Wah Lee Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2015 and 2014 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, 2015 and 2014 and the related consolidated statements of comprehensive income for the three months ended June 30, 2015 and 2014, six months ended June 30, 2015 and 2014, and changes in equity and cash flows for the six months ended June 30, 2015 and 2014. 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 12, 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$4,544,762 thousand and NT$3,764,645 thousand, which accounted for 18% and 15% of total consolidated assets; total liabilities of NT$1,773,277 thousand and NT$1,227,907 thousand, which accounted for 12% and 8% of total consolidated liabilities as of June 30, 2015 and 2014, respectively; comprehensive income of NT$37,505 thousand, NT$48,704 thousand, NT$64,598 thousand and NT$61,080 thousand, which accounted for 25%, 30%, 18% and 14% of total consolidated comprehensive income for the three months ended June 30, 2015 and 2014, and the six months ended June 30, 2015 and 2014, respectively. As stated in Notes 33 and 34, disclosures relating to the subsidiaries were based on unreviewed financial statements. The carrying values of investments in associates accounted for using equity method of NT$2,046,461 thousand and NT$2,203,733 thousand as of June 30, 2015 and 2014, and the share of profit of associates recognized under equity method of NT$29,245 thousand, NT$43,310 thousand, NT$76,988 thousand and NT$71,441 thousand for the three months ended June 30, 2015 and 2014, and the six months ended June 30, 2015 and 2014, 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 and associates 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.

As discussed in Note 3 to the accompanying consolidated financial statements, starting from January 1, 2015, the Corporation and its subsidiaries applied the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS, and Interpretations of IAS endorsed by the Financial Supervisory Commission of the Republic of China. Therefore, some items in the consolidated financial statements of prior reporting periods were adjusted to reflect the effects of the retrospective application of the above regulations, standards and interpretations.

August 10, 2015

Notice to Readers

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, 2015 (Reviewed) Amount	%	December 31, 2014 (Restated and Audited) Amount	%	June 30, 2014 (Restated and Reviewed) Amount	%	January 1, 2014 (Restated and Audited) Amount	%
CURRENT ASSETS								
Cash and cash equivalents (Note 6)	$ 2,973,617	12	$ 2,486,882	9	$ 2,605,317	11	$ 2,984,593	13
Financial assets at fair value through profit or loss - current (Note 7)	352	-	-	-	-	-	-	-
Available-for-sale financial assets - current (Note 8)	269,202	1	242,795	1	373,192	2	354,353	2
Notes receivable (Notes 9 and 29)	1,532,829	6	1,468,807	6	1,096,222	5	1,009,772	5
Accounts receivable, net (Note 9)	8,386,716	33	9,592,901	36	9,191,907	37	8,402,465	36
Accounts receivable - related parties (Notes 9 and 29)	66,260	-	86,071	-	104,665	-	60,485	-
Other receivables	92,318	-	31,038	-	36,473	-	37,905	-
Other receivables - related parties (Note 29)	78,255	-	3,552	-	69,743	-	2,949	-
Current tax assets	-	-	-	-	-	-	1,382	-
Inventories (Note 10)	3,694,437	15	3,567,309	14	3,230,613	13	3,081,312	13
Prepayment and others	416,673	2	422,061	2	345,620	1	205,557	1
Other financial assets - current (Note 11)	478,895	2	1,305,206	5	884,124	4	932,945	4
Total current assets	17,989,554	71	19,206,622	73	17,937,876	73	17,073,718	74
NONCURRENT ASSETS								
Available-for-sale financial assets - noncurrent (Note 8)	412,491	2	533,400	2	512,775	2	245,325	1
Investments accounted for using equity method (Note 13)	4,411,683	18	4,300,428	16	3,997,337	16	4,007,683	17
Property, plant and equipment (Notes 14 and 30)	2,030,924	8	1,800,118	7	1,613,469	7	1,344,208	6
Goodwill	32,322	-	32,810	-	31,703	-	31,654	-
Computer software	14,507	-	18,616	-	30,505	-	29,233	-
Deferred tax assets (Note 3)	185,011	1	171,618	1	182,618	1	162,576	1
Prepayments for equipment	4,513	-	112,225	1	128,352	1	128,754	1
Refundable deposits (Note 26)	71,333	-	108,243	-	108,324	-	86,714	-
Prepayments for investments	-	-	3,000	-	-	-	-	-
Other noncurrent assets	14,416	-	31,113	-	29,110	-	27,527	-
Total noncurrent assets	7,177,200	29	7,111,571	27	6,634,193	27	6,063,674	26
TOTAL	$ 25,166,754	100	$ 26,318,193	100	$ 24,572,069	100	$ 23,137,392	100

LIABILITIES AND EQUITY	June 30, 2015 (Reviewed) Amount	%	December 31, 2014 (Restated and Audited) Amount	%	June 30, 2014 (Restated and Reviewed) Amount	%	January 1, 2014 (Restated and Audited) Amount	%
CURRENT LIABILITIES								
Short-term loans (Notes 15 and 30)	$ 3,585,732	14	$ 5,285,762	20	$ 4,220,035	17	$ 3,992,832	17
Short-term bills payable (Note 16)	-	-	150,000	1	250,000	1	150,000	-
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	1,761	-	-	-	-	-
Notes payable (Note 17)	424,153	2	453,583	2	443,799	2	418,486	2
Notes payable - related parties (Notes 17 and 29)	215,366	1	232,594	1	264,961	1	232,194	1
Accounts payable (Note 17)	4,970,930	20	4,965,799	19	4,900,942	20	4,810,764	21
Accounts payable - related parties (Notes 17 and 29)	253,866	1	229,312	1	235,140	1	233,949	1
Dividends payable (Note 22)	765,236	3	1,649	-	695,819	3	1,648	-
Other payables (Note 20)	840,826	3	856,017	3	810,666	3	689,071	3
Current tax liabilities	135,122	1	147,820	-	142,222	1	170,787	1
Provisions - current	64,751	-	47,016	-	86,925	-	24,630	-
Current portion of long-term debts (Notes 18 and 30)	22,134	-	19,475	-	14,455	-	13,830	-
Other current liabilities	281,693	1	113,718	-	112,801	1	55,148	-
Total current liabilities	11,559,809	46	12,504,506	47	12,177,765	50	10,793,339	46
NONCURRENT LIABILITIES								
Long-term debts (Notes 18 and 30)	1,458,815	6	1,311,694	5	2,083,114	8	1,799,640	8
Bonds payable (Note 19)	984,969	4	977,877	4	-	-	-	-
Provision - noncurrent	14,760	-	14,760	-	14,760	-	14,760	-
Net defined benefit liabilities - noncurrent (Notes 3 and 21)	327,832	1	329,448	1	328,613	1	329,483	1
Guarantee deposits received	461	-	461	-	460	-	701	-
Deferred tax liabilities	719,835	3	712,705	3	615,628	3	594,356	3
Total noncurrent liabilities	3,506,672	14	3,346,945	13	3,042,575	12	2,738,940	12
Total liabilities	15,066,481	60	15,851,451	60	15,220,340	62	13,532,279	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 3 and 22)								
Share capital								
Ordinary shares	2,313,901	9	2,313,901	9	2,313,901	9	2,313,901	10
Capital surplus	1,356,142	6	1,326,412	5	1,259,555	5	1,259,555	5
Retained earnings								
Legal reserve	1,591,558	6	1,464,197	6	1,464,197	6	1,348,252	6
Special reserve	72,302	-	72,302	-	72,302	-	72,302	-
Unappropriated earnings	3,657,993	15	4,022,963	15	3,330,675	14	3,558,226	16
Total retained earnings	5,321,853	21	5,559,462	21	4,867,174	20	4,978,780	22
Other equity	263,896	1	444,472	2	178,089	1	343,111	2
Total equity attributable to owners of the Corporation	9,255,792	37	9,644,247	37	8,618,719	35	8,895,347	39
NON-CONTROLLING INTERESTS (Note 22)	844,481	3	822,495	3	733,010	3	709,766	3
Total equity	10,100,273	40	10,466,742	40	9,351,729	38	9,605,113	42
TOTAL	$ 25,166,754	100	$ 26,318,193	100	$ 24,572,069	100	$ 23,137,392	100

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

(With Deloitte & Touche review report dated August 10, 2015)

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			
	2015		2014 (Restated)		2015		2014 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 29)								
Net sales	$ 9,372,423	100	$ 10,078,580	100	$ 18,413,786	100	$ 18,922,136	100
Commission revenue	13,581	-	19,314	-	47,890	-	36,706	-
Other operating revenue	23,804	-	32,221	-	50,386	-	42,193	-
Total operating revenues	9,409,808	100	10,130,115	100	18,512,062	100	19,001,035	100
OPERATING COSTS (Notes 10 and 29)								
Cost of goods sold	8,546,421	91	9,244,090	91	16,790,864	91	17,315,561	91
Other operating costs	10,516	-	8,338	-	21,471	-	15,275	-
Total operating costs	8,556,937	91	9,252,428	91	16,812,335	91	17,330,836	91
GROSS PROFIT	852,871	9	877,687	9	1,699,727	9	1,670,199	9
OPERATING EXPENSES (Notes 3, 21 and 23)								
Selling and marketing expenses	477,283	5	471,555	5	913,674	5	887,280	5
General and administrative expenses	94,679	1	93,582	1	196,741	1	183,044	1
Total operating expenses	571,962	6	565,137	6	1,110,415	6	1,070,324	6
OPERATING INCOME	280,909	3	312,550	3	589,312	3	599,875	3
NONOPERATING INCOME AND EXPENSES								
Other income (Note 23)	23,562	-	38,283	-	56,215	-	75,995	-
Other gains and losses (Note 23)	(96,227)	(1)	42,140	-	(97,478)	(1)	24,684	-
Financial costs (Note 23)	(22,406)	-	(27,619)	-	(50,616)	-	(50,529)	-
Share of the profit or loss of associates	213,513	2	72,983	1	280,851	2	154,635	1
Total nonoperating income and expenses	118,442	1	125,787	1	188,972	1	204,785	1
PROFIT BEFORE INCOME TAX	399,351	4	438,337	4	778,284	4	804,660	4
INCOME TAX EXPENSE (Notes 3, 4 and 24)	119,852	1	123,313	1	208,536	1	186,079	1
NET PROFIT FROM CONTINUING OPERATIONS	279,499	3	315,024	3	569,748	3	618,581	3
OTHER COMPREHENSIVE INCOME (Notes 22 and 24)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	(91,387)	(1)	(85,952)	(1)	(149,674)	(1)	(95,650)	(1)

