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

Ticker:3189

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Financial Statements

With Review Report of Independent Auditors

As of June 30, 2015 and 2014

And For The Six-month Periods Then Ended

Business Address: No. 1245, ZhongHua Rd., XinWu Dist., Taoyuan City
Telephone Numbers: (03) 487-1919

Notices 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 and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China

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

Consolidated Financial Statements

Table of Contents

English Translation of a Report Originally Issued in Chinese

REVIEW REPORT OF INDEPENDENT AUDITORS

To The Shareholders and Board of Directors of
Kinsus Interconnect Technology Corp.

We have reviewed the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. and subsidiaries as of June 30, 2015 and 2014, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and cash flows for the six-month periods then ended. The preparation of these consolidated financial statements is the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

As disclosed at Note 4.(3), we did not review the financial statements of certain subsidiaries of the Company as of June 30, 2014 and for the three-month and six-month periods then ended. As of June 30, 2014, the total assets and total liabilities of those un-reviewed subsidiaries were NT$1,279,340 thousand and NT$500,254 thousand, representing 3.17% of the total consolidated assets and 4.05% of the total consolidated liabilities, respectively, and the comprehensive incomes were NT$6,203 thousand and NT$2,115 thousand, representing 0.55% and 0.11% of the total consolidated comprehensive incomes for the three-month and six-month periods then ended, respectively.

Based on our reviews, expect for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to review those financial statements of such subsidaries mentioned in above paragraph as of June 30, 2014 and for the three-month and six-month periods then ended, we are not aware of any material modifications that should be made to the consolidated

(To be continued)

(Continued)

financial statements referred to in the first paragraph in order for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting,” endorsed by the Financial Supervisory Commission of the Republic of China.

Ernst & Young
Taiwan, R.O.C.
July 27, 2015

Notices 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 and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

CONSOLIDATED BALANCE SHEETS

As of June 30, 2015, December 31, 2014 and June 30, 2014 (June 30, 2015 and 2014 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of June 30, 2015		As of December 31, 2014		As of June 30, 2014	
Code	Account	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	4, 6(1)	$11,375,431	28	$11,541,615	28	$11,191,807	29
1110	Financial assets at fair value through profit or loss	4, 6(2)	5,132,439	12	5,135,434	13	5,149,290	13
1125	Available-for-sale financial assets	4, 6(3)	-	-	40,369	-	31,521	-
1147	Bond investments with no active market	4, 6(4)	425,098	1	463,827	1	499,856	1
1150	Notes receivable, net	4, 6(6)	5,198	-	6,252	-	7,753	-
1170	Accounts receivable, net	4, 6(7)	3,088,930	8	3,040,343	8	3,796,090	10
1180	Accounts receivable - related parties, net	4, 6(7), 7	355,994	1	436,406	1	503,558	1
1200	Other receivables		502,227	1	452,265	1	543,409	1
1210	Other receivable - related parties	7	1,640	-	1,307	-	1,226	-
1310	Inventories, net	4, 6(8)	2,145,157	5	2,162,969	5	2,149,745	5
1410	Prepayments		172,276	-	98,501	-	166,427	-
1470	Other current assets		88,160	-	91,980	-	49,313	-
11XX	Total current assets		23,292,550	56	23,471,268	57	$24,089,995	60
	Non-current assets							
1544	Financial assets measured at cost	4, 6(5)	50,000	-	50,000	-	50,000	-
1546	Bond investments for which no active market exists	4, 6(4)	-	-	-	-	49	-
1600	Property, plant and equipment, net	4, 6(9), 8	15,802,797	38	15,429,778	38	15,160,199	37
1780	Intangible assets, net	4, 6(10)	21,884	-	19,982	-	21,056	-
1840	Deferred tax assets	4, 6(25)	53	-	276	-	-	-
1900	Other non-current assets	6(11), 7, 8	322,418	1	331,713	1	311,894	1
1915	Prepayment for equipment	4, 6(9), 9	1,775,486	5	1,748,657	4	669,062	2
15XX	Total non-current assets		17,972,638	44	17,580,406	43	16,212,260	40
1XXX	Total Assets		$41,265,188	100	$41,051,674	100	$40,302,255	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

CONSOLIDATED BALANCE SHEETS - (Continued)

As of June 30, 2015, December 31, 2014 and June 30, 2014 (June 30, 2015 and 2014 are reviewed but unaudited)

(Amounts expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of June 30, 2015		As of December 31, 2014		As of June 30, 2014	
Code	Account	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(12)	$2,159,349	5	$1,806,896	4	$2,047,248	5
2150	Notes payable		76,039	-	41,011	-	43,969	-
2170	Accounts payable		1,712,214	4	1,986,749	5	2,157,507	5
2200	Other payables	6(13), 7	5,401,971	13	3,828,752	9	4,674,550	12
2230	Current tax liabilities	4, 6(25)	642,360	2	896,540	2	900,549	2
2250	Provision	4, 6(14)	215	-	302	-	-	-
2300	Other current liabilities	6(15)	1,021,266	3	1,542,931	4	1,452,795	4
21XX	Total current liabilities		11,013,414	27	10,103,181	24	11,276,618	28
	Non-current liabilities							
2540	Long-term loans	6(16), 8	838,309	2	730,722	2	910,399	2
2570	Deferred tax liabilities	4, 6(25)	39,215	-	54,377	-	18,380	-
2600	Other non-current liabilities	4, 6(17)	116,370	-	110,620	-	147,720	1
25XX	Total non-current liabilities		993,894	2	895,719	2	1,076,499	3
2XXX	Total liabilities		12,007,308	29	10,998,900	26	12,353,117	31
31XX	Equity attributable to the parent company							
3100	Capital	6(19)						
3110	Common stock		4,460,000	11	4,460,000	11	4,460,000	11
3200	Capital surplus	6(19)	5,939,819	14	5,939,819	14	5,863,612	14
3300	Retained earnings	6(19)						-
3310	Legal reserve		3,049,623	7	2,687,890	7	2,687,890	7
3350	Unappropriated earnings		13,102,821	32	14,030,597	34	12,421,887	31
3400	Other components of equity		186,238	1	279,703	1	89,365	-
36XX	Non-controlling interests	6(19)	2,519,379	6	2,654,765	7	2,426,384	6
3XXX	Total equity		29,257,880	71	30,052,774	74	27,949,138	69
	Total liabilities and equity		$41,265,188	100	$41,051,674	100	$40,302,255	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended June 30, 2015 and 2014 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

			For the three-month periods ended June 30, 2015		For the three-month periods ended June 30, 2014		For the six-month periods ended June 30, 2015		For the six-month periods ended June 30, 2014	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	4, 6(20), 7	$5,432,665	100	$6,784,197	100	$10,778,886	100	$12,580,996	100
5000	Operating costs		(4,185,950)	(77)	(4,614,823)	(68)	(8,224,440)	(76)	(8,929,211)	(71)
5900	Gross profit		1,246,715	23	2,169,374	32	2,554,446	24	$3,651,785	29
6000	Operating expenses	7								
6100	Selling		(82,533)	(2)	(168,509)	(3)	(183,424)	(2)	(228,460)	(2)
6200	General and administrative		(222,887)	(4)	(265,976)	(4)	(478,838)	(5)	(499,764)	(4)
6300	Research and development		(336,744)	(6)	(343,823)	(5)	(693,203)	(6)	(655,222)	(5)
	Operating expenses total		(642,164)	(12)	(778,308)	(12)	(1,355,465)	(13)	(1,383,446)	(11)
6900	Operating income		604,551	11	1,391,066	20	1,198,981	11	2,268,339	18
7000	Non-operating income and expense									
7010	Other income	6(23), 7	168,338	3	36,389	1	224,500	2	75,231	1
7020	Other gains and losses	6(23), 7	(104,743)	(2)	35,840	-	(72,158)	(1)	28,494	-
7050	Finance costs	6(23)	(13,400)	-	(15,224)	-	(25,629)	-	(30,204)	-
	Non-operating incomse and expenses total		50,195	1	57,005	1	126,713	1	73,521	1
7900	Income expense from continuing operations before income tax		654,746	12	1,448,071	21	1,325,694	12	2,341,860	19
7950	Income tax		(101,505)	(2)	(203,259)	(3)	(193,760)	(2)	(326,606)	(3)
8200	Net income		553,241	10	1,244,812	18	1,131,934	10	2,015,254	16
8300	Other comprehensive income (loss)	6(24)								
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign operations		(51,361)	(1)	(114,597)	(2)	(132,220)	(1)	(39,137)	-
8362	Unrealized gain (loss) on available-for-sale		-	-	(9,712)	-	(24,694)	-	734	-
8399	Income tax related to components of other comprehensive income		5,478	-	12,258	-	14,086	-	4,147	-
	Total other comprehensive income (loss), net of tax		(45,883)	(1)	(112,051)	(2)	(142,828)	(1)	(34,256)	-
8500	Total comprehensive income		$507,358	9	$1,132,761	16	$989,106	9	1,980,998	16
8600	Net income (loss) attributable to:									
8610	Stockholders of the parent		$600,768	11	$1,231,780	18	$1,217,957	11	$2,024,327	16
8620	Non-controlling interests		(47,527)	(1)	13,032	-	(86,023)	(1)	(9,073)	-
			$553,241	10	$1,244,812	18	$1,131,934	10	$2,015,254	16
8700	Comprehensive income (loss) attributable to:									
8710	Stockholders of the parent		$574,022	11	$1,162,221	17	$1,124,492	10	$2,004,813	16
8720	Non-controlling interests		(66,664)	(1)	(29,460)	(1)	(135,386)	(1)	(23,815)	-
			$507,358	10	$1,132,761	16	$989,106	9	$1,980,998	16
9750	Earnings per share-basic (in NTD)	6(26)	$1.35		$2.76		$2.73		$4.54	
9850	Earnings per share-diluted (in NTD)	6(26)	$1.32		$2.72		$2.68		$4.48	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six-month periods ended June 30, 2015 and 2014 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollar)

