English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 3189

KINSUS INTERCONNECT TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
AS OF DECEMBER 31, 2014 AND 2013
AND FOR THE YEARS THEN ENDED

Address: 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747
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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese

Consolidated financial statements

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MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Kinsus Interconnect Technology Corp. as of December 31, 2014 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard No. 27, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kinsus Interconnect Technology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Kinsus Interconnect Technology Corp.

By

Tung, Tzu-Hsien
Chairman
February 9, 2015

English Translation of an Audit Report Originally Issued in Chinese

REPORT OF INDEPENDENT AUDITORS

To: the Board of Directors and Shareholders of
Kinsus Interconnect Technology Corp.

We have audited the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. and Subsidiaries as of December 31, 2014 and 2013, the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kinsus Interconnect Technology Corp. and Subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for the years then ended in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee which are endorsed by Financial Supervisory Commission of the Republic of China.

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of Kinsus Interconnect Technology Corp. as of December 31, 2014 and 2013 and for the years then ended.

Ernst & Young

Ernst & Young
February 9, 2015
Taipei, Taiwan,
Republic of China

Notice to Readers
The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such consolidated financial statements are those generally accepted and applied in the Republic of China on Taiwan.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2014 and 2013

(In Thousands of New Taiwan Dollars)

Assets			December 31, 2014		December 31, 2013	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$11,541,615	28	$9,787,827	26
1110	Financial assets at fair value through profit or loss, current	4, 6(2)	5,135,434	13	5,135,128	14
1125	Available-for-sale financial assets	4, 6(3)	40,369	-	57,715	-
1147	Bond investments with no active market	4, 6(4), 8	463,827	1	507,379	1
1150	Notes receivable, net	4, 6(6)	6,252	-	69,383	-
1170	Accounts receivable, net	4, 6(7)	3,040,343	8	3,013,640	8
1180	Accounts receivable - related parties	4, 6(7), 7	436,406	1	560,469	2
1200	Other receivables		452,265	1	494,726	1
1210	Other receivables - related parties	7	1,307	-	1,929	-
1310	Inventories, net	4, 6(8)	2,162,969	5	2,005,497	5
1410	Prepayments		98,501	-	112,669	-
1470	Other current assets		91,980	-	65,810	-
11XX	Total current assets		23,471,268	57	21,812,172	57
	Non-current assets					
1544	Financial assets carried at cost	4, 6(5)	50,000	-	-	-
1546	Bond investments with no active market	4, 6(4), 8	-	-	49	-
1600	Property, plant and equipment	4, 6(9), 8	15,429,778	38	14,756,743	39
1780	Intangible assets	4, 6(10)	19,982	-	14,159	-
1840	Deferred income tax assets	4, 6(25)	276	-	20	-
1915	Prepaid equipment	4, 6(9), 9	1,748,657	4	1,210,342	3
1995	Other non-current assets	6(11), 7, 8	331,713	1	318,857	1
15XX	Total non-current assets		17,580,406	43	16,300,170	43
1XXX	Total Assets		$41,051,674	100	$38,112,342	100

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

Chairman: T.H. Tung CEO: Ming-Dong Guo Head of Accounting: Su-Zhen Liu

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of December 31, 2014 and 2013

(In Thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2014		December 31, 2013	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	$1,806,896	4	$1,581,454	4
2150	Notes payable		41,011	-	40,069	-
2170	Accounts payable		1,986,749	5	1,885,552	5
2180	Accounts payable - related parties	7	-	-	163	-
2200	Other payables	6(13), 7	3,828,752	9	2,849,160	8
2230	Current income tax liabilities	4, 6(25)	896,540	2	1,068,279	3
2250	Provisions	4, 6(14)	302	-	-	-
2300	Other current liabilities	6(15)	1,542,931	4	1,578,621	4
21XX	Total current liabilities		10,103,181	24	9,003,298	24
	Non-current liabilities					
2540	Long-term loans	6(16), 8	730,722	2	1,389,521	4
2570	Deferred income tax liabilities	4, 6(25)	54,377	-	26,402	-
2600	Other non-current liabilities	4, 6(17), 6(18)	110,620	-	163,981	-
25XX	Total non-current liabilities		895,719	2	1,579,904	4
2XXX	Total liabilities		10,998,900	26	10,583,202	28
31XX	Equity attributable to shareholders of the parent					
3100	Capital	6(19)				
3110	Common stock		4,460,000	11	4,460,000	12
3200	Capital surplus	6(19)	5,939,819	14	5,863,612	15
3300	Retained earnings	6(19)				
3310	Legal capital reserve		2,687,890	7	2,365,481	6
3320	Special capital reserve		-	-	74,424	-
3350	Unappropriated earnings		14,030,597	34	12,206,545	32
3400	Other components of equity		279,703	1	108,879	-
36XX	Non-controlling interests	6(19)	2,654,765	7	2,450,199	7
3XXX	Total equity		30,052,774	74	27,529,140	72
	Total liabilities and equity		$41,051,674	100	$38,112,342	100

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

Chairman: T.H. Tung CEO: Ming-Dong Guo Head of Accounting: Su-Zhen Liu

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2014 and 2013

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2014 Amount	2014 %	2013 Amount	2013 %
4000	Net revenue	4, 6(20), 7	$24,943,834	100	$23,102,827	100
5000	Cost of revenue		(17,996,954)	(72)	(16,898,393)	(73)
5900	Gross profit		6,946,880	28	6,204,434	27
6000	Operating expenses	7				
6100	Sales and marketing expenses		(593,616)	(2)	(580,280)	(2)
6200	General and administrative expenses		(973,136)	(4)	(891,691)	(4)
6300	Research and development expenses		(1,370,969)	(6)	(1,297,062)	(6)
	Total operating expenses		(2,937,721)	(12)	(2,769,033)	(12)
6900	Operating income		4,009,159	16	3,435,401	15
7000	Non-operating income and expenses					
7010	Other income	6(23), 7	133,961	1	178,917	1
7020	Other gains and losses	6(23), 7	64,434	-	104,619	-
7050	Finance costs	6(23)	(56,482)	-	(55,589)	-
	Total non-operating income and expenses		141,913	1	227,947	1
7900	Income before income tax		4,151,072	17	3,663,348	16
7950	Income tax expense	4, 6(25)	(660,839)	(3)	(547,094)	(2)
8200	Net income		3,490,233	14	3,116,254	14
8300	Other comprehensive income (loss)	6(24)				
8310	Exchange differences arising on translation of foreign operations		309,597	1	323,579	1
8320	Unrealized valuation gain (loss) on available-for-sale financial assets		9,583	-	(535)	-
8360	Actuarial gain (loss) from defined benefit plans		15,710	-	13,395	-
8399	Income tax related to components of other comprehensive income		(33,026)	-	(19,205)	-
	Total other comprehensive income, net of tax		301,864	1	317,234	1
8500	Total comprehensive income		$3,792,097	15	$3,433,488	15
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		$3,617,327	15	$3,224,093	14
8620	Non-controlling interests		(127,094)	(1)	(107,839)	-
			$3,490,233	14	$3,116,254	14
8700	Total comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		$3,803,861	15	$3,420,791	15
8720	Non-controlling interests		(11,764)	-	12,697	-
			$3,792,097	15	$3,433,488	15
9750	Earnings per share - basic (NT$)	6(26)	$8.11		$7.23	
9850	Earnings per share - diluted (NT$)	6(26)	$7.98		$7.12	

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

Chairman: T.H. Tung CEO: Ming-Dong Guo Head of Accounting: Su-Zhen Liu

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2014 and 2013

(In Thousands of New Taiwan Dollars)

			Equity Attributable to Shareholders of the Parent									
					Retained Earnings			Others				
	Items	Notes	Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized valuation gain (loss) on available-for-sale financial assets	Total	Non-controlling Interests	Total Equity
Code			3100	3200	3310	3320	3350	3410	3425	31XX	36XX	3XXX
A1	Balance as of January 1, 2013		$4,460,000	$5,853,673	$2,085,712	$-	$10,661,250	$(90,070)	$15,646	$22,986,211	$2,346,307	$25,332,518
	Appropriation and distribution of 2012 earnings:	6(19)										
B1	Legal reserve				279,769		(279,769)			-		-
B3	Special reserve					74,424	(74,424)			-		-
B5	Cash dividends - common shares						(1,338,000)			(1,338,000)		(1,338,000)
D1	Net income (loss) for 2013						3,224,093			3,224,093	(107,839)	3,116,254
D3	Other comprehensive income (loss) for 2013	6(24)					13,395	183,838	(535)	196,698	120,536	317,234
D5	Total comprehensive income		-	-	-	-	3,237,488	183,838	(535)	3,420,791	12,697	3,433,488
M5	Differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries			9,939						9,939	(9,939)	-
O1	Changes in non-controlling Interests										101,134	101,134
A1	Balance as of December 31, 2013		4,460,000	5,863,612	2,365,481	74,424	12,206,545	93,768	15,111	25,078,941	2,450,199	27,529,140
	Appropriation and distribution of 2013 earnings:	6(19)										
B1	Legal reserve				322,409		(322,409)			-		-
B5	Cash dividends - common shares						(1,561,000)			(1,561,000)		(1,561,000)
B17	Reversal of special reserve					(74,424)	74,424			-		-
D1	Net income (loss) for 2014						3,617,327			3,617,327	(127,094)	3,490,233
D3	Other comprehensive income (loss) for 2014	6(24)					15,710	161,241	9,583	186,534	115,330	301,864
D5	Total comprehensive income		-	-	-	-	3,633,037	161,241	9,583	3,803,861	(11,764)	3,792,097
M5	Differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries			50,925						50,925	(50,925)	-
M7	Changes in equities of subsidiaries			25,282						25,282	(25,282)	-
O1	Changes in non-controlling Interests										292,537	292,537
Z1	Balance as of December 31, 2014		$4,460,000	$5,939,819	$2,687,890	$-	$14,030,597	$255,009	$24,694	$27,398,009	$2,654,765	$30,052,774

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

Chairman: T.H. Tung

CEO: Ming-Dong Guo

Head of Accounting: Su-Zhen Liu

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

(In Thousands of New Taiwan Dollars)

Code	Items	2014	2013
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$4,151,072	$3,663,348
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation	3,018,003	2,915,154
A20200	Amortization	26,567	15,563
A20300	Bad debt expense (gain on recovery)	5,876	(27,767)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(26,895)	(22,949)
A20900	Interest expense	56,482	55,589
A21200	Interest income	(96,170)	(87,324)
A22500	Loss (gain) on disposal of property, plant and equipment	724	(5,074)
A23100	Gain on disposal of investment	(26,135)	(10,732)
A30000	Changes in operating assets and liabilities:		
A31110	Decrease (increase) in financial assets at fair value through profit or loss, current	28,033	(700,000)
A31130	Decrease (increase) in notes receivable, net	63,131	(13,234)
A31150	Decrease (increase) in accounts receivable	(32,739)	150,701
A31160	Decrease (increase) in accounts receivable - related parties	124,063	(84,700)
A31180	Decrease (increase) in other receivables	45,116	188,275
A31190	Decrease (increase) in other receivables - related parties	622	(917)
A31200	Decrease (increase) in inventories, net	(157,472)	(31,882)
A31220	Decrease (increase) in prepayments	14,168	(22,896)
A31240	Decrease (increase) in other current assets	(26,170)	(8,492)
A31990	Decrease (increase) in long-term prepaid rents	(9,195)	(9,058)
A32130	Increase (decrease) in notes payable	942	(243)
A32150	Increase (decrease) in accounts payable	101,197	(28,573)
A32160	Increase (decrease) in accounts payable - related parties	(163)	163
A32180	Increase (decrease) in other payables	411,866	515,199
A32200	Increase (decrease) in provisions	302	-
A32210	Increase (decrease) in unearned sales revenue	21,638	(12,026)
A32230	Increase (decrease) in other current liabilities	(2,478)	16,059
A32240	Increase (decrease) in accrued pension liabilities	(3,973)	(4,184)
A33000	Cash generated from (used in) operations	7,688,412	6,450,000
A33100	Interest received	93,723	98,539
A33300	Interest paid	(57,162)	(56,613)
A33500	Income tax paid	(837,885)	(414,693)
AAAA	Net cash provided by (used in) operating activities	6,887,088	6,077,233

