Wah Lee Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2014 and 2013 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Wah Lee Industrial Corporation

We have reviewed the accompanying consolidated balance sheets of Wah Lee Industrial Corporation (the "Corporation") and its subsidiaries as of June 30, 2014 and 2013 and the related consolidated statements of comprehensive income for the three months ended June 30, 2014 and 2013, six months ended June 30, 2014 and 2013, and changes in equity and cash flows for the six months ended June 30, 2014 and 2013. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

As stated in Note 4, the accompanying consolidated financial statements included amounts based on unreviewed financial statements of subsidiaries considered as not material. The unreviewed amounts were total assets of NT$3,764,645 thousand and NT$3,197,012 thousand, which both accounted for 15% of total consolidated assets; total liabilities of NT$1,227,907 thousand and NT$920,509 thousand, which accounted for 8% and 7% of total consolidated liabilities as of June 30, 2014 and 2013, respectively; comprehensive income of NT$48,704 thousand, NT$12,521 thousand, NT$61,080 thousand and NT$74,934 thousand, which accounted for 30%, 5%, 14% and 9% of total consolidated comprehensive income for the three months ended June 30, 2014 and 2013, and the six months ended June 30, 2014 and 2013,respectively. As stated in Notes 31 and 32, disclosures relating to the subsidiaries were based on unreviewed financial statements. The carrying values of investments accounted for using equity method of NT$2,203,733 thousand and NT$2,007,914 thousand as of June 30, 2014 and 2013, and the share of profit of associates recognized under equity method of NT$43,310 thousand, NT$62,759 thousand, NT$71,441 thousand and NT$127,907 thousand for the three months ended June 30, 2014 and 2013, and the six months ended June 30, 2014 and 2013, respectively, were based on unreviewed financial statements.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had we reviewed the financial statements of certain subsidiaries as discussed in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the Financial Supervisory Commission of the Republic of China, and International Accounting Standard 34 “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

August 11, 2014

<u>Notice to Readers</u>

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

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2014 (Reviewed) Amount	%	December 31, 2013 (Audited) Amount	%	June 30, 2013 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,605,317	11	$ 2,984,593	13	$ 1,749,255	8
Available-for-sale financial assets - current (Note 7)	373,192	2	354,353	2	353,192	2
Notes receivable (Notes 8 and 26)	1,096,222	5	1,009,772	5	948,059	5
Accounts receivable, net (Note 8)	9,191,907	37	8,402,465	36	8,198,590	38
Accounts receivable - related parties (Notes 8 and 26)	104,665	-	60,485	-	63,603	-
Other receivables	36,473	-	37,905	-	65,126	-
Other receivables - related parties (Note 26)	69,743	-	2,949	-	3,124	-
Current tax assets	-	-	1,382	-	-	-
Inventories (Note 9)	3,230,613	13	3,081,312	13	2,786,066	13
Prepayment and others	345,620	1	205,557	1	305,382	2
Other financial assets - current (Note 10)	884,124	4	932,945	4	1,043,067	5
Total current assets	17,937,876	73	17,073,718	74	15,515,464	73
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Note 7)	512,775	2	245,325	1	434,188	2
Investments accounted for using equity method (Note 11)	3,997,337	16	4,007,683	17	3,919,155	18
Property, plant and equipment (Notes 12 and 27)	1,613,469	7	1,344,208	6	1,087,284	5
Goodwill	31,703	-	31,654	-	31,771	-
Computer software	30,505	-	29,233	-	35,110	-
Deferred tax assets	172,683	1	152,209	1	155,100	1
Prepayments for equipment	128,352	1	128,754	1	91,983	1
Refundable deposits (Note 23)	108,324	-	86,714	-	74,743	-
Other noncurrent assets	29,110	-	27,527	-	35,497	-
Total noncurrent assets	6,624,258	27	6,053,307	26	5,864,831	27
TOTAL	$ 24,562,134	100	$ 23,127,025	100	$ 21,380,295	100

LIABILITIES AND EQUITY	June 30, 2014 (Reviewed) Amount	%	December 31, 2013 (Audited) Amount	%	June 30, 2013 (Reviewed) Amount	%
CURRENT LIABILITIES						
Short-term loans (Notes 13 and 27)	$ 4,220,035	17	$ 3,992,832	17	$ 3,476,388	16
Short-term bills payable (Note 14)	250,000	1	150,000	1	-	-
Notes payable (Note 15)	443,799	2	418,486	2	400,248	2
Notes payable - related parties (Notes 15 and 26)	264,961	1	232,194	1	225,014	1
Accounts payable (Note 15)	4,900,942	20	4,810,764	21	4,116,553	19
Accounts payable - related parties (Notes 15 and 26)	235,140	1	233,949	1	257,757	1
Dividends payable (Note 19)	695,819	3	1,648	-	580,124	3
Other payables (Note 17)	868,595	4	689,071	3	728,068	4
Current tax liabilities	142,222	1	170,787	1	152,267	1
Provisions - current	86,925	-	24,630	-	5,260	-
Current portion of long-term debts (Notes 16 and 27)	14,455	-	13,830	-	9,034	-
Other current liabilities	54,872	-	55,148	-	40,231	-
Total current liabilities	12,177,765	50	10,793,339	47	9,990,944	47
NONCURRENT LIABILITIES						
Long-term debts (Notes 16 and 27)	2,083,114	8	1,799,640	8	1,557,456	7
Provision - noncurrent	14,760	-	14,760	-	14,760	-
Accrued pension liabilities (Note 3)	270,172	1	268,501	1	282,634	1
Guarantee deposits received	460	-	701	-	714	-
Deferred tax liabilities	615,628	3	594,356	2	518,867	3
Total noncurrent liabilities	2,984,134	12	2,677,958	11	2,374,431	11
Total liabilities	15,161,899	62	13,471,297	58	12,365,375	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Share capital						
Ordinary shares (Note 19)	2,313,901	9	2,313,901	10	2,313,901	11
Capital surplus (Note 19)	1,259,555	5	1,259,555	5	1,264,112	6
Retained earnings (Note 19)						
Legal reserve	1,464,197	6	1,348,252	6	1,348,252	6
Special reserve	72,302	-	72,302	-	72,302	-
Unappropriated earnings	3,379,181	14	3,608,841	16	2,986,111	14
Total retained earnings	4,915,680	20	5,029,395	22	4,406,665	20
Other equity (Note 19)	178,089	1	343,111	2	367,988	2
Total equity attributable to owners of the corporation	8,667,225	35	8,945,962	39	8,352,666	39
NON-CONTROLLING INTERESTS (Note 19)	733,010	3	709,766	3	662,254	3
Total equity	9,400,235	38	9,655,728	42	9,014,920	42
TOTAL	$ 24,562,134	100	$ 23,127,025	100	$ 21,380,295	100

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

(With Deloitte & Touche review report dated August 11, 2014)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 26)								
Net sales	$ 10,078,580	100	$ 8,706,231	100	$ 18,922,136	100	$ 16,280,717	100
Commission revenue	19,314	-	24,609	-	36,706	-	66,006	-
Other operating revenue	32,221	-	6,998	-	42,193	-	16,582	-
Total operating revenues	10,130,115	100	8,737,838	100	19,001,035	100	16,363,305	100
OPERATING COSTS (Notes 9 and 26)								
Cost of goods sold	9,244,090	91	7,962,345	91	17,315,561	91	14,912,539	91
Other operating costs	8,338	-	1,757	-	15,275	-	5,626	-
Total operating costs	9,252,428	91	7,964,102	91	17,330,836	91	14,918,165	91
GROSS PROFIT	877,687	9	773,736	9	1,670,199	9	1,445,140	9
OPERATING EXPENSES (Notes 3, 18 and 20)								
Selling and marketing expenses	472,274	5	402,691	5	888,718	5	774,363	5
General and administrative expenses	94,134	1	99,849	1	184,147	1	193,741	1
Total operating expenses	566,408	6	502,540	6	1,072,865	6	968,104	6
OPERATING INCOME	311,279	3	271,196	3	597,334	3	477,036	3
NONOPERATING INCOME AND EXPENSES								
Other income (Note 20)	38,283	-	40,858	-	75,995	-	74,425	-
Other gains and losses (Note 20)	42,140	-	41,784	1	24,684	-	97,052	1
Financial costs (Note 20)	(27,619)	-	(19,631)	-	(50,529)	-	(39,100)	-
Share of the profit or loss of associates	72,983	1	75,386	1	154,635	1	162,408	1
Total nonoperating income and expenses	125,787	1	138,397	2	204,785	1	294,785	2
PROFIT BEFORE INCOME TAX	437,066	4	409,593	5	802,119	4	771,821	5
INCOME TAX EXPENSE(Notes 4 and 21)	123,097	1	129,002	2	185,647	1	192,088	1
NET PROFIT FROM CONTINUING OPERATIONS	313,969	3	280,591	3	616,472	3	579,733	4
OTHER COMPREHENSIVE INCOME (Note 19)								
Exchange differences on translating foreign operations	(85,952)	(1)	65,128	1	(95,650)	(1)	209,362	1
Unrealized loss on available-for-sale financial assets	(38,511)	-	(74,655)	(1)	(77,312)	-	(18,862)	-
Share of the other comprehensive income of associates	(45,031)	-	8,692	-	(23,657)	-	49,095	-