(Continued)

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			
	2015		2014 (Restated)		2015		2014 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
Unrealized loss on available-for-sale financial assets	$ (31,123)	-	$ (38,511)	-	$ (37,388)	-	$ (77,312)	-
Share of the other comprehensive income of associates	(17,596)	-	(45,031)	-	(35,112)	-	(23,657)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	11,939	-	17,682	-	19,814	-	18,825	-
Other comprehensive income for the period, net of income tax	(128,167)	(1)	(151,812)	(1)	(202,360)	(1)	(177,794)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 151,332	2	$ 163,212	2	$ 367,388	2	$ 440,787	2
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	$ 257,704		$ 292,076		$ 525,978		$ 582,565	
Non-controlling interests	21,795		22,948		43,770		36,016	
	$ 279,499		$ 315,024		$ 569,748		$ 618,581	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ 143,131		$ 152,334		$ 345,402		$ 417,543	
Non-controlling interests	8,201		10,878		21,986		23,244	
	$ 151,332		$ 163,212		$ 367,388		$ 440,787	
EARNINGS PER SHARE (Note 25)								
From continuing operations								
Basic	$ 1.11		$ 1.26		$ 2.27		$ 2.52	
Diluted	1.04		1.24		2.11		2.47	

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

(With Deloitte & Touche review report dated August 10, 2015) (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, 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
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	(50,615)	-	-	(50,615)	-	(50,615)
BALANCE AT JANUARY 1, 2014 AS RESTATED	2,313,901	1,259,555	1,348,252	72,302	3,558,226	83,152	259,959	8,895,347	709,766	9,605,113
Appropriation of 2013 earnings (Note 22)										
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	-	-	-	-	582,565	-	-	582,565	36,016	618,581
Other comprehensive loss for the six months ended June 30, 2014, net of income tax (Note 22)	-	-	-	-	-	(82,774)	(82,248)	(165,022)	(12,772)	(177,794)
Total comprehensive income (loss) for the six months ended June 30, 2014	-	-	-	-	582,565	(82,774)	(82,248)	417,543	23,244	440,787
BALANCE AT JUNE 30, 2014	$ 2,313,901	$ 1,259,555	$ 1,464,197	$ 72,302	$ 3,330,675	$ 378	$ 177,711	$ 8,618,719	$ 733,010	$ 9,351,729
BALANCE AT JANUARY 1, 2015	$ 2,313,901	$ 1,326,412	$ 1,464,197	$ 72,302	$ 4,069,357	$ 294,094	$ 150,378	$ 9,690,641	$ 822,495	$10,513,136
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	(46,394)	-	-	(46,394)	-	(46,394)
BALANCE AT JANUARY 1, 2015 AS RESTATED	2,313,901	1,326,412	1,464,197	72,302	4,022,963	294,094	150,378	9,644,247	822,495	10,466,742
Appropriation of 2014 earnings (Note 22)										
Legal reserve	-	-	127,361	-	(127,361)	-	-	-	-	-
Cash dividends distributed by the Corporation-33%	-	-	-	-	(763,587)	-	-	(763,587)	-	(763,587)
	-	-	127,361	-	(890,948)	-	-	(763,587)	-	(763,587)
Other changes in capital surplus										
Change in capital surplus from investments in associates accounted for by using equity method	-	29,730	-	-	-	-	-	29,730	-	29,730
Net profit for the six months ended June 30, 2015	-	-	-	-	525,978	-	-	525,978	43,770	569,748
Other comprehensive loss for the six months ended June 30, 2015, net of income tax (Note 22)	-	-	-	-	-	(151,804)	(28,772)	(180,576)	(21,784)	(202,360)
Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	-	525,978	(151,804)	(28,772)	345,402	21,986	367,388
BALANCE AT JUNE 30, 2015	$ 2,313,901	$ 1,356,142	$ 1,591,558	$ 72,302	$ 3,657,993	$ 142,290	$ 121,606	$ 9,255,792	$ 844,481	$10,100,273

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

(With Deloitte & Touche review report dated August 10, 2015)

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	
	2015	**2014 (Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	$ 778,284	$ 804,660
Adjustments for:		
Depreciation expenses	38,954	38,711
Amortization expenses	6,295	7,208
Provision for doubtful accounts	65,946	12,365
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(3,647)	-
Finance costs	50,616	50,529
Interest income	(38,898)	(59,183)
Dividend income	(340)	(381)
Share of profit of associates	(280,851)	(154,635)
Loss (gain) on disposal of property, plant and equipment	(831)	134
Gain on disposal of investments	(2,060)	(92,323)
Impairment loss on Available-for-sale financial assets	98,631	-
Loss on inventories	45,300	41,885
Net gain on foreign currency exchange	(13,158)	(20,818)
Others	6,364	6,302
Changes in operating assets and liabilities		
Financial assets held for trading	1,534	-
Notes receivable	(64,022)	(86,450)
Accounts receivable	1,146,024	(801,062)
Accounts receivable - related parties	19,811	(44,180)
Other receivables	(61,280)	1,432
Other receivables - related parties	2,259	(66,794)
Inventories	(169,929)	(189,646)
Prepayments and other current assets	5,388	(138,681)
Notes payable	(29,430)	25,313
Notes payable - related parties	(17,228)	32,767
Accounts payable	(16,299)	90,178
Accounts payable - related parties	45,984	1,191
Other payables	(24,481)	121,880
Provisions	17,735	62,295
Other current liabilities	167,975	57,653
Net defined benefit liabilities	(1,324)	(899)
Cash generated from (used in) operations	1,773,322	(300,549)
Interest received	38,898	59,183
Dividend received	70,640	59,381
Interest paid	(43,985)	(50,615)
Income tax paid	(208,029)	(195,013)
Net cash generated from (used in) operating activities	1,630,846	(427,613)

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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	
	2015	2014 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (154,121)	$ (411,638)
Proceeds of sale of available-for-sale financial assets	119,072	140,360
Payments for property, plant and equipment	(187,113)	(296,757)
Proceeds from disposal of property, plant and equipment	1,196	110
Increase in refundable deposits	(125,447)	(42,115)
Decrease in refundable deposits	160,137	20,126
Payments for intangible assets	(2,258)	(8,567)
Decrease in other financial assets	826,311	48,821
Decrease (increase) in other noncurrent assets	9,792	(7,824)
Net cash generated from (used in) investing activities	647,569	(557,484)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	6,572,644	7,598,416
Repayments of short-term loans	(8,139,769)	(7,349,140)
Increase (decrease) short-term bills payable	(150,000)	100,000
Proceeds from long-term debts	1,190,797	278,955
Repayment of long-term debts	(1,029,124)	(4,517)
Refund of guarantee deposits received	-	(241)
Net cash generated from (used in) financing activities	(1,555,452)	623,473
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(236,228)	(17,652)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	486,735	(379,276)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2,486,882	2,984,593
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 2,973,617	$ 2,605,317

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

(With Deloitte & Touche review report dated August 10, 2015) (Concluded)

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 10, 2015.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission ("FSC")

   According to Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, the Corporation and its subsidiaries (the "Group") should apply the 2013 version of IFRS, IAS, IFRIC and SIC (the "IFRSs") announced by the International Accounting Standards Board (IASB) and endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of IFRSs did not have any material impact on the Group' 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 they have control over other entities for consolidation. The Group has control over an investee if and only if they have i) power over the investee; ii) exposure, or rights, to variable returns from their involvement with the investee and iii) the ability to use their power over the investee to affect the amount of their 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, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive.

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 the previous IAS 28, when a portion of an investment in associate 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. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments measured at fair value only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 28 for more details.

5) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 require items of other comprehensive income to be grouped into those 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 the previous IAS 1, there were no such requirements.

Starting 2015, the Group retrospectively applied the above amendments. The items expected not to be reclassified to profit or loss include the remeasurements of the defined benefit plans and share of the remeasurements of the defined benefit plans of associates accounted for using the equity method. Items expected to be reclassified to profit or loss include exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, cash flow hedges and share of the other comprehensive income of associates (except remeasurements of the defined benefit plans and share of the remeasurements of the defined benefit plans of associates accounted for using the equity method). However, the application of the above amendments did not result in any impact on the net profit for the period, other comprehensive income for the period (net of income tax), and total comprehensive income for the period.

6) Revision to IAS 19 “Employee Benefits”

The interest cost and expected return on plan assets used in the previous 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 should be recognized as profit or loss when it occurs, is no longer in compliance with all within a flat period before the vested condition of the straight-line method to allocate recognized as an expense. The revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities, deferred tax assets and retained earnings. In addition, the Group elects not to present 2014 comparative information about the sensitivity of the defined benefit obligation in the consolidated financial statements for the year ended December 31, 2015.

