of prior periods	-	1,185
Tax effect of deferred tax assets/liabilities	(2,028)	4,525
Tax effect of revenue exempt from taxation	(1,886)	(2,474)
Tax effect of expenses not deductible for tax purposes	-	457
Total income tax expense recognized in profit or loss	$59,598	$75,265

(3) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2015

	Beginning balance as at 1 January 2015	Deferred tax income recognized in profit or loss	Deferred tax income recognized in other comprehensive income	Ending balance as at 31 December 2015
Temporary differences				
Defined benefit liability	$9,011	$134	$4,242	$13,387
Unrealized (gains) losses on foreign currency exchange	(1,947)	92	-	(1,855)
Decommissioning costs	-	19	-	19
Unrealized salary expenses	-	16	-	16
Deferred tax income		$261	$4,242	
Net deferred tax assets	$7,064			$11,567
Reflected in balance sheets as follows:				
Deferred tax assets	$9,011			$13,422
Deferred tax liabilities	$(1,947)			$(1,855)

For the year ended 31 December 2014

	Beginning balance as at 1 January 2014	Deferred tax income recognized in profit or loss	Deferred tax income recognized in other comprehensive income	Ending balance as at 31 December 2014
Temporary differences				
Defined benefit liability	$9,026	$338	$(353)	$9,011
Unrealized gains on foreign currency exchange	-	(1,947)	-	(1,947)
Deferred tax expenses		$(1,609)	$(353)	
Net deferred tax assets	$9,026			$7,064
Reflected in balance sheets as follows:				
Deferred tax assets	$9,026			$9,011
Deferred tax liabilities	$-			$(1,947)

(4) Imputation credit account:

	2015.12.31	2014.12.31
Balance of imputation credit account	$-	$827

The estimated and actual creditable ratio for the years ended 31 December 2015 and 31 December 2014 were 0% and 0.23919%, respectively.

Components of undistributed earnings:

	2015.12.31	2014.12.31
After 1998	$313,610	$345,337

(5) The assessment of income tax returns

As of 31 December 2015, the Company's income tax returns for the years prior to 2011 have been assessed by tax authority.

15. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The Company does not issue any dilutive potential ordinary shares. Therefore, the Company does not need to adjust diluted earnings per share.

	For the years ended 31 December	
	2015	2014
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$314,003	$345,747
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	150,000	150,000
Basic earnings per share (NT$)	$2.09	$2.30

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

VII. Related party transactions

1. Cash in bank

The Company's deposits and related interest income and interest receivable in Cathay United Bank Co., Ltd are as follows:

	2015.12.31	2014.12.31
Other related parties		
Cathay United Bank Co., Ltd.		
Cash in bank	$6,754	$121,523
Refundable deposits	$136,100	$176,100
Interest income (accounted as non-operating income and expenses)	$1,474	$3,975

2. Management fees income and accounts receivable

Management fees income

	For the years ended 31 December			
	2015		2014	
Related parties	Amounts	%	Amounts	%
Other related parties				
The funds managed by the Company	$1,131,997	81	$1,027,645	76
Discretionary Investment Account-Cathay Life Insurance Co., Ltd.	124,013	9	173,806	13
Discretionary Investment Account-Cathay Century Insurance Co., Ltd.	1,760	-	1,986	-
Discretionary Investment Account-Cathay Charity Foundation	254	-	200	-
Discretionary Investment Account- Cathay Cultural Foundation	4	-	9	-
Total	$1,258,028	90	$1,203,646	89

Accounts receivable resulting from management fees income from related parties as of 31 December 2015 and 31 December 2014 are summarized as follows:

	2015.12.31		2014.12.31	
Related parties	Amounts	%	Amounts	%
Other related parties				
The funds managed by the Company	$97,496	82	$88,613	77
Discretionary Investment Account-Cathay Life Insurance Co., Ltd.	9,602	8	15,336	13
Discretionary Investment Account-Cathay Century Insurance Co., Ltd.	140	-	140	-
Discretionary Investment Account-Cathay Charity Foundation	16	-	21	-
Total	$107,254	90	$104,110	90