		Equity attributable to the parent company									
				Retained Earnings			Other Components of equity				
	Account / Event	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Undistributed earnings	Exchage Difference on Translation of Foreign Operation	Equity Related To Financial Assets Held Available For Sale	Total	Non-conrolling Interests	Total Equity
Code		3100	3200	3310	3320	3350	3410	3425	31XX	36XX	3XXX
A1	Balance as of January 1, 2014	$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										
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 for the six-month period ended June 30, 2014					2,024,327			2,024,327	(9,073)	2,015,254
D3	Other comprehensive income (loss), net of tax for the six-month period ended June 30, 2014						(20,248)	734	(19,514)	(14,742)	(34,256)
D5	Total comprehensive income (loss)	-	-	-	-	2,024,327	(20,248)	734	2,004,813	(23,815)	1,980,998
A1	Balance as of June 30, 2014	$4,460,000	$5,863,612	$2,687,890	$-	$12,421,887	$73,520	$15,845	$25,522,754	$2,426,384	$27,949,138
A1	Balance as of January 1, 2015	$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
	Appropriation and distribution of 2014 earnings										
B1	Legal reserve			361,733		(361,733)			-		-
B5	Cash dividends-common shares					(1,784,000)			(1,784,000)		(1,784,000)
D1	Net income for the six-month period ended June 30, 2015					1,217,957			1,217,957	(86,023)	1,131,934
D3	Other comprehensive income (loss), net of tax for the six-month period ended June 30, 2015						(68,771)	(24,694)	(93,465)	(49,363)	(142,828)
D5	Total comprehensive income (loss)	-	-	-	-	1,217,957	(68,771)	(24,694)	1,124,492	(135,386)	989,106
Z1	Balance as of June 30, 2015	$4,460,000	$5,939,819	$3,049,623	$-	$13,102,821	$186,238	$-	$26,738,501	$2,519,379	$29,257,880

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30, 2015 and 2014 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account / Event	For the six-month periods ended June 30, 2015	For the six-month periods ended June 30, 2014
AAAA	Cash flows from operating activities:		
A10000	Net income (loss) before tax	$1,325,694	$2,341,860
A20000	Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation	1,560,671	1,477,991
A20200	Amortization	15,434	12,036
A20300	Bad debt expenses (reversal)	(11,817)	(2,812)
A20400	Net loss (gain) of financial assets and liabilities at fair value through profit or loss	(14,099)	(13,241)
A20900	Interest expense	25,628	30,204
A21200	Interest revenue	(44,386)	(48,175)
A22500	Loss (gain) on disposal of property, plant and equipment	108,450	89
A23100	Gain on disposal of investments	(31,068)	(25,637)
A23700	Impairment loss on non-financial assets	14,165	-
A30000	Changes in operating assets and liabilities:		
A31110	Financial Assets at fair value through profit or loss	17,317	25
A31130	Notes receivable	1,054	61,630
A31150	Accounts receivable	(36,700)	(779,587)
A31160	Accounts receivable - related parties	80,412	56,911
A31180	Other receivable	(54,177)	(47,294)
A31190	Other receivable - related parties	(333)	703
A31200	Inventories	17,812	(144,248)
A31220	Prepayment	(73,775)	(53,758)
A31240	Other current assets	3,820	16,497
A31990	Long-term prepaid rents	10,298	5,223
A32130	Notes payable	35,028	3,900
A32150	Accounts payable	(274,535)	271,955
A32160	Accounts payable - related parties	-	(163)
A32180	Other payable	(30,702)	336,084
A32200	Provision	(87)	-
A32210	Advance receipts	(10,364)	26,282
A32230	Other current liabilities	(20,128)	(40,608)
A32240	Accrued pension liability	(2,128)	(1,994)
A33000	Cash generated from operations	2,611,484	3,483,873
A33100	Interest received	48,525	46,760
A33300	Interest paid	(25,180)	(28,955)
A33500	Income tax paid	(448,793)	(498,191)
AAAA	Net cash provided by (used in) operating activities	2,186,036	3,003,487

Code	Account / Event	For the six-month periods ended June 30, 2015	For the six-month periods ended June 30, 2014
BBBB	Cash flows from investing activities:		
B00400	Proceeds from disposal of available-for-sale financial assets	46,520	51,619
B00700	Proceeds from disposal of bond investments with no active market	38,729	7,523
B01200	Acquisition of financial assets measured at cost	-	(50,000)
B02700	Acquisition of property, plant and equipment	(2,406,764)	(1,453,536)
B02800	Proceeds from disposal of property, plant and equipment	1,674	1,387
B03800	Decrease (Increase) in refundable deposits	(1,003)	1,740
B04500	Acquisition of intangible assets	(17,452)	(18,951)
BBBB	Net cash provided by (used in) investing activities	(2,338,296)	(1,460,218)
CCCC	Cash flows from financing activities:		
C00100	Increase (Decrease) in short-term loans	352,453	465,794
C01600	Increase in long-term loans	311,283	70,000
C01700	Repayments of long-term loans	(694,869)	(660,622)
C03000	Increase (Decrease) in guarantee deposits	7,878	(14,267)
CCCC	Net cash provided by (used in) financing activities	(23,255)	(139,095)
DDDD	Effect of exchange rate changes on cash and cash equivalents	9,331	(194)
EEEE	Net increase (decrease) in cash and cash equivalents	(166,184)	1,403,980
E00100	Cash and cash equivalents at beginning of period	11,541,615	9,787,827
E00200	Cash and cash equivalents at end of period	$11,375,431	$11,191,807

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

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (the Company) was incorporated on September 11, 2000. The Company mainly engages in manufacture of electronic components, wholesale and retail of electronic materials and provision of managerial consultation services for enterprises. The shares of the Company were governmentally approved to be listed via the letter of Tai-Cai-Zheng-Yi-Zi No. 0930123462 issued by Securities and Futures Commission, Ministry of Finance on May 20, 2004 and commenced trading at Stock Exchange Market on November 1, 2004. The registered address and main business location is at No. 1245, ZhongHua Rd., XinWu Dist., Taoyuan City, Taiwan.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries (the Group) for the six-month period ended June 30, 2015 were approved and authorized for issuance at the meeting of Board of Directors held on July 27, 2015.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2015. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

IAS 19 Employee Benefits

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

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

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

(c) The revised IAS 19 required more disclosure.

IFRS 13 Fair Value Measurements

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. The Group re-assessed its policies for measuring fair values. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

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

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income

Beginning 1 January 2014, the Group presented its items of other comprehensive income that will be reclassified to profit or loss separately from items that will not be reclassified in accordance with the amendments to IAS 1. The amendments affect presentation of statement of comprehensive income only and have no impact on the Group's financial position or performance.

IAS 1 Presentation of Financial Statements – Clarification of the requirement for comparative information

Beginning 1 January 2014, according to the amendments to IAS 1, when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in it financial statements, or when it reclassifies items in its financial statements, the opening statement of financial position does not have to be accompanied by comparative information in the related notes. The amendments affect notes accompanying the financial statements only and have no impact on the Group's financial position or performance.

(2) The Company has not applied the following IFRSs issued by the International Accounting Standards Board ("IASB") but not endorsed by the FSC. As of the date that the consolidated financial statements were authorized for issue, the initial adoption to the following standards and interpretations is still subject to the effective date to be published by the FSC.

(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 1 January 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 1 January 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 1 January 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 1 July 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 1 July 2014.

IFRS 3 “Business Combinations”

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

IFRS 8 “Operating Segments”

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

IFRS 13 “Fair Value Measurement”

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

IAS 16 “Property, Plant and Equipment”

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

IAS 24 “Related Party 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 1 July 2014.

IAS 38 “Intangible Assets”

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

(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 1 July 2014.

IFRS 13 “Fair Value Measurement”

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

IAS 40 “Investment Property”

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

(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 1 January 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 1 January 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 1 January 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 promised goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

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

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2017.

(k) IAS 16 “Property, Plant and Equipment and IAS 41 “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 period beginning on or after 1 January 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 1 January 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 1 January 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 1 January 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 1 January 2016.