Code	Items	2014	2013
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plant and equipment	(3,348,791)	(3,629,501)
B02800	Disposal of property, plant and equipment	8,113	17,859
B00400	Disposal of available-for-sale financial assets	51,620	10,597
B00600	Acquisition of bond investments with no active market	-	(78,426)
B00700	Disposal of bond investments with no active market	43,601	-
B01200	Acquisition of financial assets carried at cost	(50,000)	-
B03800	Decrease (increase) in refundable deposits	(3,661)	24,578
B04500	Acquisition of intangible assets	(32,271)	(21,302)
BBBB	Net cash provided by (used in) investing activities	(3,331,389)	(3,676,195)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	225,442	(217,195)
C01600	Increase in long-term loans	524,402	305,065
C01700	Repayment of long-term loans	(1,238,051)	(1,070,196)
C04500	Payment of cash dividends	(1,561,000)	(1,338,000)
C03000	Increase (decrease) in deposits received	(33,678)	14,349
C05800	Increase (decrease) in non-controlling interests	292,537	221,670
CCCC	Net cash provided by (used in) financing activities	(1,790,348)	(2,084,307)
DDDD	Effect of exchange rate changes	(11,563)	(163,629)
EEEE	Increase (decrease) in cash and cash equivalents	1,753,788	153,102
E00100	Cash and cash equivalents at beginning of period	9,787,827	9,634,725
E00200	Cash and cash equivalents at end of period	$11,541,615	$9,787,827

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

Chairman: T.H. Tung　　CEO: Ming-Dong Guo　　Head of Accounting: Su-Zhen Liu

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (referred to "the Company") was established on September 11, 2000. Its main business activities include the manufacture of electronic products, the whole-sale and retail-sale of electronic materials, and the consultation services of business operation and management. The Company's stocks have been governmentally approved on May 20th, 2004 to be listed and traded in Taiwan Stock Exchange starting November 1st, 2004.The registered business premise and main operation address is at 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors'meeting held on February 9, 2015.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1)International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission ("FSC") and would be applicable for annual periods beginning on or after January 1, 2015, but not yet adopted by the Group at the date of issuance of the Group's financial statements are listed below.

(a)*Improvements to International Financial Reporting Standards (issued in 2010):*

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

The annual improvements to International Financial Reporting Standards ("IFRS") issued in 2010 made the following amendments to IFRS 1: If a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report, it needs to explain those changes and update the reconciliations between previous GAAP and IFRS in accordance with paragraph 23 of IFRS 1.

Furthermore, the amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. The amendment also expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The amendment allows entities with rate-regulated activities to use the carrying amount of their property, plant and equipment and intangible balances from their previous GAAP as its deemed cost upon transition to IFRS. These amendments became effective for annual periods beginning on or after January 1, 2011.

IFRS 3 "Business Combinations"

Under the amendment, IFRS 3 (as revised in 2008) do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Furthermore, the amendment limits the scope of the measurement choices for non-controlling interest. Only the components of non-controlling interests that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation could be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value.

The amendment also requires an entity in a business combination to account for the replacement of the acquiree's share-based payment transactions (when the acquirer is not obliged to do so) as new share-based payment awards in the post-combination financial statements.

Outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions: if vested—they are part of non-controlling interest; if unvested—they are measured at market based value as if granted at acquisition date, and allocated between NCI and post-combination expense.

These amendments became effective for annual periods beginning on or after July 1, 2010.

IFRS 7 "Financial Instruments: Disclosures"

The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment became effective for annual periods beginning on or after January 1, 2011.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment became effective for annual periods beginning on or after January 1, 2011.

IAS 34 "Interim Financial Reporting"

The amendment clarifies that if a user of an entity's interim financial report have access to the most recent annual financial report of that entity, it is unnecessary for the notes to an interim financial report to provide relatively insignificant updates to the information that was reported in the notes in the most recent annual financial report. Furthermore the amendment adds disclosure requirements around disclosures of financial instruments and contingent liabilities/assets. The amendment is effective for annual periods beginning on or after January 1, 2011.

IFRIC 13 "Customer Loyalty Programmes"

The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account. The amendment is effective for annual periods beginning on or after January 1, 2011.

(b)*IFRS 1 "First-time Adoption of International Financial Reporting Standards" — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*

IFRS 1 has been amended to allow first-time adopters to utilize the transitional provisions of IFRS 7 *Financial Instruments: Disclosures.* These provisions give relief from providing comparative information in the disclosures required by amendments to IFRS 1 in the first year of application. The amendment is effective for annual periods beginning on or after July 1, 2010.

(c)*IFRS 1 "First-time Adoption of International Financial Reporting Standards" — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

The amendment has provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. The amendment also removes the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions. The amended standard has these dates coinciding with the date of transition to IFRS. The amendment is effective for annual periods beginning on or after July 1, 2011.

(d) *IFRS 7 "Financial Instruments: Disclosures" (Amendment)*

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, when financial assets are derecognised in their entirety, but the entity has a continuing involvement in them, or financial assets are not derecognised in their entirety. The amendment is effective for annual periods beginning on or after July 1, 2011.

(e) *IAS 12 "Income Taxes" — Deferred Taxes: Recovery of Underlying Assets*

The amendment to IAS 12 introduce a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognized on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. The amendment also introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in IAS 16 should always be measured on a sale basis. As a result of this amendment, SIC 21 *Income Taxes —Recovery of Revalued Non-Depreciable Assets* has been withdrawn. The amendment is effective for annual periods beginning on or after January 1, 2012.

(f)*IFRS 10 "Consolidated Financial Statements"*

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements and SIC-12. The changes introduced by IFRS 10 primarily relate to the elimination of the perceived inconsistency between IAS 27 and SIC-12 by introducing a new integrated control model. That is, IFRS 10 primarily relates to whether to consolidate another entity, but does not change how an entity is consolidated. The standard is effective for annual periods beginning on or after January 1, 2013.

(g)*IFRS 11 "Joint Arrangements"*

IFRS 11 replaces IAS 31 and SIC-13. The changes introduced by IFRS 11 primarily relate to increase comparability within IFRS by removing the choice for jointly controlled entities to use proportionate consolidation, so that the structure of the arrangement is no longer the most important factor when determining the classification as a joint operation or a joint venture, which then determines the accounting. The standard is effective for annual periods beginning on or after January 1, 2013.

(h)*IFRS 12 "Disclosures of Interests in Other Entities"*

IFRS 12 primarily integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities and presents those requirements in a single IFRS. The standard is effective for annual periods beginning on or after January 1, 2013.

(i)*IFRS 13 "Fair Value Measurement"*

IFRS 13 primarily relates to defining fair value, setting out in a single IFRS a framework for measuring fair value and requiring disclosures about fair value measurements to reduce complexity and improve consistency in application when measuring fair value. However, IFRS 13 does not change existing requirements in other IFRS as to when the fair value measurement or related disclosure is required. The standard is effective for annual periods beginning on or after January 1, 2013.

(j)*IAS 1 "Presentation of Financial Statements" — Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that would be reclassified (or recycled) to profit or loss in the future would be presented separately from items that will never be reclassified. The amendment is effective for annual periods beginning on or after July 1, 2012.

(k)*IAS 19 "Employee Benefits" (Revised)*

The revision includes: (1) For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. Actuarial gains and losses are now recognized in Other Comprehensive Income. (2) Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). (3) New disclosures include quantitative information about the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption. (4) Termination benefits will be recognized at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognized under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, etc.. The revised standard is effective for annual periods beginning on or after January 1, 2013.

(l)*IFRS 1 "First-time Adoption of International Financial Reporting Standards" — Government Loans*

The IASB has added an exception to the retrospective application of IFRS 9 (or IAS 39) and IAS 20. These amendments require first-time adopters to apply the requirements of IAS 20 prospectively to government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. The amendment is effective for annual periods beginning on or after January 1, 2013.

(m)*IFRS 7 "Financial Instruments: Disclosures" —Disclosures —Offsetting Financial Assets and Financial Liabilities*

These amendments require an entity to disclose information about rights of set-off and related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation.* The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement'. The amendment is effective for annual periods beginning on or after January 1, 2013.

(n)*IAS 32 "Financial Instruments: Presentation" —Offsetting Financial Assets and Financial Liabilities*

The amendment clarifies the meaning of "currently has a legally enforceable right to set-off" in IAS 32. The amendment is effective for annual periods beginning on or after January 1, 2014.

(o)*IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"*

This Interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity recognizes these costs as a non-current asset ("stripping activity asset"), only if certain criteria are met. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. The interpretation is effective for annual periods beginning on or after January 1, 2013.

(p)*Improvements to International Financial Reporting Standards (2009-2011 cycle):*

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

The amendment clarifies that an entity that has stopped applying IFRS may choose to either: Re-apply IFRS 1, even if the entity applied IFRS 1 in a previous reporting period; or Apply IFRS retrospectively in accordance with IAS 8 (i.e., as if it had never stopped applying IFRS) in order to resume reporting under IFRS. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. The opening statement of financial position (known as 'the third balance sheet') must be presented when an entity changes its accounting policies (making retrospective restatements or reclassifications) and those changes have a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. However, unlike the voluntary comparative information, the related notes are not required to include comparatives as of the date of the third balance sheet. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 16 "Property, Plant and Equipment" (Amendment)

The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 32 "Financial Instruments: Presentation" (Amendment)

The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 34 "Interim Financial Reporting" (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Besides, total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment is effective for annual periods beginning on or after January 1, 2013.

(q)*IFRS 10 "Consolidated Financial Statements" (Amendment)*

The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. The amendment is effective for annual periods beginning on or after January 1, 2014.

The abovementioned standards and interpretations issued by IASB and recognized by FSC so that they are applicable for annual periods beginning on or after January 1, 2015. The Group has evaluated the impact of the new standards and interpretations and found that, except for those listed at (i) and (p) which may effect the presentation of financial statements and increse disclosures of consolidated financial statements, all other new standards and interpretations will have no material impact on the Group.

(2)Standards or interpretations issued by IASB but not yet recognized by FSC at the date of issuance of the Group's financial statements are listed below.

(a)*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 January 1, 2014.

(b)*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 January 1, 2014.

(c)*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 January 1, 2014.

(d)*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 July 1, 2014.

(e)*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 July 1, 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 July 1, 2014.

IFRS 8 "Operating Segments"

The amendments require an entity to disclose the judgments 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 July 1, 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 July 1, 2014.