The impact on the current period is set out below:

Impact on Assets, Liabilities and Equity	June 30, 2015
Assets	
Increase in deferred tax assets	$ 9,503
Liabilities	
Increase in net defined benefit liabilities - noncurrent	$ 53,356
Equity	
Decrease in unappropriated surplus earnings	$ (43,853)

Impact on Total Comprehensive Income	For the Three Months Ended June 30, 2015	For the Six Months Ended June 30, 2015
Decrease in operating expenses	$ (1,271)	$ (2,541)
Increase in net profit for the period	$ 1,271	$ 2,541
Increase in net profit attributable to:		
Owners of the Corporation	$ 1,271	$ 2,541
Non-controlling interests	-	-
	$ 1,271	$ 2,541
Impact on earnings per share		
Increase in basic earnings per share	$ -	$ 0.01
Increase in diluted earnings per share	$ -	$ 0.01

The impact on the prior period is set out below:

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Impact on assets, liabilities and equity			
December 31, 2014			
Assets			
Deferred tax assets	$ 162,115	$ 9,503	$ 171,618
Liabilities			
Net defined benefit liabilities - noncurrent	$ 273,551	$ 55,897	$ 329,448
Equity			
Unappropriated earnings	$ 4,069,357	$ (46,394)	$ 4,022,963
June 30, 2014			
Assets			
Deferred tax assets	$ 172,683	$ 9,935	$ 182,618

(Continued)

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Liabilities			
Net defined benefit liabilities - noncurrent	$ 270,172	$ 58,441	$ 328,613
Equity			
Unappropriated earnings	$ 3,379,181	$ (48,506)	$ 3,330,675
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 surplus 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	$ (1,271)	$ 565,137
Profit before income tax	$ 437,066	$ 1,271	$ 438,337
Income tax expense	123,097	216	123,313
Net profit	313,969	1,055	315,024
Other comprehensive income	(151,812)	-	(151,812)
Total comprehensive income for the period	$ 162,157	$ 1,055	$ 163,212
Impact on net profit attributable to:			
Owners of the corporation			$ 1,055
Non-controlling interests			-
			$ 1,055
Impact on earnings per share			
Basic			$ -
Diluted			$ -
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

(Continued)

	As Originally Stated	Adjustments Arising from Initial Application	Restated
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
Impact on net profit attributable to:			
Owners of the corporation			$ 2,109
Non-controlling interests			-
			$ 2,109
Impact on earnings per share			
Basic			$ 0.01
Diluted			$ 0.01

(Concluded)

7) Amendment to IAS 32 "Offsetting Financial Asset and Financial Liability"

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

8) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 "First-time Adoption of International Financial Reporting Standards", IAS 1 "Presentation of Financial Statements", IAS 16 "Property, Plant and Equipment", IAS 32 "Financial Instruments: Presentation" and IAS 34 "Interim Financial Reporting" were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 "Income Taxes".

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the IFRSs had material impact on the consolidated balance sheet as of January 1, 2014; accordingly, the Group had restated the January 1, 2014 balance sheet according to IAS 1 and had disclosed the changes and their effects according to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." Information on each item of the balance sheet as of January 1, 2014 is not required.

b. IFRSs announced by the IASB but not yet endorsed by the FSC

The Group has not applied the IFRSs announced by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were reported to the board of directors and approved for issue, the FSC has not yet announced the effective date.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 4)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities : Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 Accounting for "Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendments to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
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, amended and revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

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

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

Note 4: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Except for the following, the impending initial application of the above new, amended and revised standards and interpretations, 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 the collecting of contractual cash flows and the selling of 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 is recognized in other comprehensive income, except for impairment loss (reversal) and foreign exchange gains and losses. When the financial assets are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the 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, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

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 and is not low. However, a loss allowance for full lifetime expected credit loss 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.

8) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the Group's share of the gain or loss is eliminated.

9) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods; however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 under specific conditions.

IAS 34 was amended to clarify that other disclosure information required by IAS 34 should be included in interim financial statements. If the Group includes the information in other statements (such as management commentary or risk report) issued at the same time, it is not required to repeat the disclosure in the interim financial statements. However, it is required to include a cross-reference from the interim financial statements to that issued statements that is available to users on the same terms and at the same time as the interim financial statements.

10) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

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” endorsed by the FSC and effective in the current period. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are 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

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The detailed information of subsidiaries (including the percentage of ownership and main businesses) is referred to Note 12.

d. Other significant accounting policy

Except for the following, refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2014.

1) Defined benefit retirement plans

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to 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, 2014.

6. CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Cash on hand	$ 4,654	$ 4,204	$ 4,096
Demand deposits	2,228,820	1,224,138	1,145,566
Checking accounts	2,038	2,038	2,110
Cash equivalents			
Time deposits with original maturities less than three months	738,105	1,256,502	1,453,545
	$ 2,973,617	$ 2,486,882	$ 2,605,317

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

	June 30, 2015	December 31, 2014	June 30, 2014
Time deposits (%)	0.42-4.56	0.5-5.2	0.45-5.3

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - ONLY JUNE 30, 2015 AND DECEMBER 31, 2014

	June 30, 2015	December 31, 2014
Financial assets held for trading - current		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 352	$ -
Financial liabilities held for trading - current		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 1,761

The Group entered into foreign exchange forward contracts for the six months ended June 30, 2015 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

The outstanding foreign forward contracts at the balance sheet date were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
June 30, 2015			
Sell	JPY/NTD	August 2015-October 2015	JPY341,952/NTD87,267
December 31, 2014			
Sell	JPY/NTD	April 2015-June 2015	JPY341,952/NTD88,859

The gain or loss of financial instruments at fair value through profit or loss for the six months ended June 30, 2015 is referred to Note 23.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Domestic investments			
Listed shares	$ 76,426	$ 124,584	$ 156,908
Emerging market shares	10,397	14,081	15,531
Unlisted shares	281,202	374,201	355,342
Mutual funds	207,967	135,354	236,164
	575,992	648,220	763,945

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Foreign investments			
Listed shares	$ 21,793	$ 43,945	$ 40,961
Unlisted shares	83,908	84,030	81,061
	105,701	127,975	122,022
	$ 681,693	$ 776,195	$ 885,967
Current	$ 269,202	$ 242,795	$ 373,192
Noncurrent	412,491	533,400	512,775
	$ 681,693	$ 776,195	$ 885,967

(Concluded)

The Group assessed that part of unlisted shares and part of emerging market shares were permanently impaired; thus, the Group recognized impairment loss NT$98,631 thousand for the three months ended June 30, 2015 (refer to Note 23).

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2015	December 31, 2014	June 30, 2014
Notes receivable - operating	$ 1,532,829	$ 1,468,807	$ 1,096,222
Accounts receivable - unrelated parties			
Accounts receivable	$ 8,452,778	$ 9,621,958	$ 9,242,216
Less: Allowance for doubtful accounts	66,062	29,057	50,309
	8,386,716	9,592,901	9,191,907
Accounts receivable - related parties (Note 29)	66,260	86,071	104,665
	$ 8,452,976	$ 9,678,972	$ 9,296,572

The average credit period for sales of goods was 30-180 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 during the period of credit and recognized allowance for impairment loss based on estimated irrecoverable amount determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group periodically reviewed 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 $27,650 thousand, $31,134 thousand and $28,822 thousand as of June 30, 2015, December 31, 2014, and June 30, 2014, 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 accounts receivable was as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Less than 90 days	$ 6,258,153	$ 7,991,115	$ 7,438,022
91-150 days	1,559,775	1,475,097	1,389,082
151-180 days	228,814	102,899	171,574
Over 181 days	472,296	138,918	348,203
	$ 8,519,038	$ 9,708,029	$ 9,346,881

The above aging schedule was based on the invoice date.

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

	June 30, 2015	December 31, 2014	June 30, 2014
Less than 90 days	$ 11,236	$ 6,980	$ 3,556
91-150 days	12,455	21,786	18,042
151-180 days	1,979	1,915	5,190
Over 181 days	1,980	453	2,034
	$ 27,650	$ 31,134	$ 28,822

The above aging schedule was based on the invoice date.

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

	For the Six Months Ended June 30	
	2015	2014
Balance, beginning of period	$ 29,057	$ 39,890
Add: Impairment loss provision	65,946	12,365
Less: Amount written off during the period as uncollectible	(23,156)	(1,201)
Foreign exchange translation gain	(5,785)	(745)
Balance, end of period	$ 66,062	$ 50,309

Age of individually impaired accounts receivable was as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Less than 90 days	$ 12,017	$ 24,068	$ 20,754
91-150 days	52,038	280,094	59,383
151-180 days	46,074	37,530	3,832
Over 181 days	373,487	137,216	74,144
	$ 483,616	$ 478,908	$ 158,113

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

The carrying amount of notes receivable pledged as collateral for borrowings was disclosed in Note 30.

10. INVENTORIES

	June 30, 2015	December 31, 2014	June 30, 2014
Merchandise	$ 3,684,825	$ 3,545,653	$ 3,193,275
Merchandise in transit	9,612	21,656	37,338
	$ 3,694,437	$ 3,567,309	$ 3,230,613

As of June 30, 2015, December 31, 2014 and June 30, 2014, the allowance for inventory devaluation was $194,185 thousand, $151,614 thousand and $207,592 thousand, respectively.