IFRS 7 “Financial Instruments: Disclosures”

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

IAS 19 “Employee Benefits”

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

IAS 34 “Interim Financial Reporting”

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

(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 1 January 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 1 January 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 (10) and (12), 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 for the six-month period ended June 30, 2015 and 2014 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting,” by the FSC of the Republic of China.

(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 presented in thousands of New Taiwan Dollars (“NT$”) unless otherwise specified.

(3)Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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 NCIs even if this results in a deficit balance of the NCIs.

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;

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

(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 (%)		
Investor	Subsidiary	Main businesses	As of June 30, 2015	As of Dec. 31, 2014	As of June 30, 2014
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%	51.00%
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	36.81%	36.81%	41.28% (Note)

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

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%	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%	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	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%	100.00%
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION HOLDINGS CORPORATION	Investing activities	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical equipment	100.00%	-%	-%
PEGAVISION HOLDINGS CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00%	100.00%	100.00%

The financial statements of certain subsidiaries for the prior periods were not reviewed by independent auditors. Total assets and total liabilities of these unreviewed subsidiaries were NT$1,279,340 thousand and NT$500,254 thousand, respectively, as of June 30, 2014 while the comprehensive income for the three-month period and six-month period then ended NT$6,203 thousand and NT$2,115 thousand, respectively.

Note: Although the Group held 36.81%, 36.81% and 41.28% of Pegavision Corporation as of June 30, 2015, December 31, 2014 and June 30, 2014, respectively, the management alleges that the Group possesses the control power over it in substance. Thus, Pegavision Corporation was consolidated in the Company's financial statements.

(4)Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent 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. At the reporting date, monetary items denominated in foreign currencies are retranslated at the prevailing functional currency closing rate of exchange; non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; and non-monetary items 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 from the settlement or translation of 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)Foreign currency transactions and translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet 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 under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

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 NCIs in that foreign operation, instead of recognized in profit or loss. 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 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 for assets and liabilities

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 comprise 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 (including fixed-term deposits that have maturities equal to or less than three 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 financial assets and financial liabilities 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 settlement date basis.

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 based on their natures and purposes.

Financial assets at fair value through profit or loss

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

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

(a) it eliminates or significantly reduces 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.

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 classifies as at fair value through profit or loss, upon initial recognition designates as available-for-sale, or those for which the holder may not recover substantially all of its initial investment due to credit worsening.

Loans and receivables are separately presented on the balance sheet as receivables or bond investments with no active market. 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 interest, 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.

(9) Fair value measurement

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

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

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

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

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

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

(10) 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 are 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.

(11) 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 and equipment	5 to 10 years
Transportation equipment	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.

(12) 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.

(13) 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

(14) 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.

(15) 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.

<u>Provisions for sales returns and allowances</u>

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

(16) 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.

(17) 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.

(18) 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.Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

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

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

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

(19) 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.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

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.

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	6/30/2015	12/31/2014	6/30/2014
Cash and petty cash	$4,328	$4,574	$6,761
Checking and saving	2,216,753	2,661,078	2,392,723
Time deposits	9,154,350	8,875,963	8,792,323
Total	$11,375,431	$11,541,615	$11,191,807

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

	As of		
	6/30/2015	12/31/2014	6/30/2014
Held for trading:			
Money market fund	$5,016,669	$5,033,763	$5,061,273
Valuation adjustments	115,770	101,671	88,017
Total	$5,132,439	$5,135,434	$5,149,290

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

(3) Available-for-sale financial assets

	As of		
	6/30/2015	12/31/2014	6/30/2014
Stocks	$-	$15,675	$15,676
Valuation adjustments	-	24,694	15,845
Total	$-	$40,369	$31,521

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

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

(4) Bond investments with no active market

	As of		
	6/30/2015	12/31/2014	6/30/2014
Time deposits	$425,098	$463,827	$499,905
Current	$425,098	$463,827	$499,856
Non-current	$-	$-	$49

There was no bond investments with no active market pledged as collateral.

(5) Financial assets carried at cost

	As of		
	6/30/2015	12/31/2014	6/30/2014
Unlisted stocks	$50,000	$50,000	$50,000
Non-current	$50,000	$50,000	$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		
	6/30/2015	12/31/2014	6/30/2014
Notes receivable – from operations	$5,198	$6,252	$7,753
Less: allowance for doubtful accounts	-	-	-
Total	$5,198	$6,252	$7,753

No notes receivable was pledged by the Group as collateral.

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

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

(a) Accounts receivable, net:

	As of		
	6/30/2015	12/31/2014	6/30/2014
Accounts receivable, gross	$3,152,482	$3,108,413	$3,855,136
Less: allowance for doubtful accounts	(56,059)	(67,946)	(59,046)
Less: allowance for return & discount	(7,493)	(124)	-
Net of allowances	3,088,930	3,040,343	3,796,090
Accounts receivable - related parties, gross	355,994	436,406	503,558
Less: allowance for doubtful accounts	-	-	-
Net of allowances	355,994	436,406	503,558
Total accounts receivable, net	$3,444,924	$3,476,749	$4,299,648

(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 June 30, 2015, December 31 and June 30, 2014 were as follows:

	Financial Institution	Accounts receivable de-recognized	Advance received	Collateral	Credit Limit
6/30/2015	Mega International Commercial Bank - LanYa Branch	$ 458,232	$101,772	None	Note
12/31/2014	Mega International Commercial Bank - LanYa Branch	509,292	153,968	None	Note
6/30/2014	Mega International Commercial Bank - LanYa Branch	502,594	118,868	None	Note

Note: The credit limits were US$ 30,000 thousand as of June 30, 2015, December 31 and June 30, 2014.

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

(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, 2015	$-	$67,946	$67,946
Provision (reversal)	-	(11,817)	(11,817)
Effect of exchange rate changes	-	(70)	(70)
As of June 30, 2015	$-	$56,059	$56,059
As of January 1, 2014	$-	$61,910	$61,910
Provision (reversal)	-	(2,812)	(2,812)
Effect of exchange rate changes	-	(52)	(52)
As of June 30, 2014	$-	$59,046	$59,046

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

		Accounts receivable – past due, but not impaired				
As of	Neither past due nor impaired	Less than 61 days	61 to 90 days	91 to 120 days	Longer than 120 days	Total
6/30/2015	$ 3,301,037	$142,333	$4	$-	$1,550	$3,444,924
12/31/2014	3,143,727	330,265	2,358	-	399	3,476,749
6/30/2014	3,823,662	471,801	2,465	100	1,620	4,299,648

(8) Inventories

(a) Details of inventories are as follows.

	As of		
	6/30/2015	12/31/2014	6/30/2014
Raw materials	$571,443	$675,961	$683,346
Supplies	28,568	33,609	33,184
Work in process	799,125	691,073	895,117
Finished goods	709,438	725,697	522,173
Merchandises	36,583	36,629	15,925
Total	$2,145,157	$2,162,969	$2,149,745

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

(b) For the three-month periods ended June 30, 2015 and 2014, the Group recognized NT$4,185,950 thousand and NT$4,614,823 thousand under the caption of costs of sale, respectively. For the six-month periods ended June 30, 2015 and 2014, the Group recognized NT$8,224,440 thousand and NT$8,929,211 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

	For the three-month period ended June 30,		For the six-month period ended June 30,	
Item	2015	2014	2015	2014
Loss from (Gains on recovery of) inventory market decline	$(24,159)	$(15,386)	$(14,846)	$121,492
Loss (gain) from physical	2,402	3,431	5,027	6,292
Loss in inventory write-off	354,158	296,640	645,327	419,041
Total	$332,401	$284,685	$635,508	$546,825

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 1/1/2015	$1,366,426	$5,614,222	$17,202,285	$118,946	$14,700	$3,958,417	$3,107,645	$31,382,641
Additions	-	8,711	12,745	8,337	1,355	62,711	2,132,423	2,226,282
Disposals	-	(63,375)	(2,422,964)	(13,684)	-	(331,993)	-	(2,832,016)
Effect of exchange rate	-	(75,380)	(164,532)	(1,659)	(261)	(36,096)	(2,924)	(280,852)
Reclassification	-	-	1,126,350	10,558	-	139,400	(1,276,308)	-
As of 6/30/2015	$1,366,426	$5,484,178	$15,753,884	$122,498	$15,794	$3,792,439	$3,960,836	$30,496,055
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
Additions	8,939	9,959	38,214	5,995	830	42,723	1,273,967	1,380,627

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

Disposals	-	(40,808)	(1,250)	-	-	(66,375)	-	(108,433)
Effect of exchange rate	-	(21,251)	(44,475)	(451)	(73)	(10,580)	(968)	(77,798)
Reclassification	120,308	9,708	1,290,151	10,755	225	67,804	(1,498,951)	-
As of 6/30/2014	$1,366,426	$5,420,068	$16,360,183	$106,857	$13,352	$3,800,374	$1,176,679	$28,243,939