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to the components of other comprehensive income	$ 17,682	-	$ (6,051)	-	$ 18,825	-	$ (21,496)	-
Other comprehensive income for the period, net of income tax	(151,812)	(1)	(6,886)	-	(177,794)	(1)	218,099	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 162,157	2	$ 273,705	3	$ 438,678	2	$ 797,832	5
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	$ 291,021		$ 260,033		$ 580,456		$ 546,535	
Non-controlling interests	22,948		20,558		36,016		33,198	
	$ 313,969		$ 280,591		$ 616,472		$ 579,733	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ 151,279		$ 245,098		$ 415,434		$ 740,247	
Non-controlling interests	10,878		28,607		23,244		57,585	
	$ 162,157		$ 273,705		$ 438,678		$ 797,832	
EARNINGS PER SHARE (Note 22)								
From continuing operations								
Basic	$ 1.26		$ 1.12		$ 2.51		$ 2.36	
Diluted	1.23		1.10		2.46		2.31	

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

(With Deloitte & Touche review report dated August 11, 2014) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Subtotal	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2013	$ 2,313,901	$ 1,246,456	$ 1,250,139	$ 72,302	$ 3,116,164	$ (144,271)	$ 318,547	$ 8,173,238	$ 574,821	$ 8,748,059
Appropriation of 2012 earnings (Note 19)										
Legal reserve	-	-	98,113	-	(98,113)	-	-	-	-	-
Cash dividends distributed by the Corporation-25%	-	-	-	-	(578,475)	-	-	(578,475)	-	(578,475)
	-	-	98,113	-	(676,588)	-	-	(578,475)	-	(578,475)
Other changes in capital surplus										
Change in capital surplus from investments in associates accounted for by using equity method	-	17,656	-	-	-	-	-	17,656	-	17,656
Net profit for the six months ended June 30, 2013	-	-	-	-	546,535	-	-	546,535	33,198	579,733
Other comprehensive income (loss) for the six months ended June 30, 2013, net of income tax (Note 19)	-	-	-	-	-	238,237	(44,525)	193,712	24,387	218,099
Total comprehensive income (loss) for the six months ended June 30, 2013	-	-	-	-	546,535	238,237	(44,525)	740,247	57,585	797,832
Increase in non-controlling interests (Note 19)	-	-	-	-	-	-	-	-	29,848	29,848
BALANCE AT JUNE 30, 2013	$ 2,313,901	$ 1,264,112	$ 1,348,252	$ 72,302	$ 2,986,111	$ 93,966	$ 274,022	$ 8,352,666	$ 662,254	$ 9,014,920
BALANCE AT JANUARY 1, 2014	$ 2,313,901	$ 1,259,555	$ 1,348,252	$ 72,302	$ 3,608,841	$ 83,152	$ 259,959	$ 8,945,962	$ 709,766	$ 9,655,728
Appropriation of 2013 earnings (Note 19)										
Legal reserve	-	-	115,945	-	(115,945)	-	-	-	-	-
Cash dividends distributed by the Corporation-30%	-	-	-	-	(694,171)	-	-	(694,171)	-	(694,171)
	-	-	115,945	-	(810,116)	-	-	(694,171)	-	(694,171)
Net profit for the six months ended June 30, 2014	-	-	-	-	580,456	-	-	580,456	36,016	616,472
Other comprehensive income (loss) for the six months ended June 30, 2014, net of income tax (Note 19)	-	-	-	-	-	(82,774)	(82,248)	(165,022)	(12,772)	(177,794)
Total comprehensive income (loss) for the six months ended June 30, 2014	-	-	-	-	580,456	(82,774)	(82,248)	415,434	23,244	438,678
BALANCE AT JUNE 30, 2014	$ 2,313,901	$ 1,259,555	$ 1,464,197	$ 72,302	$ 3,379,181	$ 378	$ 177,711	$ 8,667,225	$ 733,010	$ 9,400,235

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

(With Deloitte & Touche review report dated August 11, 2014)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	$ 802,119	$ 771,821
Adjustments for:		
Depreciation expenses	38,711	37,558
Amortization expenses	7,208	5,775
Provision (reversal of provision) for doubtful accounts	12,365	(4,312)
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	-	3,285
Interest expenses	50,529	39,100
Interest income	(59,183)	(44,004)
Dividend income	(381)	(1,191)
Share of profit of associates	(154,635)	(162,408)
Loss (gain) on disposal of property, plant and equipment	134	(454)
Gain on disposal of investments	(92,323)	(14,854)
Loss on inventories	41,885	33,839
Net loss (gain) on foreign currency exchange	(20,818)	44,074
Others	(1,583)	8,531
Changes in operating assets and liabilities		
Notes receivable	(86,450)	(194,060)
Accounts receivable	(801,062)	(456,091)
Accounts receivable - related parties	(44,180)	2,275
Other receivables	1,432	(14,828)
Other receivables - related parties	(66,794)	291
Inventories	(189,646)	(172,128)
Prepayments and other current assets	(138,681)	(56,945)
Notes payable	25,313	73,149
Notes payable - related parties	32,767	23,207
Accounts payable	90,178	(10,818)
Accounts payable - related parties	1,191	(16,522)
Other payables	179,809	191,657
Provisions	62,295	(12,591)
Other current liabilities	(276)	(43,930)
Accrued pension liabilities	1,642	747
Cash generated from (used in) operations	(308,434)	30,173
Interest received	59,183	44,004
Dividend received	59,381	65,191
Interest paid	(50,615)	(39,360)
Income tax paid	(195,013)	(98,363)
Net cash generated from (used in) operating activities	(435,498)	1,645

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2014	**2013**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets designated as at fair value through profit and loss	$ -	$ 90,000
Acquisition of available-for-sale financial assets	(411,638)	(200,170)
Proceeds of sale of available-for-sale financial assets	140,360	15,442
Acquisition of associates	-	(277,938)
Payments for property, plant and equipment	(297,159)	(112,680)
Proceeds from disposal of property, plant and equipment	110	652
Increase in refundable deposits	(42,115)	(10,233)
Decrease in refundable deposits	20,126	12,432
Payments for intangible assets	(8,567)	(3,451)
Decrease in other financial assets	48,821	637,228
Increase in prepayments for equipment	-	(55,316)
Decrease in prepayments for equipment	402	-
Net cash generated from (used in) investing activities	(549,660)	95,966
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	7,598,416	6,675,427
Repayments of short-term loans	(7,349,140)	(6,941,433)
Increase short-term bills payable	100,000	-
Proceeds from long-term debts	278,955	-
Repayment of long-term debts	(4,517)	(4,517)
Proceeds from guarantee deposits received	-	30
Refund of guarantee deposits received	(241)	-
Change in non-controlling interests	-	29,848
Net cash generated from (used in) financing activities	623,473	(240,645)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(17,591)	315,893
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(379,276)	172,859
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2,984,593	1,576,396
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 2,605,317	$ 1,749,255

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

(With Deloitte & Touche review report dated August 11, 2014) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Wah Lee Industrial Corporation (the "Corporation") was incorporated in October 1968, and is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

The Corporation's shares have been listed and traded on the Taiwan Stock Exchange since July 22, 2002.

The functional currency of the Corporation is New Taiwan dollars and the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 11, 2014.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. The 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Rule No. 1030010325 issued by the Financial Supervisory Commission (FSC) on April 3, 2014, stipulated that the Corporation and entities controlled by the Corporation (the "Group") should apply the 2013 version of IFRS, IAS, IFRIC and SIC (the "New IFRSs") endorsed by the FSC starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

Except for the following, the impending initial application of the above 2013 IFRSs version, whenever applied, would not have any material impact on the Group's accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

   IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 12 "Disclosure of Interests in Other Entities"

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, and associates. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) Revision to IAS 28 "Investments in Associates and Joint Ventures"

   Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

4) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

5) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will apply the above amendments in presenting the consolidated statement of comprehensive income starting from January 1, 2015. The items that will not to be reclassified to profit or loss are expected to include the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of associates accounted for using the equity method. Subsequently, items that will to be reclassified to profit or loss are expected to include exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets and share of the other comprehensive income (except the actuarial gains (loss) arising from defined benefit plans) of associates accounted for using the equity method.

6) Revision to IAS 19 "Employee Benefits"

The interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The past service cost will be recognized immediately when it occurs and no longer amortized over the average period before becoming vested on a straight-line basis.