The cost of inventories recognized in cost of goods sold for the three months ended June 30, 2015 and 2014 and the six months ended June 30, 2015 and 2014 was $8,546,421 thousand, $9,244,090 thousand, $16,790,864 thousand and $17,315,561 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Reversal of loss on inventories	$ 26,962	$ 14,900	$ 45,070	$ 26,816
Loss (gain) on physical inventories	(8)	(2)	(19)	105
Loss on disposal of inventories	162	13,660	249	14,964
	$ 27,116	$ 28,558	$ 45,300	$ 41,885

11. OTHER FINANCIAL ASSETS - CURRENT

	June 30, 2015	December 31, 2014	June 30, 2014
Time deposits with original maturity more than three months	$ 478,895	$ 1,305,206	$ 884,124
Annual interest rate (%)	0.5-4.5	0.75-6	3-6

12. SUBSIDIARIES

The subsidiaries in the consolidated financial statements

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

			Percentage of Ownership			
Investor	Investee	Main Businesses	June 30, 2015	December 31, 2014	June 30, 2014	Remark
The Corporation	Wah Lee Holding Ltd.	International investment	100	100	100	Established in BVI, Note 1
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	53.69	Established in Hong Kong

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership June 30, 2015	December 31, 2014	June 30, 2014	Remark
	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 l
	Wah Lee Korea Ltd.	Trading business of glass fiber, electronic equipment optical machinery, etc.	94.87	94.87	94.87	Established in Korea, Note l
	Skypower Ltd. (Skypower)	Trading business of solar energy materials and equipment	70	70	70	Established in Japan, Note l
	Okayama Solar Ltd. (Okayama Solar)	Solar power generation business	99.99	99.99	-	Established in Japan, Notes 1 and 2
	Sakuragawa Solar Ltd. (Sakuragawa Solar)	Solar power generation business	99.99	99.99	-	Established in Japan Notes 1 and 2
	Miyazaki Solar Ltd. (Miyazaki Solar)	Solar power generation business	99.99	99.99	-	Established in Japan Notes 1 and 2
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	100.00	Established in Mauritius, Note 1
	Global SYK Holding Ltd.	International investment	-	- (Liquidated)	100.00	Established in Mauritius, Note 1
	Wah Lee Tech (Singapore) Pte. Ltd. (Wah Lee Tech)	Agency of semiconductor materials and equipment	100.00	100.00	100.00	Established in Singapore, Note 1
	Wah Lee Machinery Trading Limited	International trading	100.00	100.00	100.00	Established in BVI, Note 1
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	46.31	Established in Hong Kong
	Regent King International Limited (Regent King)	Trading business of engineering plastic composite materials and equipment	100.00	100.00	100	Established in Hong Kong, Note 1
Raycong Industrial (H.K.) Ltd.	Dong Guan Hua Gang International Trading Co., Ltd. (Dong Guan Hua Gang)	Trading business of industrial materials and equipment	100.00	100.00	100.00	Established in Dong Guan, Note 1
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	International trading of industrial materials	70.00	70.00	70.00	Established in Shang hai
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Huaying)	Trading business of industrial materials	100.00	-	-	Established in Shenzhen, Note 1 and 3

(Concluded)

Note 1: This is not a material subsidiary; its financial statements for the six months ended June 30, 2015 and 2014 have not been reviewed.

Note 2: In December 2014, the Corporation invested in Okayama Solar, Sakuragawa Solar and Miyazaki Solar in Japan, which are mainly engaged in solar power plants; the authorized capital of each of the companies was JPY10,000, and the Corporation invested JPY9,900 in each of the companies; the percentage of ownership was 99.99%. In addition, the Corporation joined as a silent partner in a partnership contract with Okayama Solar, Sakuragawa Solar and Miyazaki Solar, and the Corporation invested $63,739 thousand (JPY237,126 thousand), $42,456 thousand (JPY159,132 thousand) and $50,245 thousand (JPY186,787 thousand), respectively, as of June 30, 2015.

Note 3: In April 2015, Raycong invested in Huaying, which is mainly engaged in the trade of industrial materials; the authorized capital of the company was HKD 7,000 thousand; the percentage of ownership was 100% as of June 30, 2015.

The following information of subsidiaries mentioned above and the disclosures in Notes 33 and 34 relating to subsidiaries' information were based on unreviewed financial statements.

	June 30 2015	2014
Total assets	$ 4,544,762	$ 3,764,645
Total liabilities	1,773,277	1,227,907

	For the Six Months Ended June 30	
	2015	2014
Comprehensive income	$ 64,598	$ 61,080

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2015	December 31, 2014	June 30, 2014
Investments in associates			
Material associates			
Chang Wah Electromaterials Inc.	$ 1,593,912	$ 1,417,278	$ 1,276,993
Wah Hong Industrial Corp.	1,262,367	1,292,799	1,256,860
Associates that are not individually material	1,555,404	1,590,351	1,463,484
	$ 4,411,683	$ 4,300,428	$ 3,997,337

a. Material associates

Name of Associate	June 30, 2015	December 31, 2014	June 30, 2014
Chang Wah Electromaterials Inc.	28.57%	28.51%	27.69%
Wah Hong Industrial Corp.	25.96%	25.96%	25.96%

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	June 30, 2015	December 31, 2014	June 30, 2014
Chang Wah Electromaterials Inc.	$ 2,128,548	$ 1,539,239	$ 1,748,136
Wah Hong Industrial Corp.	567,291	851,586	937,263
	$ 2,695,839	$ 2,390,825	$ 2,685,399

All the associates are accounted for using the equity method.

The summarized financial information below represents amounts shown in each of associate’s financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Chang Wah Electromaterials Inc.

	June 30, 2015	December 31, 2014	June 30, 2014
Current assets	$ 7,593,489	$ 8,440,618	$ 8,107,488
Noncurrent assets	6,037,746	5,899,853	5,481,333
Current liabilities	(4,605,337)	(5,657,582)	(6,261,211)
Noncurrent liabilities	(2,005,806)	(2,426,231)	(1,846,956)

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Equity	$ 7,020,092	$ 6,256,658	$ 5,480,654
Non-controlling interests	(1,676,303)	(1,547,214)	(1,112,255)
	$ 5,343,789	$ 4,709,444	$ 4,368,399
Proportion of the Group’s ownership (%)	28.57	28.51	27.69
Equity attributable to the Group	$ 1,526,485	$ 1,349,851	$ 1,209,566
Goodwill	67,427	67,427	67,427
Carrying amount	$ 1,593,912	$ 1,417,278	$ 1,276,993

(Concluded)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Operating revenue	$ 3,852,301	$ 4,464,373	$ 7,929,802	$ 8,281,038
Net profit from continuing operations	$ 680,361	$ 29,895	$ 904,025	$ 142,677
Net loss from Discontinued operations	(11)	(9,515)	(17)	(12,984)
Net profit	680,350	20,380	904,008	129,693
Other comprehensive income	(29,615)	(99,697)	(5,877)	(35,102)
Total comprehensive income	$ 650,735	$ (79,317)	$ 898,131	$ 94,591

Wah Hong Industrial Corp.

	June 30, 2015	December 31, 2014	June 30, 2014
Current assets	$ 6,054,515	$ 7,619,699	$ 8,181,427
Noncurrent assets	3,082,639	3,193,644	3,207,741
Current liabilities	(2,817,742)	(3,998,305)	(4,917,042)
Noncurrent liabilities	(1,648,336)	(1,907,581)	(1,801,128)
Equity	4,671,076	4,907,457	4,670,998
Non-controlling interests	(36,803)	(35,963)	(37,938)
	$ 4,634,273	$ 4,871,494	$ 4,633,060
Proportion of the Group’s ownership (%)	25.96	25.96	25.96
Equity attributable to the Group	$ 1,234,297	$ 1,264,729	$ 1,228,790
Goodwill	28,070	28,070	28,070
Carrying amount	$ 1,262,367	$ 1,292,799	$ 1,256,860

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Operating revenue	$ 2,247,680	$ 3,244,392	$ 4,637,052	$ 6,077,613
Net profit (loss)	$ (46,763)	$ 75,562	$ (35,655)	$ 151,901
Other comprehensive income	(30,164)	(55,990)	(80,721)	(18,506)
Total comprehensive income	$ (76,927)	$ 19,572	$ (116,376)	$ 133,395

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
The Corporation's share of Net profit from continuing operations and total comprehensive income	$ 34,577	$ 33,825	$ 61,046	$ 63,861

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 $2,046,461 thousand and $2,203,733 thousand as of June 30, 2015 and 2014, and the share of profit of associates recognized under equity method of $29,245 thousand, $43,310 thousand, $76,988 thousand and $71,441 thousand for the three months ended June 30, 2015 and 2014, and the six months ended June 30, 2015 and 2014, respectively, were based on unreviewed financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

For the six months ended June 30, 2015

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in progress	Total
Cost								
Balance at January 1, 2015	$ 769,338	$ 710,349	$ 318,593	$ 50,449	$ 393,735	$ 53,635	$ 95,542	$ 2,391,641
Additions	-	120,824	163	5,139	26,654	-	153,716	306,496
Disposals	-	-	-	(3,407)	(15,418)	(26,459)	-	(45,284)
Effect of foreign currency exchange differences	(4,039)	(11,333)	(14,639)	(382)	(1,444)	(64)	(9,469)	(41,370)
Balance at June 30, 2015	$ 765,299	$ 819,840	$ 304,117	$ 51,799	$ 403,527	$ 27,112	$ 239,789	$ 2,611,483
Accumulated depreciation								
Balance at January 1, 2015	$ -	$ 187,580	$ 22,015	$ 42,649	$ 288,345	$ 50,934	$ -	$ 591,523
Disposals	-	-	-	(3,342)	(15,118)	(26,459)	-	(44,919)
Depreciation expense	-	11,482	9,486	2,051	15,493	442	-	38,954
Effect of foreign currency exchange differences	-	(2,281)	(1,245)	(226)	(1,231)	(16)	-	(4,999)
Balance at June 30, 2015	$ -	$ 196,781	$ 30,256	$ 41,132	$ 287,489	$ 24,901	$ -	$ 580,559
Carrying amount at December 31, 2014 (January 1, 2015)	$ 769,338	$ 522,769	$ 296,578	$ 7,800	$ 105,390	$ 2,701	$ 95,542	$ 1,800,118
Carrying amount at June 30, 2015	$ 765,299	$ 623,059	$ 273,861	$ 10,667	$ 116,038	$ 2,211	$ 239,789	$ 2,030,924

