TXC Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2013 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 "Consolidated and Separate Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TXC CORPORATION

By

____

PAUL LIN
Chairman

March 23, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
TXC Corporation

We have audited the accompanying consolidated balance sheets of TXC Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

March 23, 2015

Notice to Readers

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

For the convenience of readers, the independent auditors' 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 auditors' report and consolidated financial statements shall prevail.

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,768,404	13	$ 1,829,536	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,149,004	9	445,807	4
Available-for-sale financial assets - current (Notes 4 and 8)	20,800	-	49,414	-
Notes receivable (Notes 4, 5 and 12)	42,961	-	20,521	-
Accounts receivable (Notes 4, 5 and 12)	2,918,461	21	2,636,402	20
Receivables from related parties (Notes 4, 5, 12 and 31)	6,870	-	9,416	-
Other receivables (Notes 4 and 12)	59,122	1	81,263	1
Other receivables from related parties (Notes 4, 12 and 31)	628	-	704	-
Inventories (Notes 4 and 13)	1,657,491	12	1,652,913	13
Prepayments	17,057	-	8,307	-
Prepaid rental (Notes 4 and 17)	2,564	-	2,538	-
Other financial assets - current (Note 11)	53,244	-	24,443	-
Other current assets - other (Note 18)	109,962	1	97,375	1
Total current assets	7,806,568	57	6,858,639	53
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	44,510	-	44,510	-
Held-to-maturity financial assets (Notes 4, 5 and 9)	47,840	-	47,840	-
Financial assets carried at cost (Notes 4 and 10)	111,998	1	198,245	2
Investments accounted for using equity method (Notes 4 and 14)	64,335	1	61,747	1
Property, plant and equipment (Notes 4 and 15)	5,153,830	38	5,508,064	42
Investment properties (Notes 4 and 16)	55,173	1	55,693	1
Deferred income tax assets (Notes 4, 5 and 26)	29,489	-	29,043	-
Prepayment for equipment	50,635	-	12,014	-
Refundable deposits (Notes 4 and 30)	11,961	-	4,384	-
Long-term prepaid rent (Note 17)	119,352	1	115,225	1
Other noncurrent assets (Note 18)	126,556	1	48,126	-
Total noncurrent assets	5,815,679	43	6,124,891	47
TOTAL	$ 13,622,247	100	$ 12,983,530	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 19)	$ 425,585	3	$ 707,268	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	15,352	-	17,329	-
Accounts payable (Note 21)	1,068,131	8	886,627	7
Accounts payables to related parties (Notes 21 and 32)	321	-	177	-
Other payables (Note 22)	606,921	4	594,959	5
Other payables to related parties (Note 32)	1,139	-	1,027	-
Current tax liabilities (Notes 4 and 26)	73,576	1	67,919	1
Current portion of long-term bank loans (Note 19)	538,300	4	489,415	4
Other current liabilities (Note 22)	62,449	1	46,968	-
Total current liabilities	2,791,774	21	2,811,689	22
NONCURRENT LIABILITIES				
Bonds payable (Note 20)	782,139	6	765,337	6
Long-term bank loans (Note 19)	944,025	7	887,500	7
Deferred income tax liabilities (Notes 4 and 26)	138,976	1	130,540	1
Accrued pension cost (Notes 4 and 23)	39,891	-	34,163	-
Guarantee deposits received (Notes 4, 22 and 29)	30,866	-	29,418	-
Total noncurrent liabilities	1,935,897	14	1,846,958	14
Total liabilities	4,727,671	35	4,658,647	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Capital stock (Note 24)				
Common stock	3,097,570	23	3,097,570	24
Capital surplus	1,662,181	12	1,662,181	13
Retained earnings				
Appropriated as legal capital reserve	957,864	7	864,348	7
Appropriated as special capital reserve	222,793	2	222,793	2
Unappropriated earnings	2,611,372	19	2,402,655	18
Total retained earnings	3,792,029	28	3,489,796	27
Other equity				
Exchange differences on translating foreign operations	341,996	2	75,336	-
Unrealized loss on available-for-sale financial assets	800	-	-	-
Total other equity	342,796	2	75,336	-
Total equity attributable to owners of the parent	8,894,576	65	8,324,883	64
Total equity	8,894,576	65	8,324,883	64
TOTAL	$ 13,622,247	100	$ 12,983,530	100

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
SALES (Note 4)	$ 9,526,243	100	$ 9,503,583	100
COST OF GOODS SOLD (Note 25)	(7,195,094)	(75)	(7,309,553)	(77)
GROSS PROFIT	2,331,149	25	2,194,030	23
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	517,442	5	473,499	5
General and administrative expenses	374,002	4	339,735	4
Research and development expenses	435,683	5	429,642	4
Total operating expenses	1,327,127	14	1,242,876	13
INCOME FROM OPERATIONS	1,004,022	11	951,154	10
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 25)	95,433	1	91,970	1
Other gains and losses (Note 25)	73,985	1	51,025	1
Finance costs (Notes 4 and 25)	(46,989)	(1)	(45,830)	(1)
Share of profits of associates and joint venture (Note 14)	19,304	-	13,446	-
Total non-operating income and expenses	141,733	1	110,611	1
INCOME BEFORE INCOME TAX	1,145,755	12	1,061,765	11
INCOME TAX EXPENSE (Note 26)	(150,581)	(2)	(126,604)	(1)
NET INCOME	995,174	10	935,161	10
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences arising on translation of foreign operations	266,660	3	172,667	2
Unrealized loss on available-for-sale financial assets	800	-	13,105	-
Actuarial loss from defined benefit plans	(13,826)	-	(10,164)	-
Income tax related to actuarial defined benefits	2,350	-	3,432	-
Other comprehensive income (loss) for the period, net of income tax	255,984	3	179,040	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,251,158	13	$ 1,114,201	12
EARNINGS PER SHARE				
Basic	$3.21		$3.02	
Diluted	$3.04		$2.82	

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent										
						Retained Earnings			Others		
	Shares (In Thousands)	Common Stock	Advance Receipts for Common Stock	Certificates on Bond-to-stock Conversion	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for-sale Financial Assets	Total Equity
BALANCE, JANUARY 1, 2013	309,757	$ 3,022,423	$ 24,460	$ 50,687	$ 1,616,549	$ 749,459	$ -	$ 2,493,373	$ (97,331)	$ (13,105)	$ 7,846,515
Appropriation of 2012 earnings											
Legal reserve	-	-	-	-	-	114,889	-	(114,889)	-	-	-
Special capital reserve	-	-	-	-	-	-	222,793	(222,793)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(681,465)	-	-	(681,465)
Equity component of convertible bonds issued by the Company	-	-	-	-	45,632	-	-	-	-	-	45,632
Net income for the year ended December 31, 2013	-	-	-	-	-	-	-	935,161	-	-	935,161
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	-	-	(6,732)	172,667	13,105	179,040
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	-	928,429	172,667	13,105	1,114,201
Convertible bonds converted to ordinary shares	-	50,687	-	(50,687)	-	-	-	-	-	-	-
Share-based payment transaction	-	24,460	(24,460)	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2013	309,757	3,097,570	-	-	1,662,181	864,348	222,793	2,402,655	75,336	-	8,324,883
Appropriation of 2013 earnings											
Legal reserve	-	-	-	-	-	93,516	-	(93,516)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(681,465)	-	-	(681,465)
Net income for the for the year ended December 31, 2014	-	-	-	-	-	-	-	995,174	-	-	995,174
Other comprehensive income for the for the year ended December 31, 2014, net of income tax	-	-	-	-	-	-	-	(11,476)	266,660	800	255,984
Total comprehensive income for the for the year ended December 31, 2014	-	-	-	-	-	-	-	983,698	266,660	800	1,251,158
BALANCE AT DECEMBER 31, 2014	309,757	$ 3,097,570	$ -	$ -	$ 1,662,181	$ 957,864	$ 222,793	$ 2,611,372	$ 341,996	$ 800	$ 8,894,576

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,145,755	$ 1,061,765
Adjustments for:		
Bad debt expense	1,306	706
Depreciation expense	926,535	886,327
Amortization expense	21,874	43,714
Net gain on fair value change of financial liabilities at fair value through profit or loss	(37,489)	(2,714)
Interest expense	46,989	45,830
Share of profits of associates and joint venture	(19,304)	(13,446)
Interest income	(21,850)	(13,887)
Impairment loss of financial assets	47,569	21,072
Loss on valuation of inventories	20,528	7,912
Impairment loss of property, plant and equipment	10,219	875
Gain on disposal of investments accounted for using equity method	(6,621)	-
Gain on disposal of property, plant and equipment	(3,611)	(1,264)
Dividend income	(1,118)	(1,035)
Loss (gain) on disposal of investment	27,324	(6,368)
Changes in operating assets and liabilities:		
Financial asset or liability held for trading	(334,988)	(455,332)
Notes receivable	(22,552)	(3,304)
Accounts receivables	(283,424)	816,843
Receivables from related parties	2,561	1,050
Other receivables	23,535	(10,168)
Other receivables from related parties	76	(122)
Inventories	(24,521)	(176,930)
Prepayments	(8,750)	8,755
Other current assets	(12,587)	(30,632)
Accounts payable	181,504	(528,776)
Accounts payable to related parties	144	(2,118)
Other payables	11,023	49,450
Other payables to related parties	112	1,015
Other current liabilities	15,481	(23,261)
Accrued pension costs	(8,098)	(7,423)
Cash generated from operations	1,697,622	1,668,534
Interest paid	(29,248)	(28,542)
Income taxes paid	(134,111)	(104,602)
Net cash generated by operating activities	1,534,263	1,535,390
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of net gain or loss arising on financial assets classified as held for trading recognized originally	(4,366,187)	(1,913,892)
Disposal of net loss arising on financial assets classified as held for trading recognized originally	4,089,723	1,924,782