	Land	Buildings	Machinery	Office Equipment	Transportation	Other Equipment	Construction in progress and equipment awaiting inspection (including prepaid equipment)	Total
Depreciation and impairment:								
As of 1/1/2015	$-	$1,521,919	$10,235,466	$73,772	$8,679	$2,364,370	$-	$14,204,206
Depreciation	-	133,678	1,161,823	11,416	1,485	252,269	-	1,560,671
Impairment loss	-	-	13,325	390	-	450	-	14,165
Disposals	-	(18,131)	(2,383,236)	(12,363)	-	(308,162)	-	(2,721,892)
Effect of exchange rate	-	(18,537)	(99,422)	(1,290)	(183)	(19,946)	-	(139,378)
Reclassification	-	-	8,737	-	-	(8,737)	-	-
As of 6/30/2015	$-	$1,618,929	$ 8,936,693	$71,925	$9,981	$2,280,244	$-	$12,917,772
As of 1/1/2014	$-	$1,263,101	$7,839,150	$52,142	$5,727	$1,922,338	$-	$11,082,458
Depreciation	-	133,101	1,101,003	9,188	1,219	233,480	-	1,477,991
Impairment loss	-	-	-	-	-	-	-	-
Disposals	-	(40,807)	(1,250)	-	-	(64,900)	-	(106,957)
Effect of exchange rate	-	(5,299)	(27,114)	(372)	(48)	(5,981)	-	(38,814)
Reclassification	-	-	-	-	-	-	-	-
As of 6/30/2014	$-	$1,350,096	$8,911,789	$60,958	$6,898	$2,084,937	$-	$12,414,678
Net carrying amount:								
As of 6/30/2015	$1,366,426	$3,865,249	$6,817,191	$50,573	$5,813	$1,512,195	$3,960,836	$17,578,283
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 6/30/2014	$1,366,426	$4,069,972	$7,448,394	$45,899	$6,454	$1,715,437	$1,176,679	$15,829,261

(a) During the six-month period ended June 30, 2015, the Group evaluated the recoverable amount of certain idle property, plant and equipment to be zero and, therefore, recognized an impairment loss of NT$14,165 thousand in the statement of comprehensive income.

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

(b) "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.

(c) Breakdown of property, plant & equipment and prepaid equipment is as follows.

	As of		
	6/30/2015	12/31/2014	6/30/2014
Property, plant and equipment	$15,802,797	$15,429,778	$15,160,199
Prepaid equipment	1,775,486	1,748,657	669,062
Total	$17,578,283	$17,178,435	$15,829,261

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

(e) The Company purchased 31 parcels of land with a total area of 28,019.24 square meters. Lands are located at the addresses of No. 965, 1113, 1114, 1438 to 1443 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, land cannot be registered under the Company's name while it has been temporarily registered under the Director Tzu-Hsien Tung's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.

(10) Intangible assets

	Cost of Computer Software
Cost:	
As of January 1, 2015	$40,101
Additions – acquired separately	17,452
Derecognized upon retirement	(13,498)
Effect of exchange rate changes	(295)
As of June 30, 2015	$43,760
As of January 1, 2014	$43,568
Additions – acquired separately	18,951
Derecognized upon retirement	(12,054)
Effect of exchange rate changes	(111)
As of June 30, 2014	$50,354

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

Amortization and Impairment:	
As of January 1, 2015	$20,119
Amortization	15,434
Derecognized upon retirement	(13,498)
Effect of exchange rate changes	(179)
As of June 30, 2015	$21,876

	Cost of Computer Software
As of January 1, 2014	$29,409
Amortization	12,036
Derecognized upon retirement	(12,054)
Effect of exchange rate changes	(93)
As of June 30, 2014	$29,298

Carrying amount, net:	
As of June 30, 2015	$21,884
As of December 31, 2014	$19,982
As of June 30, 2014	$21,056

Amounts of amortization recognized for intangible assets are as follows:

	For the six-month period ended June 30,	
	2015	2014
Operating cost	$150	$145
Sales and marketing	513	95
General and administrative	13,690	10,557
Research and development	1,081	1,239
Total	$15,434	$12,036

(11) Other non-current assets

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Refundable deposits	$45,746	$44,743	$39,342
Long-term prepaid rent	276,672	286,970	272,552
Total	$322,418	$331,713	$311,894

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

As of June 30, 2015, December 31 and June 30, 2014, land use rights, recorded under the caption of long-term prepaid rent, amounted to NT$276,672 thousand, NT$286,970 thousnad and NT$272,552 thousand, respectively.

(12) Short-term loans

		As of		
	Interest Rate Range (%)	June 30, 2015	December 31, 2014	June 30, 2014
Unsecured bank loans	0.83%~1.60%	$2,159,349	$1,806,896	$2,047,248

As of June 30, 2015, December 31 and June 30, 2014, the line of unused short-term loan credit for the Group amounted to NT$2,600,511 thousand, NT$3,826,804 thousand and NT$ 2,671,422 thousand, respectively.

(13) Other payables

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Accrued expense	$4,342,890	$2,589,592	$4,074,810
Equipment payable	1,056,042	1,236,524	595,314
Accrued interest	3,039	2,636	4,426
Total	$5,401,971	$3,828,752	$4,674,550

(14) Provisions

	Sales Returns and Allowances
As of January 1, 2015	$302
Additions	-
Used	-
Reversal	(87)
Adjustment to present value due to discount rate change and passage of time	-
As of June 30, 2015	$215

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

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Current	$215	$302	$-
Non-current	-	-	-
Total	$215	$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		
	June 30, 2015	December 31, 2014	June 30, 2014
Other current liabilities	$55,580	$75,708	$37,578
Unearned sales revenue	22,195	32,853	38,278
Deferred revenue - Customer Loyalty Programmes	1,075	781	-
Current portion of long-term loans	942,416	1,433,589	1,376,939
Total	$1,021,266	$1,542,931	$1,452,795

(b) Customer loyalty programs

	For the six-month periods ended June 30,	
	2015	2014
Balance, beginning	$781	$-
Deferred during the period	371	-
Recognized in profit or loss	(77)	-
Balance, ending	$1,075	$-

	As of June 30,	
	2015	2014
Current	$1,075	$-
Non-current	-	-
Total	$1,075	$-

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

(16) Long-term loans

Details of long-term loans as of June 30, 2015, December 31 and June 30, 2014 were as follows:

Debtor	Type of Loan	Maturity	Loan Balance As of 6/30/2015	Repayment
Mega International Commercial Bank - LanYa Branch	Secured bank loan	2015.10.27-2016.12.15	$125,404	Notes 1, 2 and 8
Mega International Commercial Bank - LanYa Branch	Credit loan	2015.10.27-2020.04.02	759,672	Notes 1, 3 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Secured bank loan	2015.07.15-2019.01.15	175,784	Notes 2, 6, 7 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2016.01.24-2017.04.15	22,500	Notes 6 and 10
Land Bank of Taiwan - ZhongLi Branch	Credit loan	2015.12.23-2016.04.27	234,465	Notes 2 and 5
Taipei Fubon Commercial Bank – BeiTou Branch	Credit loan	2017.12.14	462,900	Note 12
Total			1,780,725	
Less: current portion			(942,416)	
Non-current portion			$838,309	

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 2, 6 and 10

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

Land Bank of Taiwan - ZhongLi Branch	Credit loan	2015.12.23-2016.11.27	415,913	Notes 2, 5 and 9
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 6/30/2014	Repayment
Mega International Commercial Bank - LanYa Branch	Secured bank loan	2014.08.15-2016.12.15	$224,447	Notes 1, 2 and 8
Mega International Commercial Bank - LanYa Branch	Credit loan	2015.10.27-2018.08.12	975,093	Notes 1, 3 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Secured bank loan	2014.07.23-2019.01.15	288,854	Notes 2, 6, 7 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2014.12.24-2017.04.15	236,601	Notes 2, 6 and 10
Land Bank of Taiwan - ZhongLi Branch	Credit loan	2014.03.13-2016.12.23	557,258	Notes 2, 5 and 9
Other banks	Credit loan	2015.12.20	5,085	Note 11
Total			2,287,338	
Less: current portion			(1,376,939)	
Non-current portion			$910,399	

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.

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

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 June 30, 2015, December 31 and June 30, 2014, the interest rate intervals for long-term loans were 0.78%~1.77%，0.72%~1.60% and 0.71%~2.25%, respectively.

(17) Other non-current liabilities

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Accrued pension costs	$27,540	$29,668	$47,357
Deposits received	88,830	80,952	100,363
Total	$116,370	$110,620	$147,720

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

(18) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan were NT$ 28,033 thousand and NT$25,864 thousand for the three-month periods ended June 30, 2015 and 2014, respectively, while NT$55,502 thousand and NT$50,219 thousand for the six-month periods ended June 30, 2015 and 2014, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the six-month periods ended June 30, 2015 and 2014 are NT$410 thousand and NT$609 thousand, respectively. The pension cost under the defined benefits plan is as follows:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Operating costs	$160	$248	$322	$488
Sales and marketing expenses	$9	$10	$17	$20
General and administrative expenses	$21	$24	$40	$58
Research and development expenses	$15	$22	$31	$43

(19) Equity

A. Common shares

As of June 30, 2015, December 31 and June 30, 2014, 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		
	June 30, 2015	December 31, 2014	June 30, 2014
Additional paid-in capital	$5,850,000	$5,850,000	$5,850,000
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	50,925	50,925	13,612

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

All changes in interests in subsidiaries	38,894	38,894	-
Total	$5,939,819	$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.