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)
Completed 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 June 30, 2014	$ 708,564	$ 455,337	$ 340,690	$ 9,066	$ 98,862	$ 950	$ -	$ 1,613,469

Reconciliation of the additions to property, plant and equipment and the cash paid stated in the statements of cash flows is as follows:

	For the Six Months Ended June 30	
	2015	**2014**
Investing activities affecting both cash and non-cash items		
Additions to property, plant and equipment	$ 306,496	$ 297,560
Prepayments for equipment transferred to property, plant and equipment	(107,712)	(401)
Increase in payable for equipment purchased	(11,671)	(402)
Cash payments for property, plant and equipment	$ 187,113	$ 296,757

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

15. SHORT-TERM LOANS

	June 30, 2015	December 31, 2014	June 30, 2014
Secured loans (Note 30)			
Bank loans	$ 250,396	$ 189,934	$ 251,398
Unsecured loans			
Loans for procurement of materials	2,409,489	2,349,696	1,667,388
Lines of credit of loans	925,847	2,746,132	2,301,249
	3,335,336	5,095,828	3,968,637
	$ 3,585,732	$ 5,285,762	$ 4,220,035
Annual interest rate (%)	0.79-2.19	0.72-2.36	0.83-2.52

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

Outstanding short-term bills payable were as follows:

Financial Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate (%)
December 31, 2014				
China Bills Finance Corporation	$ 100,000	$ -	$ 100,000	0.72-0.73
International Bills Finance Corporation	50,000	-	50,000	1.26
	$ 150,000	$ -	$ 150,000	
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	

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

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2015	December 31, 2014	June 30, 2014
Notes payable (including related parties)			
Operating	$ 632,580	$ 679,461	$ 701,646
Non-operating	6,939	6,716	7,114
	$ 639,519	$ 686,177	$ 708,760

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Notes payable			
Unrelated parties	$ 424,153	$ 453,583	$ 443,799
Related parties	215,366	232,594	264,961
	$ 639,519	$ 686,177	$ 708,760
Accounts payable (including related parties)			
Operating	$ 5,224,796	$ 5,195,111	$ 5,136,082
Accounts payable			
Unrelated parties	$ 4,970,930	$ 4,965,799	$ 4,900,942
Related parties	253,866	229,312	235,140
	$ 5,224,796	$ 5,195,111	$ 5,136,082

(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.

18. LONG-TERM DEBTS

	June 30, 2015	December 31, 2014	June 30, 2014
Syndicated bank loans (led by Hua Nan Bank) (a)	$ -	$ 1,020,000	$ 1,680,000
Less: Syndicated loan fee	-	1,200	1,800
	-	1,018,800	1,678,200
Syndicated bank loans (led by Taiwan Cooperative Bank) (b)	1,020,000	-	-
Less: Syndicated loan fee	6,480	-	-
	1,013,520	-	-
Mortgage Loan			
Hua Nan Bank (c)	-	-	120,456
Hua Nan Bank - Singapore (d)	75,939	78,674	27,881
China Trust (e)	213,632	233,695	271,032
China Trust (f)	84,107	-	-
China Trust (g)	38,567	-	-
China Trust (h)	55,184	-	-
	467,429	312,369	419,369
Less: Current portion	22,134	19,475	14,455
	445,295	292,894	404,914
	$ 1,458,815	$ 1,311,694	$ 2,083,114

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 December 31, 2014 and June 30, 2014, the interest rates were 1.5592%-1.5613% and 1.5539%-1.5592%, 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.

The Corporation had paid off the 2011 syndicated bank loan with new syndicated bank loan in January 2015.

b. The Corporation signed a syndicated loan agreement with nine banks led by Taiwan Cooperative Bank in December 2014. 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 $3 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 $450 million and the fifth six-month period will be reduced by $1.2 billion. Under the borrowing limit, the Corporation could use the revolving credit facility and borrowing terms are less than 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, 2015, the interest rate was 1.7977%.

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 180%.
- 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 $8 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. 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.

c. Mortgage loan with Hua Nan Bank is repayable in 214 monthly installments from December 2009 to October 2027, NT$753 thousand per installment. In August 2014, the loan has been fully repaid. The interest rate was 1.87% as of June 30, 2014.

d. 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 2.21%, 1.75%-1.8% and 1.75% as of June 30, 2015, December 31, 2014, and June 30, 2014, respectively.

e. 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 1.83%, 1.87% and 1.87% as of June 30, 2015, December 31, 2014 and June 30, 2014, respectively.

f. The subsidiary company - Okayama Solar signed a mortgage loan agreement with China Trust, Tokyo Branch in May 2015 for construction of plant and purchasing of equipment. The loan credit line is up to JPY640,000 thousand and can be drawn before May 2016. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rate was 1.89% as of June 30, 2015.

g. The subsidiary company - Sakuragawa Solar signed a mortgage loan agreement with China Trust, Tokyo Branch in May 2015 for construction of plant and purchasing of equipment. The loan credit line is up to JPY578,000 thousand and can be drawn before May 2015. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rate was 1.89% as of June 30, 2015.

h. The subsidiary company - Miyazaki Solar signed a mortgage loan agreement with China Trust, Tokyo Branch in May 2015 for construction of plant and purchasing of equipment. The loan credit line is up to JPY624,000 thousand and can be drawn before May 2016. After one year from the initial drawdown date, the principal will be repaid in 25 installments. The interest rate was 1.89% as of June 30, 2015.

19. BONDS PAYABLE - ONLY AS OF JUNE 30, 2015 AND DECEMBER 31, 2014

	June 30, 2015	December 31, 2014
a. Liability component		
Convertible bonds		
Proceeds from issue	$ 1,000,000	$ 1,000,000
Interest payable	15,075	15,075

(Continued)

	June 30, 2015	December 31, 2014
Less: Discount on bonds payable	$ 37,575	$ 37,575
Issuance cost of bonds payable	5,494	5,494
Amortized cost	972,006	972,006
Add: Amortization expenses	12,963	5,871
	$ 984,969	$ 977,877
b. Equity component		
Share option of common stock	$ 22,500	$ 22,500
Less: Issuance cost of share option	126	126
Capital surplus - share option	$ 22,374	$ 22,374

(Concluded)

In August 2014, the Corporation issued $1 billion (all issued on 10 thousand notes and the denomination of each note was $100 thousand) 3-year (from August 2014 to August 2017) zero interest coupon second unsecured domestic convertible bonds.

The convertible bonds included liabilities and conversion options, recognized as liabilities and capital surplus-share option respectively. The non-derivative financial liabilities component of the convertible bonds (included issuance costs and interests payable) are measured at amortized cost using the effective interest method (the effective interest rate was 1.446%), and related amortization expenses of convertible bonds were recognized in profit or loss in the period in which they arise. The conversion methods were as follows:

a. Conversion option

From one month after the issuance date to the maturity date (except the relevant transfer period), bondholders may request to convert the bonds into the Corporation's common shares.

The conversion price was originally $69 per share. After the issue date, except the Corporation issues various securities with conversion option or share option to transfer to common shares, the conversion price will be subject to adjustments under the following conditions: (a) the ordinary shares issued increased, 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 price (in public or private placement) of various securities with rights of conversion to ordinary shares or warrants is lower than the conversion price, or (d) ordinary shares of capital reduction were induced reduction not due to cancellation of treasury shares. The conversion price was $64.7 per share after adjusting for the cash dividend effect as of July 26, 2015.

b. Redemption option

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, after 5 business days from the bonds redemption reference date, the Corporation may redeem by cash the remaining bonds at their face value.

c. Date and manner of repayment of principal

Except when the bondholders used the conversion option or the Corporation used the redemption option or purchased from market and wrote off, at the maturity date, the Corporation may redeem by cash the remaining bonds at their face value plus accrued interest (the amount of interest was 1.5075% of the bonds' face value, the effective interest rate was 0.5%).

As of June 30, 2015, the bondholders had not used the conversion option and the Corporation had not used redemption option.