The anticipated impact of retrospective application is set out below:

	Carrying Amount	**IAS 19 Adjustments**	**Adjusted Carrying Amount**
Impact on assets, liabilities and equity			
June 30, 2014			
Assets			
Deferred tax assets	$ 172,683	$ 9,935	$ 182,618
Liabilities			
Accrued pension liabilities	$ 270,172	$ 58,441	$ 328,613
Equity			
Unappropriated earnings	$ 3,379,181	$ (48,506)	$ 3,330,675

(Continued)

	Carrying Amount	IAS 19 Adjustments	Adjusted Carrying Amount
January 1, 2014			
Assets			
Deferred tax assets	$ 152,209	$ 10,367	$ 162,576
Liabilities			
Accrued pension liabilities	$ 268,501	$ 60,982	$ 329,483
Equity			
Unappropriated earnings	$ 3,608,841	$ (50,615)	$ 3,558,226
Impact on total comprehensive income			
For the three months ended June 30, 2014			
Operating expenses	$ 566,408	$ (1,270)	$ 565,138
Profit before income tax	$ 437,066	$ 1,270	$ 438,336
Income tax expense	123,097	216	123,313
Net profit	313,969	1,054	315,023
Other comprehensive income	(151,812)	-	(151,812)
Total comprehensive income for the period	$ 162,157	$ 1,054	$ 163,211
For the six months ended June 30, 2014			
Operating expenses	$ 1,072,865	$ (2,541)	$ 1,070,324
Profit before income tax	$ 802,119	$ 2,541	$ 804,660
Income tax expense	185,647	432	186,079
Net profit	616,472	2,109	618,581
Other comprehensive income	(177,794)	-	(177,794)
Total comprehensive income for the period	$ 438,678	$ 2,109	$ 440,787

(Concluded)

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group was continuing to assess other possible impacts that the application of the 2013 IFRSs version will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendment to IFRS 11 “ Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

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

Except for the following, the impending initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group’s accounting policies:

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below：

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows：

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required.

The impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for a 12-month expected credit loss is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit loss is required for a financial asset if its credit risk has increased significantly since initial recognition. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

5) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 "Investment Property", were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

6) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) in which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or

b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

7) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

a) Identify the contract with the customer;

b) Identify the performance obligations in the contract;

c) Determine the transaction price;

d) Allocate the transaction price to the performance obligations in the contracts; and

e) Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2013, except for those described below.

a. Statement of compliance

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

b. Basis of consolidation

<u>The subsidiaries in the consolidated financial statements</u>

The detailed information of the subsidiaries at the end of the reporting period was as follows:

Investor	Investee	Main Businesses	Percentage of Ownership June 30, 2014	Percentage of Ownership December 31, 2013	Percentage of Ownership June 30, 2013	Remark
The Corporation	Wah Lee Holding Ltd.	International investment	100	100	100	Established in BVI, note
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	53.69	Established in HK,
	Wah Lee Japan Corp. (Wah Lee Japan)	Trading business of glass fiber, electronic equipment optical machinery, etc.	83.33	83.33	83.33	Established in Japan, note
	Wah Lee Korea Ltd. (Wah Lee Korea)	Trading business of glass fiber, electronic equipment optical machinery, etc.	94.87	94.87	94.87	Established in Korea, note
	Skypower Ltd. (Skypower)	Trading business of solar energy materials and equipment	70	70	70	Established in Japan, note
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100	100	100	Established in Mauritius, note
	Global SYK Holding Ltd.	International investment	100	100	100	Established in Mauritius, note
	Wah Lee Tech (Singapore) Pte. Ltd. (Wah Lee Tech)	Agency of semiconductor materials and equipment	100	100	100	Established in Singapore, note
	Wah Lee Machinery Trading Limited	International trading	100	100	100	Established in BVI, note
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	46.31	Established in HK
	Regent King International Limited (Regent King)	Trading business of engineering plastic, composite materials and equipment	100	-	-	Established in HK, note
Raycong Industrial (H.K.) Ltd.	Dong Guan Hua Gang International Trading Co., Ltd. (Dong Guan Hua Gang)	Trading business of industrial materials and equipment	100	100	100	Established in Dong Guan, note
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	International trading of industrial materials	70	70	70	Established in Shanghai

Note: This is not a material subsidiary; its financial statements for the six months ended June 30, 2014 and 2013 have not been reviewed.

The following information of subsidiaries mentioned above and the disclosures in Notes 31 and 32 relating to subsidiaries' information were based on unreviewed financial statements.

	June 30 2014	June 30 2013
Total assets	$ 3,764,645	$ 3,197,012
Total liabilities	1,227,907	920,509

	For the Three Months Ended June 30 2014	For the Three Months Ended June 30 2013	For the Six Months Ended June 30 2014	For the Six Months Ended June 30 2013
Comprehensive income	$ 48,704	$ 12,521	$ 61,080	$ 74,934

c. Retirement benefit costs

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

d. Income taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2013.

6. CASH AND CASH EQUIVALENTS

	June 30, 2014	December 31, 2013	June 30, 2013
Cash on hand	$ 4,096	$ 2,081	$ 6,328
Demand deposits	1,145,566	1,170,143	993,495
Checking accounts	2,110	22,455	2,032
Cash equivalents			
Time deposits with original maturities less than three months	1,453,545	1,789,914	747,400
	$ 2,605,317	$ 2,984,593	$ 1,749,255

The ranges of market interest rates of time deposits at each balance sheet date were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Time deposits (%)	0.45-5.3	0.43-6.9	2.4-5.5

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2014	December 31, 2013	June 30, 2013
Domestic investments			
Quoted shares	$ 156,908	$ 274,711	$ 95,801
Emerging market shares	15,531	9,744	201,583
Unquoted shares	355,342	79,352	62,221

(Continued)

	June 30, 2014	December 31, 2013	June 30, 2013
Mutual funds	$ 236,164	$ 108,718	$ 300,754
	763,945	472,525	660,359
Foreign investments			
Quoted shares	40,961	46,242	48,722
Unquoted shares	81,061	80,911	78,299
	122,022	127,153	127,021
	$ 885,967	$ 599,678	$ 787,380
Current	$ 373,192	$ 354,353	$ 353,192
Noncurrent	512,775	245,325	434,188
	$ 885,967	$ 599,678	$ 787,380

(Concluded)

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2014	December 31, 2013	June 30, 2013
Notes receivable - operating	$ 1,096,222	$ 1,009,772	$ 948,059
Accounts receivable - unrelated parties			
Accounts receivable	$ 9,242,216	$ 8,442,355	$ 8,234,708
Less: Allowance for doubtful accounts	50,309	39,890	36,118
	9,191,907	8,402,465	8,198,590
Accounts receivable - related parties	104,665	60,485	63,603
	$ 9,296,572	$ 8,462,950	$ 8,262,193

The average credit period on sales of goods was 30-150 days. In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to each balance sheet date. The Group assessed the accounts receivable and recognized allowance for impairment loss based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group periodically reviews customers' credit limits. The notes receivable and accounts receivable that were neither past due nor impaired had good credit scores according to internal credit review system.

The concentration of credit risk was limited due to the fact that the customer base was large.

Accounts receivable balances (see below for aging analysis) that were past due at the end of reporting period but not provided with allowance for impairment because there had not been a significant change in credit quality and the amounts were still considered recoverable were $373,217 thousand, $403,215 thousand and $322,336 thousand as of June 30, 2014, December 31, 2013, and June 30, 2013, respectively. The Group did not hold any collateral over these balances and did not have a legal right to offset against any amounts owed by the Group to the counterparty.

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

	June 30, 2014	December 31, 2013	June 30, 2013
Less than 90 days	$ 77,968	$ 217,704	$ 84,629
91-150 days	136,330	63,813	146,621
151-180 days	30,724	31,177	28,156
Over 181 days	128,195	90,521	62,930
	$ 373,217	$ 403,215	$ 322,336

The above aging schedule was based on the invoice date.

Movements of the allowance for individual impairment loss recognized on accounts receivable were as follows:

	For the Six Months Ended June 30	
	2014	2013
Balance, beginning of period	$ 39,890	$ 49,767
Add (deduct): Impairment loss provision (reversal)	12,365	(4,312)
Less: Amount written off during the period as uncollectible	(1,201)	(11,092)
Foreign exchange translation loss (gain)	(745)	1,755
Balance, end of period	$ 50,309	$ 36,118

Age of individually impaired accounts receivable was as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Less than 90 days	$ 20,754	$ 9,885	$ 2,650
91-150 days	59,383	12,330	664
151-180 days	3,832	22,555	1,685
Over 181 days	74,144	84,050	61,547
	$ 158,113	$ 128,820	$ 66,546

The above aging of trade receivables before deducting the allowance for impairment loss was presented based on the invoice date.