Based on Article 235-1 of Company Act amended on May 20, 2015, the Company shall incur a portion of current year's profit as employees' compensation after offsetting the cumulative losses, if any. The aforementioned employees' compensation distributed in the form of shares or in cash shall be approved by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors and reported at annual stockholders' meeting. Qualification requirements of employees, including the employees of the Company's subsidiaries, entitled to receive the employees' compensation may be specified in the Articles of Incorporation.

(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

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, 2015 and 2014. The Company did not use, dispose or reclassify relevant assets which lead to reversal of special reserves for the six-month ended June 30, 2015 and 2014. The special reserve for the first-time adoption of Taiwan IFRS amounted to zero as of June 30, 2015 and 2014.

(e) The Company estimated the amounts of the employee bonuses and the remuneration to directors and supervisors to be NT$307,284 thousand and NT$18,076 thousand, respectively, for the six-month period ended June 30, 2014. 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.

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

The Company estimated the amounts of the employee compensation and the remuneration to directors and supervisors to be NT$185,871 thousand and NT$10,934 thousand, respectively, for the six-month period ended June 30, 2015. The amounts are estimated based on the profit for the period. If the board subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss retroactively.

The appropriations of earnings for the years 2014 and 2013 were approved at the annual shareholders' meeting held on June 11, 2015 and June 19, 2014, respectively. The details of the distributions were as follows:

	Appropriation of earnings		Dividend per share (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	545,680	492,104		
Total	$2,723,969	$2,405,274		

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

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

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

December 31, 2013 was recorded in the profit or loss for the year ended December 31, 2014.

The actual payment of 2014 earning distribution comprised the employees' bonuses of NT$545,680 thousand and the remuneration to directors and supervisors of NT$32,556 thousand. The difference of NT$457 thousand between the actual payment and the accrual of NT$545,680 thousand for employees' bonuses and NT$32,099 thousand for remuneration to directors and supervisors for the year ended December 31, 2014 was recorded in the profit or loss for the six-month period ended June 30, 2015.

D. Non-controlling interests

	For the six-month periods ended June 30, 2015	For the six-month periods ended June 30, 2014
Beginning balance	$2,654,765	$2,450,199
Net loss attributable to NCIs	(86,023)	(9,073)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	(49,363)	(14,742)
Ending balance	$2,519,379	$2,426,384

(20) Net revenue

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Sale of goods	$5,469,887	$6,733,884	$10,801,914	$12,453,731
Less: sales returns and allowances	(127,760)	(85,378)	(211,945)	(122,547)
Services rendered	37,121	36,399	76,461	78,777
Other operating revenue	53,417	99,292	112,456	171,035
Total	$5,432,665	$6,784,197	$10,778,886	$12,580,996

(21) Operating lease

A. Group as a lessee

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

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

As of June 30, 2015, December 31 and June 30, 2014, the total future minimum lease payments due to irrevocable leasing contracts were as follows:

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Less than one year	$29,030	$40,146	$20,700

Expenses under operating lease were as follows:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Minimum lease payment	$37,681	$32,728	$77,594	$64,065

B. Group as a lessor

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

As of June 30, 2015, December 31 and June 30, 2014, the total future minimum lease payments from leases due to irrevocable leasing contracts were as follows:

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Less than one year	$2,459	$-	$2,452

For the three-month periods ended June 30, 2015 and 2014, rent incomes of the Group amounted to NT$4,810 thousand and NT$6,667 thousand, respectively. For the six-month periods ended June 30, 2015 and 2014, rent incomes of the Group amounted to NT$10,122 thousand and NT$8,936 thousand, respectively.

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

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

Function / Nature	For the three-month period ended June 30, 2015			For the three-month period ended June 30, 2014		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefit						
Salaries	$710,358	$196,625	$906,983	$712,346	$198,585	$910,931
Labor and health insurance	47,009	16,300	63,309	44,139	12,512	56,651
Pension	19,937	8,301	28,238	19,120	7,048	26,168
Other employee benefit	60,199	20,519	80,718	43,638	14,545	58,183
Depreciation	729,601	60,543	790,144	691,739	56,916	748,655
Amortization	75	7,597	7,672	72	7,270	7,342

Function / Nature	For the six-month period ended June 30, 2015			For the six-month period ended June 30, 2014		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefit						
Salaries	$1,375,450	$396,785	$1,772,235	$1,381,846	$378,077	$1,759,923
Labor and health insurance	93,389	33,170	126,559	82,322	28,515	110,837
Pension	39,633	16,279	55,912	37,200	13,628	50,828
Other employee benefit	107,640	48,505	156,145	80,634	21,784	102,418
Depreciation	1,439,242	121,429	1,560,671	1,365,209	112,782	1,477,991
Amortization	151	15,283	15,434	145	11,891	12,036

(23) Non-operating incomes and expenses

A. Other incomes

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Interest income	$22,283	$26,118	$44,386	$48,175
Other income - others	146,055	10,271	180,114	27,056
Total	$168,338	$36,389	$224,500	$75,231

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

B. Other gains and losses

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Gain (loss) from disposal of property, plant and equipment	$(108,450)	$1	$(108,450)	$(89)
Foreign exchange gain (loss), net	16,086	4,247	14,403	(2,993)
Gain from disposal of investment	111	25,637	31,068	25,637
Valuation gain of financial assets at fair value through profit or loss	6,932	3,030	14,099	13,241
Impairment loss on non-financial assets	(14,165)	-	(14,165)	-
Other expenses	(5,257)	(75)	(9,113)	(7,302)
Total	$(104,743)	$104,619	$(72,158)	$28,494

C. Finance costs

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Interest on bank loans	$13,399	$15,224	$25,628	$30,204

(24) Components of other comprehensive income (OCI)

For the three-month period ended June 30, 2015:

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
To be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	$(51,361)	$-	$(51,361)	$5,478	$(45,883)
Total OCI	$(51,361)	$-	$(51,361)	$5,478	$(45,883)

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

For the three-month period ended June 30, 2014:

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
To be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	$(114,597)	$-	$(114,597)	$12,258	$(102,339)
Unrealized valuation gain (loss) on available-for-sale financial assets	15,179	(24,891)	(9,712)	-	(9,712)
Total OCI	$(99,418)	$(24,891)	$(124,309)	$12,258	$(112,051)

For the six-month period ended June 30, 2015:

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
To be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	$(132,220)	$-	$(132,220)	$14,086	$(118,134)
Unrealized valuation gain (loss) on available-for-sale financial assets	6,151	(30,845)	(24,694)	-	(24,694)
Total OCI	$(126,069)	$(30,845)	$(156,914)	$14,086	$(142,828)

For the six-month period ended June 30, 2014:

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
To be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	$(39,137)	$-	$(39,137)	$4,147	$(34,990)

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

Unrealized valuation gain (loss) on available-for-sale financial assets	25,625	(24,891)	734	-	734
Total OCI	$(13,512)	$(24,891)	$(38,403)	$4,147	$(34,256)

(25) Income tax

A. The major components of income tax expense (benefit) for the six-month periods ended June 30, 2015 and 2014 were as follows:

Income tax expense (benefit) recognized in profit or loss

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Current income tax expense (benefit):				
Current income tax expense	$97,439	$201,976	$191,544	$330,461
Adjustments in respect of current income tax of prior periods	3,069	-	3,069	-
Deferred tax expense (benefit):				
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	997	1,283	(853)	(3,855)
Total income tax expense	$101,505	$203,259	$ 193,760	$326,606

B. Income tax recognized in other comprehensive income

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Deferred tax expense (benefit):				
Exchange differences arising on translation of foreign operations	$(5,478)	$(12,258)	$(14,086)	$(4,147)

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

C. Imputation credit information

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Balances of imputation credit amounts	$1,871,496	$1,431,359	$1,434,745

The actual creditable ratio for the Year of 2014 and 2013 were 14.28% and 11.62%, respectively. However, effective January 1, 2015, the creditable ratio for the individual shareholders residing in the Republic of China will be half of the original creditable ratio according to the revised Article 66-6 of the Income Tax Law.

The Company did not have unappropriated earnings resulted from the Year of 1997 and before.