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Purchase of investment accounted for using equity method	$ (65,000)	$ -
Disposal of investment accounted for using equity method	70,824	-
Purchase of available-for-sale financial assets	(89,617)	(179,665)
Disposal of available-for-sale financial assets	122,468	186,034
Financial assets carried at cost	7,917	-
Purchase of held-to-maturity financial assets	-	(47,840)
Payments for property, plant and equipment	(474,248)	(763,200)
Disposal of property, plant and equipment	34,967	58,575
Increase in refundable deposits	(7,577)	(179)
Increase in other financial assets	(28,801)	(24,443)
Increase in other noncurrent assets	(97,338)	(45,224)
Increase in prepayment for equipment	(38,621)	-
Decrease in prepayment for equipment	-	166,701
Interest received	20,456	12,189
Dividend received	18,160	1,035
Net cash used in investing activities	(802,874)	(625,127)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term loans	-	416,519
Decrease in short-term loans	(80,006)	-
Proceeds from issuance of convertible bonds	-	800,000
Repayment of bonds	-	(556,100)
Proceeds from long-term borrowings	450,000	750,000
Repayments of long-term borrowings	(576,773)	(1,393,471)
Guarantee deposits received	1,448	1,527
Payments of cash dividend	(681,465)	(681,465)
Net cash used in financing activities	(886,796)	(662,990)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	94,275	11,516
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(61,132)	258,789
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,829,536	1,570,747
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,768,404	$ 1,829,536

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

TXC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

TXC Corporation (TXC) was incorporated on December 28, 1983 under the Company Law and other related regulations of the Republic of China (ROC).

TXC specializes in five categories of products such as high quality Quartz Unite Crystal, Automotive Crystal, Crystal Oscillator (CXO) Surface Acoustic Wave (SAW) Filter, and Timing Module (TM), and provides complete solution in frequency devices and modules, and design service to fully satisfy various needs of the customers.

On August 26, 2002, TXC’s shares began to be traded on the Taiwan Stock Exchange.

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

In order to ensure investors’ rights and interests, the Company had applied to Taiwan Corporate Governance Association for corporate governance assessment certification. The Company has acquired (CG6005 general version of corporate governance assessment and authentication) and (CG6008 advanced version of corporate governance assessment and authentication), on March 23, 2011 and June 27, 2013, respectively. The Company will continue to strengthen corporate governance functions in order to work with international standards and to protect public interests.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on March 23, 2015.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. 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 FSC not yet effective

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

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

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

1) IFRS 13 "Fair Value Measurement"

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

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

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

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

The Group will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates/joint ventures accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

3) Revision to IAS 19 “Employee Benefits”

The interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

4) 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 IFRSs version in 2015 is expected to have material effect on the consolidated balance sheet as of January 1, 2014. In preparing the consolidated financial statements for the year ended December 31, 2015, the Group would present the consolidated balance sheet as of January 1, 2014 in accordance of the above amendments to IAS 1 and disclose related information in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, but not required to make disclosures about the line items of the balance sheet as of January 1, 2014.

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

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
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 3)
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
Amendment 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 IFRSs are effective for annual periods beginning on or after their respective effective dates.

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: 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.

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

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 shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments 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 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.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is 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 the 12-month expected credit losses 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 losses 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 losses is required for trade receivables that do not constitute a financing transaction.

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

2) Amendment to IAS 19: Amendment in 2013

The amended IAS 19 states that if contributions from employees or third parties are not linked to service, these contributions affect the remeasurement of the net defined benefit liability (asset). If the contributions are linked solely to service, the employees' service rendered in that period in which they are paid, these contributions may be recognized as a reduction of service cost in the same period. If the contributions depend on the number of years of service, an entity is required to attribute these contributions to service periods as a reduction of service cost.

3) 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.

4) 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.

5) 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.

6) 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.

7) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will 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:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- 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 an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

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

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, or other regulations (please specify) and IFRSs as endorsed by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for (financial instruments/investment properties/biological assets) that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries, including special purpose entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

2) The subsidiaries in the consolidated financial statements

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

			Percentage of Ownership at December 31		
Investor	**Investee**	**Business Nature**	**2014**	**2013**	**Note**
TXC Corporation	Taiwan Crystal Technology International Limited (TCTI)	Investment holding	100.00	100.00	a), j)
	TXC Technology, Inc.	Marketing activities	100.00	100.00	b), j)
	TXC Japan Corporation	Marketing activities	100.00	100.00	c), j)
	Taiwan Crystal Technology (HK) Limited (TCT-HK)	Investment holding	100.00	100.00	f), j)
Taiwan Crystal Technology International Limited	Growing Profits Trading Ltd. (GPT)	International trading	100.00	100.00	d), j)
	TXC (Ningbo) Corporation (NGB)	Manufacture and sales of electronic products	100.00	100.00	e), j)
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation (Chongqing)	Manufacture and sales of electronic products	59.56	56.73	h), j)
	Chongqing All Sun Company Limited (Chongqing All sun)	Marketing activities	100.00	100.00	i), j)
	Ningbo Jingyu Company Limited (Ningbo Jingyu)	Purchasing and selling electronic component	100.00	100.00	j), j)
Taiwan Crystal Technology (HK) Limited	TXC (Chongqing) Corporation (Chongqing)	Manufacture and sales of electronic products	40.4	43.27	h), j)

a) Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.

b) TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.

c) TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.

d) Growing Profits Limited was incorporated on March 9, 1999 in the British Virgin Islands.

e) TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.

f) Taiwan Crystal Technology (HK) Limited was incorporated on July 16, 2010 in Hong Kong Special Administrative Region, China.

g) TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.

h) Chongqing All Sun Corporation was incorporated on February 10, 2011 in Chongqing, China.

i) Ningbo Jingyu Company Limited was incorporated on September 7, 2011 in Ningbo, China.

j) Company 1 are immaterial subsidiaries, their financial statements have been audited.

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for:

1) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

2) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

3) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at (specific identification of cost/first-in, first-out (FIFO)/weighted-average cost) on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of (equity of associates/equity of associates attributable to the Group).

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence (and joint control). Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation/Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis/settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss (incorporates/does not incorporate) any dividend or interest earned on the financial asset.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

ii. Held-to-maturity investments

Commercial paper, corporate bonds, and foreign government bonds, which are above specific credit ratings and the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments. (Please specify the investments and the criteria of classifying the investments as held-to-maturity)

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

iii. Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iv. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, debt investments with no active market, and other receivables (please specify]) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and held-to-maturity investments assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss (incorporates/does not incorporate) any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 30.

Financial liabilities at fair value through profit or loss that are obligations to deliver unquoted equity instruments borrowed by a short seller whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial liabilities carried at cost. If, in a subsequent period, the fair value of the financial liabilities can be reliably measured, the financial liabilities are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

ii. Financial guarantee contracts

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the best estimate of the obligation under the contract or the amount initially recognized less cumulative amortization recognized.

iii. Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate issued by the Group are initially measured at fair value and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the best estimate of the obligation under the contract or the amount initially recognized less cumulative amortization recognized.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

The conversion options component of the convertible bonds issued by the Group that will be settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Company's own equity instruments is classified as derivative financial liabilities.

On initial recognition, the derivative financial liabilities component of the convertible bonds is recognized at fair value, and the initial carrying amount of the component of non-derivative financial liabilities is determined by deducting the amount of derivative financial liabilities from the fair value of the hybrid instrument as a whole. In subsequent periods, the non-derivative financial liabilities component of the convertible bonds is measured at amortized cost using the effective interest method. The derivative financial liabilities component is measured at fair value and the changes in fair value are recognized in profit or loss.

Transaction costs that relate to the issue of the convertible notes are allocated to the derivative financial liabilities component and the non-derivative financial liabilities component in proportion to their relative fair values. Transaction costs relating to the derivative financial liabilities component are recognized immediately in profit or loss. Transaction costs relating to the non-derivative financial liabilities component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

l. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue from selling of properties in the course of ordinary activities is recognized when the construction is completed and the properties are transferred to buyers. Until such revenue is recognized, deposits received from sales of properties and installment payments are carried in the consolidated balance sheets under current liabilities.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

m. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as (deferred revenue and recognized in) profit or loss on a systematic and rational basis over the useful lives of the related assets.

p. Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for (unrecognized actuarial gains and losses and) unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized (actuarial losses and) past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all [deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures] to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Held-to-maturity Financial Assets

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity.