9. INVENTORIES

	June 30, 2014	December 31, 2013	June 30, 2013
Merchandise	$ 3,193,275	$ 2,883,092	$ 2,720,296
Merchandise in transit	37,338	198,220	65,770
	$ 3,230,613	$ 3,081,312	$ 2,786,066

As of June 30, 2014, December 31, 2013 and June 30, 2013, the allowance for inventory devaluation was $207,592 thousand, $182,315 thousand and $219,576 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the three months and six months ended June 30, 2014 and 2013 was $9,244,090 thousand, $7,962,345 thousand, $17,315,561 thousand and $14,912,539 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Provision for loss on inventories	$ 14,900	$ 18,924	$ 26,816	$ 30,000
Loss (gain) on physical inventories	(2)	86	105	181
Loss on disposal of inventories	13,660	2,013	14,964	3,658
	$ 28,558	$ 21,023	$ 41,885	$ 33,839

10. OTHER FINANCIAL ASSETS - CURRENT

	June 30, 2014	December 31, 2013	June 30, 2013
Time deposits with original maturity more than three months	$ 884,124	$ 932,945	$ 1,043,067
Annual interest rate (%)	3-6	1.345-5	2.29-4.45

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates	June 30, 2014	December 31, 2013	June 30, 2013
Listed companies			
Chang Wah Electromaterials Inc.	$ 1,276,993	$ 1,302,027	$ 1,229,541
Wah Hong Industrial Corp.	1,256,860	1,222,609	1,246,428
Unlisted companies			
Nagase Wahlee Plastics Corp.	637,974	669,976	647,067
Orc Technology Corp.	185,862	188,617	182,322
Shanghai Hua Chang Trading Co., Ltd.	521,466	508,560	505,964
Shanghai Chang Hua Corp.	118,182	115,894	107,833
	$ 3,997,337	$ 4,007,683	$ 3,919,155

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Chang Wah Electromaterials Inc.	27.69%	27.69%	28.04%
Wah Hong Industrial Corp.	25.96%	25.96%	25.96%
Nagase Wahlee Plastic Corp.	40.00%	40.00%	40.00%
Orc Technology Corp.	35.00%	35.00%	35.00%

(Continued)

	June 30, 2014	December 31, 2013	June 30, 2013
Shanghai Hua Chang Trading Co., Ltd.	30.00%	30.00%	30.00%
Shanghai Chang Hua Corp.	30.63%	30.63%	30.63%
			(Concluded)

Investments in publicly traded shares that are accounted for using the equity method were priced based on the closing price of those shares at the balance sheet date. The investments were summarized as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Chang Wah Electromaterials Inc.	$ 1,748,136	$ 1,888,866	$ 2,019,888
Wah Hong Industrial Corp.	937,263	787,976	887,934
	$ 2,685,399	$ 2,676,842	$ 2,907,822

The equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments including the share of profit and other comprehensive income of associates, had not been reviewed, except those of Chang Wah Electromaterials Inc. and Wah Hong Industrial Corp.

The carrying values of investments accounted for using equity method of $2,203,733 thousand and $2,007,914 thousand as of June 30, 2014 and 2013, and the share of profit of associates recognized under equity method of $43,310 thousand, $62,759 thousand, $71,441 thousand and $127,907 thousand for the three months ended June 30, 2014 and 2013, and the six months ended June 30, 2014 and 2013, respectively, were based on unreviewed financial statements.

Financial summary of the Group's associates was as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Total assets	$ 33,083,188	$ 31,330,582	$ 32,214,339
Total liabilities	$ 18,685,755	$ 16,773,667	$ 18,335,717

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Operating revenue	$ 11,447,009	$ 11,943,980	$ 21,460,871	$ 20,105,951
Net profit	$ 193,403	$ 294,734	$ 465,663	$ 578,662
Other comprehensive income	$ 125,907	$ 52,291	$ 227,986	$ 168,780

12. PROPERTY, PLANT AND EQUIPMENT

For the six months ended June 30, 2013

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in progress	Total
Cost								
Balance at January 1, 2013	$ 459,975	$ 531,590	$ 2,335	$ 79,523	$ 370,461	$ 54,664	$ 33,973	$ 1,532,521
Additions	-	18,179	-	4,061	14,800	-	75,436	112,476
Disposals	-	-	(145)	(3,287)	(1,433)	(665)	-	(5,530)

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in progress	Total
Effect of foreign currency exchange differences	$ (2,984)	$ 11,920	$ 94	$ 676	$ 2,346	$ 51	$ (2,988)	$ 9,115
Balance at June 30, 2013	$ 456,991	$ 561,689	$ 2,284	$ 80,973	$ 386,174	$ 54,050	$ 106,421	$ 1,648,582
Accumulated depreciation								
Balance at January 1, 2013	$ -	$ 144,285	$ 635	$ 65,444	$ 260,738	$ 52,820	$ -	$ 523,922
Disposals	-	-	(145)	(3,134)	(1,388)	(665)	-	(5,332)
Depreciation expense	-	9,122	192	4,010	23,404	830	-	37,558
Effect of foreign currency exchange differences	-	2,915	16	381	1,793	45	-	5,150
Balance at June 30, 2013	$ -	$ 156,322	$ 698	$ 66,701	$ 284,547	$ 53,030	$ -	$ 561,298
Carrying amount at June 30, 2013	$ 456,991	$ 405,367	$ 1,586	$ 14,272	$ 101,627	$ 1,020	$ 106,421	$ 1,087,284

(Concluded)

For the six months ended June 30, 2014

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in progress	Total
Cost								
Balance at January 1, 2014	$ 455,198	$ 605,695	$ 135,342	$ 51,547	$ 359,539	$ 52,334	$ 208,755	$ 1,868,410
Additions	252,392	4,614	6	-	15,594	290	24,664	297,560
Disposals	-	(143)	-	(467)	(3,270)	(1,352)	-	(5,232)
Carry over of construction	-	27,266	213,874	-	-	-	(241,140)	-
Effect of foreign currency exchange differences	974	(4,447)	5,120	(214)	(1,060)	15	7,721	8,109
Balance at June 30, 2014	$ 708,564	$ 632,985	$ 354,342	$ 50,866	$ 370,803	$ 51,287	$ -	$ 2,168,847
Accumulated depreciation								
Balance at January 1, 2014	$ -	$ 167,625	$ 4,025	$ 39,266	$ 261,855	$ 51,431	$ -	$ 524,202
Disposals	-	-	-	(403)	(3,233)	(1,352)	-	(4,988)
Depreciation expense	-	11,655	9,524	3,080	14,209	243	-	38,711
Effect of foreign currency exchange differences	-	(1,632)	103	(143)	(890)	15	-	(2,547)
Balance at June 30, 2014	$ -	$ 177,648	$ 13,652	$ 41,800	$ 271,941	$ 50,337	$ -	$ 555,378
Carrying amount at January 1, 2014	$ 455,198	$ 438,070	$ 131,317	$ 12,281	$ 97,684	$ 903	$ 208,755	$ 1,344,208
Carrying amount at June 30, 2014	$ 708,564	$ 455,337	$ 340,690	$ 9,066	$ 98,862	$ 950	$ -	$ 1,613,469

The above items of property, plant and equipment were depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Office	20-63 years
Office interior decoration	5-11 years
Machinery and equipment	3-17 years
Transportation equipment	1-9 years
Office and miscellaneous equipment	
Fire extinguishing equipment and safeguard monitoring system	4-6 years
Steel cylinder	5-9 years
Hoist	11-16 years
Others	1-8 years
Leasehold improvements	1-10 years

Refer to Note 27 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings granted to the Group.

13. SHORT-TERM LOANS

	June 30, 2014	December 31, 2013	June 30, 2013
Secured loans (Note 27)			
Bank loans	$ 251,398	$ 175,425	$ 138,199
Unsecured loans			
Loans for procurement of materials	1,667,388	2,073,310	168,938
Line of credit of loans	2,301,249	1,744,097	3,169,251
	3,968,637	3,817,407	3,338,189
	$ 4,220,035	$ 3,992,832	$ 3,476,388
Annual interest rate (%)	0.83-2.52	0.69-2.25	0.72-2.6

14. SHORT-TERM BILLS PAYABLE - ONLY AS OF JUNE 30, 2014 AND DECEMBER 31, 2013

Outstanding short-term bills payable were as follows:

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate (%)
June 30, 2014				
China Bills Finance Corporation	$ 50,000	$ -	$ 50,000	0.66
International Bills Finance Corporation	200,000	-	200,000	0.74-1.022
	$ 250,000	$ -	$ 250,000	
December 31, 2013				
China Bills Finance Corporation	$ 100,000	$ -	$ 100,000	0.68
International Bills Finance Corporation	50,000	-	50,000	0.892
	$ 150,000	$ -	$ 150,000	

The commercial paper payable had not been discounted because the effect was not material.

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2014	December 31, 2013	June 30, 2013
Notes payable (including related parties)			
Operating	$ 701,646	$ 644,293	$ 616,838
Non-operating	7,114	6,387	8,424
	$ 708,760	$ 650,680	$ 625,262

(Continued)

	June 30, 2014	December 31, 2013	June 30, 2013
Notes payable			
Unrelated parties	$ 443,799	$ 418,486	$ 400,248
Related parties	264,961	232,194	225,014
	$ 708,760	$ 650,680	$ 625,262
Accounts payable (including related parties)			
Operating	$ 5,136,082	$ 5,044,713	$ 4,374,310
Accounts payable			
Unrelated parties	$ 4,900,942	$ 4,810,764	$ 4,116,553
Related parties	235,140	233,949	257,757
	$ 5,136,082	$ 5,044,713	$ 4,374,310

(Concluded)

The average credit period for purchases of goods was 30-120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Therefore, no interest was charged on the accounts payable.