IAS 24 "Related Party Disclosures"

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 July 1, 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 July 1, 2014.

(f)*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 IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS 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 July 1, 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 July 1, 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 July 1, 2014.

(g)*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 IFRS. However, to enhance comparability with entities that already apply IFRS 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 January 1, 2016.

(h)*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 IFRS (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 January 1, 2016.

(i)*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 January 1, 2016.

(j)*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 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. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The Standard is effective for annual periods beginning on or after January 1, 2017.

(k)*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 January 1, 2016.

(l)*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-month 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 January 1, 2018.

(m)*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 IFRS and those prepared in accordance with the local regulations in certain jurisdictions.

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

(n)*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 amendment is effective for annual periods beginning on or after January 1, 2016.

(o)*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 January 1, 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 January 1, 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 January 1, 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 January 1, 2016.

(p)*IAS 1 "Presentation of Financial Statements" (Amendment):*

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 January 1, 2016.

(q)*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 January 1, 2016.

The abovementioned standards and interpretations issued by IASB have not yet recognized by FSC at the date of issuance of the Group's financial statements, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a),(e),(f) and (o), it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1)Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2014 and 2013 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and TIFRS as endorsed by the FSC.

(2)Basis of preparation

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

(3)Basis of consolidation

Preparation principle of consolidated financial statements

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;

(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of Ownership (%) As of December 31,	
Investor	Subsidiary	Main businesses	2014	2013
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	36.81%	41.28% (Note)

KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)	100.00%	100.00%
KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high-density fine-line)	100.00%	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%
PIOTEK HOLDING LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	100.00%	100.00%
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION HOLDINGS CORPORATION	Investing activities	100.00%	100.00%
PEGAVISION HOLDINGS CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00%	100.00%

Note: The Group owned 36.81% and 41.28% of ownership of Pegavision Corporation as of December 31, 2014 and 2013, respectively. The management decide to include Pegavision Corporation as a consolidated entity because the Group, in substance, possess the power of control on this entity.

(4)Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective 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:

(a)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.

(b)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.

(c)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.

(5)Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6)Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) 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:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period

(d) The Group 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.

(7)Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(8)Financial instruments

Financial assets and financial liabilities are recognized when the Group 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.

A. Financial assets

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

Financial assets of the Group are classified as financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The Group 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:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. 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

iii. 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:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. 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.

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 sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

Available-for-sale financial assets 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 investments, 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 reclassified to 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 sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

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 Group 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 sheet 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 Group 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 is reduced through the use of an allowance account 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) 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 reorganisation; or
(d) the disappearance of an active market for that financial asset due to financial difficulties of the issuer.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group 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 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 amount recorded for impairment is 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. The impairment amount is reclassified from equity to 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 equity.

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 is based on the reduced carrying amount of assets and calculated using the effective interest rate which is the discount rate for measuring impairment loss. 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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group 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.

B. Financial liabilities and equity instruments

Classification between liabilities or equity

The Group 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 of the Group that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

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 if:

(a) it is acquired principally for the purpose of selling it in short 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 liability at fair value through profit or loss; or a financial liability may be designated upon initial recognition as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces 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 interests, 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 far 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 payables and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Relevant gains or losses and amortization amounts are recognized in profit or loss when the liabilities are derecognized and amortized through the effective interest rate method.

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.

C. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

(9)Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition is accounted for as follows:

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress - Including cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10)Property, plant and equipment

Property, plant and equipment are 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, plant 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, plant and equipment are required to be replaced in intervals, the Group 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 plant and 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:

Buildings	10 to 25 years
Machinery	5 to 10 years
Transportation	2 to 6 years
Office equipment	3 to 6 years
Other equipment	3 to 25 years

An item of property, plant and equipment or 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 property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(11) Leasing

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental incomes under operating lease are recognized on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

(12) 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, not meeting the recognition criteria, 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 are 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 are 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 recognized in profit or loss.

The Group's accounting policies for intangible assets are as follows:

	Cost of Computer Software
Useful economic life	1 to 5 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(13)Impairment of non-financial assets

The Group 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 Group would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset's recoverable amount is the higher of an asset's net fair value or its value in use.

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 Group estimates the recoverable amount of the asset or CGU. 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 the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(14)Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable 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 Group 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.

Provisions for sales returns and allowances

The Group estimates provisions for sales returns and allowances based on past experience and other known factors.

(15) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Conditions and methods for the recognition of various types of revenue are listed below:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied: significant risks and rewards of ownership of the goods have passed to the buyer; neither continuing managerial involvement nor effective control over the goods sold have been retained; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred in respect of the transaction can be measured reliably.

Customer Loyalty Programmes

When the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account.

Interest income

Interest incomes from financial assets at amortized costs (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets are estimated using the effective interest method and recognized in profit or loss.

Dividend income

Dividend incomes are recognized only when the Group has the right to receive the dividends.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries 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 and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries 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. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

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. The Group recognizes all actuarial gains and losses in the period in which they occur in other comprehensive income. Actuarial gains and losses recognized in other comprehensive income are recognized immediately in retained earnings.

(18) Income tax

Income tax expense (benefit) 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% income tax for undistributed earnings of the Company and its subsidiaries is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.
Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) 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 (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, 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, any unused tax losses and carry forward of unused tax credits 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:

(a) 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; or

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed 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 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 and recognized at each reporting date.

Deferred tax assets and 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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

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

(1)Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2)Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the determination of the discount rate, future salary increases, mortality rates and future pension increases. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(3)Revenue recognition - customer loyalty programmes

The Group uses statistical techniques to estimate the fair value of award credits under customer loyalty programmes. Parameters used in the estimation include: assumptions on the expected exchange rate, commodity portfolio available for future exchange and customer preference. Before the points issued under the programme expire, the estimates have material uncertainty. Please refer to Note 6 for more details.

(4)Revenue recognition – sale returns and allowances

The Group estimates sales returns and allowances based on past experience and other known factors as reductions of sales revenue upon sales. Please refer to Note 6 for more details.

(5)Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax benefit and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as past experience in tax audit and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

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. As of December 31, 2014, the un-recognized portion of the Company's defferred tax assets were disclosed in Note 6.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2014	2013
Cash and petty cash	$4,574	$8,677
Checking and saving	2,661,078	2,196,877
Time deposit	8,875,963	7,582,273
Total	$11,541,615	$9,787,827

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

	As of December 31,	
	2014	2013
Held for trading:		
Money market fund	$5,033,763	$5,060,352
Valuation adjustment	101,671	74,776
Total	$5,135,434	$5,135,128

No financial asset at fair value through profit or loss was pledged as collateral.

(3)Available-for-sale financial assets

	As of December 31,	
	2014	2013
Stocks	$15,675	$42,604
Valuation adjustment	24,694	15,111
Total	$40,369	$57,715

No available-for-sale financial asset was pledged as collateral.

(4)Bond investments with no active market

	As of December 31,	
	2014	2013
Time deposits	$463,827	$507,428
Current	$463,827	$507,379
Non-current	$-	$49

There was no bond investments with no active market pledged as collateral. Please refer to Note 8 for more details.

(5)Financial assets carried at cost

	As of December 31,	
	2014	2013
Stocks	$50,000	$-
Non-current	$50,000	$-

A. Because the interval of reasonable estimates of the fair value of unlisted stocks held by the Group is significantly variable and the probabilities of each estimate cannot be reasonably evaluated, these stocks cannot be measured in fair value. Thus they are carried at cost.

B. No financial assets carried at cost were pledged as collateral.

(6)Notes receivable

	As of December 31,	
	2014	2013
Notes receivable – from operations	$6,252	$69,383
Less: allowance for doubtful accounts	-	-
Net	$6,252	$69,383

No notes receivable was pledged by the Group as collateral.

(7)Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable, net

	As of December 31,	
	2014	2013
Accounts receivable, gross	$3,108,413	$3,075,550
Less: allowance for doubtful accounts	(67,946)	(61,910)
Less: allowance for return & discount	(124)	-
Net of allowances	3,040,343	3,013,640

Accounts receivable - related parties, gross	436,406	560,469
Less: allowance for doubtful accounts	-	-
Net of allowances	436,406	560,469
Total accounts receivable, net	$3,476,749	$3,574,109

B. The Group evaluated sales return and discount based on experiences and other known factors and recorded it as a reduction against sales at the time of recognizing revenue.

C. The Company entered into factoring agreements with banks. Accounts receivables from selected customers are transferred to banks without recourse. Details of the agreed credit limits and accounts receivables transferred as of December 31, 2014 and 2013 were as follows:

	Financial Institution	Accounts receivable de-recognized	Advance received	Collateral	Credit Limit
12/31/2014	Mega International Commercial Bank - LanYa Branch	$ 509,292	$153,968	None	Note
12/31/2013	Mega International Commercial Bank - LanYa Branch	375,933	300	None	Note

Note: The credit limits were US$ 30,000 thousand as of December 31, 2014 and 2013.

D. The collection term of accounts receivables are generally on 60 to 120 day after monthly closing. The movement schedule of the impairment provision for accounts receivable, including related parties, was presented as below. (Please also refer to Note 12 for credit risk disclosure)

	Impaired Individually	Impaired Collectively	Total
As of January 1, 2014	$-	$61,910	$61,910
Provision (reversal)	-	5,876	5,876
Effect of exchange rate changes	-	160	160
As of December 31, 2014	$-	$67,946	$67,946
As of January 1, 2013	$-	$89,146	$89,146
Provision (reversal)	-	(27,767)	(27,767)
Effect of exchange rate changes	-	531	531
As of December 31, 2013	$-	$61,910	$61,910

Aging analysis for the net accounts receivable, including related parties, were as follows.

		Accounts receivable – past due, but not impaired				
	Neither past due nor impaired	Less than 61 days	61 to 90 days	91 to 120 days	Longer than 120 days	Total
12/31/2014	$3,143,727	$330,265	$2,358	$-	$399	$3,476,749
12/31/2013	3,192,476	376,796	3,558	375	904	3,574,109

(8)Inventory

A. Details of inventory:

	As of December 31,	
	2014	2013
Raw material	$721,063	$645,307
Supplies	38,638	35,222
Work in process	724,021	734,785
Finished goods	1,153,748	855,987
Merchandises	39,320	6,764
Total	2,676,790	2,278,065
Less: allowance for inventory valuation losses	(513,821)	(272,568)
Net	$2,162,969	$2,005,497

B. For the year ended December 31, 2014 and 2013, the Group recognized NT$17,996,954 thousand and NT$16,898,393 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

	For the year ended December 31,	
Item	2014	2013
Loss from (Gains on recovery of) inventory market decline	$234,517	$(14,940)
Loss (gain) from physical	38,239	(4,392)
Loss in inventory write-off obselencense	170,029	196,091
Unallocated fixed manufacturing overhead	-	1,947
Total	$442,785	$178,706