Income Taxes

As of December 31, 2014 and 2013, the carrying amount of deferred tax assets in relation to unused tax losses was $29,489 thousand and $29,043 thousand, respectively. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

Estimated Impairment of Trade Receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Fair Value of Financial Instruments

As described in Note 31, the Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Debt instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of listed equity instruments traded in emerging market and unlisted equity instruments was based on the analysis in relation to the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities, including assumptions not based on unobservable market prices or rates. As of December 31, 2014 and 2013, the carrying amount of these equity instruments were all $44,510 thousand. The Group's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Write-down of Inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

Recognition and Measurement of Defined Benefit Plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	$ 705	$ 933
Demand deposits	1,345,005	1,055,240
Check accounts	3,528	20,929
Cash equivalents		
Time deposits with original maturities less than three	369,166	262,434
Repurchase agreements collateralized by bonds	50,000	490,000
	$ 1,768,404	$ 1,829,536

The market rate intervals of cash in bank repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31	
	2014	2013
Deposits in banks	0.02%-4.03%	0.02%-3.40%
Repurchase agreements collateralized by bonds	0.63%-0.65%	0.68%-0.71%

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
Financial assets designated as at FVTPL - current		
Structured deposit (a)	$ 315,418	$ -
Financial assets held for trading		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	-	860
Non-derivative financial assets		
Mutual funds	833,586	444,947
	$ 1,149,004	$ 445,807
Financial liabilities held for trading - current		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	$ 15,352	$ 17,329

Outstanding forward exchange contracts consisted of the following:

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2014			
Sell	USD/NTD	2015.01.05-2015.04.01	USD13,000/NTD404,240
Sell	USD/JPY	2015.01.05-2015.03.03	USD6,500/JPY764,631
Sell	USD/RMB	2015.02.26-2015.03.23	USD2,500/RMB15,569
Knock-out forward	USD/NTD	2015.01.05-2015.03.02	USD3,000/NTD93,360
Sell	USD/RMB	2015.01.05-2015.05.05	USD16,000/RMB99,256
December 31, 2013			
Sell	USD/NTD	2014.01.24-2014.03.03	USD13,000/NTD383,792
Sell	USD/JPY	2014.01.14-2014.03.10	USD17,000/JPY1,733,929
Sell	USD/RMB	2014.01.10-2014.06.26	USD20,100/RMB122,736

The Group entered into cross-currency swap contracts during the years ended December 31, 2014 and 2013 to manage exposures due to exchange rate and interest 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 by using hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Domestic investments		
Current		
Mutual funds	$ 20,800	$ 49,414
Noncurrent		
Listed shares and emerging market shares	$ 44,510	$ 44,510

The future cash flow of this investment has declined. As of December 31, 2014, the Group recognized the loss of impairment amounted to $1,936 thousand.

9. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2014	2013
Noncurrent		
Corporate bonds - Chinatrust	$ 47,840	$ 47,840

In 2014, the Group bought 3-year bank debentures issued by Chinatrust with a coupon rate of 2.9% and an effective interest rate of 2.9%.

10. FINANCIAL ASSETS MEASURED AT COST

	December 31 2014	December 31 2013
Domestic unlisted common shares	$ 65,520	$ 101,000
Overseas unlisted common shares	46,478	46,478
Overseas unlisted professed shares	-	50,767
	$ 111,998	$ 198,245

For the year ended December 31, 2014, the Company recognized an impairment loss in the amount of $45,633 thousand, due to the lower estimated recoverable amount compared with the carrying amount of its investments. The Company sold overseas unlisted common shares of Sitime to unrelated party and received $7,917 thousand. Meanwhile, recognized a disposal loss of $32,697 thousand. (See Note 33).

Management believed that the above unlisted equity investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

11. OTHER FINANCIAL ASSETS

	December 31 2014	December 31 2013
Current		
Time deposits with original maturity more than 3 months	$ 53,244	$ 24,443

The market interest rates of the time deposits with original maturity more than 3 months were 0.56%-3.25% per annum from January 1, 2014 to December 31, 2014.

12. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31 2014	December 31 2013
Notes receivable		
Notes receivable - operating	$ 43,079	$ 20,527
Notes receivable - non-operating	-	-
Less: Allowance for impairment loss	(118)	(6)
	$ 42,961	$ 20,521
Accounts receivable		
Accounts receivable	$ 2,936,107	$ 2,654,332
Accounts receivable - related parties	6,912	9,473
	2,943,019	2,663,805
Less: Allowance for impairment loss	(17,646)	(17,930)
Less: Allowance for impairment loss - related parties	(42)	(57)
	$ 2,925,331	$ 2,645,818

(Continued)

	December 31	
	2014	2013
Other receivables		
Income tax refund receivable	$ 15,884	$ 25,353
Equipment payment receivable	-	33,469
Others	43,238	22,441
	$ 59,122	$ 81,263

(Concluded)

The average credit period on sales of goods was 60 to 120 days. No interest was charged on trade receivables. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Historical experience shows that the Group recognized an allowance in accordance with the proportion of accounts receivable of each customers.

The Group did not include the balance of receivables that were past due but not impaired.

Movements of the Allowance for Doubtful Accounts Receivables

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ -	$ 21,114	$ 21,114
Provision	-	703	703
Reversal	-	(3,925)	(3,925)
Effect of exchange rate changes	-	95	95
Balance at December 31, 2013	$ -	$ 17,987	$ 17,987
Balance at January 1, 2014	$ -	$ 17,987	$ 17,987
Provision	-	1,194	1,194
Reversal	-	(1,649)	(1,649)
Effect of exchange rate changes	-	156	156
Balance at December 31, 2014	$ -	$ 17,688	$ 17,688

Movements of the Allowance for Doubtful Notes Receivables

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ -	$ 3	$ 3
Provision	-	3	3
Balance at December 31, 2013	$ -	$ 6	$ 6
Balance at January 1, 2014	$ -	$ 6	$ 6
Provision	-	112	112
Reversal	-	-	-
Balance at December 31, 2014	$ -	$ 118	$ 118

13. INVENTORIES

	December 31 2014	December 31 2013
Finished goods	$ 364,217	$ 373,430
Work in process	385,832	315,908
Raw materials	215,815	233,073
Supplies and spare parts	48,981	43,819
Merchandise	413,199	470,683
Land to be development	229,447	216,000
	$ 1,657,491	$ 1,652,913

Prepayment for land purchases is the payment made by Chongqing All Sum to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate. Chongqing All Sum has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2014. The land has not been constructed yet as of December 31, 2014.

The cost of inventories recognized as cost of goods sold in the years ended December 31, 2014 and 2013 included $7,195,094 thousand and $7,309,553 thousand, respectively, which include $20,528 thousand and $7,912 thousand, respectively, due to write-downs of inventories.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31 2014	December 31 2013
Investments in associates	$ 64,335	$ 61,747

Investments in Associates

	December 31 2014	December 31 2013
Unlisted companies		
TSE Technology (Ningbo) Co., Ltd. (TSE)	$ -	$ 61,747
Tai-Shing Electronics Components Corporation (Tai-Shing)	$ 64,335	$ -

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

Name of Associate	December 31 2014	December 31 2013
TSE Technology (Ningbo) Co., Ltd. (TSE)	-	23.0%
Tai-Shing Electronics Components Corporation (Tai-Shing)	12.5%	-

In November 2014, the TXC acquired 2,500 thousand shares of Tai-Shing Electronics Components Corporation for $65,000 thousand; following such acquisition, the Company's percentage of ownership in Tai-Shing was 12.5%.TXC has power to govern the financial and operating policies of Tai-Shing due to part of directors of TXC are the same as Tai-Shing. As a result, Tai-Shing is accounted for using the equity method.

For the year ended December 31, 2014, TXC (Ningbo) Corporation received cash dividend $17,042 thousand from TSE Technology (Ningbo) Co., Ltd.

In November 2014, TXC (Ningbo) Corporation sold 10,064 thousand common shares of TSE to Tai-Shing and recognized a disposal gain of $6,621 thousand. (See Note 31)

The summarized financial information in respect of the Group's associates was set out below:

	December 31	
	2014	**2013**
Total assets	$ 514,739	$ 439,284
Total liabilities	$ 93,940	$ 339,109

	2014	**2013**
Revenue	$ 915,229	$1,549,022
Net income for the period	$ 84,101	$ 64,956

In December 31, 2014, the equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments share of profit and other comprehensive income of associates, had been audited.

15. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2014							
	Freehold Land	**Land Improvements**	**Buildings**	**Machinery and Equipment**	**Transportation Equipment**	**Office Equipment**	**Property in Construction**	**Total**
Cost								
Balance at January 1, 2013	$ 598,145	$ 151	$ 2,068,029	$ 5,069,798	$ 13,778	$ 188,746	$ 306,248	$ 8,244,895
Additions	-	-	5,144	778,167	390	36,736	77,037	897,474
Disposals	-	-	-	(230,241)	-	(4,003)	-	(234,244)
Effect of foreign currency exchange differences	-	-	37,309	140,020	648	4,276	1,509	183,762
Transfer from investment property	-	-	2,361	-	-	-	-	2,361
Reclassification	-	-	240,825	173,197	-	-	(384,794)	29,228
Government grant	-	-	-	(134,274)	-	-	-	(134,274)
Balance at December 31, 2013	$ 598,145	$ 151	$ 2,353,668	$ 5,796,667	$ 14,816	$ 225,755	$ -	$ 8,989,202
Accumulated depreciation and impairment								
Balance at January 1, 2013	$ -	$ 103	$ 415,229	$ 2,153,230	$ 7,511	$ 121,631	$ -	$ 2,697,704
Disposals	-	-	-	(173,350)	-	(3,583)	-	(176,933)
Depreciation expenses	-	25	124,713	723,697	2,158	32,520	-	883,113
Transfer from investment property	-	-	429	-	-	-	-	429
Allowance for impairment	-	-	-	875	-	-	-	875
Effect of foreign currency exchange differences	-	-	7,387	65,815	389	2,359	-	75,950
Balance at December 31, 2013	$ -	$ 128	$ 547,758	$ 2,770,267	$ 10,058	$ 152,927	$ -	$ 3,481,138
Carrying value at December 31, 2013	$ 598,145	$ 23	$ 1,805,910	$ 3,026,400	$ 4,758	$ 72,828	$ -	$ 5,508,064
Cost								
Balance at January 1, 2014	$ 598,145	$ 151	$ 2,353,668	$ 5,796,667	$ 14,816	$ 225,755	$ -	$ 8,989,202
Additions	-	-	33,601	428,464	4,371	20,835	-	487,271
Disposals	-	-	-	(130,251)	(4,146)	(3,636)	-	(138,033)
Effect of foreign currency exchange differences	-	-	51,988	202,822	870	7,005	-	262,685
Transfer from investment property	-	-	359		-	-	-	359
Government grant	-	-	-	(13,023)	-	-	-	(13,023)
Balance at December 31, 2014	$ 598,145	$ 151	$ 2,439,616	$ 6,284,679	$ 15,911	$ 249,959	$ -	$ 9,588,461