16. LONG-TERM DEBTS

	June 30, 2014	December 31, 2013	June 30, 2013
Syndicated bank loans (led by Hua Nan Bank) (a)	$ 1,680,000	$ 1,440,000	$ 1,440,000
Less: Syndicated loan fee	1,800	2,400	3,000
	1,678,200	1,437,600	1,437,000
Mortgage Loan			
Hua Nan Bank (b)	120,456	124,973	129,490
Hua Nan Bank - Singapore (c)	27,881	11,094	-
China Trust (d)	271,032	239,803	-
	419,369	375,870	129,490
Less: Current portion	14,455	13,830	9,034
	404,914	362,040	120,456
	$ 2,083,114	$ 1,799,640	$ 1,557,456

a. The Corporation signed a syndicated loan agreement with seventeen banks led by Hua Nan Bank in January 2011. The main contents of the syndicated loan agreement are as follows:

1) The loan is a 5-year medium-term revolving credit line up to NT$2.4 billion that commences from the initial drawdown date. Beginning on the third year, the maximum credit line will be reduced every six months; each of the first four six-month periods will be reduced by NT$360 million and the fifth six-month period will be reduced by NT$960 million. Under the borrowing limit, the Corporation could use the revolving credit facility and choose borrowing terms of 90 days or 180 days. Each drawdown shall be repaid at the end of each interest period, but shall be available for redrawing on a revolving basis not less than three business days from original loan's maturity date subject to no occurrence of default. As of June 30, 2014, December 31, 2013 and June 30, 2013,

the interest rates were 1.5539%-1.5592%, 1.6353% and 1.6321%, respectively.

2) Pursuant to the loan agreement, the Corporation should maintain certain financial ratios as follows:

- Current ratio should not be less than 100%.
- Debt ratio should not be more than 150%.
- Interest coverage ratio should not be less than 800%.
- Tangible net worth, the balance after deducting intangible assets from stockholders' equity, should not be less than NT$6 billion.

Pursuant to the loan agreement, the Corporation should maintain the aforementioned financial ratios. Such financial ratios should be calculated based on audited annual consolidated financial statements and reviewed semi-annual consolidated financial statements. If the Corporation is not in compliance with the aforementioned financial ratios or other terms of the loan agreement, the syndicated banks have the right to suspend or cancel all or portion of the credit line, declare the entire unpaid principal amount of the advances, all accrued and unpaid interest, fees and all other sums payable to be due immediately, and/or declare the commitment amount to be cancelled and reduced to zero.

As of June 30, 2014, the Group had not met the debt ratio of the loan agreement, but the Group had acquired the majority banks' remission, so the syndicated loan was still recognized as long-term debt.

b. Mortgage loan with Hua Nan Bank is repayable in 214 monthly installments from December 2009 to October 2027, NT$753 thousand per installment. The interest rate was all at 1.87% as of June 30, 2014, December 31, 2013, and June 30, 2013.

c. The subsidiary company - Wah Lee Tech signed a mortgage loan agreement with Hua Nan Bank, Singapore Branch in April 2013 for purchase of building. The loan is a long-term credit line up to SGD3,754 thousand and the drawdowns are according to construction progress of the building. The principal will be repaid after the building is completed; the building is pledged to the bank. The interest rates were 1.75% and 1.6% as of June 30, 2014 and December 31, 2013, respectively.

d. The subsidiary company - Skypower signed a mortgage loan agreement with China Trust, Tokyo Branch in June 2013 for construction of plant and purchasing of equipment. The loan credit line is up to JPY920,000 thousand and can be drawn before July 2014. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rates were 1.87% and 1.89% as of June 30, 2014 and December 31, 2013, respectively.

17. OTHER PAYABLES

	June 30, 2014	December 31, 2013	June 30, 2013
Salaries or bonus	$ 331,109	$ 308,866	$ 274,688
Payable for commission	34,638	27,580	25,739
Payable for interest	6,224	6,910	5,009
Payable for annual leave	21,476	21,522	24,841
Payable for bonus to employees and remuneration to directors and supervisors	293,733	191,887	262,635
Payable for insurance premium	16,651	17,941	15,129

(Continued)

	June 30, 2014	December 31, 2013	June 30, 2013
Payable for purchasing of equipment	$ 718	$ 317	$ 46
Others	164,046	114,048	119,981
	$ 868,595	$ 689,071	$ 728,068

(Concluded)

18. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2013 and 2012, and recognized in the following line items in their respective periods:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Selling and marketing expenses	$ 1,868	$ 2,242	$ 4,458	$ 4,465
General and administrative expenses	2,415	4,602	3,421	6,471
	$ 4,283	$ 6,844	$ 7,879	$ 10,936

19. EQUITY

a. Capital Stock

	June 30, 2014	December 31, 2013	June 30, 2013
Number of shares authorized (in thousands)	300,000	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	231,390	231,390	231,390
Shares issued	$ 2,313,901	$ 2,313,901	$ 2,313,901

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital Surplus

	June 30, 2014	December 31, 2013	June 30, 2013
Recognized from issuance of common shares	$ 1,160,519	$ 1,160,519	$ 1,160,519
Recognized from share of changes in capital surplus of associates	87,169	87,169	91,726

(Continued)

	June 30, 2014	December 31, 2013	June 30, 2013
Recognized from donations	$ 11,867	$ 11,867	$ 11,867
	$ 1,259,555	$ 1,259,555	$ 1,264,112

(Concluded)

Under the Company Law, capital surplus from premium on issued stock may be used to offset a deficit, and it may also be transferred to capital or distributed in cash once a year and up to a certain limit if the Corporation has no deficit. Capital surplus from assets received as donation may only be used to offset a deficit and capital surplus from long-term investment may not be used for any purpose.

c. Retained Earnings and Dividend Policy

The Corporation's Articles of Incorporation provide that the annual net income, after offset of any deficit, shall be appropriated as follows:

1) 10% as legal reserve, until its balance equals to the Corporation's paid-in capital.

2) The remainder will be appropriated by resolution of the Corporation's stockholders in their meeting with not more than 3% as bonus to directors and supervisors, and not less than 1% as bonus to employees.

The Corporation shall undertake aggressive business plan to keep the Corporation operating as a going concern and in stable prosperity in view of the economic environment and the trend of industry growth. Dividend policy is mainly based on a residual dividend concept, i.e. the Corporation shall measure its annual cash requirement in accordance with its capital budget and regular operational cash requirement to determine the amounts of dividends in cash and/or in stock, but cash dividend shall not be less than 50% of the total amount of dividends.

For the six months ended June 30, 2014 and 2013, the bonus to employees was $92,853 thousand and $81,966 thousand, representing 16% and 15%, respectively, of net income (net of the bonus and remuneration); the remuneration to directors and supervisors was $8,993 thousand and $8,474 thousand, respectively, and both representing 1.55% of net income. Material differences between these estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements were authorized for issue are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts after the date the annual consolidated financial statements had been authorized for issue, the differences are accounted for as a change in accounting estimate in the following year. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. The fair value of the shares refer to the closing price (after considering the effect of cash and share dividends) of the shares on the day immediately preceding the stockholders' meeting.

The Corporation appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047496 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

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

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

The appropriations of earnings for 2013 and 2012 had been approved in the stockholders' meetings on June 17, 2014 and June 3, 2013, respectively. The appropriations of earnings, dividends per share, and the bonus to employees and remuneration to directors and supervisors were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2013	For Fiscal Year 2012	For Fiscal Year 2013	For Fiscal Year 2012
Legal reserve	$ 115,945	$ 98,113		
Cash dividends to stockholders	694,171	578,475	$3.0	$2.5
	$ 810,116	$ 676,588		

	For Fiscal Year 2013	For Fiscal Year 2012
Bonus to employees (Distributed in cash)	$ 173,907	$ 156,990
Remuneration to directors and supervisors	17,980	15,205

The approved amounts of the bonus to employees and the remuneration to directors and supervisors were the same with the accrual amounts recognized in the financial statements for the year ended December 31, 2013 and 2012. As of June 30, 2014 and 2013, the cash dividends of $695,819 thousand and $580,124 thousand were recognized as dividends payable and not paid yet.