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

C. The inventories were not pledged.

(9) Property, plant and equipment

	Land	Buildings	Machinery	Office Equipment	Transportation	Other Equipment	Construction in progress and equipment awaiting inspection (including prepaid equipment)	Total
Cost:								
As of 1/1/2014	$1,237,179	$5,462,460	$15,077,543	$90,558	$12,370	$3,766,802	$1,402,631	$27,049,543
Addition	8,939	20,165	54,596	7,851	830	68,416	3,756,295	3,917,092
Disposals	-	(52,159)	(78,757)	(492)	-	(89,826)	-	(221,234)
Effect of EX rate	-	174,048	364,245	3,780	595	86,648	7,924	637,240
Reclassification	120,308	9,708	1,784,658	17,249	905	126,377	(2,059,205)	-
As of 12/31/2014	$1,366,426	$5,614,222	$17,202,285	$118,946	$14,700	$3,958,417	$3,107,645	$31,382,641
As of 1/1/2013	$552,539	$4,679,123	$15,512,709	$79,784	$10,282	$3,714,470	$933,924	$25,482,831
Addition	-	64,572	(1,865)	7,259	1,525	42,069	3,599,217	3,712,777
Disposals	-	(62,014)	(2,418,456)	(4,009)	-	(252,268)	-	(2,736,747)
Effect of EX rate	-	165,659	329,841	3,441	563	81,489	9,689	590,682
Reclassification	684,640	615,120	1,655,314	4,083	-	181,042	(3,140,199)	-
As of 12/31/2013	$1,237,179	$5,462,460	$15,077,543	$90,558	$12,370	$3,766,802	$1,402,631	$27,049,543
Depreciation and impairment:								
As of 1/1/2014	$-	$1,263,101	$7,839,150	$52,142	$5,727	$1,922,338	$-	$11,082,458
Depreciation	-	266,758	2,248,030	19,130	2,563	481,522	-	3,018,003
Impairment loss	-	-	-	-	-	-	-	-
Disposal	-	(50,929)	(72,720)	(492)	-	(88,256)	-	(212,397)
Effect of EX rate	-	42,989	220,926	2,992	389	48,846	-	316,142
Reclassification	-	-	80	-	-	(80)	-	-
As of 12/31/2014	$-	$1,521,919	$10,235,466	$73,772	$8,679	$2,364,370	$-	$14,204,206
As of 1/1/2013	$-	$1,027,474	$7,927,391	$35,078	$3,282	$1,673,891	$-	$10,667,116
Depreciation	-	266,091	2,168,476	18,995	2,230	459,362	-	2,915,154
Impairme loss	-	-	-	-	-	-	-	-
Disposal	-	(61,891)	(2,406,864)	(3,828)	-	(251,379)	-	(2,723,962)

Effect of EX rate	-	31,427	158,268	1,884	215	32,356	-	224,150
Reclassification	-	-	(8,121)	13	-	8,108	-	-
As of 12/31/2013	$-	$1,263,101	$7,839,150	$52,142	$5,727	$1,922,338	$-	$11,082,458
Net carrying amount:								
As of 12/31/2014	$1,366,426	$4,092,303	$6,966,819	$45,174	$6,021	$1,594,047	$3,107,645	$17,178,435
As of 12/31/2013	$1,237,179	$4,199,359	$7,238,393	$38,416	$6,643	$1,844,464	$1,402,631	$15,967,085

A. "Significant components" of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 25 years and 3 to 20 years.

B. Details of property, plant & equipment and prepayment for machinery is as follows:

	As of December 31,	
	2014	2013
Property, plant and equipment	$15,429,778	$14,756,743
Prepaid equipment	1,748,657	1,210,342
Total	$17,178,435	$15,967,085

C. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.

D. The Company purchased certain pieces of land, totaling 28,019.24 square meters, at Taoyuan and Hsinchu areas. However, the titles of the lands were at the Company's Chairman temporarily due to certain legal restriction. The Company's right to these lands has been properly ensured.

(10) Intangible assets

	Computer software
Cost:	
As of January 1, 2014	$43,568
Additions – acquired separately	32,271
Derecognized upon retirement	(36,644)
Effect of exchange rate changes	906
As of December 31, 2014	$40,101
As of January 1, 2013	$34,584
Additions – acquired separately	21,302
Derecognized upon retirement	(13,088)

Effect of exchange rate changes	770
As of December 31, 2013	$43,568
Amortization and Impairment:	
As of January 1, 2014	$29,409
Amortization	26,567
Derecognized upon retirement	(36,644)
Effect of exchange rate changes	787
As of December 31, 2014	$20,119
As of January 1, 2013	$26,486
Amortization	15,563
Derecognized upon retirement	(13,088)
Effect of exchange rate changes	448
As of December 31, 2013	$29,409
Carrying amount, net:	
As of December 31, 2014	$19,982
As of December 31, 2013	$14,159

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2014	2013
Cost of sale	$292	$233
Operating expense	$26,275	$15,330

(11) Other non-current assets

	As of December 31,	
	2014	2013
Refundable deposits	$44,743	$41,082
Long-term prepaid rent	286,970	277,775
Total	$331,713	$318,857

As of December 31, 2014 and 2013, the line of unused short-term loan credit for the Group amounted to NT$286,970 thousand and NT$277,775 thousand, respectively.

(12) Short-term loans

	Interest interval	As of December 31, 2014	2013
Unsecured bank loans	0.88~1.52%	$1,806,896	$1,581,454

As of December 31, 2014 and 2013, the line of unused short-term loan credit for the Group amounted to NT$3,286,804 thousand and NT$2,829,686 thousand, respectively.

(13) Other payable

	As of December 31, 2014	2013
Accrued expense	$2,589,592	$2,177,726
Equipme payable	1,236,524	668,223
Accrued interest	2,636	3,211
Total	$3,828,752	$2,849,160

(14) Provisions

	Sales Returns and Allowances
As of January 1, 2014	$-
Additions	302
Used	-
Reversal	-
Adjustment to present value due to discount rate change and passage of time	-
As of December 31, 2014	$302

	As of December 31, 2014	2013
Current	$302	$-
Non-current	-	-
Total	$302	$-

Sales returns and allowances

The Group incurred sales returns and allowances based on past experience and other known factors as reductions against sales revenue upon sale, recording it under the caption of provisions.

(15) Other current liabilities

A.

	As of December 31,	
	2014	2013
Other current liabilities	$75,708	$78,186
Unearned sales revenue	32,853	11,996
Deferred revenue - Customer Loyalty Programmes	781	-
Current portion of long-term loans	1,433,589	1,488,439
Total	$1,542,931	$1,578,621

B. Customer loyalty programs

	For the year ended December 31,	
	2014	2013
Balance, beginning	$-	$-
Deferred during the period	781	-
Recognized in profit or loss	-	-
Balance, ending	$781	$-

	As of December 31,	
	2014	2013
Current	$781	$-
Non-current	-	-
Total	$781	$-

(16) Long-term loans

Details of long-term loans as of December 31, 2014 and 2013 were as follows:

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2014	Repayment
Mega International Commercial Bank - LanYa Branch	Secured bank loan	2015.10.27-2016.12.15	$186,159	Notes 1, 2 and 8
Mega International Commercial Bank - LanYa Branch	Credit loan	2015.10.27-2018.08.12	754,324	Notes 1, 3 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Secured bank loan	2015.07.15-2019.01.15	224,040	Notes 2, 6, 7 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2014.12.24-2017.04.15	109,125	Notes 6 and 10
Land Bank of Taiwan - ZhongLi Branch	Credit loan	2015.12.23-2016.11.27	415,913	Notes 2 and 5
Taipei Fubon Commercial Bank – BeiTou Branch	Credit loan	2017.12.15	474,750	Note 12
Total			2,164,311	
Less: current portion			(1,433,589)	
Non-current portion			$730,722	

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2013	Repayment
Mega International Commercial Bank - LanYa Branch	Secured bank loan	2014.04.07-2016.12.15	$274,499	Notes 1, 2 and 8
Mega International Commercial Bank - LanYa Branch	Credit loan	2015.10.27-2018.08.12	1,223,995	Notes 1, 3 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Secured bank loan	2014.06.23-2018.09.09	288,356	Notes 2, 6, 7 and 10

The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2014.12.24-2017.04.15	366,638	Notes 2, 6 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2014.03.13-2016.12.23	717,729	Notes 2, 5 and 9
Other banks	Credit loan	2015.12.20	6,743	Note 11
Total			2,877,960	
Less: current portion			(1,488,439)	
Non-current portion			$1,389,521	

Note 1: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 2 years (8 terms). The rest is repayable in installments of equal amount for 20 terms.

Note 2: Interest shall be paid for the first 12 months from the initial draw-down date. Starting from the 13th month, interest shall be paid monthly with principal repaid every 3 months.

Note 3: A term is defined as every 3 months starting from the initial draw-down date. The loan is repayable in installments of equal amount for 20 terms.

Note 4: A term is defined as every 3 months starting from the initial draw-down date. The loan is repayable in installments of equal amount for 12 terms.

Note 5: A term is defined as every 1 months starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount.

Note 6: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 2 years (8 terms). The rest is repayable in installments of equal amount for 12 terms.

Note 7: Starting from the 25th month, a term is defined as every 3 months. The loan is repayable in installments of equal amount for 11 terms.

Note 8: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 1 years (4 terms). The rest is repayable in installments of equal amount for 8 terms.

Note 9: Interest shall be paid monthly starting from the initial draw-down date. Principal is repaid in one lump sum when due.

Note 10: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 1 years (4 terms). The rest is repayable in installments of equal amount for 16 terms.

Note 11: Monthly payment is calculated using the annuity method. The principal and interest are repayable in installments of equal amount for 36 terms.

Note 12: One year after the initial draw-down date is considered term one and the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 5 terms.

A. A portion of property, plant and equipment were pledged to Mega International Commercial Bank and Shanghai Commercial & Savings Bank (the first-priority mortgagors) as collaterals for secured bank loans. Please refer to Note 8 for more details.

B. As of December 31, 2014 and 2013, the interest rate intervals for long-term loans were 0.72%~1.60% and 0.74%~2.25%, respectively.

(17)Other non-current liabilities

	As of December 31,	
	2014	2013
Accrued pension costs	$29,668	$49,351
Deposits received	80,952	114,630
Total	$110,620	$163,981

(18)Post-employment benefits

Defined contribution plan

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

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2014 and 2013 are NT$103,867 thousand and NT$89,772 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt 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 and its domestic subsidiaries and its domestic subsidiaries contribute 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.

Pension costs recognized in profit or loss for the years ended December 31, 2014 and 2013 are as follows:

	For the year ended December 31,	
	2014	2013
Current period service costs	$232	$288
Interest cost	2,645	2,154
Expected return on plan assets	(1,658)	(1,342)
Previous period service costs	-	-
Total	$1,219	$1,100

The pension cost under the defined benefits plan is as follows:

	For the year ended December 31,	
	2014	2013
Operating costs	$968	$870
Sales and marketing expenses	45	37
General and administrative expenses	114	127
Research and development expenses	92	66
Total	$1,219	$1,100

The cumulative amount of actuarial gains and losses recognized in other comprehensive income are as follows:

	For the year ended December 31,	
	2014	2013
Balance as of January 1	$23,952	$37,347
Actuarial gains and losses for the period	(15,710)	(13,395)
Balance as of December 31	$8,242	$23,952

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

	As of December 31,	
	2014	2013
Defined benefit obligation	$116,697	$132,275
Plan assets at fair value	(87,029)	(82,924)
Funded status	29,668	49,351
Unrecognized previous period service costs	-	-
Accrued pension liabilities	$29,668	$49,351

Changes in present value of the defined benefit obligation are as follows:

	For the year ended December 31,	
	2014	2013
Defined benefit obligation at January 1	$132,275	$143,622
Current service cost	232	288
Interest cost	2,645	2,154
Benefits paid	(2,993)	-
Actuarial losses (gains)	(15,462)	(13,789)
Effect of exchange rate	-	-
Defined benefit obligation at December 31	$116,697	$132,275

Changes in fair value of plan assets are as follows:

	For the year ended December 31,	
	2014	2013
Plan assets, at fair value at January 1	$82,924	$76,692
Expected return on plan assets	1,658	1,342
Contributions by employer	5,192	5,284
Benefits paid	(2,993)	-
Actuarial losses	248	(394)
Effect of exchange rate	-	-
Plan assets, at fair value at December 31	$87,029	$82,924

The Group expects to contribute NT$5,192 thousand to its defined benefit plan during the 12-months period after December 31, 2014.