(Continued)

	For the Year Ended December 31, 2014							
	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ -	$ 128	$ 547,758	$ 2,770,267	$ 10,058	$ 152,927	$ -	$ 3,481,138
Disposals	-	-		(99,787)	(3,466)	(3,424)	-	(106,677)
Depreciation expenses	-	23	130,511	762,990	2,240	27,546	-	923,310
Transfer from investment property	-	-	359	-	-	-	-	359
Allowance for impairment	-	-	-	10,219	-	-	-	10,219
Effect of foreign currency exchange differences	-	-	12,839	108,565	526	4,352	-	126,282
Balance at December 31, 2014	$ -	$ 151	$ 691,467	$ 3,552,254	$ 9,358	$ 181,401	$ -	$ 4,434,631
Carrying value at December 31, 2014	$ 598,145	$ -	$ 1,748,149	$ 2,732,425	$ 6,553	$ 68,558	$ -	$ 5,153,830

(Concluded)

For the years ended December 31, 2014 and 2013, the Company recognized impairment loss of $10,219 thousand and $875 thousand related to property, plant and equipment of the foundry reportable segment respectively since this loss was attributable to greater than anticipated wear and tear.

The above items of property, plant and equipment were depreciated on a straight-line basis at the following rates per annum:

Land improvements	6 years
Buildings	
Industrial building	35-61 years
Electrical power systems	4-10 years
Engineering systems	1-17 years
Equipment	
Major production equipment	1-5 years
Temperature control systems	4-7 years
Transportation equipment	4-7 years
Transportation equipment	3-8 years
Office equipment	2-6 years

The major component parts of the buildings held by the Group included (plants, electro-powering machinery and engineering systems, etc.), which were depreciated over their estimated useful lives.

Refer to Note 32 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

16. INVESTMENT PROPERTIES

	December 31	
	2014	2013
Completed investment property	$ 55,173	$ 55,693

	Completed Investment Property
Cost	
Balance at January 1, 2013	$ 77,051
Transferred to property, plant and equipment	(2,361)
Effect of foreign currency exchange differences	3,010
Balance at December 31, 2013	$ 77,700

(Continued)

	Completed Investment Property
Accumulated depreciation and impairment	
Balance at January 1, 2013	$ (18,498)
Transferred to property, plant and equipment	429
Depreciation expense	(3,214)
Effect of foreign currency exchange differences	(724)
Balance at December 31, 2013	$ (22,007)
Cost	
Balance at January 1, 2014	$ 77,700
Transferred to property, plant and equipment	(359)
Effect of foreign currency exchange differences	3,901
Balance at December 31, 2014	$ 81,242
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ (22,007)
Transferred to property, plant and equipment	359
Depreciation expense	(3,225)
Effect of foreign currency exchange differences	(1,196)
Balance at December 31, 2014	$ (26,069)

(Concluded)

The investment properties held by the Group were depreciated over their useful lives of 4-61 years, using the straight-line method.

The fair value of the Group's investment properties as of December 31, 2014 and 2013 was $112,259 thousand and $131,588 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers; however, management of the Group used the valuation model that market participants would use in determining the fair value the valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group were reflected in Note 32.

17. PREPAYMENTS FOR LEASE

	December 31	
	2014	2013
Current asset (included in prepaid rent line item)	$ 2,564	$ 2,538
Non-current asset	119,352	115,225
	$ 121,916	$ 117,763

As of December 31, 2014 and 2013, prepaid lease payments include land use right, which are located in Mainland China.

The carrying amount of the land use right certificates that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group were reflected in Note 32.

18. OTHER ASSETS

	December 31	
	2014	**2013**
Current		
Prepaid expenses	$ 26,936	$ 8,421
Overpaid sales tax	69,103	76,703
Others	13,923	12,251
	$ 109,962	$ 97,375
Noncurrent		
Long-term prepayments	$ 36,908	$ 48,126
Prepayments for real estate	89,648	-
	$ 126,556	$ 48,126

The prepayments for real estate is the payment made by TXC (Ningbo) Corporation for locating the office space.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2014	**2013**
Secured borrowings (Note 32)		
Bank loans (1)	$ 110,226	$ 153,000
Unsecured borrowings		
Line of credit borrowings (2)	$ 263,582	$ 461,770
Letters of credit (3)	51,777	92,498
	315,359	554,268
	$ 425,585	$ 707,268

1) The short-term secured borrowings interest rate at December 31, 2014 and 2013 on the bank loans was 1.78%-1.93% and 2.138%-2.737% per annum.

2) The weighted average effective interest rate at December 31, 2014 and 2013 on the bank loans was 1.15%-2.22% and 1.1%-2.342% per annum.

3) The letters of credit interest rate at December 31, 2014 and 2013 on the bank loans was 0.96% and 0.96%-1.903% annum.

b. Long-term borrowings

	December 31	
	2014	2013
Secured borrowings (Note 32)		
Bank loans (1)	$ 950,000	$1,087,500
Unsecured borrowings		
Bank loans	532,325	289,415
Less: Current portion	(538,300)	(489,415)
Long-term borrowings: Non-current	$ 944,025	$ 887,500

The borrowings of the Group were as follows:

		December 31	
	Maturity Date	2014	2013
Floating rate borrowings			
Secured bank borrowing denominated in NT$	2016.08.17	$ -	$ 212,500
Secured bank borrowing denominated in NT$	2016.10.13	150,000	275,000
Secured bank borrowing denominated in NT$	2015.10.28	-	250,000
Secured bank borrowing denominated in NT$	2019.08.01	200,000	-
Unsecured bank borrowing denominated in NT$	2019.08.01	250,000	-
Unsecured bank borrowing denominated in NT$	2016.12.30	200,000	200,000
Unsecured bank borrowing denominated in NT$	2015.03.30	150,000	150,000
Unsecured bank borrowing denominated in NT$	2015.11.06	200,000	200,000
Unsecured bank borrowing denominated in US$	2014.02.27	63,300	59,610
Unsecured bank borrowing denominated in US$	2014.02.27	31,650	29,805
Unsecured bank borrowing denominated in US$	2016.05.28	79,125	-
Unsecured bank borrowing denominated in US$	2015.02.17	63,300	-
Unsecured bank borrowing denominated in US$	2016.02.01	94,950	-
Less: Current portion		(538,300)	(489,415)
		$ 944,025	$ 887,500

The range of effective interest rate of Group's was as follow:

	2014	2013
Effective interest rate		
Floating rate	1.15%-1.782%	1.10%-1.836%

20. BONDS PAYABLE

	December 31	
	2014	2013
Unsecured domestic convertible bonds	$ 782,139	$ 765,337
Less: Current portion	-	-
	$ 782,139	$ 765,337

On January 25, 2013, the Corporation issued forth unsecured domestic convertible bonds with an aggregate value of $800,000 thousand to pay off borrowings and purchase equipment.

Other details of the bond issuance are summarized as follows:

a. Issue date: January 25, 2014.

b. Total issue amount: $800,000 thousand.

c. Issue price: 100%.

d. Par value: $100 thousand.

e. Coupon rate: 0%.

f. Repayment term: The bonds are repayable on January 25, 2016 upon the maturity of the bonds.

g. Conversion right: Holder can request for conversion of the bonds to the Corporation's common stock.

h. Conversion period: From February 26, 2013 to January 15, 2016.

i. Conversion price: The original conversion price per share is $44.3. The conversion price is subject to adjustment based on a certain formula if there are changes in outstanding shares or execution of conversion below market price.

j. Redemption of bonds

   1) Redemption on the maturity date: On the maturity date, the Corporation will redeem the bonds of the principal amounts.

   2) Early redemption on the maturity date:

      a) During the period of time between one month after issuance and the 40th day before maturity, if the closing price of the Corporation's shares reaches 30% of the conversion price for 30 consecutive trading days, the Corporation may redeem the remaining bonds at a price of their book value.

      b) During the period of time between one month after issuance and the 40th day before maturity, when over 90% of the bonds had been redeemed, bought back or converted, the Corporation may redeem the remaining bonds at a price of their book value.

k. Converted bond: As of December 31, 2014, there is no bonds had been converted into common stocks.

   The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.5% per annum on initial recognition.