Information on the bonus to employees, directors and supervisors proposed by the Corporation's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special Reserves

On the first-time adoption of Taiwan-IFRSs, the Group is required to appropriate to special reserve the amounts of unrealized revaluation increment and cumulative translation differences which were transferred to retained earnings, provided the total amount does not exceed the amount of retained earnings that resulted from all Taiwan-IFRSs conversion adjustment. The amounts of the unrealized revaluation increment and cumulative translation differences transferred to retained earnings were $13,649 thousand and $189,980 thousand, respectively. But the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments was only $72,302 thousand; therefore, the Group appropriated to the special reserve only the amount of $72,302 thousand.

e. Other Equity Items

1) Foreign currency translation reserve

	For the Six Months Ended June 30	
	2014	2013
Balance, beginning of period	$ 83,152	$ (144,271)
Exchange differences on translation of foreign operations	(82,878)	184,975
Share of exchange difference of associates accounted for using the equity method	(18,721)	74,758
Income tax relating to gains on translation of net assets of foreign operations	18,825	(21,496)
Balance, end of period	$ 378	$ 93,966

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

	For the Six Months Ended June 30	
	2014	2013
Balance, beginning of period	$ 259,959	$ 318,547
Unrealized gain (loss) on revaluation of available-for-sale financial assets	15,011	(4,008)
Cumulative gain on available-for-sale financial assets reclassified to profit or loss	(92,323)	(14,854)
Share of unrealized loss on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(4,936)	(25,663)
Balance, end of period	$ 177,711	$ 274,022

f. Non-Controlling Interests

	For the Six Months Ended June 30	
	2014	2013
Balance, beginning of period	$ 709,766	$ 574,821
Attributable to non-controlling interests		
Share of profit for the period	36,016	33,198
Additional non-controlling interests arising on capital increase by cash of subsidiaries	-	29,848
Exchange difference arising on translation of foreign entities	(12,772)	24,387
Balance, end of period	$ 733,010	$ 662,254

20. NET PROFIT FROM CONTINUING OPERATIONS

The details of net profit from continuing operations were as follows:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Rental income	$ 1,458	$ 1,587	$ 3,311	$ 3,210
Interest income	31,060	25,545	59,183	44,004
Others	5,765	13,726	13,501	27,211
	$ 38,283	$ 40,858	$ 75,995	$ 74,425

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Gain (loss) on disposal of property, plant and equipment	$ (134)	$ 14	$ (134)	$ 454
Gain on sale of available-for-sale financial assets	47,452	6	92,323	14,854
Net foreign exchange gain (loss)	(1,503)	47,986	(60,481)	89,811
Loss on financial assets designated as at FVTPL	-	(3,510)	-	(3,285)
Other losses	(3,675)	(2,712)	(7,024)	(4,782)
	$ 42,140	$ 41,784	$ 24,684	$ 97,052

c. Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Interest on bank loans	$ 26,502	$ 15,277	$ 48,725	$ 34,084
Syndicated loan fee amortization	300	300	600	600
Others	817	4,054	1,204	4,416
	$ 27,619	$ 19,631	$ 50,529	$ 39,100

d. Depreciation and amortization (recognized in operating expenses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Property, plant and equipment	$ 19,195	$ 18,873	$ 38,711	$ 37,558
Intangible assets	4,107	3,021	7,208	5,775
	$ 23,302	$ 21,894	$ 45,919	$ 43,333

e. Employee benefits expense (recognized in operating expenses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Short-term employee benefits	$ 288,992	$ 281,946	$ 563,638	$ 542,973

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Post-employment benefits				
Defined contribution plans	$ 8,403	$ 4,787	$ 17,667	$ 17,395
Defined benefit plans	4,283	6,844	7,879	10,936
	12,686	11,631	25,546	28,331
	$ 301,678	$ 293,577	$ 589,184	$ 571,304

(Concluded)

21. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Current tax				
In respect of the current period	$ 71,226	$ 84,264	$ 122,190	$ 136,371
Additional 10% income tax on unappropriated earnings	34,934	30,454	34,934	30,454
In respect of prior periods	9,324	3,916	9,324	5,005
	115,484	118,634	166,448	171,830
Deferred tax				
In respect of the current period	7,613	10,368	19,199	20,258
Income tax expense recognized in profit or loss	$ 123,097	$ 129,002	$ 185,647	$ 192,088

The Corporation applied the statutory income tax rate at 17%. The overseas subsidiaries followed the local regulatory income tax rates as follows:

	For the Six Months Ended June 30	
	2014	2013
Raycong	16.5%	16.5%
Shanghai Yikang	25%	25%
Dong Guan Hua Gang	25%	25%
Wah Lee Japan	40.87%	40.87%
Wah Lee Tech	17%	17%
Skypower	20%	20%
Regent King	16.5%	NA

b. Income tax gain (expense) recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Deferred tax				
Recognized in other comprehensive income:				
Translation of foreign operations	$ 17,682	$ (6,051)	$ 18,825	$ (21,496)

c. Integrated income tax

As of June 30, 2014, December 31, 2013 and June 30, 2013, all of the unappropriated earnings were generated after January 1, 1998.

	June 30, 2014	December 31, 2013	June 30, 2013
Imputation credit account	$ 677,649	$ 534,052	$ 611,577

The creditable ratio for distribution of the earnings of 2013 and 2012 was 18.78% (expected ratio) and 19.71%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credit allocated to ROC resident shareholders of the Corporation is calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credit allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs

d. Income tax assessments

The Corporation’s tax returns through 2011 have been assessed by the tax authorities.

22. EARNINGS PER SHARE (EPS)

Earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

a. Net profit for the period attributable to the Corporation’s shareholders

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Basic EPS				
Net profit for the period attributable to common shareholders	$ 291,021	$ 260,033	$ 580,456	$ 546,535

b. Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	231,390	231,390	231,390	231,390
Effect of dilutive potential ordinary shares				
Bonus shares issued to employees	4,278	4,747	4,535	5,368
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	235,668	236,137	235,925	236,758

If the Group can settle the bonus to employees in cash or shares, the Group assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of warehouses with lease terms of up to 10 years. The Corporation does not have a bargain purchase option to acquire the leased warehouses at the expiry of the lease periods.

As of June 30, 2014, December 31, 2013 and June 30, 2013, refundable deposits paid under operating leases were all $3,500 thousand.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Not later than 1 year	$ 10,573	$ 15,860	$ 15,860
Later than 1 year and not later than 5 years	-	2,643	10,574
	$ 10,573	$ 18,503	$ 26,434

The lease payments recognized as expenses were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Minimum lease payment	$ 3,777	$ 3,777	$ 7,553	$ 7,553

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings minus cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

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

The Group is not subject to any externally imposed capital requirements.

25. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

1) Fair value of financial instruments not carried at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as the approximate amounts of their fair values.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	June 30, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets				
Securities listed in the ROC	$ 156,908	$ -	$ -	$ 156,908
Unlisted securities	-	-	451,934	451,934
Mutual funds	236,164	-	-	236,164
Securities listed in other countries	40,961	-	-	40,961
	$ 434,033	$ -	$ 451,934	$ 885,967

Available-for-sale financial assets	December 31, 2013 Level 1	Level 2	Level 3	Total
Securities listed in the ROC	$ 274,711	$ -	$ -	$ 274,711
Unlisted securities	-	-	170,007	170,007
Mutual funds	108,718	-	-	108,718
Securities listed in other countries	46,242	-	-	46,242
	$ 429,671	$ -	$ 170,007	$ 599,678

Available-for-sale financial assets	June 30, 2013 Level 1	Level 2	Level 3	Total
Securities listed in the ROC	$ 95,801	$ -	$ -	$ 95,801
Unlisted securities	201,583	-	140,520	342,103
Mutual funds	300,754	-	-	300,754
Securities listed in other countries	48,722	-	-	48,722
	$ 646,860	$ -	$ 140,520	$ 787,380

There were no transfers between Level 2 and Level 3 for the six months ended June 30, 2014 and 2013.

3) Reconciliation of Level 3 fair value measurements of financial assets

Available-for-sale financial assets	For the Six Months Ended June 30 2014	2013
Unlisted securities		
Balance, beginning of period	$ 170,007	$ 135,700
Valuation loss recognized in profit or loss	(4,479)	-
Valuation gain recognized in other comprehensive income	16,406	4,820
Purchases	270,000	-
Balance, end of period	$ 451,934	$ 140,520

All gains and losses included in other comprehensive income relate to unlisted shares held at each balance sheet date and were reported as changes in unrealized gain or loss on available-for-sale financial assets (refer to Note 19).

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

b) The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives.

Quoted prices

Financial assets in this category include listed shares and emerging market shares with active market, etc.

Unlisted shares

The consolidated financial statements included holdings in unlisted shares which were measured at fair value. Fair value was determined by reference to observable market prices or book values.

b. Categories of financial instruments

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets			
Loans and receivables (i)	$ 14,096,775	$ 13,517,828	$ 12,145,567
Available-for-sale financial assets	885,967	599,678	787,380
Financial liabilities			
At amortized cost (ii)	13,977,320	12,343,115	11,351,356

i The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, other financial assets, notes and accounts receivable (including related parties), other receivables (including related parties) and refundable deposits .

ii The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable (including related parties), dividends payable, other payables, long-term loans (including current portion) and deposits received .

c. Financial risk management objectives and policies

The Group's major financial instruments included equity investment, notes and accounts receivable, notes and accounts payable, bank loans etc. The Group's Corporate Treasury function provides services to the business units and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in NTD (the functional currency) against the relevant foreign currencies. A change of 1% is the sensitivity range used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included external deposits and loans, receivables and payables. A positive number below indicates an increase in pre-tax profit assuming NTD strengthened by 1% against the relevant currency. For a 1% weakening of NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative (positive).