20. OTHER PAYABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Salaries or bonus	$ 355,652	$ 402,774	$ 331,109
Payable for bonus to employees and remuneration to directors and supervisors	297,784	210,735	293,733
Payable for commission	35,269	29,185	34,638
Payable for annual leave	21,569	21,641	21,476
Payable for freight fee	34,823	17,660	15,071
Payable for insurance premium	17,825	19,089	16,651
Payable for business tax	12,238	49,114	9,198
Payable for interest	5,207	7,588	6,224
Payable for purchasing of equipment	11,898	227	718
Others	48,561	98,004	81,848
	$ 840,826	$ 856,017	$ 810,666

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Subsidiaries including Raycong, Shanghai Yikang, Dong Guan Hua Gang and Wah Lee Tech are required by local regulations to make contribution for central provident fund and retirement insurance.

b. Defined benefit plan

Part of the employees of the Corporation adopted the defined benefit plan under the Labor Standards Law, in which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts, equal to 8% of total monthly salaries and wages, to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2014
Present value of defined benefit obligation	$ 430,082
Fair value of plan assets	(100,634)
Net defined benefit liability	$ 329,448

Movements of net defined benefit liability (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2014	$ 435,936	$ (106,453)	$ 329,483
Service cost			
Current service cost	5,282	-	5,282
Net interest expense (income)	7,065	(1,699)	5,366
Recognized in profit or loss	12,347	(1,699)	10,648
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,187)	(1,187)
Actuarial loss - changes in demographic assumptions	184	-	184
Actuarial loss - experience adjustments	2,175	-	2,175
Recognized in other comprehensive income	2,359	(1,187)	1,172
Contributions from the employer	-	(12,547)	(12,547)
Benefits paid	(21,252)	21,252	-
Exchange differences on foreign plans	692	-	692
Balance at December 31, 2014	$ 430,082	$ (100,634)	$ 329,448

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk

   The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2014
Discount rate (%)	1.75
Expected rate of salary increase (%)	2.00
Mortality rate (%)	0.0003-0.0149
Turnover rate (%)	0.000-0.139
The average duration of the defined benefit obligation	10 years

The subsidiary company - Raycong has a pension plan covering eligible employees.

The pension expenses of defined benefit plan (estimated by actuarial pension cost rate as of December 31, 2015 and 2014, respectively) were NT$2,484 thousand, NT$4,283 thousand, NT$4,967 thousand and NT$7,879 thousand for the three months ended June 30, 2015 and 2014, and the six months ended June 30, 2015 and 2014, respectively.

22. EQUITY

a. Capital Stock

	June 30, 2015	December 31, 2014	June 30, 2014
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, 2015	December 31, 2014	June 30, 2014
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	161,382	131,652	87,169
Recognized from issuance of convertible bonds (Note 19)	22,374	22,374	-
Recognized from donations	11,867	11,867	11,867
	$ 1,356,142	$ 1,326,412	$ 1,259,555

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 and convertible bonds 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 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.

Under the Company Act as amended in May 2015, the appropriations of dividends and bonuses are limited to shareholders and do not include employees. The Corporation expects to make consequential amendments to the Corporation's Articles of Incorporation to be approved during the 2016 annual shareholders' meeting. For information about the accrual basis of the employee remuneration and remuneration to directors and supervisors for the three months and six months ended June 30, 2015 and 2014, and the actual appropriations for the years ended December 31, 2014 and 2013, please refer to e Employee benefits expense in Note 23.

Under Rule No. 1010012865 and Rule No. 1010047496 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate to or reverse from special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

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 2014 and 2013 had been approved in the stockholders' meetings on June 22, 2015 and June 17, 2014, respectively. The appropriations of earnings and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Fiscal Year 2014	**For Fiscal Year 2013**	**For Fiscal Year 2014**	**For Fiscal Year 2013**
Legal reserve	$ 127,361	$ 115,945		
Cash dividends to stockholders	763,587	694,171	$3.3	$3.0
	$ 890,948	$ 810,116		

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 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 Corporation appropriated to the special reserve only the amount of $72,302 thousand.

e. Other Equity Items

1) Exchange differences on translating foreign operations

	For the Six Months Ended June 30	
	2015	**2014**
Balance, beginning of period	$ 294,094	$ 83,152
Exchange differences on translation of foreign operations	(127,890)	(82,878)
Share of exchange difference of associates accounted for using the equity method	(43,728)	(18,721)
Income tax relating to gains on translation of net assets of foreign operations	19,814	18,825
Balance, end of period	$ 142,290	$ 378

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

	For the Six Months Ended June 30	
	2015	**2014**
Balance, beginning of period	$ 150,378	$ 259,959
Unrealized gain (loss) on revaluation of available-for-sale financial assets	(37,959)	15,011
Cumulative loss on impairment of available-for-sale financial assets reclassified to profit or loss	2,631	-
Cumulative gain on available-for-sale financial assets reclassified to profit or loss	(2,060)	(92,323)
Share of unrealized loss on revaluation of available-for-sale financial assets of associates accounted for using the equity method	8,616	(4,936)
Balance, end of period	$ 121,606	$ 177,711

f. Non-Controlling Interests

	For the Six Months Ended June 30	
	2015	**2014**
Balance, beginning of period	$ 822,495	$ 709,766
Attributable to non-controlling interests		
Share of net profit for the period	43,770	36,016
Exchange difference arising on translation of foreign entities	(21,784)	(12,772)
Balance, end of period	$ 844,481	$ 733,010

23. 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	
	2015	2014	2015	2014
Rental income	$ 1,446	$ 1,458	$ 2,849	$ 3,311
Interest income	15,358	31,060	38,898	59,183
Others	6,758	5,765	14,468	13,501
	$ 23,562	$ 38,283	$ 56,215	$ 75,995

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Gain (loss) on disposal of property, plant and equipment	$ (50)	$ (134)	$ 831	$ (134)
Gain on sale of available-for-sale financial assets	2,055	47,452	2,060	92,323
Net foreign exchange gain (loss)	(1,071)	(1,503)	(3,939)	(60,481)
Gain on financial assets designated as at FVTPL	2,399	-	3,647	-
Impairment loss	(98,631)	-	(98,631)	-
Other losses	(929)	(3,675)	(1,446)	(7,024)
	$ (96,227)	$ 42,140	$ (97,478)	$ 24,684

c. Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Interest on bank loans	$ 14,550	$ 26,502	$ 32,508	$ 48,725
Syndicated loan fee amortization	360	300	1,920	600
Discount on bonds payable amortization	3,552	-	7,092	-
Others	3,944	817	9,096	1,204
	$ 22,406	$ 27,619	$ 50,616	$ 50,529

d. Depreciation and amortization (recognized in operating expenses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Property, plant and equipment	$ 19,707	$ 19,195	$ 38,954	$ 38,711
Intangible assets	3,505	4,107	6,295	7,208
	$ 23,212	$ 23,302	$ 45,249	$ 45,919
An analysis of depreciation by function				
Operating costs	$ 136	$ -	$ 204	$ -
Operating expenses	19,571	19,195	38,750	38,711
	$ 19,707	$ 19,195	$ 38,954	$ 38,711
An analysis of amortization by function				
Operating expenses	$ 3,505	$ 4,107	$ 6,295	$ 7,208

e. Employee benefits expense (recognized in operating expenses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Short-term employee benefits	$ 280,444	$ 288,992	$ 539,605	$ 563,638
Post-employment benefits				
Defined contribution plans	10,225	8,403	20,020	17,667
Defined benefit plans	2,484	3,012	4,967	5,338
	12,709	11,415	24,987	23,005
	$ 293,153	$ 300,407	$ 564,592	$ 586,643

Under the Company Act as amended in May 2015, the Corporation's Articles of Incorporation should stipulate a fixed amount or ratio of annual profit to be distributed as employee remuneration. However, the Corporation has not made consequential amendments to its policies for distribution of employee remuneration. The bonus to employees represented 15% and 16% of net income (net of bonus and remuneration) and the remuneration to directors and supervisors both represented 1.55% of net income for the three and six months ended June 30, 2015 and the three and six months ended June 30, 2014, respectively; the amounts were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Bonus to employees	$ 38,938	$ 47,191	$ 78,892	$ 92,853
Remuneration to directors and supervisors	4,026	4,570	8,157	8,993

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate. If a share bonus was resolved to be distributed to employees at the shareholders' meeting, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

The appropriations of bonuses to employees and remuneration to directors and supervisors for 2014 and 2013 have been approved in the shareholders' meetings on June 22, 2015 and June 17, 2014, respectively; the amounts were as follows:

	For the Year Ended December 31	
	2014	**2013**
Bonus to employees	$ 191,041	$ 173,907
Remuneration to directors and supervisors	19,694	17,980

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 years ended December 31, 2014 and 2013.

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

24. 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	
	2015	**2014**	**2015**	**2014**
Current tax				
In respect of the current period	$ 89,391	$ 71,226	$ 153,234	$ 122,190
Additional 10% income tax on unappropriated earnings	37,968	34,934	37,968	34,934
In respect of prior periods	3,110	9,324	3,110	9,324
Others	939	-	1,019	-
	131,408	115,484	195,331	166,448
Deferred tax				
In respect of the current period	(11,556)	7,829	13,205	19,631
Income tax expense recognized in profit or loss	$ 119,852	$ 123,313	$ 208,536	$ 186,079

b. Income tax expense recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Deferred tax				
Translation of foreign operations	$ 11,939	$ 17,682	$ 19,814	$ 18,825

c. Integrated income tax

As of June 30, 2015, December 31, 2014 and June 30, 2014, all of the unappropriated earnings were generated after January 1, 1998.

	June 30, 2015	December 31, 2014	June 30, 2014
Imputation credit account	$ 708,187	$ 591,056	$ 677,649

	For the Year Ended December 31	
	2014 (Expected)	2013 (Actual)
The creditable ratio for distribution of earnings (%)	17.72	18.78

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 Imputation Credit Account (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

d. Income tax assessments

The Corporation's tax returns through 2012 have been assessed by the tax authorities.