The major categories as a percentage of the fair value of total plan assets are as follows:

	Pension plan (%) as of December 31,	
	2014	2013
Cash	100.00%	100.00%

The actual return on plan assets of the Group for the years ended December 31, 2014 and 2013 were NT$1,087 thousand and NT$948 thousand, respectively.

Employee pension fund is deposited under a trust administered by the Bank of Taiwan. The overall expected rate of return on assets is determined based on historical trend and analyst's expectation on the asset's return in its market over the obligation period. Furthermore, the utilization of the fund by the labor pension fund supervisory committee and the fact that the minimum earnings are guaranteed to be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks are also taken into consideration in determining the expected rate of return on assets.

The actuarial assumptions used for the Group's defined benefit plan are shown below:

	As of December 31,	
	2014	2013
Discount rate	2.25%	2.00%
Expected rate of return on plan assets	2.25%	2.00%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis of discount rate on defined benefit obligation is shown as below:

	For the year ended December 31,			
	2014		2013	
	Discount rate Increase By 0.5%	Discount rate Decrease By 0.5%	Discount rate Increase By 0.5%	Discount rate Decrease By 0.5%
Effect on the defined benefit obligation	$(11,487)	$13,023	$(13,526)	$15,424

Other information on the defined benefit plan is as follows:

	For the year ended December 31,	
	2014	2013
Defined benefit obligation at present value	$116,697	$132,275
Plan assets at fair value	(87,029)	(82,924)
Deficit in plan (surplus)	29,668	49,351
Experience adjustments on plan liabilities	(15,462)	(13,789)
Experience adjustments on plan assets	(248)	394

(19) Equity

A. Common shares

As of December 31, 2014 and 2013, the Company's authorized capital and paid-in capital were NT$5,500,000 thousand and NT$4,460,000 thousand, respectively, each share at par value of NT$10, divided into 446,000 thousand shares. Each share represents a voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2014	2013
Additional paid-in capital	$5,850,000	$5,850,000
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	50,925	13,612
All changes in interests in subsidiaries	38,894	-
Total	$5,939,819	$5,863,612

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Appropriation of earnings and dividend policies

(a) Earning distribution

The Company's earnings in current year, if any, shall firstly be made to pay all taxes and dues and then to offset prior year's operation losses. 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be provided pursuant to Article 41 of the Securities and Exchange Act. Any remaining earnings after the said deductions shall be appropriated as follows:

a. 1% as remuneration to directors
b. Bonues to employees cannot be less than 1% of the total bonus to employees and shareholders. Bonus to employees can be distributed in cash or stocks. The parties receiving the stock dividends shall include employees in affiliated companies who met certain conditions stipulated by the Board of Directors.
c. The Board of Directors would propose an earning distribution plan based on the remaining balance combined with the undistributed earnings accumulated during previous years to be resolved at the shareholders' meeting.

(b) Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, dividend policy aims for a steady balance. Cash dividends distributed each year cannot be less than 10% of the total dividends paid.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

Before distributing earnings, the Company shall also set aside special reserve, for other net deductions against shareholders' equity of the period. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed is reclassified to earnings and may be distributed.

Following the adoption of Taiwan IFRS, the Company complies with Order No. Jin-Guan-Zheng-Fa 1010012865 issued by FSC on April 6, 2012. On the Company's first-time adoption of the Taiwan IFRS, for any unrealized revaluation gains and cumulative translation adjustments recorded under shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, an equal amount of special capital reserve shall be set aside. After the adoption of Taiwan IFRS for the preparation of financial statements, the Company shall set aside supplemental special reserve based on the difference between the amount already set aside according to the requirements in the preceding point and other net deductions from shareholders' equity when appropriating distributable earnings. For any subsequent reversal of other net deductions from shareholders' equity, the amount reserved may be distributed as earnings.

The special reserve for the first-time adoption of Taiwan IFRS amounted to zero as of January 1, 2014 and 2013. The Company did not use, dispose or reclassify relevant assets which lead to reversal of special reserves for the year ended December 31, 2014 and 2013. The special reserve for the first-time adoption of Taiwan IFRS amounted to zero as of December 31, 2014 and 2013.

(e) The Company estimated the amounts of the employee bonuses and the remuneration to directors and supervisors to be NT$545,679 thousand and NT$32,099 thousand, respectively, for the year ended December 31, 2014; and the estimated amounts of the employee bonuses and remuneration to directors and supervisors to be NT$492,104 thousand and NT$28,947 thousand, respectively, for the year ended December 31, 2013. The amounts are estimated based on the net income for the period and the percentage stated in the Article of Incorporation, after taking into account factors such as legal reserves. The estimated employee bonuses and remuneration to directors and supervisors are recognized as operating costs or operating expense for the period. If the board modified the estimates significantly in the subsequent periods, the Company will recognize the change as an adjustment to current income retroactively. The difference between the estimates and the resolution of shareholders' meeting will be recognized in profit or loss of the subsequent year. If the shareholders' meeting resolves to pay the employee bonus in the form of stocks, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of dividends) of shares on the day preceding the shareholders' meeting.

The appropriations of earnings for the Year 2014 and 2013 were approved through the Board of Directors' meetings and shareholders' meetings held on February 9, 2015 and June 9, 2014, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2014	2013	2014	2013
Legal reserve	$361,733	$322,409		
Cash dividends - common stock	1,784,000	1,561,000	4.00	3.50
Remuneration to directors and supervisors	32,556	29,761		
Employee bonus - cash	545,679	492,104		
Total	$2,723,968	$2,405,274		

The information about employees' bonuses and remuneration to directors and supervisors which were resolved by the Board of Directors' meeting and shareholders' meeting is available at the Market Observation Post System website.

The actual payment of 2012 earning distribution comprised the employees' bonuses of NT$428,551 thousand and the remuneration to directors and supervisors of NT$24,435 thousand. The difference of NT$3,687 thousand between the actual payment and the accrual of NT$428,551 thousand for employees' bonuses and NT$28,122 thousand for remuneration to directors and supervisors for the year ended December 31, 2012 was recorded in the profit or loss for the year ended December 31, 2013.

The actual payment of 2013 earning distribution comprised the employees' bonuses of NT$492,104 thousand and the remuneration to directors and supervisors of NT$29,761 thousand. The difference of NT$814 thousand between the actual payment and the accrual of NT$429,104 thousand for employees' bonuses and NT$28,947 thousand for remuneration to directors and supervisors for the year ended December 31, 2013 was recorded in the profit or loss for the year ended December 31, 2014.

D. Non-controlling interests

	For the year ended December 31,	
	2014	2013
Beginning balance	$2,450,199	$2,346,307
Net loss attributable to NCIs	(127,094)	(107,839)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	115,330	120,536

Capital increase at subsidiary by issuing new shares	200,966	91,195
The difference between the consideration and the carrying value from disposal of subsidiaries'equity	15,364	-
Ending balance	$2,654,765	$2,450,199

(20) Sale

	For the year ended December 31,	
	2014	2013
Sale of goods	$24,750,695	$22,913,688
Less: sales returns and allowances	(345,496)	(326,205)
Services rendered	186,656	165,081
Other operating revenue	351,979	350,263
Total	$24,943,834	$23,102,827

(21) Operating lease

A. Group as a lessee

The commercial leasing agreements that the Group entered into for buildings and plants have an average term of one year. There are no restrictive covenants for the Group in the contracts.

As of December 31, 2014 and 2013, the total future minimum lease payments due to irrevocable leasing contracts were as follows:

	As of December 31,	
	2014	2013
Within one year	$40,146	$18,282

Minimum lease payments under operating lease were as follows:

	For the year ended December 31,	
	2014	2013
Minimum lease payment	$136,263	$110,229

B. Group as a lessor

The leasing agreements that the Group entered into for plants have an average term of one year.

As of December 31, 2014 and 2013, the total future minimum lease payments from the leasees due to irrevocable leasing contracts were both NT$0.

For the years ended December 31, 2014 and 2013, rent incomes of the Group amounted to NT$20,407 thousand and NT$7,773 thousand, respectively.

(22) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Nature	2014			2013		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	$2,853,463	$703,859	$3,557,322	$2,523,941	$675,478	$3,199,419
Labor and health insurance	169,967	58,018	227,985	137,450	47,913	185,363
Pension	76,253	28,833	105,086	67,225	23,647	90,872
Other employee benefit	172,313	54,112	226,425	160,560	34,587	195,147
Depreciation	2,785,951	232,052	3,018,003	2,700,418	214,736	2,915,154
Amortization	292	26,275	26,567	233	15,330	15,563

Note: The headcounts of the Group amounted to 7,207 and 6,952 respectively on December 31, 2014 and 2013.

(23) Non-operating incomes and expenses

A. Other incomes

	For the year ended December 31,	
	2014	2013
Interest income	$96,170	$87,324
Dividend income	1,531	2,226
Government grants income	-	6,765
Other income－others	36,260	82,602
Total	$133,961	$178,917

The grants income was recognized based on the Group's execution progress of certain governmentally approved projects regarding developing disposable contact lense.