	Foreign Currency Impact	
	For the Six Months Ended June 30	
	2014	**2013**
USD	$ (14,989)	$ 6,688
RMB	(15,194)	(7,893)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2014	**December 31, 2013**	**June 30, 2013**
Cash flow interest rate risk			
Financial assets	$ 2,322,093	$ 2,799,943	$ 2,205,881
Financial liabilities	3,952,105	4,069,343	3,213,309

The Group's fair value interest rate risk with respect to fixed rate time deposits and short-term loans was not significant.

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the six months ended June 30, 2014 and 2013. A change of 1% increase or decrease was used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been higher/lower by 1% and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2014 and 2013 would have been lower/higher by $8,150 thousand and $5,037 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on technology-related listed stocks in Taiwan.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the other comprehensive income for the six months ended June 30, 2014 would have been higher/lower by $8,860 thousand as a result of the changes in fair value of available-for-sale investments.

If equity prices had been 1% higher/lower, the other comprehensive income for the six months ended June 30, 2013 would have been higher/lower by $7,874 thousand as a result of the changes in fair value of available-for-sale investments.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and enforcement of financial guarantees provided by the Group could comprise the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

As of June 30, 2014, December 31, 2013 and June 30, 2013, the Group had available unutilized overdraft and bank loan facilities of $3,730,248 thousand, $3,067,557 thousand and $5,203,570 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

June 30, 2014

Non-derivative financial liabilities	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
Non-interest bearing	$ 5,761,614	$ 1,643,180	$ 4,462	$ -	$ 7,409,256
Variable interest rate liabilities	1,030,507	1,253,363	1,626,467	100,063	4,010,400
Fixed interest rate liabilities	2,017,681	352,282	-	-	2,369,963
Financial guarantee contracts	-	814,674	-	-	814,674
	$ 8,809,802	$ 4,063,499	$ 1,630,929	$ 100,063	$ 14,604,293

December 31, 2013

Non-derivative financial liabilities	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
Non-interest bearing	$ 4,937,676	$ 1,443,784	$ 4,652	$ -	$ 6,386,112
Variable interest rate liabilities	1,760,752	556,355	1,720,400	107,723	4,145,230
Fixed interest rate liabilities	1,585,479	152,937	-	-	1,738,416
Financial guarantee contracts	821,390	-	-	-	821,390
	$ 9,105,297	$ 2,153,076	$ 1,725,052	$ 107,723	$ 13,091,148

June 30, 2013

Non-derivative financial liabilities	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
Non-interest bearing	$ 5,205,905	$ 1,092,290	$ 9,565	$ -	$ 6,307,760
Variable interest rate liabilities	677,991	1,049,008	1,512,478	93,353	3,332,830
Fixed interest rate liabilities	1,640,929	192,294	-	-	1,833,223
Financial guarantee contracts	-	845,184	-	-	845,184
	$ 7,524,825	$ 3,178,776	$ 1,522,043	$ 93,353	$ 12,318,997

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers it is more likely than not that no amount will be payable under the arrangement.

The amounts included above for variable interest rate non-derivative financial liabilities are subject to change if variable interest rates differ from those estimates of interest rates at the end of the reporting period.

26. RELATED PARTY TRANSACTIONS

Balances and transactions between and among the entities in the Group had been eliminated on consolidation and not disclosed in this note. Except as disclosed in other notes, details of transactions between the Group and other related parties are disclosed below.

a. Operating transaction

1) Sales of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Related parties types				
Associates and their subsidiaries	$ 80,814	$ 55,237	$ 136,960	$ 92,376
Other related parties	10,839	10,040	26,528	15,642
	$ 91,653	$ 65,277	$ 163,488	$ 108,018

The other related parties above included the chairman's relatives and the companies that have the Corporation as institutional director.

The selling prices and collection terms of sales to related parties were similar to third parties.

2) Purchase of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Related parties types				
Associates and their subsidiaries	$ 125,924	$ 149,053	$ 236,231	$ 226,337
Other related parties	300,086	268,939	567,135	502,052
	$ 426,010	$ 417,992	$ 803,366	$ 728,389

The prices of purchases from related parties were made under arm's length terms and did not have similar transactions in the market for comparison; payment terms were similar to third parties.

3) Commission income and expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Commission income				
Associates	$ 920	$ 985	$ 3,823	$ 6,755
Commission expense				
Other related parties	$ 641	$ 620	$ 1,092	$ 1,294

4) Receivables from related parties

	June 30, 2014	December 31, 2013	June 30, 2013
Notes receivable			
Associates and their subsidiaries	$ 1,163	$ 1,069	$ 252
Accounts receivable - related parties			
Associates and their subsidiaries	$ 92,684	$ 56,765	$ 53,444
Other related parties	11,981	3,720	10,159
	$ 104,665	$ 60,485	$ 63,603
Other receivables - related parties			
Associates and their subsidiaries	$ 69,735	$ 2,940	$ 2,312
Other related parties	8	9	812
	$ 69,743	$ 2,949	$ 3,124

As of June 30, 2014, other receivables – related parties included dividends receivable $68,166 thousand.

The outstanding trade receivables from related parties are unsecured.

5) Payables to related parties

	June 30, 2014	December 31, 2013	June 30, 2013
Notes payable - related parties			
Associates and their subsidiaries	$ 911	$ 765	$ 573
Other related parties	264,050	231,429	224,441
	$ 264,961	$ 232,194	$ 225,014

(Continued)

Accounts payable - related parties	June 30, 2014	December 31, 2013	June 30, 2013
Associates and their subsidiaries	$ 109,783	$ 101,318	$ 134,456
Other related parties	125,357	132,631	123,301
	$ 235,140	$ 233,949	$ 257,757

(Concluded)

The outstanding payables to related parties are unsecured and will be settled in cash.

b. Management consulting service incomes

The management services agreements, industry consulting and SAP-use contracts were signed by the Corporation and related parties, and the contracts will expire on various dates with December 31, 2015 as the latest. According to the agreements and contracts, the Corporation will provide certain management services to related parties. Consulting and service fee recognized as nonoperating income was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Associates and their subsidiaries	$ 639	$ 1,343	$ 3,243	$ 3,360

c. Rental Income

The Corporation rented parts of buildings and computer software to related parties. The leases on the buildings will expire on various dates with March 31, 2015 as the latest, and the lease on computer software will expire in December 2014. The rental income was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Parties Types	2014	2013	2014	2013
Associates	$ 1,143	$ 1,188	$ 2,325	$ 2,404
Other related parties	-	-	24	24
	$ 1,143	$ 1,188	$ 2,349	$ 2,428

d. Endorsements and guarantees and related fee income

1) Endorsements and guarantees

Related Parties Types	June 30, 2014	December 31, 2013	June 30, 2013
Associates and their subsidiaries	$ 1,002,313	$ 1,087,710	$ 1,092,000
Other related parties	25,194	25,194	25,194
	$ 1,027,507	$ 1,112,904	$ 1,117,194

2) Fee income from endorsements and guarantees

Related Parties Types	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Associates	$ 39	$ 35	$ 133	$ 294
Other related parties	6	4	8	13
	$ 45	$ 39	$ 141	$ 307

e. Compensation of key management personnel

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Short-term employee benefits	$ 21,911	$ 16,835	$ 44,523	$ 37,903
Post-employment benefits	792	678	1,585	1,357
Other long-term employee benefits	18	19	296	305
	$ 22,721	$ 17,532	$ 46,404	$ 39,565

The remuneration of directors, supervisors and other key management was determined by the remuneration committee having regard to the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets as collaterals for part of short-term loans and long-term loans, commitments to vendors, and guarantee for payment of tariffs on imported merchandise.

	June 30, 2014	December 31, 2013	June 30, 2013
Other financial assets (classified as other noncurrent assets)			
Pledge deposits	$ 320	$ 320	$ 320
Property, plant and equipment			
Freehold land	275,646	274,672	248,837
Buildings	283,226	257,695	222,461
Machinery and equipment	339,500	129,914	-
	$ 898,692	$ 662,601	$ 471,618

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group at each balance sheet date were as follows:

a. The Group had unused letters of credit for purchase of merchandise as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
USD	$ 15,145	$ 13,562	$ 7,082
JPY	-	13,860	17,040
NTD	67,742	67,559	93,456
EUR	24	-	-

b. Unrecognized commitments were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Acquisition of property, plant and equipment	$ 56,761	$ 377,790	$ 200,098

As of June 30, 2014, the contracts related to purchase of land and buildings are as follows:

On September 28, 2012, the subsidiary-Wah Lee Tech entered a contract with third parties for purchase of land and buildings located in Singapore for operation purpose. The total amount of the contract is NT$112,281 thousand (SGD4,692 thousand). As of June 30, 2014, the amount paid to the third parties was NT$55,520 thousand (SGD2,339 thousand) and was recognized as prepayment for land and buildings. The future payments will be made according to the construction progress and the completion date is estimated as June 30, 2019.