Proceeds from issue	$ 800,000
Liability component at the date of issue	(5,001)
Embedded derivatives (less transaction costs allocated to the financial liabilities of $2 thousand)	318
Equity component (less transaction costs allocated to the equity component of $288 thousand)	(45,632)
Bonds converted into common stock	-
Interest expenses calculated by effective interest rate	32,454
Liability component at December 31, 2014	$ 782,139

Movements of the conversion option derivative instrument in the current period were as follows:

	The Conversion Option Derivative Instrument
Issued date	$ 318
Fair value changes loss	(318)
Balance at December 31, 2014	$ -

21. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2014	2013
Trade payables		
Trade payables - operating	$ 1,068,131	$ 886,627

The average credit period on purchases of certain goods was 2-3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER LIABILITIES

	December 31	
	2014	2013
Current		
Other payables		
Bonus to employees, directors and supervisors	$ 125,391	$ 117,831
Commission	69,758	69,842
Salaries	79,673	67,397
Bonus	209,856	193,454
Payables for annual leave	23,367	21,186
Others	98,876	125,249
	$ 606,921	$ 594,959
Other liabilities		
Construction receipt payable	$ 9,390	$ 16,442
Receipts under custody	4,768	4,259
Others	48,291	26,267
	$ 62,449	$ 46,968
Non-current		
Refundable deposit (Note 29)	$ 30,866	$ 29,418

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Taiwan Crystal Technology International Limited has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Furthermore, TXC (Ninbo) Corporation and TXC (Chongqing) Corporation also make monthly contributions at certain percentages of the basic salary of their employees.

b. Defined benefit plans

Taiwan Crystal Technology International Limited has defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date December 31	
	2014	2013
Discount rate	1.625%	1.750%
Future salary rate increase	2.000%	2.000%
Expected rate of return on plan assets	2.000%	2.000%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligations, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

The pension costs of the defined benefit plans recognized in profit or loss were as follows:

	For the Year Ended December 31	
	2014	2013
Current service cost	$ 2,226	$ 2,185
Interest cost	1,515	1,049
Expected return on plan assets	(1,156)	(906)
Past service cost	1,844	-
	$ 4,429	$ 2,328

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

	For the Year Ended December 31	
	2014	2013
Cost of goods sold	$ 2,152	$ 1,086
Marketing expenses	603	286

(Continued)

	For the Year Ended December 31	
	2014	2013
General and administrative expenses	$ 772	$ 481
Research and development expenses	902	475
	$ 4,429	$ 2,328

(Concluded)

For the years ended December 31, 2014 and 2013, the pre-tax actuarial loss recognized in other comprehensive income were $13,826 thousand and $10,164 thousand, respectively. As of December 31, 2014 and 2013, the pre-tax accumulated actuarial loss recognized in other comprehensive income were $34,016 thousand and $20,190 thousand, respectively.

The amounts arising from the defined benefit obligation of the Company in the consolidated balance sheets were as follows:

	December 31	
	2014	2013
Present value of defined benefit obligation	$ (106,029)	$ (94,533)
Fair value of plan assets	66,138	60,370
Deficit	(39,891)	(34,163)
Accrued pension cost	$ (39,891)	$ (34,163)

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 94,533	$ 83,975
Current service cost	2,226	2,185
Interest cost	1,515	1,049
Actuarial loss	14,047	9,946
Past service cost	1,844	-
Benefits paid	(8,136)	(2,622)
Balance, end of year	$ 106,029	$ 94,533

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 60,370	$ 52,553
Expected return on plan assets	1,156	906
Actuarial loss	221	(218)
Contributions from employer	12,527	9,751
Benefits paid	(8,136)	(2,622)
Balance, end of year	$ 66,138	$ 60,370

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $1,377 thousand and $688 thousand, respectively.

The percentage of the fair value of the plan assets by major categories at the end of reporting period was as follows:

	Fair Value of Plan Assets (%)	
	December 31	
	2014	2013
Cash	19.12%	22.86%
Equity instruments	49.69%	44.77%
Debt instruments	28.36%	31.58%
Other	2.83%	0.79%
	100.00%	100.00%

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (January 1, 2012):

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ (106,029)	$ (94,533)	$ (83,975)	$ (71,529)
Fair value of plan assets	$ 66,138	$ 60,370	$ 52,553	$ 45,938
Deficit	$ (39,891)	$ (34,163)	$ (31,422)	$ (25,591)
Experience adjustments on plan liabilities	$ (12,323)	$ (10,709)	$ (9,662)	$ -
Experience adjustments on plan assets	$ 221	$ (218)	$ (364)	$ -

The Group expects to make a contribution of $12,527 thousand and $9,751 thousand, respectively to the defined benefit plans during the annual period beginning after 2014 and 2013.

24. EQUITY

a. Capital stock

Ordinary shares

	December 31	
	2014	2013
Numbers of shares authorized (in thousands)	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	309,757	309,757
Shares issued	$ 3,097,570	$ 3,097,570

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

50,000 thousand shares and 20,000 thousand shares of the Company’s shares authorized were reserved for the issuance of convertible bonds and employee share options.

As of December 31, 2012, exercised stock options in the amount of $24,460 thousand and convertible bonds in the amount of $50,687 thousand have not been registered; therefore, they are classified into advance receipts for common stock - certificates on bond-to-stock conversion. As of January 17, 2013, the registration has been approved by Department of Commence of Ministry of Economic.

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of years ended 2014 and 2013, for each class of capital surplus was as follows:

	Share Premium	Employee Share Options	Share Warrants	Bonds Conversion Premium	Total
Balance at January 1, 2013	$ 325,830	$ 285,946	$ 27,745	$ 977,028	$ 1,616,549
Recognition of option premium on issue of convertible bonds	-	-	-	45,632	45,632
Balance at December 31, 2013	$ 325,830	$ 285,946	$ 27,745	$ 1,022,660	$ 1,662,181

The carrying amount at the beginning and at the end of nine months ended 2014 was no change for each class of capital surplus.

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Appropriation of earnings and dividend policy

Under the Corporation's Articles of Incorporation, the Corporation should appropriate 10% of its net income less any prior years' deficit as legal reserve. The remaining amount may be fully retained or partially retained and partially distributed for dividends, upon the stockholders' approval, according to the following percentages.

1) Employee bonus - not less than 3%.

2) Directors and supervisors' remuneration - not more than 2%.

3) Stock bonuses to employees include subsidiaries' employees who meet certain criteria set by the stockholders' meetings.

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trend and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividend to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

For the years ended December 31, 2014 and 2013, the bonus to employees was $107,478 thousand and $100,998 thousand, respectively, and the remuneration to directors and supervisors was $17,913 thousand and $16,833 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 12% and 2%, respectively, of net income (net of the bonus and remuneration). Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the Company has earnings and the original need to appropriate a special reserve is not eliminated.

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

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

The appropriations of earnings, bonuses to employees and remuneration to directors and supervisors for 2013 and 2012 approved in the shareholders' meetings on June 18, 2014 and June 19, 2013, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Fiscal Year 2013	**For Fiscal Year 2012**	**For Fiscal Year 2013**	**For Fiscal Year 2012**
Legal reserve	$ 93,516	$ 114,889	$ -	$ -
Cash dividends	681,465	681,465	2.2	2.2

	For the Year Ended December 31			
	2013		**2012**	
	Cash Dividends	**Share Dividends**	**Cash Dividends**	**Share Dividends**
Bonus to employees	$ 100,998	$ -	$ 124,079	$ -
Remuneration of directors and supervisors	16,833	-	20,680	-

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"), and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 18, 2014 and June 19, 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012, respectively.

The TXC's shareholders also resolved to issue cash dividends and bonus to employees and the remuneration to directors in the shareholders' meeting on June 18, 2014.

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2014 are subject to the resolution of the shareholders' meeting to be held on June 16, 2015.

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

d. Special reserves appropriated following first-time adoption of IFRSs

The Company's special reserves appropriated following first-time adoption of IFRSs were as follows:

	December 31	
	2014	**2013**
Special reserve	$ 222,793	$ 222,793

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Company appropriated to the special reserve an amount of $222,793 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations had been arrived at after charging (crediting)

a. Other income

	For the Year Ended December 31	
	2014	**2013**
Interest income	$ 21,850	$ 13,887
Income from government grants	21,611	22,563
Dividends income	1,118	1,035
Others	50,854	54,485
	$ 95,433	$ 91,970

b. Other gains and losses

	For the Year Ended December 31	
	2014	**2013**
Gain/(loss) on disposal of property, plant and equipment	$ 3,611	$ 1,264
Gain on disposal of investment	(27,324)	6,368
Net gain/(loss) arising on financial assets designated as at FVTPL	37,489	2,714

(Continued)

	For the Year Ended December 31	
	2014	2013
Foreign exchange gains/(losses)	$130,434	$ 69,475
Gain on disposal of investments accounted for using equity method	6,621	-
Impairment loss on financial assets	(47,569)	(21,072)
Property, plant and equipment impairment loss	(10,219)	(875)
Other expense	(19,058)	(6,849)
	$ 73,985	$ 51,025

(Concluded)

c. Impairment loss on financial assets

	For the Year Ended December 31	
	2014	2013
Available-for-sale financial assets	$ (47,569)	$ (21,072)

d. Finance costs

	For the Year Ended December 31	
	2014	2013
Interest on bank loans	$ (30,187)	$ (30,157)
Interest on convertible bonds	(16,802)	(15,673)
	$ (46,989)	$ (45,830)

e. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 923,310	$ 883,113
Investment property	3,225	3,214
Others	21,874	43,714
	$ 948,409	$ 930,041
An analysis of deprecation by function		
Operating costs	$ 804,359	$ 800,456
Operating expenses	122,176	85,871
	$ 926,535	$ 886,327
An analysis of amortization by function		
Operating costs	$ 11,247	$ 13,782
Operating expenses	10,627	29,932
	$ 21,874	$ 43,714

f. Employee benefits expense

	For the Year Ended December 31	
	2014	**2013**
Post-employment benefits (see Note 23)		
Defined contribution plans	$ 54,013	$ 44,961
Defined benefit plans	4,429	2,328
	58,442	47,289
Other employee benefits	1,430,983	1,288,827
	$ 1,489,425	$ 1,336,116
An analysis of employee benefits expense by function		
Operating costs	$ 852,445	$ 760,100
Operating expenses	636,980	576,016
	$ 1,489,425	$ 1,336,116