B. Other gains and losses

	For the year ended December 31,	
	2014	2013
Gain (loss) from disposal of property, plant and equipment	$(724)	$5,074
Foreign exchange gains, net	32,414	73,568
Valuation gain of financial assets at fair value through profit or loss	26,895	22,949
Gain from disposal of investment	26,135	10,732
Other expenses	(20,286)	(7,704)
Total	$64,434	$104,619

C. Finance costs

	For the year ended December 31,	
	2014	2013
Interests on bank loans	$56,482	$55,589

(24) Components of other comprehensive income (OCI)

For the year ended December 31, 2014

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
Exchange differences arising on translation of foreign operations	$309,597	$-	$309,597	$(33,026)	$276,571
Unrealized valuation gain (loss) on available-for-sale financial assets	34,474	(24,891)	9,583	-	9,583
Actuarial gains or losses on defined benefits plan	15,710	-	15,710	-	15,710
Total OCI	$359,781	$(24,891)	$334,890	$(33,026)	$301,864

For the year ended December 31, 2013

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
Exchange differences arising on translation of foreign operations	$323,579	$-	$323,579	$(19,205)	$304,374
Unrealized valuation gain (loss) on available-for-sale financial assets	4,519	(5,054)	(535)	-	(535)
Actuarial gains or losses on defined benefits plan	13,395	-	13,395	-	13,395
Total OCI	$341,493	$(5,054)	$336,439	$(19,205)	$317,234

(25)Income tax

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

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2014	2013
Current income tax expense (benefit):		
Current income tax expense	$540,877	$553,917
Adjustments in respect of current income tax of prior periods	125,269	(14,000)
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(5,307)	7,177
Total income tax expense	$660,839	$547,094

B. Income tax recognized in other comprehensive income

	For the year ended December 31,	
	2014	2013
Deferred tax expense (benefit):		
Exchange differences arising on translation of foreign operations	$33,026	$19,205

C. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2014	2013
Accounting profit (loss) before tax from continuing operations	$4,151,072	$3,663,348
Tax payable at the enacted tax rates	$645,428	$521,685
10% surtax on Undistributed earnings	141,511	117,993
Tax exempted from tax holiday	(316,790)	(85,460)
Tax effect of expenses not deductible for tax purposes	(5,368)	(28,818)
Tax effect of deferred tax assets/liabilities	70,789	21,694
Prior years' tax adjustments	125,269	-
Total income tax expense (income) recognized in profit or loss	$660,839	$547,094

D. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2014

	Beginning balance as of January 1, 2014	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Deferred tax income (expense) recognized in equity	Increase from business acquisition	Exchange adjustments	Ending balance as of December 31, 2014
Temporary differences							
Unrealized loss on inventory valuation	$20	$256	$-	$-	$-	$-	$276
Unrealized exchange loss (gain)	(7,197)	5,051	-	-	-	-	(2,146)
Cumulative translation adjustment	(19,205)	-	(33,026)	-	-	-	(52,231)
Deferred tax income/ (expense)		$5,307	$(33,026)	$-	$-	$-	
Net deferred tax assets/(liabilities)	$(26,382)						$(54,101)

Reflected in balance sheet as follows:		
Deferred tax assets	$20	$276
Deferred tax liabilities	$(26,402)	$(54,377)

For the year ended December 31, 2013

	Beginning balance as of January 1, 2014	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Deferred tax income (expense) recognized in equity	Increase from business acquisition	Exchange adjustments	Ending balance as of December 31, 2014
Temporary differences							
Unrealized loss on inventory valuation	$13,396	$(13,376)	$-	$-	$-	$-	$20
Unrealized exchange loss (gain)	(13,396)	6,199	-	-	-	-	(7,197)
Cumulative translation adjustment	-	-	(19,205)	-	-	-	(19,205)
Deferred tax income/ (expense)		$(7,177)	$(19,205)	$-	$-	$-	
Net deferred tax assets/(liabilities)	$-						$(26,382)
Reflected in balance sheet as follows:							
Deferred tax assets	$13,396						$20
Deferred tax liabilities	$(13,396)						$(26,402)

E. Unrecognized deferred tax assets

As of December 31, 2014 and 2013, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$1,016,063 thousand and NT$976,027 thousand, respectively.

F. The investments and capital additions of the Company and its subsidiary, Pegavision, are qualified as the investment on strategic emerging industry and entitled to some tax privilege. The details of 5-year tax holidays/exemption enjoyed by the Group are listed as below.

Item	Approval authority	Approval document	Exemption period
1	Ministry of Economic Affairs	No. 10005112010 issued at Aug. 25, 2011	Jan. 1, 2013~ Dec. 31, 2017
2	Ministry of Economic Affairs	No. 10005116950 issued at Dec. 27, 2011	Jan. 1, 2014~ Dec. 31, 2018

G. The unused balances of deductible net operating loss within the Group were listed as below.

Occurrence year	Accumulated net operating loss	Unused balance As of December 31, 2014	Unused balance As of December 31, 2013	Expiration Year
2010	$69,135	$-	$35,363	2020
2011	95,522	27,445	95,522	2021
2012	135,158	126,986	127,596	2022
Total		$154,431	$258,481	

H. The unused balances of the Group's investment tax credit were as below.

Legal basis	Item To be Exempted from Corporate Income Tax	Unused balance As of December 31, 2014	Unused balance As of December 31, 2013	Expiration Year
Statute for Upgrading Industries	Deduction of investment of machinery and equipment	$-	$43,488	2014
Statute for Upgrading Industries	Deduction of investment of machinery and equipment	-	23,195	2015
		$-	$66,683	

I. Imputation credit information

	As of December 31, 2014	As of December 31, 2013
Balance of imputation credit	$1,434,884	$940,384

The expected/actual creditable ratio for 2014 and 2013 were 11.62% and 10.23%.

As of December 31, 2014, the Company did not have unappropriated earnings resulted in the years of 1997 and before.

J. The assessment of income tax return

As of December 31, 2014, the assessment status of income tax returns of the Company and subsidiaries were as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2011
Subsidiary - Pegavision Corporation	Assessed and approved up to 2011
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2012

(26) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the year ended December 31,	
	2014	2013
Net income available to common shareholders of the parent (in thousands of NT$)	$3,617,327	$3,224,093
Weighted average number of common shares outstanding (in thousand shares)	446,000	446,000
Basic earnings per share (in NT$)	$8.11	$7.23

B. Diluted earnings per share

	For the year ended December 31,	
	2014	2013
Net income available to common shareholders of the parent (in thousand NT$)	$3,617,327	$3,224,093
Net income available to common shareholders of the parent after dilution (in thousand NT$)	$3,617,327	$3,224,093

Weighted average number of common shares outstanding (in thousand shares)	446,000	446,000
Effect of dilution:		
Employee bonus – stock (in thousand shares)	7,305	6,775
Weighted average number of common shares outstanding after dilution (in thousand shares)	453,305	452,775
Diluted earnings per share (in NT$)	$7.98	$7.12

(27) Change in ownership to subsidiary's equity

Due to subscribe to subsidiary's capital addition not in a proportionate basis

The shareholders of Pegavision Corporation in a meeting held on October 28, 2013 decided to issue additional shares for cash in amount of NT$120,000 thousand, each share at a price of NT$15, with the measurement date at December 27, 2013. However, the Group did not fully exercise its preemptive right while only subscribing NT$18,866 thousand. As a result, the Group's ownership percentage on Pegavision Corporation was reduced from 46.14% to 41.28% without losing the control power. In the cash issuance, from consolidation point of view, cash and cash equivelents were increased by NT$101,134 thousand and non-controlling interests increased by NT$91,195 thousand. The difference between cash acquired and non-controlling interests in amount of NT$9,939 thousand was recorded under the caption of shreholders' equity.

The board of directors of Pegavision Corporation in a meeting held on July 28, 2014 decided to issue additional shares for cash in amount of NT$300,000 thousand, each share at a price of NT$30, with the measurement date at August 27, 2014. However, the Group did not fully exercise its preemptive right while only subscribing NT$73,752 thousand. As a result, the Group's ownership percentage on Pegavision Corporation was reduced from 41.28% to 38.49% without losing the control power. In the cash issuance, from consolidation point of view, cash and cash equivelents were increased by NT$226,248 thousand and non-controlling interests increased by NT$200,966 thousand. The difference between cash acquired and non-controlling interests in amount of NT$25,282 thousand was recorded under the caption of shreholders' equity.

Disposal of share interests on subsidiary without losing control power

KINSUS INVESTMENT CO., LTD. sold its 1,007,398 shares interest in Pegavision Corporation for consideration of NT$66,289 thousand at December 25, 2014. The difference between the consideration acquired and non-controlling interests disposed amounted to NT$50,925 thousand, recorded under the caption of shareholders' equity.

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions with related parties

A. Sales to

	For the year ended December 31,	
	2014	2013
Parent company	$1,834,138	$1,621,639
Entities possessing joint control power or significant influence over the Group	-	312
Other related parties	59,169	523,852
Total	$1,893,307	$2,145,803

Selling prices and collection terms to related parties are similar to those to third party customers for the year ended December 31, 2014 and 2013. The collection terms are 30 to 60 days from the end of delivery month by telegraphic transfer.

B. For the year ended December 31, 2014 and 2013, the Group recognized travelling expenses of NT$498 thousand and NT$1,101 thousand, respectively, for commissioning other related parties to handle travelling logistics.

C. For the year ended December 31, 2014 and 2013, the Group recognized rent expenses of NT$27,109 thousand and NT$16,237 thousand, respectively, for plants leased from the Parent.

Moreover, for the year ended December 31, 2014 and 2013, the Group recognized rent expenses of NT$19,338 thousand and NT$19,356 thousand, respectively, for plants leased from other related parties.

In addition, for the years ended December 31, 2014 and 2013, the Group recognized rent expenses of NT$2,537 thousand and NT$2,757 thousand (tax included), respectively, for various facilities leased from the Parent.

D. For the years ended December 31, 2014 and 2013, the Group recognized operating expenses of NT$6,486 thousand and NT$2,974 thousand, respectively, for services provided by other related parties.

Moreover, for the years ended December 31, 2014 and 2013, the Group recognized operating expenses of NT$753 thousand and NT$485 thousand (tax included), respectively, for services provided by the Parent.

In addition, for the years ended December 31, 2014 and 2013, the Group incurred operating expenses of NT$57,945 thousand and NT$32,311 thousand (tax included), respectively, for utility bills paid by the Parent on behalf of the Group.

E. For the year ended December 31, 2014 and 2013, the Group recognized rent income of NT$5,150 thousand and NT$6,088 thousand, respectively, for plants leased to other related parties.

F. Accounts receivable - related parties

	As of December 31,	
	2014	2013
Parent company	$435,398	$529,704
Other related parties	1,008	30,765
Total	436,406	560,469
Less: allowance for doubtful accounts	-	-
Net	$436,406	$560,469

G. Salaries and rewards to key management of the Group

	For the year ended December 31,	
	2014	2013
Short-term employee benefits	$88,704	$92,358
Post-employee benefits	838	864
Total	$89,542	$93,222

H. Other receivables

	As of December 31,	
	2014	2013
Other related parties	$1,307	$1,929

I. Refundable deposits

	As of December 31,	
	2014	2013
Parent company	$5,700	$3,500

J. Account payable

	As of December 31,	
	2014	2013
Other related parties	$-	$163

K. Accrued expenses

	As of December 31,	
	2014	2013
Ultimate parent company	$15,855	$3,938
Other related parties	5,719	4,126
Total	$21,574	$8,064

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

	Carrying Amount As of December 31,		
Item	2014	2013	Purpose
Bond investments with no active market	$-	$9,258	Letter of credit
Property, plant and equipment - machinery (carrying amount)	285,931	371,274	Long-term secured loans
Property, plant and equipment – other equipment (carrying amount)	16,401	20,457	Long-term secured loans
Refundable deposits	3,057	3,057	Bonded factory
Total	$305,389	$404,046	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of December 31, 2014 were as follows:

Currency	LC Amount (in thousand)			Security
JPY	JPY	2,592,379	thousand	$-
USD	USD	4,452	thousand	-
Euro	EUR	415	thousand	-

(2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2014 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Machinery and contruction contracts	$3,461,084	$1,640,086	$1,820,998

10. SIGNIFICANT DISASTER LOSS

None

11. SIGNIFICANT SUBSEQUENT EVENT

None

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31, 2014	As of December 31, 2013
Financial assets at fair value through profit or loss:		
Held for trading	$5,135,434	$5,135,128
Available-for-sale financial assets	40,369	57,715
Loans and receivable		
Cash and cash equivalents (excluding cash on hand)	11,510,041	9,779,150
Bond investments with no active market	463,827	507,428
Notes receivable	6,252	69,383
Accounts receivable	3,040,343	3,013,640
Accounts receivable - related parties	436,406	560,469
Other receivable	452,265	494,726
Other receivable - related parties	1,307	1,929
Total	$21,086,244	$19,619,568

Financial liabilities

	As of December 31,	
	2014	2013
Financial liabilities measured at amortized cost:		
Short-term loans	$1,806,896	$1,581,454
Payables	5,856,512	4,774,944
Long-term loans (including current portion)	2,164,311	2,877,960
Total	$9,827,719	$9,234,358

(2) Objectives and policies of financial risk management

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

The Group 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 and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

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

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are 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 Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations.