25. 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	
	2015	2014	2015	2014
Basic EPS				
Net profit for the period attributable to common shareholders	$ 257,704	$ 292,076	$ 525,978	$ 582,565

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Effect of dilutive potential ordinary shares				
Convertible bonds	$ 3,552	$ -	$ 7,092	$ -
Earnings used in the computation of diluted earnings per share	$ 261,256	$ 292,076	$ 533,070	$ 582,565

(Concluded)

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	
	2015	2014	2015	2014
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				
Convertible bonds	15,456	-	15,456	-
Bonus shares issued to employees	5,092	4,278	5,348	4,535
Weighted average number of ordinary shares outstanding used in computation of diluted earnings per share	251,938	235,668	252,194	235,925

The Group is allowed to settle bonus to employees in cash or shares; therefore, in the computation of diluted earnings per share (except the effect of dilutive convertible bonds), 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.

26. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of warehouses with lease terms of up to 10 years that expired on March 31, 2015; the Corporation has signed new lease terms up to March 31, 2017. 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, 2015, December 31, 2014 and June 30, 2014, 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, 2015	December 31, 2014	June 30, 2014
Not later than 1 year	$ 15,860	$ 14,539	$ 10,573
Later than 1 year and not later than 5 years	11,895	19,825	-
	$ 27,755	$ 34,364	$ 10,573

The lease payments recognized as expenses were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Minimum lease payment	$ 3,776	$ 3,777	$ 6,294	$ 7,553

27. 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.

28. FINANCIAL INSTRUMENTS

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

Except the item listed in the following table, 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.

1) Carrying amounts and fair value of financial liabilities has significant difference

June 30, 2015	Book value	Fair value
Financial liabilities measured at amortized cost		
Convertible bonds	$ 984,969	$ 992,200

(Continued)

December 31, 2014	Book value	Fair value
Financial liabilities measured at amortized cost		
Convertible bonds	$ 977,877	$ 985,300

(Concluded)

2) Fair value hierarchy

The fair value hierarchy of convertible bond is Level 3.

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
June 30, 2015				
Available-for-sale financial assets				
Securities listed in the ROC	$ 76,426	$ -	$ -	$ 76,426
Unlisted securities	-	10,397	365,110	375,507
Mutual funds	207,967	-	-	207,967
Securities listed in other countries	21,793	-	-	21,793
	$ 306,186	$ 10,397	$ 365,110	$ 681,693
Financial assets at FVTPL				
Derivative financial assets held for trading (not under hedge accounting)	$ -	$ 352	$ -	$ 352
December 31, 2014				
Available-for-sale financial assets				
Securities listed in the ROC	$ 124,584	$ -	$ -	$ 124,584
Unlisted securities	-	14,081	458,231	472,312
Mutual funds	135,354	-	-	135,354
Securities listed in other countries	43,945	-	-	43,945
	$ 303,883	$ 14,081	$ 458,231	$ 776,195
Financial Liabilities at FVTPL				
Derivative financial liabilities held for trading (not under hedge accounting)	$ -	$ 1,761	$ -	$ 1,761

(Continued)

	Level 1	Level 2	Level 3	Total
June 30, 2014				
Available-for-sale financial assets				
Securities listed in the ROC	$ 156,908	$ -	$ -	$ 156,908
Unlisted securities	-	15,531	436,403	451,934
Mutual funds	236,164	-	-	236,164
Securities listed in other countries	40,961	-	-	40,961
	$ 434,033	$ 15,531	$ 436,403	$ 885,967

(Concluded)

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2015 and 2014 and for the year ended December 31, 2014.

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

	For the Six Months Ended June 30	
	2015	2014
Available-for-sale financial assets		
Unlisted securities		
Balance, beginning of period	$ 458,231	$ 160,263
Recognized in profit or loss	(96,000)	(4,479)
Recognized in other comprehensive income	(121)	10,619
Purchases	3,000	270,000
Balance, end of period	$ 365,110	$ 436,403

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

Financial Instrument	Valuation Techniques and Inputs
Derivative instruments - Foreign exchange forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Emerging market shares	Reference tradable market observed evidence of price assessment.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) Unlisted financial assets

The Group held unlisted shares which were measured at fair value. Fair value was estimated by the investee's latest book value.

b) Convertible bonds

The fair value of the liability component of convertible bonds was estimated using binary tree convertible bonds evaluation model of stock price volatility, risk-free interest rate, the discount rate risk and liquidity risk, etc.

c. Categories of financial instruments

	June 30, 2015	December 31, 2014	June 30, 2014
Financial assets			
Loans and receivables (i)	$ 13,680,223	$ 15,082,700	$ 14,096,775
FVTPL - Held for trading	352	-	-
Available-for-sale financial assets	681,693	776,195	885,967
Financial liabilities			
FVTPL - Held for trading	-	1,761	-
At amortized cost (ii)	13,522,488	14,484,223	13,919,391

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), dividend payable, other payables, long-term loans (including current portion), bonds payable and deposits received .

d. Financial risk management objectives and policies

The Group’s major financial instruments included equity investment, notes and accounts receivable, other financial assets, short-term bills payable, notes and accounts payable, bonds 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.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group’s policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group’s activities expose it primarily to the financial risks as follows:

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 32.

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 the functional currency (refer to Note 32) 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 negative number below indicates an increase in pre-tax profit assuming the functional currency strengthened by 1% against the relevant currency. For a 1% weakening of the functional currency 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	
	2015	**2014**
USD	$ 8,060	$ 1,019
RMB	(3,186)	(15,194)

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, 2015	**December 31, 2014**	**June 30, 2014**
Cash flow interest rate risk			
Financial assets	$ 3,092,216	$ 2,866,694	$ 2,322,093
Financial liabilities	3,365,146	4,695,497	3,952,105

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, 2015 and 2014. 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, 2015 and 2014 would have been lower/higher by $1,365 thousand and $8,150 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, 2015 would have been higher/lower by $6,817 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, 2014 would have been higher/lower by $8,860 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 due to 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.

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

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, 2015, December 31, 2014 and June 30, 2014, the Group had available unutilized overdraft and bank loan facilities of $4,521,759 thousand, $3,900,371 thousand and $3,730,248 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.

	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
June 30, 2015					
Non-derivative financial liabilities					
Non-interest bearing	$ 6,541,802	$ 928,575	$ -	$ -	$ 7,470,377
Variable interest rate liabilities	2,290,072	668,492	369,355	75,939	3,403,858
Fixed interest rate liabilities	1,502,611	190,922	1,000,000	-	2,693,533
Financial guarantee contracts	730,326	-	-	-	730,326
	$ 11,064,811	$ 1,787,989	$ 1,369,355	$ 75,939	$ 14,298,094
December 31, 2014					
Non-derivative financial liabilities					
Non-interest bearing	$ 5,781,083	$ 957,871	$ -	$ -	$ 6,738,954
Variable interest rate liabilities	3,810,799	679,889	214,220	-	4,704,908
Fixed interest rate liabilities	1,822,796	101,847	1,000,000	-	2,924,643
Financial guarantee contracts	852,402	-	-	-	852,402
	$ 12,267,080	$ 1,739,607	$ 1,214,220	$ -	$ 15,220,907
June 30, 2014					
Non-derivative financial liabilities					
Non-interest bearing	$ 6,419,838	$ 931,489	$ -	$ -	$ 7,351,327
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
	$ 9,468,026	$ 3,351,808	$ 1,626,467	$ 100,063	$ 14,546,364

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.

29. 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	
	2015	2014	2015	2014
Related parties types				
Associates and their subsidiaries	$ 58,810	$ 80,814	$ 120,445	$ 136,960
Other related parties	2,599	10,839	6,847	26,528
	$ 61,409	$ 91,653	$ 127,292	$ 163,488

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	
	2015	2014	2015	2014
Related parties types				
Associates and their subsidiaries	$ 147,907	$ 125,924	$ 325,707	$ 236,231
Other related parties	257,247	300,086	490,354	567,135
	$ 405,154	$ 426,010	$ 816,061	$ 803,366

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	
	2015	2014	2015	2014
Commission income				
Associates	$ 43	$ 920	$ 72	$ 3,823
Commission expense				
Other related parties	$ 655	$ 641	$ 1,245	$ 1,092

4) Receivables from related parties

	June 30, 2015	December 31, 2014	June 30, 2014
Notes receivable			
Associates and their subsidiaries	$ 1,493	$ 3,200	$ 1,163
Accounts receivable - related parties			
Associates and their subsidiaries	$ 63,641	$ 79,692	$ 92,684
Other related parties	2,619	6,379	11,981
	$ 66,260	$ 86,071	$ 104,665
Other receivables - related parties			
Associates and their subsidiaries	$ 78,248	$ 3,531	$ 69,735
Other related parties	7	21	8
	$ 78,255	$ 3,552	$ 69,743

As of June 30, 2015 and 2014, other receivables - related parties included dividends receivable $76,962 thousand and $68,166 thousand, respectively.

The outstanding trade receivables from related parties are unsecured.

5) Payables to related parties

	June 30, 2015	December 31, 2014	June 30, 2014
Notes payable - related parties			
Associates and their subsidiaries	$ 1,046	$ 288	$ 911
Other related parties	214,320	232,306	264,050
	$ 215,366	$ 232,594	$ 264,961

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Accounts payable - related parties			
Associates and their subsidiaries	$ 130,014	$ 103,938	$ 109,783
Other related parties	123,852	125,374	125,357
	$ 253,866	$ 229,312	$ 235,140

(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	
	2015	2014	2015	2014
Associates and their subsidiaries	$ 556	$ 639	$ 2,336	$ 3,243

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 August 31, 2015 as the latest, and the lease on computer software will expire in December 2015. The rental income was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Related Parties Types				
Associates	$ 1,181	$ 1,143	$ 2,361	$ 2,325
Other related parties	6	-	36	24
	$ 1,187	$ 1,143	$ 2,397	$ 2,349

d. Endorsements and guarantees and related fee income

1) Endorsements and guarantees

Related Parties Types	June 30, 2015	December 31, 2014	June 30, 2014
Associates and their subsidiaries	$ 1,143,039	$ 1,037,835	$ 1,002,313
Other related parties	25,194	25,194	25,194
	$ 1,168,233	$ 1,063,029	$ 1,027,507

2) Fee income from endorsements and guarantees

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Parties Types	2015	2014	2015	2014
Associates	$ 26	$ 39	$ 49	$ 133
Other related parties	3	6	7	8
	$ 29	$ 45	$ 56	$ 141

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	
	2015	2014	2015	2014
Short-term employee benefits	$ 19,014	$ 21,911	$ 41,383	$ 44,523
Post-employment benefits	537	792	1,073	1,585
Other long-term employee benefits	-	18	296	296
	$ 19,551	$ 22,721	$ 42,752	$ 46,404

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.

30. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets at carrying amounts 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, 2015	December 31, 2014	June 30, 2014
Other financial assets (classified as other noncurrent assets)			
Pledged deposits	$ -	$ 11,223	$ 320
Property, plant and equipment			
Freehold land	126,198	127,309	275,646
Buildings	174,400	188,990	283,226
Machinery and equipment	272,835	295,354	339,500
Notes receivable	-	95,636	-
	$ 573,433	$ 718,512	$ 898,692

31. 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, 2015	December 31, 2014	June 30, 2014
USD	$ 6,437	$ 23,563	$ 15,145
JPY	-	25,560	-
NTD	60,426	82,323	67,742
EUR	-	-	24

b. Unrecognized commitments were as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Acquisition of property, plant and equipment	$ 258,211	$ 308,932	$ 56,761

As of June 30, 2015, the contracts related to purchase of land and buildings were as follows:

In December 2014, the subsidiary - Sakuragawa Solar entered into contracts with third parties for purchase of land and to build solar power plant in Japan. The total amount of the contracts is $154,787 thousand (JPY613,259 thousand). As of June 30, 2015, the amount paid to the third parties was $61,915 thousand (JPY245,304 thousand) and was recognized as construction in progress. The future payment will be made according to the construction progress and the completion date is estimated at March 2016.

In December 2014, the subsidiary - Okayama Solar entered into contracts with third parties for purchase of land and to build solar power plant in Japan. The total amount of the contracts is $169,648 thousand (JPY672,140 thousand). As of June 30, 2015, the amount paid to the third parties was $80,126 thousand (JPY317,457 thousand) and was recognized as construction in progress. The future payment will be made according to the construction progress and the completion date is estimated at March 2016.

On January 20, 2015, the subsidiary - Miyazaki Solar entered into contracts with third parties for purchase of land and to build solar power plant in Japan. The total amount of the contracts is $172,437 thousand (JPY683,189 thousand). As of June 30, 2015, the amount paid to the third parties was $97,748 thousand (JPY387,278 thousand) and was recognized as construction in progress. The future payment will be made according to the construction progress and the completion date is estimated at March 2016.

c. As of June 30, 2015, the guarantee notes for purchases of goods was NT$199,084 thousand (RMB40,000 thousand).

d. The Corporation offered financial guarantees for related parties as stated in Note 29.

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

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed.

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

	Foreign Currency Amount	Exchange Rate		Carrying Amount
June 30, 2015				
Monetary financial assets				
USD	$ 162,969	30.86	(USD:NTD)	$ 5,029,238
USD	31,888	7.8	(USD:HKD)	984,056
USD	24,284	6.2004	(USD:RMB)	749,414
RMB	53,887	4.9771	(RMB:NTD)	268,202
RMB	13,775	1.2505	(RMB:HKD)	68,559
JPY	1,233,184	0.2524	(JPY:NTD)	311,256
JPY	299,642	0.0634	(JPY:HKD)	75,630
JPY	589,158	0.0507	(JPY:RMB)	148,703
HKD	63	0.7997	(HKD:RMB)	251
Monetary financial liabilities				
USD	154,294	30.86	(USD:NTD)	4,761,502
USD	12,120	7.8	(USD:HKD)	374,031
USD	78,846	6.2004	(USD:RMB)	2,433,199
RMB	41	4.9771	(RMB:NTD)	206
RMB	3,612	1.2505	(RMB:HKD)	17,979
JPY	1,402,518	0.2524	(JPY:NTD)	353,996
JPY	340,525	0.0634	(JPY:HKD)	85,948
JPY	634,688	0.0507	(JPY:RMB)	160,195
HKD	167	3.98	(HKD:NTD)	665
HKD	67	0.7997	(HKD:RMB)	266

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
December 31, 2014				
Monetary financial assets				
USD	$ 168,317	31.65	(USD:NTD)	$ 5,327,248
USD	31,290	7.8	(USD:HKD)	990,337
USD	18,619	6.204	(USD:RMB)	589,297
RMB	127,548	5.1015	(RMB:NTD)	650,685
RMB	69,111	1.25031	(RMB:HKD)	352,568
JPY	875,285	0.2646	(JPY:NTD)	231,600
JPY	394,516	0.0648	(JPY:HKD)	104,389
JPY	106,619	0.05189	(JPY:RMB)	28,211
HKD	190	0.7998	(HKD:RMB)	776
Monetary financial liabilities				
USD	167,428	31.65	(USD:NTD)	5,299,083
USD	20,995	7.8	(USD:HKD)	664,476
USD	93,627	6.204	(USD:RMB)	2,963,301
RMB	5,107	1.25031	(RMB:HKD)	26,053
JPY	1,294,914	0.2646	(JPY:NTD)	342,634
JPY	278,664	0.0648	(JPY:HKD)	73,735
JPY	149,343	0.05189	(JPY:RMB)	39,516
HKD	5	0.7998	(HKD:RMB)	22
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
USD	53,601	6.2005	(USD:RMB)	1,600,792
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

(Concluded)

The Group is mainly exposed to USD and RMB. The following information was aggregated by the functional currencies of the Group entities and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

Functional Currencies	Exchange Rate		Net Foreign Exchange Gain (Loss)
For the three Months Ended June 30, 2015			
USD	30.835	(USD:NTD)	$ 615
RMB	4.9707	(RMB:NTD)	(1,990)
NTD	1	(NTD:NTD)	(218)
HKD	3.977	(HKD:NTD)	871
KRW	0.0283	(KRW:NTD)	(349)
			$ (1,071)
For the six Months Ended June 30, 2015			
USD	31.179	(USD:NTD)	$ 1,093
RMB	5.013	(RMB:NTD)	(4,706)
NTD	1	(NTD:NTD)	(1,742)
HKD	4.021	(HKD:NTD)	1,628
KRW	0.02859	(KRW:NTD)	(212)
			$ (3,939)
For the three Months Ended June 30, 2014			
USD	30.105	(USD:NTD)	$ (96)
RMB	4.8326	(RMB:NTD)	8,675
NTD	1	(NTD:NTD)	(12,017)
HKD	3.883	(HKD:NTD)	1,193
KRW	0.02948	(KRW:NTD)	742
			$ (1,503)
For the six Months Ended June 30, 2014			
USD	30.187	(USD:NTD)	$ 6
RMB	4.8965	(RMB:NTD)	(46,338)
NTD	1	(NTD:NTD)	(5,033)
HKD	3.892	(HKD:NTD)	(9,870)
KRW	0.029	(KRW:NTD)	754
			$ (60,481)

33. 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 12 for details.

Segment revenues and results

The following is 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, 2015						
Revenues from external customers	$ 10,895,504	$ 3,192,550	$ 3,824,526	$ 599,482	$ -	$ 18,512,062
Inter-segment revenues	1,920,262	54,736	67,346	213,682	(2,256,026)	-
Segment revenues	$ 12,815,766	$ 3,247,286	$ 3,891,872	$ 813,164	$ (2,256,026)	$ 18,512,062
Segment operating income	$ 207,873	$ 158,427	$ 212,534	$ 10,478	$ -	$ 589,312
Other income	20,203	12,418	22,630	964	-	56,215
Other gains and losses	(98,541)	157	(3,486)	4,392	-	(97,478)
Financial costs	(30,811)	(9,101)	(6,038)	(4,666)	-	(50,616)
Profit before income tax	98,724	161,901	225,640	11,168	-	497,433
Income tax expense	(119,291)	(32,494)	(54,059)	(2,692)	-	(208,536)
Net profit after tax	$ (20,567)	$ 129,407	$ 171,581	$ 8,476	$ -	288,897
Share of profit or loss of associates						280,851
Consolidated net profit						$ 569,748
Identifiable assets	$ 11,724,418	$ 4,223,603	$ 4,847,483	$ 1,588,815	$ (1,661,570)	$ 20,722,749
Goodwill						32,322
Investment accounted for using equity method						4,411,683
Total assets						$ 25,166,754
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

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Eliminated	Total
Segment operating income	$ 233,099	$ 172,073	$ 172,288	$ 22,415	$ -	$ 599,875
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	313,958	142,406	173,721	19,940	-	650,025
Income tax expense	(117,223)	(21,891)	(45,529)	(1,436)	-	(186,079)
Net profit after tax	$ 196,735	$ 120,515	$ 128,192	$ 18,504	$ -	463,946
Share of profit or loss of associates						154,635
Consolidated net profit						$ 618,581
Identifiable assets	$ 12,207,880	$ 4,196,204	$ 4,418,822	$ 1,243,604	$ (1,523,481)	$ 20,543,029
Goodwill						31,703
Investment accounted for using equity method						3,997,337
Total assets						$ 24,572,069

(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.