D. Assessment of income tax return

As of June 30, 2015, the assessment of the income tax returns of the Company and subsidiaries were as follows:

	The status of tax assessment
The Company	Assessed and approved up to 2012
Subsidiary - Pegavision Corporation	Assessed and approved up to 2013
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2013

(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 is calculated by dividing the net profit attributable to common shareholders of the Company (after adjusting for interests on the convertible corporate bonds) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

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

A. Basic earnings per share

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Net income available to common shareholders of the parent (in thousand NT$)	$600,768	$1,231,780	$1,217,957	$2,024,327
Weighted average number of common shares outstanding (in thousand shares)	446,000	446,000	446,000	446,000
Basic earnings per share (in NT$)	$1.35	$2.76	$2.73	$4.54

B. Diluted earnings per share

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Net income available to common shareholders of the parent (in thousand NT$)	$600,768	$1,231,780	$1,217,957	$2,024,327
Net income available to common shareholders of the parent after dilution (in thousand NT$)	$600,768	$1,231,780	$1,217,957	$2,024,327
Weighted average number of common shares outstanding (in thousand shares)	446,000	446,000	446,000	446,000
Effect of dilution:				
Employee bonus – stock (in thousand shares)	7,499	5,559	8,242	5,897
Weighted average number of common shares outstanding after dilution (in thousand shares)	453,499	451,559	454,242	451,897
Diluted earnings per share (in NT$)	$1.32	$2.72	$2.68	$4.48

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

(27) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

		As of		
Name	Country of Incorporation and operation	June 30, 2015	December 31, 2014	June 30, 2014
PIOTEK HOLDINGS LTD. and its subsidary	China	51.00%	51.00%	51.00%

	As of		
Accumulated balances of material non-controlling interest:	June 30, 2015	December 31, 2014	June 30, 2014
PIOTEK HOLDINGS LTD. and its subsidary	$1,905,023	$2,076,348	$2,096,334

	For the six-month period ended June 30,	
Profit/(loss) allocated to material non-controlling interest:	2015	2014
PIOTEK HOLDINGS LTD. and its subsidary	$(122,149)	$(18,469)

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss is as follows:

	For the six-month period ended June 30,	
	2015	2014
Operating revenue	$2,240,210	$2,936,665
Profit/loss from continuing operation	$(249,274)	$(37,695)
Total comprehensive income for the period	$(349,631)	$(67,706)

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

Summarized information of financial position is as follows:

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Current assets	$2,124,896	$2,390,493	$2,745,459
Non-current assets	3,572,230	4,005,340	3,971,359
Current liabilities	1,141,480	1,526,385	1,511,020
Non-current liabilities	667,563	631,734	927,308

Summarized cash flow information is as follows:

	For the six-month period ended June 30,	
	2015	2014
Operating activities	$(75,791)	$102,591
Investing activities	(149,118)	(96,040)
Financing activities	35,924	(317,885)
Net increase/(decrease) in cash and cash equivalents	(199,407)	(316,274)

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions with related parties

A. Sales

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Ultimate parent company	$349,663	$500,381	$ 683,545	$936,758
Other related parties	3,940	5,784	5,678	21,641
Total	$353,603	$506,165	$689,223	$958,399

Selling prices and collection terms to related parties are similar to those to third party customers for the six-month periods ended June 30, 2015 and 2014. The collection terms are 30 to 60 days from the end of delivery month by telegraphic transfer.

B. For the six-month periods ended June 30, 2015 and 2014, the Group recorded travelling expenses of NT$153 thousand and NT$288 thousand, respectively, for commissioning other related parties to handle travelling logistics.

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

C. For the six-month periods ended June 30, 2015 and 2014, the Group recognized rent expenses of NT$16,356 thousand and NT$10,447 thousand, respectively, for plants leased from the ultimate parent company.

Moreover, for the six-month periods ended June 30, 2015 and 2014, the Group recognized rent expenses of NT$6,588 thousand and NT$9,697 thousand, respectively, for plants leased from other related parties.

In addition, for the six-month periods ended June 30, 2015 and 2014, the Group recognized rent expenses of NT$6,670 thousand and NT$1,381 thousand (tax inclusive), respectively, for various facilities leased from the ultimate parent company.

D. For the six-month periods ended June 30, 2015 and 2014, the Group recognized operating expenses of NT$4,485 thousand and NT$2,674 thousand, respectively, for services received from other related parties.

For the six-month periods ended June 30, 2015 and 2014, the Group recognized operating expenses of NT$818 thousand and NT$377 thousand (tax inclusive), respectively, for services provided by the ultimate parent company.

In addition, for the six-month periods ended June 30, 2015 and 2014, the Group recorded operating expenses of NT$47,316 thousand and NT$21,561 thousand (tax inclusive), respectively, for utility bills paid by the ultimate parent company on behalf of the Group.

E. For the six-month periods ended June 30, 2015 and 2014, the Group recognized rent income of NT$2,474 thousand and NT$2,652 thousand, respectively, for plants leased to other related parties.

F. Accounts receivable - related parties

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Ultimate parent company	$352,550	$435,398	$500,555
Other related parties	3,444	1,008	3,003
Total	355,994	436,406	503,558
Less: allowance for doubtful accounts	-	-	-
Net	$355,994	$436,406	$503,558

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

G. Salaries and rewards to key management of the Group

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2015	2014	2015	2014
Short-term employee benefit	$11,755	$32,107	$37,211	$48,615
Post-employee benefit	216	225	432	460
Total	$11,971	$32,332	$37,643	$49,075

H. Other receivable

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Other related parties	$ 1,640	$1,307	$1,226

I. Refundable deposits

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Ultimate parent company	$5,700	$5,700	$3,500

J. Accrued expenses

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Ultimate parent company	$19,246	$15,855	$4,559
Other related parties	657	5,719	3,816
Total	$19,903	$21,574	$8,375

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

	Carring Amount as of			
Item	June 30, 2015	December 31, 2013	June 30, 2014	Purpose
Property, plant and equipment - machinery (carrying amount)	$260,623	$285,931	$354,252	For long-term secured loans
Property, plant and equipment – other equipment (carrying amount)	14,177	16,401	18,508	For long-term secured loans

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

Refundable deposits	3,057	3,057	3,057	Bonded factory
Total	$277,857	$305,389	$375,817	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of June 30, 2015 were as follows:

Currency	LC Amount (in thousand)	Security paid
JPY	1,721,192	$-
USD	7,844	-
Euro	40	-

(2) Details of significant construction in progress and outstanding contracts of property, plant and equipment as of June 30, 2015 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Machinery and contraction contracts	$4,047,539	$2,484,292	$1,563,247

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

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

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	June 30, 2015	December 31, 2014	June 30, 2014
Financial assets at fair value through profit or loss:			
Held for trading	$5,132,439	$5,135,434	$5,149,290
Available-for-sale financial assets	-	40,369	81,521
Loan and receivable:			
Cash and cash equivalents (exclude cash on hand)	11,371,103	11,510,041	11,185,046
Bond investment with no active market	425,098	463,827	499,905
Notes receivable	5,198	6,252	7,753
Accounts receivable	3,088,930	3,040,343	3,796,090
Accounts receivable - related parties	355,994	436,406	503,558
Other receivable	502,227	452,265	543,409
Other receivable - related parties	1,640	1,307	1,226
Total	$20,882,629	$21,086,244	$21,767,798

Financial liabilities

	As of		
	June 30, 2014	December 31, 2014	June 30, 2014
Financial liabilities measured at amortized cost:			
Short-term loan	$2,159,349	$1,806,896	$2,047,248
Payable	7,190,224	5,856,512	6,876,026
Long-term loans (including current portion)	1,780,725	2,164,311	2,287,338
Total	$11,130,298	$9,827,719	$11,210,612

(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 dollar appreciates/depreciates against US dollars by 1%, the net income (loss) for the six-month periods ended June 30, 2015 and 2014 would increase/decrease by NT$16,346 thousand and NT$13,308 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 six-month periods ended June 30, 2015 and 2014 would decrease/increase by NT$1,732 thousand and decrease/increase by NT$1,949 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$0 and NT$315 thousand for the six-month periods ended June 30, 2015 and 2014, 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.

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

As of June 30, 2015, December 31 and June 30, 2014, receivables from the top ten customers were accounted for 47.02%, 45.65% and 57.71% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively not significant 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, no significant default risk and consequently no significant credit risk are expected.

(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.

<u>Non-derivative financial instruments</u>

	Less than 1 year	2 to 3 years	3 to 4 years	4 to 5 years	Total
As of June 30, 2015					
Loans	$3,196,442	$714,698	$102,011	$82,551	$4,095,702
Payables	7,190,224	-	-	-	7,190,224
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 June 30, 2014					
Loans	$3,482,521	$830,898	$88,350	$35,012	$4,436,781
Payables	6,876,026	-	-	-	6,876,026

(6) Fair values of financial instruments

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

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(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) Fair value of equity instruments without active markets (including listed companies' shares from private placement, stocks of public companies not traded in an active market and unlisted stocks) are estimated using the market approach. Under the approach, factors, such as the trading prices of comparable equity instruments in an active market, and other relevant informations (i.e. discount due to lack of liquidity, stock price-to-earning ratio (PER) and price-to-book ratio (PBR) of similar companies) are input into the pricing model for its fair value..

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.7 for fair value measurement hierarchy for financial instruments of the Group.