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2014	**2013**
Foreign exchange gains	$ 395,805	$ 370,984
Foreign exchange losses	(265,371)	(301,509)
	$ 130,434	$ 69,475

h. Impairment losses on non-financial assets

	For the Year Ended December 31	
	2014	**2013**
Inventories (included in operating costs)	$ 20,528	$ 7,912

26. INCOME TAXES RELATING TO CONTINUING

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2014	**2013**
Current tax		
In respect of the current period	$ 118,007	$ 59,721
Income tax of unappropriated earnings	16,018	35,253
Adjustments for prior year	5,743	5,821
	139,768	100,795
Deferred tax		
In respect of the current period	10,813	25,809
Income tax expense recognized in profit or loss	$ 150,581	$ 126,604

A reconciliation of accounting profit and current income tax expenses is as follows:

	For the Year Ended December 31	
	2014	**2013**
Profit before tax from continuing operations	$ 1,145,755	$ 1,061,765
Income tax expense at the 17% statutory rate		
Tax effect of adjusting items:		
Undetectable expenses and losses	$ 194,778	$ 180,500
Unrecognized temporary differences	17,984	5,385
Tax-exempt income	(4,595)	(12,794)
Tax-exempt income for five years	(37,648)	(40,979)
Additional income tax on unappropriated earnings	16,018	35,253
Unrecognized temporary differences	5,229	(431)
Unrecognized investment tax credit	(3,671)	3,940
Subsidiaries to repatriate earnings withholding tax	10,812	1,216
Effect of different tax rate of group entities operating in other jurisdictions	(14,601)	(15,662)
Investment tax credits	(39,468)	(35,645)
Adjustment for prior years' tax	5,743	5,821
Income tax expense recognized in profit or loss	$ 150,581	$ 126,604

For the years ended December 31, 2014 and 2013, the Company applied a tax rate of 17% for entities subject to the Income Tax Law of the Republic of China; for other jurisdictions, the Company measures taxes by using the applicable tax rate for each individual jurisdiction.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2014	**2013**
Deferred income tax expense (benefit)		
Related to actuarial gain/loss from defined benefit plans	$ (2,350)	$ (3,432)

c. Current income tax liabilities

	December 31	
	2014	**2013**
Current income tax liabilities		
Income tax payable	$ 73,576	$ 67,919

d. Deferred income tax balance

The analysis of deferred income tax in the consolidated balance sheets was as follows:

For the year ended December 31, 2014

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of Exchange Rate Changes	Balance, End of Year
Deferred tax assets					
Unrealized loss on inventories	$ 7,084	$ 1,409	$ -	$ 107	$ 8,600
Financial assets at fair value through profit or loss	2,946	(823)	-	-	2,123
Payable for annual leave	3,437	334	-	57	3,828
Determine benefit obligation	7,817	(1,377)	2,350	-	8,790
Property, plant and equipment	2,853	(898)	-	124	2,079
Investment tax credits	3,980	(3,980)	-	-	-
Allowance for doubtful accounts	602	(196)	-	26	432
Others	324	3,154	-	159	3,637
	$ 29,043	$ (2,377)	$ 2,350	$ 473	$ 29,489
Deferred tax liabilities					
Unrealized exchange loss	$ 6,104	$ 8,436	$ -	$ -	$ 14,540
Associates	124,436	-	-	-	124,436
	$ 130,540	$ 8,436	$ -	$ -	$ 138,976

For the year ended December 31, 2013

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of Exchange Rate Changes	Balance, End of Year
Deferred tax assets					
Unrealized loss on inventories	$ 6,971	$ 53	$ -	$ 60	$ 7,084
Unrealized exchange loss	2,051	(2,051)	-	-	-
Financial assets at fair value through profit or loss	4,423	(1,477)	-	-	2,946
Payable for annual leave	3,258	37	-	142	3,437
Determine benefit obligation	5,649	(1,264)	3,432	-	7,817
Property, plant and equipment	5,450	(2,796)	-	199	2,853
Investment tax credits	25,045	(21,065)	-	-	3,980
Allowance for doubtful accounts	600	(25)	-	27	602
Others	220	104	-	-	324
	$ 53,667	$ (28,484)	$ 3,432	$ 428	$ 29,043
Deferred tax liabilities					
Unrealized exchange loss	$ 6,524	$ (420)	$ -	$ -	$ 6,104
Associates	126,630	(2,255)	-	61	124,436
	$ 133,154	$ (2,675)	$ -	$ 61	$ 130,540

e. The investment tax credits, operating loss carryforward and deductible temporary differences for which no deferred income tax assets have been recognized in the consolidated financial statements

The information of the investment tax credits for which no deferred income tax assets have been recognized was as follows:

	December 31	
	2014	**2013**
Expiry year		
2011	$ -	$ 417
2012	-	4,821
2013	-	3,940
	$ -	$ 9,178

f. Unused investment tax credits, operating loss carryforward and tax-exemption information

As of December 31, 2014, the profits generated from the following projects are exempt from income tax for a five-year period:

	Tax-exemption Period
Construction and expansion of 2005	2010 to 2014
Construction and expansion of 2009	2014 to 2018

g. Integrated income tax

	December 31	
	2014	**2013**
Unappropriated earnings		
Unappropriated earnings generated before January 1, 1998	$ -	$ -
Unappropriated earnings generated on and after January 1, 1998	2,611,372	2,402,655
	$ 2,611,372	$ 2,402,655
Imputation credits accounts	$ 117,593	$ 92,934

The creditable ratio for distribution of earnings of 2014 and 2013 was 6.71% (expected) and 6.20%, respectively.

h. Income tax assessments

The tax returns had been assessed by the tax authorities before 2009 and in 2011, respectively.

27. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2014	**2013**
Profit for the period attributable to owners of the Company	$ 995,174	$ 935,161
Effect of dilutive potential ordinary shares:		
Convertible bonds	13,946	12,991
Employee share option	-	-
Earnings used in the computation of diluted earnings per share	$ 1,009,120	$ 948,152

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

	For the Year Ended December 31	
	2014	**2013**
Weighted average number of ordinary shares in computation of basic earnings per share	309,757	309,757
Effect of dilutive potential ordinary shares:		
Convertible bonds	18,059	22,161
Employee share option	-	-
Bonus issue to employee	3,787	4,156
Weighted average number of ordinary shares used in the computation of diluted earnings per share	331,603	336,074

If the Group was able to settle the bonuses paid to employees by cash or shares, the Group presumed that the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was 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.

28. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of warehouse in trade zone with lease terms 3 years. All operating lease contracts contain clauses for 3-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

As of December 31, 2014 and 2013, refundable deposits paid under operating lease all amounted to $727 thousand.

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

	December 31	
	2014	2013
Not later than 1 year	$ 2,909	$ 2,909
Later than 1 year and not later than 5 years	1,455	4,364
Later than 5 years	-	-
	$ 4,364	$ 7,273

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1 to 2 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

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

	December 31	
	2014	2013
Not later than 1 year	$ 4,623	$ 2,525
Later than 1 year and not later than 5 years	-	210
Later than 5 years	-	-
	$ 4,623	$ 2,735

29. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity.

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

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

Except as detailed in the following table, the management consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

2) Fair value measurements recognized in the balance sheets

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

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 833,586	$ -	$ -	$ 833,586
Structured deposits	-	315,418	-	315,418
	$ 833,586	$ 315,418	$ -	$ 1,149,004
Available-for-sale financial assets				
Securities unlisted in ROC				
Equity securities	$ -	$ -	$ 44,510	$ 44,510
Mutual funds	20,800	-	-	20,800
	$ 20,800	$ -	$ 44,510	$ 65,310
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 15,352	$ -	$ 15,352

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 444,947	$ -	$ -	$ 444,947
Forward exchange contracts	-	860	-	860
	$ 444,947	$ 860	$ -	$ 445,807
Available-for-sale financial assets				
Securities unlisted in ROC				
Equity securities	$ -	$ -	$ 44,510	$ 44,510
Mutual funds	49,414	-	-	49,414
	$ 49,414	$ -	$ 44,510	$ 93,924
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 17,329	$ -	$ 17,329

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

December 31, 2014

	Available-for-sale Financial Assets
	Unlisted Shares
Balance at January 1, 2014	$ 44,510
Net translation differences	-
Balance at December 31, 2014	$ 44,510

December 31, 2013

	Available-for-sale Financial Assets
	Unlisted Shares
Balance at January 1, 2013	$ 54,997
Purchases	-
Convertible bonds - redemption	-
Total gains or losses	
In profit or loss	(10,487)
Disposals/settlements	-
Net translation differences	-
Balance at December 31, 2013	$ 44,510

The total gains or losses for the period included a loss of $(10,487) thousand relating to assets held for the year ended December 31, 2013. Such fair value gains or losses were included in other gain and losses.

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

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

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices (includes listed redeemable bonds, bills of exchange, corporate bonds and perpetual notes). Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument;

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	December 31	
	2014	**2013**
Financial assets		
Fair value through profit or loss (FVTPL) (1)	$ 1,149,004	$ 445,807
Loans and receivables (2)	4,861,651	4,606,669
Held-to-maturity investments (3)	47,840	47,840
Available-for-sale financial assets (4)	65,310	93,924
Financial assets measured at cost	111,998	198,245
Financial liabilities		
Fair value through profit or loss (FVTPL) (1)	15,352	17,329
Amortized cost (5)	4,366,561	4,332,310

1) The balances included the carrying amount of structured deposits, forward exchange contracts, bond investment and convertible bonds - redemption.

2) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivables, trade and other receivables, other financial assets, and refundable deposits.

3) The balances included the carrying amount of financial bond investment.

4) The balances included the carrying amount of available-for-sale shares and mutual funds.

5) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes, payable, accounts and other payables, and bonds issued.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, bonds payable, borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. 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.

The corporate treasury function reported quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Forward foreign exchange contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

   There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

b) Foreign currency risk

   Several subsidiaries of the Company 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 the reporting period (see Note 35).

Sensitivity analysis

The Group was mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate 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 only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in pre-tax/post-tax profit and other equity associated with New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2014	**2013**	**2014**	**2013**
Profit or loss	$ 14,518	$ 27,576	$ (1,555)	$ (1,613)

i. This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding JPY payables, which were not hedged, at the end of the reporting period.

2) Interest rate risk

   The Group was exposed to interest rate risk because the Group's bank deposits and the Group borrowed funds at floating interest rates.

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

	December 31	
	2014	2013
Fair value interest rate risk		
Financial assets	$ 472,410	$ 776,877
Financial liabilities	782,139	765,337
Cash flow interest rate risk		
Financial assets	1,345,005	1,055,240
Financial liabilities	1,907,910	2,084,183

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and 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 whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2014 would decrease/increase by $1,407 thousand, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

3) 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 financial guarantees provided by the Group is arising from:

The carrying amount of the respective recognized financial assets as stated in the balance sheets.

4) 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 liability. As of December 31, 2014 and 2013, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $4,211,847 thousand and $3,642,988 thousand, respectively.

- Liquidity and interest risk rate tables

  The following table details 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.

  To extend that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2014

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Accounts payable	-	$ 1,068,452	$ -	$ -	$ -	$ 1,068,452
Other payables	-	608,060	-	-	-	608,060
Other current liabilities	-	62,449	-	-	-	62,449
Bonds payable	-	782,139	-	-	-	782,139
Variable interest rate (liabilities)	0.96-2.22	963,885	494,025	450,000	-	1,907,910
Guarantee deposits received	-	-	30,866	-	-	30,866

December 31, 2013

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Accounts payable	-	$ 886,804	$ -	$ -	$ -	$ 886,804
Other payables	-	595,986	-	-	-	595,986
Other current liabilities	-	46,968	-	-	-	46,968
Bonds payable	-	-	765,337	-	-	765,337
Variable interest rate (liabilities)	0.96-2.737	1,196,683	862,500	25,000	-	2,084,183
Guarantee deposits received	-	-	29,418	-		29,418

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

The following table detailed the Group’s liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts	$ (10,081)	$ (4,978)	$ (293)	$	$

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts	$ (10,708)	$ (6,621)	$ -	$ -	$ -

31. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading Transactions

	For the Year Ended December 31	
	2014	2013
Sales of goods		
Others	$ 43,216	$ 37,681
Purchase of goods		
Associates	$ 173	$ 427
Others	3	-
	$ 176	$ 427
Operating expenses		
Associates	$ 596	$ 440
Commission revenue		
Associates	$ 1,174	$ 1,495

Rental Revenue

			For the Year Ended December 31			
			2014		2013	
Related Party	Location	Rent Collection	Amount	% to Total Account Balance	Amount	% to Total Account Balance
Associates	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	$ 3,557	-	$ 3,457	-

Selling prices to related parties were similar to those for third parties.

Term of purchases from related parties were similar to those for third parties.

Receivable from and Payable to Related Parties

	December 31	
	2014	2013
Accounts receivable from related parties		
Others	$ 6,912	$ 9,473
Less: Allowance for impairment loss	(42)	(57)
	$ 6,870	$ 9,416

	December 31	
	2014	2013
Account payable to related parties		
Associates	$ -	$ 177
Others	321	-
	$ 321	$ 177
Other receivables from related parties		
Associates	$ 628	$ 704
Other payable to related parties		
Others	$ 1,139	$ 1,027

Acquisition of Property, Plant and Equipment

	Acquisition Amounts For the Year Ended December 31	
	2014	2013
Associates	$ 53	$ 759
Others	323	-
	$ 376	$ 759

Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2014 and 2013 were as follows:

	For the Year Ended December 31	
	2014	2013
Short-term benefits	$ 82,472	$ 79,115
Post-employment benefits	1,734	2,154
	$ 84,206	$ 81,269

Stock Trading

In November 2014, TXC (Ningbo) Corporation sold 10,064 thousand common shares of TSE to Tai-Shing for $70,824 thousand and recognized a disposal gain of $6,621 thousand.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees or the deposit for hiring foreign workers:

	December 31	
	2014	2013
Land	$ 573,770	$ 573,770
Building equipment, net	1,340,872	1,419,469

(Continued)

	December 31	
	2014	2013
Investment property	$ 28,897	$ 28,994
Prepaid rental	16,169	15,592
	$ 1,959,708	$ 2,037,825

(Concluded)

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2014 and 2013 were as follows:

Unused letters of credit amounted to approximately JPY343,688 thousand and JPY275,956 thousand as of December 31, 2014 and 2013.

As of December 31, 2014, the Company unrecognized commitments are as follows:

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of equipment	$ 33,893	$ 12,960	$ 20,933
Acquisition of equipment	US$ 80	US$ -	US$ 80
Acquisition of equipment	RMB 7,626	RMB -	RMB 7,626
Acquisition of equipment	JPY 9,220	JPY -	JPY 9,220

For the year ended December 31, 2014, the Company sold overseas unlisted common shares of Sitime to unrelated party amounted to $20,551 thousand and had already received $7,917 thousand, while the remaining payment of $12,634 thousand have to fulfill specific conditions to be collected. The Company will recognize the remaining balance once the conditions be fulfilled and the value can be reliably measured.

34. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE

35. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 101,241	31.65(USD:NTD)	$ 3,204,278
USD	27,111	6.119(USD:RMB)	858,063
JPY	286,404	0.2646(JPY:NTD)	75,782

(Continued)

Financial liabilities	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 52,924	31.65(USD:NTD)	$ 1,675,045
USD	29,556	6.119(USD:RMB)	935,447
JPY	763,009	0.2646(JPY:NTD)	201,892
JPY	110,966	0.0512(JPY:RMB)	29,362

(Concluded)

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 90,497	29.805 (USD:NTD)	$ 2,697,263
USD	31,199	6.0969 (USD:RMB)	929,886
JPY	638,683	0.2839 (JPY:NTD)	181,322
Financial liabilities			
Monetary items			
USD	7,743	29.805 (USD:NTD)	230,780
USD	21,430	6.0969 (USD:RMB)	638,721
JPY	1,135,388	0.2839 (JPY:NTD)	322,337
JPY	71,367	0.0581 (JPY:RMB)	20,261

36. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Lending funds to others. (None)

2) Providing endorsements or guarantees for others. (None)

3) Holding of securities at the end of the period. (Table 1)

4) Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more. (Table 2)

5) Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

6) Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 3)

8) Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 8)

11) Information on investees. (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses. (Table 7)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

37. SEGMENT INFORMATION

a. Segment revenues and results

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Crystal	$ 9,177,265	$ 9,271,043	$ 1,002,769	$ 1,015,322
Others	348,978	232,540	1,253	(64,168)
	$ 9,526,243	$ 9,503,583	1,004,022	951,154
Investment income share of profits of associates accounted for using the equity method			19,304	13,446
Interest income			21,850	13,887
Gain (loss) on disposal of property, plant and equipment			3,611	1,264
Exchange gain (loss)			130,434	69,475

(Continued)

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Valuation (loss) gain on financial instruments			$ 37,489	$ 2,714
Financial costs			(46,989)	(45,830)
Others			(23,966)	55,655
Profit before tax (continuing operations)			$ 1,145,755	$ 1,061,765

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2014 and 2013.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products and services

	2014	2013
Crystal	$ 9,177,265	$ 9,271,043
Others	348,978	232,540
	$ 9,526,243	$ 9,503,583

Assets and liabilities not used by the chief operating decision maker in the allocation of resources and assessment of performance of segments are not disclosed.

c. Geographical information

The Corporation's revenue from continuing operations from external customers and information about its noncurrent assets by geographical location are detailed below:

	Revenue from External Customers		Noncurrent Assets	
	December 31		December 31	
	2014	2013	2014	2013
Taiwan	$ 8,393,934	$ 8,407,344	$ 2,799,211	$ 3,034,872
China	1,111,114	1,078,201	2,712,948	2,705,839
Others	21,195	18,038	5,348	2,795
	$ 9,526,243	$ 9,503,583	$ 5,517,507	$ 5,743,506

Noncurrent assets included property, plant and equipment, intangible assets and other assets but excluded deferred tax assets.

d. Major customer information

Major customer did not account for 10% or more of sales in 2014 and 2013.