The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit (loss) and equity is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of US dollars. The sensitivity analysis is as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, the net income (loss) for the years ended December 31, 2014 and 2013 would increase/decrease by NT$13,613 thousand and NT$22,622 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2014 and 2013 would decrease/increase by NT$1,320 thousand and decrease/increase by NT$2,271 thousand, respectively.

Equity price risk

The Group's domestic listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The listed equity securities held by the Group is classified as available-for-sale. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For available-for-sale listed equity securities, 1% decrease in their prices would impact on the Group's equity by NT$404 thousand and NT$577 thousand for the years ended December 31, 2014 and 2013, respectively; and 1% increase in their prices would merely impact on the Group's equity.

(4) Credit risk management

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

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2014 and 2013, receivables from the top ten customers were accounted for 45.65% and 58.80% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, no significant credit risk is expected by the Group.

(5) Liquidity risk management

The Group maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	3 to 4 years	4 to 5 years	Total
As of December 31, 2014					
Loans	$3,290,131	$694,452	$63,266	$5,495	$4,053,344
Payables	5,856,512	-	-	-	5,856,512

As of December 31, 2014					
Loans	3,125,979	1,307,281	78,967	52,834	4,565,061
Payables	4,774,944	-	-	-	4,774,944

(6) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(a) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value.

(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 (e.g. listed stocks and bonds).

(c) The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

(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.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Assets measured at fair value

The following table contains the fair value of financial instruments after initial recognition and the details of the three levels of fair value hierarchy:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$5,135,434	$-	$-	$5,135,434
Available-for-sale financial assets				
Stocks	40,369	-	-	40,369
Financial liabilities:				
None				

As of December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$5,135,128	$-	$-	$5,135,128
Available-for-sale financial assets				
Stocks	57,715	-	-	57,715
Financial liabilities:				
None				

For the year ended December, 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

(7) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Group's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

	As of December 31,					
	2014			2013		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
Financial assets						
Monetary items:						
USD	$128,682	31.65	$4,072,131	$123,933	29.81	$3,693,698
CNY	$104,450	5.17	$540,089	$139,082	4.89	$679,801
Financial liabilities						
Monetary items:						
USD	$162,457	31.65	$5,141,564	$186,654	29.81	$5,563,206
CNY	$144,860	5.17	$749,274	$142,356	4.89	$695,915

(8) Capital management

The primary objective of the Group'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 Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. 1 Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2014 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$ 300 million or 20 percent of the paid-in capital for the year ended December 31, 2014: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2014: Please refer to attachment 3.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2014: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2014: Please refer to attachment 4.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of Decemer 31, 2014: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the year ended December 31, 2014: Please refer to attachment 9.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2014 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2014: None.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2014: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2014: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2014: Please refer to attachment 7.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2014: Please refer to attachment 8.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Profit/ Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	$2,215,500 (Note 2)	(Note 1)	$2,215,500 (Note 2)	$-	$-	$2,215,500 (Note 2)	$(187,969) (Note 2 and Note 3)	100%	$(187,969) (Note 2、Note 3 and Note 6)	$1,229,223 (Note 2、Note 3 and Note 6)	$-	$2,215,500 (Note 2)	$2,215,500 (Note 2)	No upper limit (Note 4)

Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	$5,276,055 (Note 2)	(Note 1)	$2,983,139 (Note 2)	$-	$-	$2,983,139 (Note 2)	$(365,558) (Note 2 and Note 3)	51%	$(186,435) (Note 2、Note 3 and Note 6)	$2,134,810 (Note 2、Note 3 and Note 6)	$-	$2,983,139 (Note 2)	$2,983,139 (Note 2)	
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	$63,300 (Note 2)	(Note 1)	$63,300 (Note 2)	$-	$-	$63,300 (Note 2)	$4,273 (Note 2 and Note 3)	100%	$4,273 (Note 2、Note 3 and Note 6)	$67,731 (Note 2、Note 3 and Note 6)	$-	$63,300 (Note 2)	$63,300 (Note 2)	No upper limit (Note 4)
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	$10,598 (Note 2)	(Note 1)	$2,981 (Note 2)	$7,617	$-	$10,598 (Note 2)	$(4,819) (Note 2 and Note 3)	100%	$(4,819) (Note 2、Note 3 and Note 6)	$1,601 (Note 2、Note 3 and Note 6)	$-	$10,598 (Note 2)	$10,598 (Note 2)	$549,257 (Note 5)

Note 1: Investment in Mainland China through companies in the third area.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: Gain/loss on investment is recognized based on the audited financial statements of the parent company in Taiwan.

Note 4: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 5: The upper limit on investment for Pegavision Contact Lenses (Shanghai) Corporation is calculated as 60% of Pegavision Corporation's net equity.

Note 6: Transactions are eliminated upon preparation of consolidated financial statements.

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of December 31, 2014:

	Purchases		Accounts Payable	
	Amount	% to Net Purchase	Amount	% to Account Balance
The Company's purchase from Kinsus Interconnect Technology Suzhou	$1,526,521	21.35%	$247,315	21.06%

The product specification of goods purchased by the Company from Kinsus Interconnect Technology Suzhou Corp. in the year ended December 31, 2014 differed from goods purchased from other vendors. Thus, transaction prices are not comparable. Payment term for related parties is 60 days from the end of delivery month. The payment terms for non-related parties are 60 to 90 days from the end of delivery month by telegraphic transfer.

(b) Sales, the ending balance of related accounts receivable and their weightings:

	Sales		Accounts receivable	
	Amount	% to Net Sales	Amount	% to Account Balance
Sale of Piotek Computer (Suzhou) to Piotek (H.K.) Trading	USD30,268	19.60%	USD6,770	21.06%
Sale of Piotek Computer (Suzhou) to Xiang-Shuo (Suzhou) Trading	USD19,059	12.34%	USD1,491	4.64%
Sale of Xiang-Shuo (Suzhou) Trading to Piotek Computer (Suzhou) Trading	RMB24,544	16.66%	RMB 3,889	27.65%
Sale of Xiang-Shuo (Suzhou) Trading to Kinsus Interconnect Technology Suzhou	RMB 4,439	3.01%	RMB 649	4.61%
Sale of the Company to Xiang-Shuo (Suzhou) Trading	$1,484	-%	$-	-%
Sale of the Company to Kinsus Interconnect Technology Suzhou	$3,419	-%	$-	-%

The product specification of goods sold between subsidiaries in the year ended December 31, 2014 differed from goods sold to other customers. Thus, transaction prices cannot be reasonably compared. Sales of the Company to Kinsus Interconnect Technology Suzhou Corp. and Xiang-Shuo (Suzhou) Trading Limited have the same product prices as sales to non-related parties. Collection terms are also equivalent to the ones for non-related parties, which is 30 to 60 days from delivery by telegraphic transfer.

(c) Property transaction amounts and resulting gain or loss:

a. Details of property transaction between Kinsus Interconnect Technology Suzhou and related partiesas follow:

Type of Assets	Related Parties	Book value	Selling price	Gain	Price reference
Machinery	Piotek Computer (Suzhou) Trading	RMB 304	RMB286	RMB18	Negotiated

b. Details of property transaction between the Company and related partiesas follow:

Type of Assets	Related Parties	Book value	Selling price	Gain	Price reference
Machinery	Piotek Computer (Suzhou) Trading	$6,032	$6,511	$479	Negotiated

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to attachment 1.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered:

a. The Company commissioned Kinsus Interconnect Technology (Suzhou) Corp. for processing and testing fee of NT$51,319 thousand and NT$152 thousand, respectively, for the year ended December 31, 2014. Payable amounted to NT$9,318 thousand as of December 31, 2014.

b. The Company sold fixtures and spare parts to Piotek Computer (Suzhou) Co., Ltd., Kinsus Interconnect Technology Suzhou Corp. Trading Limited and Xiang-Shuo (Suzhou) Trading and recognized other income of NT$2,145 thousand for the year ended December 31, 2014.

c. As of December 31, 2014, the balance of other receivables amounted to NT$8,210 thousand and NT$987 thousand, respectively. The other receivables were resulted from the Company's sale of property, plant and equipment and fixtures to Piotek Computer (Suzhou) Co., Ltd. and Kinsus Interconnect Technology Suzhou Corp.

d. As of December 31, 2014, other receivable of Xiang-Shuo (Suzhou) Trading Limited due to payment and collection on behalf of Piotek Computer (Suzhou) Co., Ltd. amounted to RMB24 thousand.

(g) Above intercompany transactions are eliminated in preparation of consolidated financial statements. Please refer to attachment 9 for details.

14. SEGMENT INFORMATION

For management purposes, the Group is organized into operating segments based on different products and services and has two reportable operating segments as follows:

IC Substrate: This segment produces and manufactures BGA substrates and sells the products to manufacturers of electronic products.

Printed Circuit Board (PCB): This segment produces and manufactures PCBs and sells the products to manufacturers of electronic products.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's operating segments adopts the same accounting policies as the ones in Note 4. Management monitors the operating results of its business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements.

(1) Segment income (loss), assets and liabilities

For the year ended December 31, 2014

	IC Substrate	PCB	Elimination	Consolidated
External customer	$19,285,334	$5,658,500	$-	$24,943,834
Inter-segment	-	-	-	-
Total revenue	$19,285,334	$5,658,500	$-	$24,943,834
Segment income (loss)	$3,778,380	$(288,147)	$-	$3,490,233

For the year ended December 31, 2013

	IC Substrate	PCB	Elimination	Consolidated
External customer	$18,024,851	$5,077,976	$-	$23,102,827
Inter-segment	-	-	-	-
Total revenue	$18,024,851	$5,077,976	$-	$23,102,827
Segment income (loss)	$3,341,062	$(224,808)	$-	$3,116,254

Details of assets under the Group's operating segments a are as follows:

Segment assets	IC Substrate	PCB	Elimination	Consolidated
As of Dec. 31, 2014	$33,202,296	$7,849,378	$-	$41,051,674
As of Dec. 31, 2013	$30,065,631	$8,046,711	$-	$38,112,342

(2) Geographical information

A. Revenues from external customers

	For the year ended December 31,	
	2014	2013
Taiwan	$10,924,071	$9,298,569
Other countries	14,019,763	13,804,258
Total	$24,943,834	$23,102,827

Note: The revenue information above is based on the location of the customer.