(7) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

B. Fair value measurement hierarchy of the Group's assets and liabilities

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

As of June 30, 2015

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$5,132,439	$-	$-	$5,132,439
Financial liabilities:				
None				

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 June 30, 2014

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$5,149,290	$-	$-	$5,149,290
Available-for-sale financial assets				
Stocks	31,521	-	-	31,521
Financial liabilities:				
None				

Transfers between Level 1 and Level 2 during the period

For the six-month periods ended June 30, 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value hierarchy.

(8) 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:

	As of June 30, 2015			As of December 31, 2014		
(In Thousands)	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
Financial assets						
Monetary items:						
USD	$116,753	30.90	$3,607,692	$128,682	31.65	$4,072,131
CNY	$75,142	4.89	$367,680	$104,450	5.17	$540,089
Financial liabilities						
Monetary items:						
USD	$162,332	30.86	$5,009,828	$162,457	31.65	$5,141,564
CNY	$105,423	5.04	$532,150	$144,860	5.17	749,274

	As of June 30, 2014		
(In Thousands)	Foreign Currencies	Exchange Rate	NTD
Financial assets			
Monetary items:			
USD	$152,405	29.87	$4,551,528
CNY	$116,797	4.85	$566,898
Financial liabilities			
Monetary items:			
USD	$187,505	29.87	$5,599,999
CNY	$135,100	4.85	$655,758

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

Foreign exchange gains or losses on monetary financial assets and financial liabilities are shown as below.

Foreign currency resulting in exchange gain or loss	For the six-month period ended June 30, 2015	2014
USD	$13,922	$(17,173)
Other	481	14,180

(9)

(9) 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. Financing provided to others: None.

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

C. Marketable securities held as of June 30, 2015 (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 six-month period ended June 30, 2015: 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 six-month period ended June 30, 2015: 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 six-month period ended June 30, 2015: 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 six-month period ended June 30, 2015: 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 June 30, 2015: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the six-month period ended June 30, 2015: Please refer to attachment 9.

(2) Information regarding investee companies

A. Investees over which 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 June 30, 2015 (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 six-month period ended June 30, 2015: 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 six-month period ended June 30, 2015: 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 six-month period ended June 30, 2015: None.

(g) Related party transactions with purchase or sale amount of at least NT$100 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2015: 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 June 30, 2015: 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, 2015	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of June 30, 2015	Profit/ Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of June 30, 2015	Accumulated Inward Remittance of Earnings as of June 30, 2015	Accumulated Outflow of Investment from Taiwan to Mainland China as of June 30, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	$2,160,200 (Note 2)	(Note 1)	$2,160,200 (Note 2)	$-	$-	$2,160,200 (Note 2)	$(71,238) (Notes 2 and 3)	100%	$(71,238) (Notes 2, 3 and 6)	$1,128,174 (Notes 2, 3 and 6)	$-	$2,160,200 (Note 2)	$2,160,200 (Note 2)	No upper limit (Note 4)

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

Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	$5,144,362 (Note 2)	(Note 1)	$2,908,678 (Note 2)	$-	$-	$2,908,678 (Note 2)	$(247,143) (Notes 2 and 3)	51%	$(126,043) (Notes 2, 3 and 6)	$1,956,987 (Notes 2, 3 and 6)	$-	$2,908,678 (Note 2)	$2,908,678 (Note 2)	
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	$61,720 (Note 2)	(Note 1)	$61,720 (Note 2)	$-	$-	$61,720 (Note 2)	$2,714 (Notes 2 and 3)	100%	$2,714 (Notes 2, 3 and 6)	$68,808 (Notes 2, 3 and 6)	$-	$61,720 (Note 2)	$61,720 (Note 2)	No upper limit (Note 4)
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	$65,062 (Note 2)	(Note 1)	$10,598 (Note 2)	$54,464	$-	$65,062 (Note 2)	$(5,899) (Notes 2)	100%	$(5,899) (Notes 2,and 6)	$54,435 (Notes 2 and 6)	$-	$65,062 (Note 2)	$65,062 (Note 2)	$583,383 (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.

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

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of June 30, 2015:

	Purchases		Accounts Payable	
	Amount	%	Amount	%
The Company's purchase from Kinsus Interconnect Technology Suzhou	$776,930	25.88%	$271,735	24.90%
The Company's purchase from Piotek Computer (Suzhou) Co., Ltd.	$1,116	0.04%	$1,117	0.10%

The product spec of goods purchased by the Company from Kinsus Interconnect Technology Suzhou Corp. and Piotek Computer (Suzhou) Co., Ltd. for the six-month period ended June 30, 2015 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) Sale and balance of related accounts receivable as of June 30, 2015:

	Sales		Accounts receivable	
	Amount	%	Amount	%
Sale of Piotek Computer (Suzhou) to Piotek (H.K.) Trading	USD 11,284	18.96%	USD 4,895	16.78%
Sale of Piotek Computer (Suzhou) to Xiang-Shuo (Suzhou) Trading	USD 9,362	15.73%	USD 2,194	7.52%
Sale of Xiang-Shuo (Suzhou) Trading to Piotek Computer (Suzhou)	RMB 12,615	17.36%	RMB 4,423	25.22%
Sale of Xiang-Shuo (Suzhou) Trading to Kinsus Interconnect Technology Suzhou	RMB 2,085	2.87%	RMB 465	2.65%
Sale of the Company to Kinsus Interconnect Technology Suzhou	$3,392	0.04%	$2,310	0.09%

The product spec of goods sold between subsidiaries for the six-month period ended June 30, 2015 differed from goods sold to other customers. Thus, transaction prices cannot be reasonably compared. Sales of the Company to Kinsus Interconnect Technology Suzhou Corp. have the same product prices as sales to the third-party customers. Collection terms are also equivalent to the ones for the third-party customers, which is 30 to 60 days from delivery by telegraphic transfer.

(c) Property transaction amounts and resulting gain or loss: None

(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$8,953 thousand for the six-month period ended June 30, 2015. Payable amounted to NT$4,159 thousand as of June 30, 2015.

b. The Company sold fixtures and spare parts to Piotek Computer (Suzhou) Co., Ltd. and Kinsus Interconnect Technology Suzhou Corp. and recognized other income of NT$8,067 thousand for the six-month period ended June 30, 2015.

c. As of June 30, 2015, the balance of other receivables amounted to NT$965 thousand and NT$5,430 thousand, respectively, that were resulted from the Company’s sale of fixtures to Piotek Computer (Suzhou) Co., Ltd. and Kinsus Interconnect Technology Suzhou Corp, respectively.

d. As of June 30, 2015, other receivable of Xiang-Shuo (Suzhou) Trading Limited in amount of RMB66 thousand was incurred due to payment and collection on behalf of Piotek Computer (Suzhou) Co., Ltd.

e. Kinsus Interconnect Technology Suzhou Corp. sold materials to Piotek Computer (Suzhou) Co., Ltd and recognized other income of RMB22 thousand for the six-month period ended June 30, 2015. Account receivable amounted to RMB7 thousand as of June 30, 2015.

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

(g) Above transactions are eliminated upon 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

	IC Substrate	PCB	Elimination	Consolidated
For the three-month period ended June 30, 2015				
External customer	$4,173,863	$1,258,802	$-	$5,432,665
Inter-segment	-	-	-	-
Total revenue	$4,173,863	$1,258,802	$-	$5,432,665
Segment income (loss)	$656,389	$(103,148)	$-	$553,241

	IC Substrate	PCB	Elimination	Consolidated
For the six-month period ended June 30, 2015				
External customer	$8,306,070	$2,472,816	$-	$10,778,886
Inter-segment	-	-	-	-
Total revenue	$8,306,070	$2,472,816	$-	$10,778,886
Segment income (loss)	$1,330,707	$(198,773)	$-	$1,131,934

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

	IC Substrate	PCB	Elimination	Consolidated
For the three-month period ended June 30, 2014				
External customer	$5,310,069	$1,474,128	$-	$6,784,197
Inter-segment	-	-	-	-
Total revenue	$5,310,069	$1,474,128	$-	$6,784,197
Segment income (loss)	$1,219,227	$25,585	$-	$1,244,812

	IC Substrate	PCB	Elimination	Consolidated
For the six-month period ended June 30, 2014				
External customer	$9,791,593	$2,789,403	$-	$12,580,996
Inter-segment	-	-	-	-
Total revenue	$9,791,593	$2,789,403	$-	$12,580,996
Segment income (loss)	$2,034,721	$(19,467)	$-	$2,015,254

Details of assets and liabilities under the Group's operating segments as of June 30, 2015, December 31 and June 30, 2014 were as follows:

Segment assets	IC Substrate	PCB	Elimination	Consolidated
As of June 30, 2015	$33,890,141	$7,375,047	$-	$41,265,188
As of December 31, 2014	$33,202,296	$7,849,378	$-	$41,051,674
As of June 30, 2014	$32,658,506	$7,643,749	$-	$40,302,255