On January 25, 2013, the subsidiary-Dong Guan Hua Gang entered a contract with third parties for purchase of land and buildings located in Chongqing City, China for operation purpose. The total amount of the contract is NT$69,595 thousand (RMB14,449 thousand). As of June 30, 2014, the amount paid to the third parties was NT$69,595 thousand (RMB14,449 thousand) and was recognized as prepayment for land and buildings. The future payments will be made according to the construction progress and the completion date is estimated as August 30, 2014.

c. The Corporation offered financial guarantees for related parties as stated in Note 26.

29. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On August 1, 2014, the Corporation issued NT$1 billion of 3-year (from August 1, 2014 to August 1, 2017) with zero interest coupon second unsecured domestic convertible bonds with approval by the board of directors on June 17, 2014 and approved in Rule No.1030025891 issued by FSC on July 15, 2014. The conversion methods were as follows:

a. From one month after the issuance date to 10 days before the maturity date, bondholders may request to convert the bonds into the Corporation's ordinary shares. The convertible bonds have zero interest rate, so there is no interest payment date and method.

b. From one month after the issuance date to 40 days before the maturity date, if the closing price in Taiwan Stock Exchange is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued convertible bonds, the Corporation may redeem by cash the remaining bonds at their face value.

c. Conversion price and its adjustment

The conversion price was originally NT$69 per share. The conversion price will be subject to adjustments under the following conditions: (a) the ordinary shares issued increase, or (b) cash dividends distributed are up to 1.5% of the current price per share or (c) conversion price is lower than the current price per share or re-issue (or private placement) of various securities with ordinary shares conversion rights or warrants lower than the conversion price, or (d) ordinary shares of capital reduction induced reduction not due to cancellation of treasury shares.

30. EXCHANGE RATE INFORMATION OF FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

The Group's significant financial assets and financial liabilities denominated in foreign currencies were as follows (in thousands of foreign currency, except exchange rate):

	Foreign Currencies	Exchange Rate		Carrying Amount
June 30, 2014				
Monetary financial assets				
USD	$ 172,887	29.865	(USD:NTD)	$ 5,163,270
USD	44,102	7.7511	(USD:HKD)	1,317,106
USD	22,643	6.2005	(USD:RMB)	676,247
RMB	176,659	4.8165	(RMB:NTD)	850,878
RMB	143,262	1.2501	(RMB:HKD)	690,021
JPY	1,005,213	0.2946	(JPY:NTD)	296,136
JPY	165,400	0.0765	(JPY:HKD)	48,727
JPY	253,568	0.0612	(JPY:RMB)	74,701
HKD	190	0.80	(HKD:RMB)	733
Monetary financial liabilities				
USD	161,928	29.865	(USD:NTD)	4,835,980
USD	27,516	7.7511	(USD:HKD)	821,765
RMB	4,458	1.2501	(RMB:HKD)	21,472
JPY	1,427,013	0.2946	(JPY:NTD)	420,398
JPY	99,108	0.0765	(JPY:HKD)	29,197
JPY	70,412	0.0612	(JPY:RMB)	20,743
HKD	186	3.853	(HKD:NTD)	717
HKD	169,997	0.80	(HKD:RMB)	655,000
December 31, 2013				
Monetary financial assets				
USD	149,540	29.805	(USD:NTD)	4,457,040
USD	32,412	7.8	(USD:HKD)	966,040
USD	18,591	6.052	(USD:RMB)	554,105
RMB	160,388	4.9248	(RMB:NTD)	789,881
RMB	97,985	1.2815	(RMB:HKD)	482,556
JPY	991,865	0.2839	(JPY:NTD)	281,590
JPY	163,742	0.0738	(JPY:HKD)	46,486
JPY	96,626	0.0577	(JPY:RMB)	27,432
HKD	190	0.7862	(HKD:RMB)	730

(Continued)

	Foreign Currencies	Exchange Rate		Carrying Amount
Monetary financial liabilities				
USD	$ 142,718	29.805	(USD:NTD)	$ 4,253,712
USD	29,539	7.8	(USD:HKD)	880,410
USD	76,808	6.052	(USD:RMB)	2,289,262
RMB	5,522	1.2815	(RMB:HKD)	27,195
JPY	1,286,014	0.2839	(JPY:NTD)	365,100
JPY	67,756	0.0738	(JPY:HKD)	19,236
JPY	40,559	0.0577	(JPY:RMB)	11,515
HKD	133	0.7862	(HKD:RMB)	511
June 30, 2013				
Monetary financial assets				
USD	150,026	30	(USD:NTD)	4,500,777
USD	33,294	7.7580	(USD:HKD)	998,826
USD	12,659	6.1360	(USD:RMB)	379,772
RMB	105,134	4.8892	(RMB:NTD)	514,021
RMB	59,439	1.2643	(RMB:HKD)	290,607
JPY	1,299,127	0.3036	(JPY:NTD)	394,415
JPY	236,634	0.0785	(JPY:HKD)	71,842
JPY	31,924	0.0621	(JPY:RMB)	9,692
HKD	190	0.7909	(HKD:RMB)	735
Monetary financial liabilities				
USD	137,825	30	(USD:NTD)	4,134,744
USD	23,781	7.7580	(USD:HKD)	713,416
USD	56,668	6.1360	(USD:RMB)	1,700,040
RMB	27	4.8892	(RMB:NTD)	133
RMB	3,100	1.2643	(RMB:HKD)	15,156
JPY	1,503,626	0.3036	(JPY:NTD)	456,501
JPY	121,456	0.0785	(JPY:HKD)	36,874
JPY	38,975	0.0621	(JPY:RMB)	11,833
HKD	390	3.8670	(HKD:NTD)	1,507
HKD	288	0.7909	(HKD:RMB)	1,115

(Concluded)

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is distinguished by operating area and categories of merchandise and service. The Group's reportable segments were as follows:

a. Wah Lee Industrial Corporation ("Wah Lee") is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

b. Raycong Industrial (H.K.) Ltd. and its subsidiary Dong Guan Hua Gang International Trading Co., Ltd. ("Raycong") are mainly engaged in the trade of engineering plastic, composite materials and equipment.

c. Shanghai Yikang Chemicals and Industrials Co., Ltd. ("Shanghai Yikang") is mainly engaged in manufacturing of chemical materials and import/export business.

d. Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments. Please refer to Note 4 for details.

Segment revenues and results

The following was an analysis of the Group's revenue and results from operations by reportable segment:

	Wah Lee	**Raycong**	**Shanghai Yikang**	**Others**	**Adjustment and Eliminated**	**Total**
For the six months ended June 30, 2014						
Revenues from external customers	$ 12,067,407	$ 3,219,858	$ 3,199,758	$ 514,012	$ -	$ 19,001,035
Inter-segment revenues	1,682,151	25,017	65,823	184,917	(1,957,908)	-
Segment revenues	$ 13,749,558	$ 3,244,875	$ 3,265,581	$ 698,929	$ (1,957,908)	$ 19,001,035
Segment operating income	$ 230,558	$ 172,073	$ 172,288	$ 22,415	$ -	$ 597,334
Other income	22,923	16,914	35,234	924	-	75,995
Other gains and losses	86,362	(36,770)	(25,226)	318	-	24,684
Financial costs	(28,426)	(9,811)	(8,575)	(3,717)	-	(50,529)
Profit before income tax	311,417	142,406	173,721	19,940	-	647,484
Income tax expense	(116,791)	(21,891)	(45,529)	(1,436)	-	(185,647)
Net profit after tax	$ 194,626	$ 120,515	$ 128,192	$ 18,504	$ -	461,837
Share of profit or loss of associates						154,635
Consolidated net profit						$ 616,472
Identifiable assets	$ 12,197,945	$ 4,215,003	$ 4,418,822	$ 1,255,166	$ (1,522,139)	$ 20,564,797
Investment accounted for using equity method						3,997,337
Total assets						$ 24,562,134
For the six months ended June 30, 2013						
Revenues from external customers	$ 10,724,945	$ 2,631,056	$ 2,559,017	$ 448,287	$ -	$ 16,363,305
Inter-segment revenues	1,486,803	32,186	41,158	-	(1,560,147)	-
Segment revenues	$ 12,211,748	$ 2,663,242	$ 2,600,175	$ 448,287	$ (1,560,147)	$ 16,363,305
Segment operating income	$ 235,077	$ 122,033	$ 120,577	$ (651)	$ -	$ 477,036
Other income	23,278	13,114	37,592	441	-	74,425
Other gains and losses	65,097	16,638	14,777	540	-	97,052
Financial costs	(23,232)	(7,734)	(7,719)	(415)	-	(39,100)
Profit before income tax	300,220	144,051	165,227	(85)	-	609,413
Income tax expense	(117,092)	(27,696)	(46,365)	(935)	-	(192,088)
Net profit after tax	$ 183,128	$ 116,355	$ 118,862	($ 1,020)	$ -	417,325
Share of profit or loss of associates						162,408
Consolidated net profit						$ 579,733

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Eliminated	Total
Identifiable assets	$ 10,600,310	$ 3,427,609	$ 3,481,291	$ 734,608	$ (782,682)	$ 17,461,136
Investment accounted for using equity method						3,919,155
Total assets						$ 21,380,291

(Concluded)

Segment profit represented the profit earned by each segment. This was the measurement reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.