3. Advisory services income

	For the years ended 31 December			
	2015		2014	
Related parties	Amounts	%	Amounts	%
Other related parties				
The fund investment with the Company's decision right	$181	-	$-	-

Accounts receivable resulting from advisory services income from related parties as of 31 December 2015 and 31 December 2014 are summarized as follows:

	2015.12.31		2014.12.31	
Related parties	Amounts	%	Amounts	%
Other related parties				
The fund investment with the Company's decision right	$45	-	$-	-

4. Rental expense and refundable deposits

Details of rental expense of the office and car leased from related parties were as follows:

	For the years ended 31 December	
	2015	2014
Other related parties		
Cathay Life Insurance Co., Ltd.	$41,609	$40,820

Refundable deposits of the office premises from Cathay Life Insurance Co., Ltd. were $19,123 and $9,270 as of 31 December 2015 and 31 December 2014, respectively.

5. Financial assets at fair value through profit or loss

Related parties	2015.12.31 Account balance	2015.12.31 Unit
Other related parties		
The funds managed by the Company	$240	13,238.0

6. Available-for-sale financial assets

Related parties	2015.12.31 Account balance	2015.12.31 Unit
Other related parties		
The funds managed by the Company	$60,746	2,448,129.7

Related parties	2014.12.31 Account balance	2014.12.31 Unit
Other related parties		
The funds managed by the Company	$126,726	7,789,490.7

7. Prepaid expenses (Note 1)

Related parties	2015.12.31	2014.12.31
Other related parties		
Cathay Life Insurance Co., Ltd.	$13,272	$13,272

8. Other non-current assets-other (Note 1)

Related parties	2015.12.31	2014.12.31
Other related parities		
Cathay Life Insurance Co., Ltd.	$51,129	$64,401

9. Other payables

Related parties	2015.12.31	2014.12.31
Parent Company		
Cathay Financial Holding Co., Ltd. (Note 2)	$58,709	$70,778
Other related parities		
Cathay Life Insurance Co., Ltd.	23,608	23,758
Symphox Information Co., Ltd	18,727	275
Cathay Conning Asset Management Limited	4,591	3,925
Cathay United Bank Co., Ltd.	4,495	-
Total	$110,130	$98,736

10. Operating Expenses

Related parties	Transaction types	For the years ended 31 December	
		2015	2014
Other related parities			
Cathay United Bank Co., Ltd	Selling expenses and service fees	$38,623	$35,047
Cathay Life Insurance Co., Ltd. (Note 1)	Selling expenses	117,626	145,105
Symphox Information Co., Ltd.	Data transferring expenses	5,068	5,955
Cathay Conning Asset Management Limited	Consulting expenses	10,267	7,093
Cathay Securities Investment Consulting Co., Ltd.	Consulting expenses	3,750	316
Total		$175,334	$193,516

Note 1: The Company paid sales cost of funds and recognized it as deferred expenses; however, transactions with related parties were recognized as current revenue when occurred. Therefore, the Company still has related assets yet to be recognized as expenses.

Note 2: Tax payable as a filing of consolidated tax return and dividends payable.

11. Key management personnel compensation

	For the years ended 31 December	
	2015	2014
Short-term employee benefits	$71,715	$49,582
Post-employment benefits	1,250	874
Total	$72,965	$50,456

12. Others

Property and equipment and intangible assets arising from construction planning and design maintenance services fees paid to Symphox Information Co., Ltd. amounted to $18,530 for the year ended 31 December 2015.

Ⅷ. Assets pledged as security

None.

Ⅸ. Commitments and contingencies

Operating lease commitments－The Company as lessee

The Company has entered into commercial property leases from two to five years. Future minimum rentals payable under non-cancellable operating leases as at 31 December 2015 and 31 December 2014 are as follows:

Related parties	2015.12.31	2014.12.31
Not later than one year	$44,107	$22,611
Later than one year and not later than five years	36,382	2,624
Total	$80,489	$25,235

Ⅹ. Losses due to major disasters

None.