Segment liabilities	IC Substrate	PCB	Elimination	Consolidated
As of June 30, 2015	$9,558,026	$2,449,282	$-	$12,007,308
As of December 31, 2014	$8,371,561	$2,627,339	$-	$10,998,900
As of June 30, 2014	$9,613,308	$2,739,810	$-	$12,353,118

Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the six-month period ended June 30, 2015

Attachment 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. $5,347,700	$4,320,400 (USD 140,000) (Note 2)	$2,314,500 (USD 75,000) (Note 2)	$1,367,915	$-	8.65%	Shall not exceed 50% of the net worth in the current financial statements. $13,369,251	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. $5,347,700	$2,596,869 (USD 84,150) (Note 2)	$2,596,869 (USD 84,150) (Note 2)	$295,433	$-	9.71%	Shall not exceed 50% of the net worth in the current financial statements. $13,369,251	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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities

As of June 30, 2015

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of June 30, 2015				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value (Note)	
Kinsus Interconnect	Money market funds:							
Technology Corp.	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	32,783,435	$510,667	-%	$521,086	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss	30,422,974	353,891	-%	360,336	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	48,495,532	700,000	-%	724,067	
	Fuh Hwa Yu Li Money Market Fund	-	Financial assets at fair value through profit or loss	20,789,636	265,794	-%	276,394	
	Fuh Hwa Money Market Fund	-	Financial assets at fair value through profit or loss	21,596,707	300,000	-%	307,753	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss	9,633,540	150,000	-%	154,540	
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	33,095,605	450,000	-%	463,031	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	30,522,218	400,000	-%	406,651	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	1,168,258	200,000	-%	205,247	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	41,465,474	500,000	-%	511,808	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	31,315,952	450,000	-%	456,662	
	Union Money Market Fund	-	Financial assets at fair value through profit or loss	35,032,705	450,000	-%	455,912	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss	15,322,946	250,000	-%	252,343	
	Subtotal				4,980,352		$5,095,830	
	Add: Valuation adjustments of financial assets held for trading				115,478			
	Total				$5,095,830			

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

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 six-month period ended June 30, 2015

Attachment 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				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Kinsus Interconnect Technology Corp.	Buildings Hsin-Fon factory construction	Mar. 24, 2015	$486,186	NT$209,269 thousand have been paid as of June 30, 2015.	Guo-Gong Construction Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None

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 six-month period ended June 30, 2015

Attachment 4

(In Thousands of New Taiwan Dollars)

			Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	Note
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	$776,930	25.88%	Payment within 60 days from the end of delivery month	Specifications of goods purchased are different from others. The prices cannot be reasonablely compared.	Other vendors also enjoy payment within 60 days from the end of delivery month	Accounts payable $(271,735)	(23.32)%	Note

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

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 June 30, 2015

Attachment 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of June 30, 2015			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of June 30, 2013	As of June 30, 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%	$27,903	$(896)	$(896)	Note
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD166,309	USD166,309	166,308,720 shares	100.00%	$3,179,762	$(196,255)	$(196,255)	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%	$542,612	$20,781	$20,781	Note
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taoyuan City	Manufacturing medical equipment	$286,418	$286,418	22,088,736 shares	36.81%	$357,950	$57,174	$21,048	Note
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD72,000	USD72,000	72,000,000 shares	100.00%	USD 38,788	USD (2,220)	USD (2,220)	Note
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD94,309	USD94,309	95,755,000 shares	51.00%	USD 64,251	USD (8,008)	USD (4,084)	Note
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD139,841	USD139,841	139,840,790 shares	100.00%	USD 125,991	USD (8,008)	USD (8,008)	Note
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD26	USD26	200,000 shares	100.00%	USD 1,607	USD-	USD-	Note
Pegavision Corporation	PEGAVISION HOLDINGS CORPORATION	Samoa	Investing activities	USD380	USD2,130	2,130,000 shares	100.00%	$46,764	$(5,908)	$(5,908)	Note
Pegavision Corporation	PEGAVISION JAPAN	JAPAN	Selling Medical facility	JPY-	JPY 9,900	198 shares	100.00%	$2,499	$-	$-	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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities (Excluding Investments in Subsidiaries, Associates and Jointly Controlled Entities)

As of June 30, 2015

Attachment 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of June 30, 2015				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	-%	$11,599	-	$-	
	Valuation adjustments of financial assets held for trading				285					
	Total				$11,599					
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	1,675,120	$25,002	-%	$25,010	-	$-	
	Yuanta RMB Money Market Fund	-			8					
	Valuation adjustments of financial assets held for trading				$25,010					
	Total									

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 six-month ended June 30, 2015

Attachment 7

(In Thousands of US Dollars)

			Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	Note
Piotek Computer (Suzhou) Co., Ltd.	Pegatron Corporation	Parent company	Sales	USD 21,959	36.89%	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 11,424	39.17%	
Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 9,362	15.73%	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 2,194	7.52%	Note
Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Purchase	USD 9,362	78.95%	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 (2,194)	(52.82)%	Note
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 11,284	18.96%	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 4,895	16.78%	Note
Piotek (H.K.) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Purchase	USD 11,284	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 (4,895)	(100.00)%	Note
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 25,611	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 9,335	100.00%	Note

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

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 June 30, 2015

Attachment 8

(In Thousands of US Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue Amount	Overdue Action Taken	Amount Received in Subsequent Periods	Allowance for Doubtful Debts
Piotek Computer (Suzhou) Co., Ltd.	Pegatron Corporation	Parent company	USD 11,424 (Note)	3.49	$-	-	$-	$-
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	USD 4,895 (Note and Note 1)	3.87	$-	-	$-	$-
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 9,335 (Note and Note 1)	5.87	$-	-	$-	$-

Note: Accounts receivable

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions

For the six-month ended June 30, 2015

Attachment 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

No.				Transaction summary			
Note 1	Transction owner	Counter-party	Relation (Note 2)	Recorded under the caption of	Amount	Trade term	% to total sale or total assets
	June 30, 2015						
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	1	Account receivable	$2,310	Payment within 60 days from the end of delivery month by T/T	0.01%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Accrued expense	$3,391	Payment within 30 days from the end of delivery month by T/T	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	1	Accrued expense	$4,159	Payment within 30 days from the end of delivery month by T/T	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	1	Account payable	$271,735	Payment within 60 days from the end of delivery month by T/T	0.66%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Account payable	$1,117	Payment within 60 days from the end of delivery month by T/T	-%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other receivable	$965	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	1	Other receivable	$5,430	-	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	1	Purchase	$776,930	Payment within 60 days from the end of delivery month by T/T	7.21%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Purchase	$1,116	Payment within 60 days from the end of delivery month by T/T	0.01%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	$20,399	Payment within 60 days from the end of delivery month by T/T	0.19%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Traveling expense	$27	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	1	Manufacturing-processing	$8,953	Payment within 60 days from the end of delivery month by T/T	0.08%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	1	Sales revenue	$3,392	Payment within 60 days from the end of delivery month by T/T	0.03%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	1	Other income	$6,142	-	0.06%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other income	$1,925	-	0.02%
0	Kinsus Interconnect Technology Corp.	PIOTEK (H.K.) TRADING LIMITED	1	Other income	$1,698	-	0.02%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	USD 11,284	Payment within 60-90 days from the end of delivery month	3.23%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Account receivable	USD 4,895	Payment within 60-90 days from the end of delivery month	0.37%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Trading (Suzhou) Corp.	3	Account receivable	USD 2,194	Payment within 60 days from the end of delivery month	0.16%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Trading (Suzhou) Corp.	3	Sales revenue	USD 9,362	Payment within 60 days from the end of delivery month	2.68%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology (Suzhou) Corp.	3	Other income	USD 108	Payment within 60-90 days from the end of delivery month	0.03%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology (Suzhou) Corp.	3	Other receivable	USD 120	Payment within 60-90 days from the end of delivery month	-%
2	Kinsus Trading (Suzhou) Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Account receivable	RMB 4,423	Payment within 60 days from the end of delivery month	0.05%
2	Kinsus Trading (Suzhou) Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Other receivable	RMB 66	Payment within 60 days from the end of delivery month	-%
2	Kinsus Trading (Suzhou) Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Sales revenue	RMB 12,615	Payment within 60 days from the end of delivery month	0.59%
2	Kinsus Trading (Suzhou) Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	3	Sales revenue	RMB 2,085	Payment within 60 days from the end of delivery month	0.10%
2	Kinsus Trading (Suzhou) Corp.	Kinsus Interconnect Technology (Suzhou) Corp.	3	Account receivable	RMB 465	Payment within 60 days from the end of delivery month	0.01%
3	Kinsus Interconnect Technology (Suzhou) Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Other receivable	RMB 22	Payment within 60 days from the end of delivery month	-%
3	Kinsus Interconnect Technology (Suzhou) Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Account receivable	RMB 7	Payment within 60 days from the end of delivery month	-%
4	PIOTEK (H.K.) TRADING LIMITED	KINSUS CORP. (USA)	3	Commission expense	USD 66	Payment within 60 days from the end of delivery month	0.02%

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.