B. Non-current assets

	As of December 31,	
	2014	2013
Taiwan	$11,246,007	$9,639,202
U.S.A	251	254
China	6,334,148	6,660,714
Total	$17,580,406	$16,300,170

(3) Information about major customers

	For the year ended December 31,	
	2014	2013
Customer A from IC Substrate	$1,898,187	$1,946,782
Customer B from IC Substrate	2,258,344	2,166,516
Total	$4,156,531	$4,113,298

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Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2014

Table 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party											
No. (Note 1)	Name	Name	Nature of Relationship	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	The overall amount of guarantees/ endorsements provided to a subsidiary in which the Company holds directly over 50% (inclusive) of common equity interest shall not exceed 20% of the net worth in the current financial statements. $5,479,602	$4,431,000 (USD 140,000) (Note 2)	$4,431,000 (USD 140,000) (Note 2)	$1,494,613	$-	16.17%	Shall not exceed 50% of the net worth in the current financial statements. $13,699,005	Y	N	Y
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	Investee accounted for using equity method indirectly	The overall amount of guarantees/ endorsements provided to a subsidiary in which the Company holds directly over 50% (inclusive) of common equity interest shall not exceed 20% of the net worth in the current financial statements. $5,479,602	$3,066,895 (USD 96,900) (Note 2)	$2,663,348 (USD 84,150) (Note 2)	$281,151	$-	9.72%	Shall not exceed 50% of the net worth in the current financial statements. $13,699,005	Y	N	Y

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held as of December 31, 2014

Table 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	December 31, 2014				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value (Note)	
Kinsus Interconnect Technology Corp.	Money market funds:							
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	32,783,435	$510,667	-%	$519,614	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss	30,422,974	353,891	-%	359,323	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	48,495,532	700,000	-%	722,050	
	Fuh Hwa Yu Li Money Market Fund	-	Financial assets at fair value through profit or loss	20,789,636	265,794	-%	275,637	
	Fuh Hwa Money Market Fund	-	Financial assets at fair value through profit or loss	21,596,707	300,000	-%	306,950	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss	9,633,540	150,000	-%	154,154	
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	33,095,605	450,000	-%	461,727	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	30,522,218	400,000	-%	405,500	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	1,168,258	200,000	-%	204,698	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	41,465,474	500,000	-%	510,286	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	31,315,952	450,000	-%	455,328	
	Union Money Market Fund	-	Financial assets at fair value through profit or loss	35,032,705	450,000	-%	454,682	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss	15,322,946	250,000	-%	251,629	
	Subtotal				4,980,352		$5,081,578	
	Add: Valuation adjustments of financial assets held for trading				101,226			
	Total				$5,081,578			
Kinsus Interconnect Technology Corp.	Stocks:							
	Listed stocks - Pegatron Corporation	Investing company which accounts for the Company using equity method indirectly	Available-for-sale financial assets - current	553,000	$15,675	0.02%	$40,369	
	Add: Valuation adjustments of available-for -sale financial assets				24,694			
	Total				$40,369			

Note: Companies without quotes in the open markets are valued at net equities.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capital

For the Year Ended December 31, 2014

Table 3

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party: Owner	Prior Transaction of Related Counter-party: Relationship with the Company	Prior Transaction of Related Counter-party: Transfer Date	Prior Transaction of Related Counter-party: Amount	Price Reference	Purpose and Use of Acquisition	Other Terms
Kinsus Interconnect Technology Corp.	Houses and buildings Construction of XinFeng Plant	2014.02.13	$1,781,850	NT$ 712,740 thousand was paid as of December 31, 2014	Guo-Gong Construction Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None

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Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2014

Table 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	$1,526,521	21.35%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonablely compared.	Other vendors also enjoy payment within 60 days from the end of delivery month	Accounts payable $(247,315)	(21.06)%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2014

Table 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2014			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				December 31, 2013	December 31, 2014	Shares	%	Carrying Value			
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA. U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD500	USD500	500,000 shares	100.00%	$29,528	$2,713	$2,713	Note
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD166,309	USD166,309	166,308,720 shares	100.00%	$3,458,036	$(350,943)	$(350,943)	Note
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taoyuan City	Investing activities	$398,000 (Note1)	$398,000 (Note1)	39,800,000 shares	100.00%	$521,940	$28,640	$28,640	Note
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taoyuan City	Manufacturing medical equipment	$212,666	$286,418	22,088,736 shares	36.81%	$337,011	$68,962	$27,802	Note
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD72,000	USD72,000	72,000,000 shares	100.00%	USD 40,978	USD (5,804)	USD (5,804)	Note
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD94,309	USD94,309	95,755,000 shares	51.00%	USD 68,281	USD (11,335)	USD (5,781)	Note
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD139,841	USD139,841	139,840,790 shares	100.00%	USD 133,893	USD (11,335)	USD (11,335)	Note
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD26	USD26	200,000 shares	100.00%	USD 1,597	USD 221	USD 221	Note
Pegavision Corporation	PEGAVISION HOLDINGS CORPORATION	Samoa	Investing activities	USD120	USD380	380,000 shares	100.00%	$2,320	$(4,810)	$(4,810)	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

Note 1: The Company's original investment in Kinsus Investment Co., Ltd. was NT$ 500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT$ 102,000 thousand to offset deficits in 2013. After the reduction, investment amount reduced to NT$ 398,000 thousand.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held as of December 31, 2014 (Excluding Investments in Subsidiaries, Associates and Jointly Controlled Entities)

As of December 31, 2014

Table 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	December 31, 2014				Guarantee, Pledge or Other Restricted Conditions		
				Shares (Unit)	Carrying Amount	%	Fair Value (Net Equity)	Shares	Carrying Amount	Note
Kinsus Investment Co., Ltd.	Money market funds:									
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	829,070	$11,314	-%	$11,565	-	$-	
	Valuation adjustments of financial assets held for trading				251					
	Total				$11,565					
Kinsus Investment Co., Ltd.	Stocks:									
	Yi-Shuo Creative Co., Ltd.	-	Financial assets carried at cost	5,000,000	$50,000	7.49%	$- (Note)	-	$-	
Pegavision Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,554,934	$38,000	-%	$42,291	-	$-	
	Yuanta RMB Money Market Fund	-		81,086	4,097					
	Valuation adjustments of financial assets held for trading				194					
	Total				$42,291					

Note: No quotes in active markets and fair values cannot be measured reliably.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2014

Table 7

(In Thousands of US Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Piotek Computer (Suzhou) Co., Ltd.	Pegatron Corporation	Parent company	Sales	USD 60,545	39.20%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 13,757	42.79%	
Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 19,059	12.34%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 1,491	4.64%	Note
Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Purchase	USD 19,059	80.48%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts payable USD (1,491)	(45.96)%	Note
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 30,268	19.60%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 6,770	21.06%	Note
Piotek (H.K.) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Purchase	USD 30,268	100.00%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts payable USD (6,770)	(100.00)%	Note
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 52,217	100.00%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 8,108	100.00%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2014

Table 8

(In Thousands of US Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Allowance for Doubtful Debts
					Amount	Action Taken		
Piotek Computer (Suzhou) Co., Ltd.	Pegatron Corporation	Parent company	USD 13,757 (Note)	3.84	$-	-	$-	$-
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	USD 6,770 (Note and Note 1)	4.85	$-	-	$-	$-
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 8,108 (Note and Note 1)	7.10	$-	-	$-	$-

Note: Accounts receivable

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2014

Table 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction: Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	Year 2014						
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Accrued expense	$3,387	Payment within 30 days from the end of delivery month by TT	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accrued expense	$9,318	Payment within 30 days from the end of delivery month by TT	0.02%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	$247,315	Payment within 60 days from the end of delivery month by TT	0.60%
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Sales revenue	$1,484	Payment within 30~60 days from the end of delivery month	0.01%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other receivables	$8,210	-	0.02%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	$987	-	0.00%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	$1,526,521	Payment within 60 days from the end of delivery month by TT	6.12%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	$36,895	Payment within 60 days from the end of delivery month by TT	0.15%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Travel expense	$47	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Manufacturing - processing	$51,319	Payment within 60 days from the end of delivery month by TT	0.21%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	R&D - testing	$152	Payment within 60 days from the end of delivery month by TT	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Sales revenue	$3,419	Payment within 60 days from the end of delivery month by TT	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other income	$490	-	-%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other income	$1,610	-	-%
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Other income	$45	-	-%
0	Kinsus Interconnect Technology Corp.	PIOTEK (H.K.) TRADING LIMITED	1	Other income	$3,845	-	0.02%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	USD30,268	Payment within 60~90 days from the end of delivery month	3.84%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Accounts receivable	USD6,770	Payment within 60~90 days from the end of delivery month	0.52%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Accounts receivable	USD1,491	Payment within 60 days from the end of delivery month	0.11%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Sales revenue	USD19,059	Payment within 60 days from the end of delivery month	2.42%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Accounts receivable	RMB3,889	Payment within 60 days from the end of delivery month	0.05%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Other receivables	RMB24	Payment within 60 days from the end of delivery month	-%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Sales revenue	RMB24,544	Payment within 60 days from the end of delivery month	0.51%
2	Xiang-Shuo (Suzhou) Trading Limited	Kinsus Interconnect Technology Suzhou Corp.	3	Sales revenue	RMB4,439	Payment within 60 days from the end of delivery month	0.09%
2	Xiang-Shuo (Suzhou) Trading Limited	Kinsus Interconnect Technology Suzhou Corp.	3	Accounts receivable	RMB649	Payment within 60 days from the end of delivery month	0.01%
3	Kinsus Interconnect Technology Suzhou Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Accounts receivable	RMB2	Payment within 60 days from the end of delivery month	-%
3	Kinsus Interconnect Technology Suzhou Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Other income	RMB16	Payment within 60 days from the end of delivery month	-%
4	PIOTEK (H.K.) TRADING LIMITED	KINSUS CORP. (USA)	3	Commission expense	USD88	Payment within 60 days from the end of delivery month	0.01%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Kinsus Interconnect Technology Corp. and Subsidiaries
Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2014

Table 9-1
(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	Year 2013						
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Accrued expense	$2,055	Payment within 30 days from the end of delivery month by TT	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accrued expense	$10,224	Payment within 30 days from the end of delivery month by TT	0.03%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	$183,102	Payment within 60 days from the end of delivery month by TT	0.48%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Sales revenue	$471	Payment within 30~60 days from the end of delivery month	-%
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Sales revenue	$1,685	Payment within 30~60 days from the end of delivery month	0.01%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other receivables	$317	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	$10,043	-	0.03%
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Other receivables	$2,142	-	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	$948,296	Payment within 60 days from the end of delivery month by TT	4.10%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	$26,363	Payment within 60 days from the end of delivery month by TT	0.11%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Travel expense	$76	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Manufacturing - processing	$48,431	Payment within 60 days from the end of delivery month by TT	0.21%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other income	$4,304	-	0.02%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other income	$2,761	-	0.01%
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Other income	$1,613	-	0.01%
0	Kinsus Interconnect Technology Corp.	PIOTEK (H.K.) TRADING LIMITED	1	Other income	$6,089	-	0.03%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	USD39,162	Payment within 60~90 days from the end of delivery month	5.05%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Accounts receivable	USD5,721	Payment within 60~90 days from the end of delivery month	0.45%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Other receivables	RMB 515	-	0.01%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Accounts receivable	RMB7,786	Payment within 60 days from the end of delivery month	0.10%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Accounts payable	RMB611	Payment within 60 days from the end of delivery month	0.01%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Sales revenue	RMB13,635	Payment within 60 days from the end of delivery month	0.29%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Purchase	RMB1,087	Payment within 60 days from the end of delivery month	0.02%
2	Kinsus Interconnect Technology Suzhou C	Xiang-Shuo (Suzhou) Trading Limited	3	Purchase	RMB208	Payment within 60 days from the end of delivery month	-%
2	Kinsus Interconnect Technology Suzhou C	Xiang-Shuo (Suzhou) Trading Limited	3	Accounts payable	RMB227	Payment within 60 days from the end of delivery month	-%

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