XI. Significant subsequent events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	2015.12.31	2014.12.31
Financial assets at fair value through profit or loss	$240	$-
Available-for-sale financial assets	60,746	126,726
Loans and receivables:		
Cash and cash equivalents (exclude cash on hand)	1,736,439	1,742,810
Receivables	131,949	118,602
Refundable deposits	241,457	239,108
Subtotal	2,109,845	2,100,520
Total	$2,170,831	$2,227,246

Financial liabilities

	2015.12.31	2014.12.31
Financial liabilities at amortized cost:		
Payables	$293,438	$262,136

2. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency CNY.

When NTD strengthens/weakens against foreign currency CNY by 1%, the profit for the years ended 31 December 2015 and 2014 is decreased/increased by $3,192 and $3,119, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed income investments.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including fixed income investments. A change of 10 basis points in interest rate in a reporting period had no significant impact on the Company's net income as of 31 December 2015 and 2014.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

As of 31 December 2015 and 2014, amounts receivables from top ten customers represented 68.62% and 69.70% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit ratings and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and highly liquid equity investments.

As of 31 December 2015 and 2014, the Company's debts will mature within a year. The Company does not have any payments based on the contracts of financial liabilities.

6. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(A) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) The fair value of other financial assets and liabilities is determined using discounted cash flow analysis, the interest rate and discount rate are selected with reference to those of similar financial instruments.

(2) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

7. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

2015.12.31

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificates-open-end funds	$240	$-	$-	$240
Available-for-sale financial assets				
Beneficiary certificates-open-end funds	$60,746	$-	$-	$60,746

2014.12.31

	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets				
Beneficiary certificates-open-end funds	$126,726	$-	$-	$126,726

During the years ended 31 December 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

(3) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

2015.12.31

	Level 1	Level 2	Level 3	Total
Investments accounted for using the equity method	$291,178	$-	$-	$291,178

2014.12.31

Not applicable

8. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	2015.12.31		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,162	33.0660	$71,501
CNY	62,715	5.0921	319,352
Non-monetary items:			
CNY	57,182	5.0921	291,178

	2014.12.31		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$623	31.7180	$19,773
CNY	61,037	5.1125	312,053
Non-monetary items:			
CNY	54,733	5.1125	279,825

	For the years ended 31 December	
Foreign exchange gains or losses on monetary financial assets and financial liabilities	2015	2014
CNY	$(1,269)	$10,541

The above information is disclosed based on the carrying amount of foreign currencies (after being translated to functional currencies).

9. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

10. Information regarding investment in Mainland China

On 9 January 2012, the MOEAIC authorized the Company to remit CNY66,600 thousands as the registered capital to establish CDBS Cathay Asset Management Co., Ltd., a China-based fund management business, in the form of a joint venture with China Development Bank Securities Co., Ltd. The joint venture company has acquired a business license of an enterprise as a legal person on 16 August 2013 with authorized capital of CNY 200,000 thousands and the Company acquired 33.3% shareholding.

XIII. Segment information

1. General information

(1) The Company's operating segment report is consistent with the internal report provided to the primary operating decision makers. The primary operating decision makers refer to an individual or a team that assign resources to the operating segment and evaluate the performance of the operating segment. The Company's board of directors are the primary operating decision makers.

(2) The Company's Board of directors (primary operating decision makers) review the operating results of the operating segment periodically and make decisions about resource allocation and performance assessment.

2. Evaluation of segment information

(1) The Company operates under a single business strategy. The Company's board of directors makes decisions based on resource allocation and performance assessment of the Company as a whole. The Company has only one reportable operating segment.

(2) Operating results of the Company's operating segment are mainly from management fees income. The Company's board of directors evaluates the performance based on net income before and after income tax.

(3) The Company has only one reportable segment and will not disclose additional information of segment profit, assets and liabilities.

3. Geographical information

Revenue from external customers

	For the years ended 31 December	
	2015	2014
Taiwan	$1,405,326	$1,349,944
Other countries	181	-
Total	$1,405,507	$1,349,944

The revenue information above is presented based on the location of the customers.