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
TXC Corporation	Mutual fund							
	CTBC Multiple Income Fund A	None	Available-for-sale financial assets	2,000	$ 20,800	-	$ 20,800	
	Stock - emerging company							
	Win Win Precision Technology Co., Ltd.	None	Available-for-sale financial assets - noncurrent	1,365	$ 44,510	3	$ 44,510	
	Stock - unlisted company							
	Marson Technology Co., Ltd.	None	Financial assets carried at cost	414	$ 3,000	5	None	
	Guandong Failong Crystal Technology Co., Ltd.	None	〃	RMB 10,096	46,478	8	〃	
	UPI Semiconductor Corp.	Chairman is a direct of the Company	〃	2,000	62,520	2	〃	
					$ 111,998			
	Financial bonds							
	Chinatrust unsecured priority financial bond	None	Held-to-maturity financial assets - noncurrent	RMB 10,000	$ 47,840	-	$ 47,840	
TXC (Ningbo) Corporation	Mutual fund							
	China GuangFa Money Market Fund	None	Financial instruments at FVTPL - current	RMB 31,865	$ 164,818	-	$ 164,818	
	E Fund Money Market Fund	None	〃	RMB 30,916	159,911	-	159,911	
	Southern Cash Fund	None	〃	RMB 32,187	166,483	-	166,483	
	China International Fund Management Co., Ltd.	None	〃	RMB 11,001	56,903	-	56,903	
	China AMC Money Market Fund	None	〃	RMB 22,235	115,008	-	115,008	
					$ 663,123		$ 663,123	
	Structured deposits							
	Bank of Ningbo	None	〃	RMB 10,108	$ 52,284	-	$ 52,284	
	Fubon Bank (China) Co., Ltd	None	〃	RMB 20,175	104,354	-	104,354	
	China Everbright Bank	None	〃	RMB 30,697	158,780	-	158,780	
					$ 315,418		$ 315,418	
TXC (Chongqing) Limited	Mutual fund							
	E Fund Money Market Fund	None	Financial instruments at FVTPL - current	RMB 12,933	$ 66,897	-	$ 66,897	
	Southern Cash Fund	None	〃	RMB 18,571	96,056	-	96,056	
					$ 162,953		$ 162,953	
Ningbo Jingyu Company Limited	Mutual fund							
	Southern Cash Fund	None	Financial instruments at FVTPL - current	RMB 1,452	$ 7,510	-	$ 7,510	

TABLE 2

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Equity in Net Gain (Loss)	Ending Balance	
					Shares/Units (In Thousands)	Amount (Foreign Currencies in Thousands)	Shares/Units (In Thousands)	Amount (Foreign Currencies in Thousands)	Shares/Units (In Thousands)	Amount (Foreign Currencies in Thousands)	Carrying Value (Foreign Currencies in Thousands)	Gain (Loss) on Disposal (Foreign Currencies in Thousands)		Shares/Units (In Thousands)	Amount (Foreign Currencies in Thousands)
TXC (Ningbo) Corporation	Structure deposits	Financial instruments at FVTPL - current	Fubon Bank (China) Co., Ltd.	None	-	$ -	-	$ 504,342	-	$ (409,498)	$ (409,498)	$ -	$ 9,510	-	$ 104,354
			Ningbo Bank	〃	-	-	-	1,643,927	-	(1,602,297)	(1,602,297)	-	10,654	-	52,284
			China Everbright Bank	〃	-	-	-	330,959	-	(183,886)	(183,886)	-	11,707	-	158,780
			China Merchants Bank	〃	-	-	-	1,149,959	-	(1,149,962)	(1,149,962)	-	3	-	-
	Mutual funds	Financial instruments at FVTPL - current	China Merchants Bank	None	-	63,727	-	451,981	-	(517,726)	(517,726)	-	2,018	-	-
			E Fund	〃	-	82,604	-	311,200	-	(247,265)	(247,265)	-	13,372	-	159,911

TABLE 3

TXC CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms (Note)	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	$ 1,875,440	33	Note	Its trading price depends on its function within the Group	Note	$ (530,193)	(42)	
			Sale	322,426	4	〃	〃	〃	118,313	4	
	TXC (Chongqing) Limited	Subsidiary	Purchase	415,530	7	〃	〃	〃	(133,984)	(11)	
	Growing Profit Trading Ltd.	Subsidiary	Purchase	105,842	2	〃	〃	〃	(41,921)	(3)	
TXC (Ningbo) Corporation	Growing Profit Trading Ltd.	Subsidiary	Purchase	614,489	38	〃	〃	〃	(135,008)	(28)	
	TXC (Chongqing) Limited	Subsidiary	Purchase	120,645	7	〃	〃	〃	(42,210)	(9)	
TXC (Chongqing) Limited	Growing Profit Trading Ltd.	Subsidiary	Purchase	169,782	68	〃	〃	〃	(60,028)	(69)	

Note: The terms of purchases from related parties were not significantly different from those with third parties.

TXC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Balance of Accounts Receivable - Related Party	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	$ 118,313	2.73	$ -	-	$ 38,212	$ -
TXC (Ningbo) Corporation	TXC Corporation	Subsidiary	530,193	3.54	-	-	342,729	-
Growing Profits Trading Ltd	TXC (Ningbo) Corporation	Subsidiary	135,008	4.55	-	-	57,973	-
TXC (Chongqing) Corporation	TXC Corporation	Subsidiary	133,984	3.10	-	-	83,120	-

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2014			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2014	December 31, 2013	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment	$ 1,390,461	$ 1,390,461	42,835	100.00	$ 4,500,753	$ 367,625	$ 372,049	Difference from upstream transactions $4,424 thousand
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	13,759	575	575	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	11,335	415	415	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	Investment	298,362	298,362	10,080	100.00	340,912	27,721	27,721	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	65,000	-	2,500	12.50	64,335	84,101	(665)	
Taiwan Crystal Technology International Ltd.	Growing Profit Trading Ltd.	B.V.I.	International trading	1,691	1,691	50	100.00	259,187	59,588	59,588	
	TXC (Ningbo) Corporation	Ningbo	Manufacture and sales of electronics products	1,487,211	1,487,211	45,835	100.00	4,277,150	308,059	308,059	
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Chongqing	Manufacture and sales of electronics products	446,431	396,903	92,710	59.56	501,246	66,950	39,550	
	Chongqing All Sun Company Limited	Chongqing	Market activities	312,644	312,644	66,000	100.00	341,252	(165)	(165)	
	Ningbo Jingyu Company Limited	Ningbo	International trading	4,807	4,807	1,000	100.00	8,287	623	623	
Taiwan Crystal Technology International (HK) Limited	TXC (Chongqing) Limited	Chongqing	Manufacture and sales of electronics products	298,362	298,362	10,080	40.44	340,336	66,950	27,400	

TABLE 6

TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2014 (US$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014 (US$ in Thousand)	Investee Company Current Net income	Percentage of Ownership	Investment Income (Loss) Recognized (Note)	Carrying Amount as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow						
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator	$ 1,487,211	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	$ 1,427,630	$ -	$ -	$ 1,427,630	$ 308,059	100.00	$ 308,059	$ 4,277,150	$ 256,146
Guandong Failong Crystal Technology Co., Ltd.	Manufacturing and sales of new electronic components	580,947	Direct investment of the Corporation in Mainland China	46,478	-	-	46,478	-	8.00	-	46,478	-
TXC (Chongqing) Corporation	Manufacturing and sales of electronic devices and hardware components	744,793	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	298,362	-	-	298,362	66,950	100.00	66,950	841,582	-
Chongqing All Suns Company Limited	Real estate intermediary service, real estate management and electronic product wholesale	312,644	Other investment of the Corporation Mainland China	-	-	-	-	(165)	100.00	(165)	341,252	-
Ningbo Jingyu Company Limited	Purchasing and selling electronic component	4,807	Other investment of the Corporation Mainland China	-	-	-	-	623	100.00	623	8,287	-

Accumulated Investment in Mainland China as of December 31, 2014 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment
$ 1,772,470	$ 1,832,878	$ 5,336,746

Note: The investment in Mainland China is limited to 60% of stockholders' equity or consolidated stockholders' equity whichever is higher.

(Continued)

2. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Related Party	Nature of Relationship	Transaction Details					Accounts/Notes Receivable/Payable		Unrealized Gain or Loss
			Purchase/Sale	Percentage (%)	Price	Payment Term	Compared with Terms of Third Parties	Balance	%	
TXC Corporation	NGB	Subsidiary	Purchase $1,875,440	33	Its trading price depends on its function within the Group.	Similar with third parties	Its trading price depends on its function within the Group.	$ (530,193)	(42)	$ 25,178
			Sale 322,426	4	〃	Similar with third parties	〃	118,313	4	2,110
	CKG	Subsidiary	Purchase 415,530	7	〃	Similar with third parties	〃	(133,984)	(11)	7,750
GPT	NGB	Subsidiary	Sale 614,489	45	〃	Similar with third parties	〃	135,008	39	-
	CKG	Subsidiary	Sale 169,782	13	〃	Similar with third parties	〃	60,028	17	-

3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None.

4. Financings directly or indirectly provided to the investees: None.

5. Other transactions that significantly impacted current year’s profit or loss or financial position: None.

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

For the year ended December 31, 2014

No.	Company Name	Counterparty	Natural of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	TXC Corporation	TXC Technology, Inc.	a	Sales	$ 2,229	1	-
				Other expense - consulting expense	50,233	1	1
				Accounts receivable	42	1	-
				Other receivable	177	1	-
		TXC Japan Corporation	a	Sales	4,747	1	-
				Other expense - consulting expense	43,380	1	-
				Purchase	27,825	1	-
				Accounts payable	1,911	1	-
		TXC (Ningbo) Corporation	a	Sales	322,426	1	3
				Purchase	1,875,440	1	20
				Accounts receivable	118,313	1	1
				Accounts payable	530,193	1	4
				Other receivable	32,954	1	-
		TXC (Chongqing) Corporation	a	Sales	1,392	1	-
				Purchase	415,530	1	4
				Accounts receivable	92	1	-
				Accounts payable	133,984	1	1
		Growing profits Trading Ltd.		Purchase	105,842	1	1
				Accounts payable	41,921	1	-
1	TXC (Ningbo) Corporation	Growing profits Trading Ltd.	c	Purchase	614,489	3	6
				Accounts payable	135,008	3	1
		TXC (Chongqing) Corporation	c	Sales	32,083	3	-
				Purchase	120,645	3	1
				Accounts receivable	2,311	3	-
				Accounts payable	42,210	3	-
				Other receivable	23,489	3	-
2	TXC (Chongqing) Corporation	Growing profits Trading Ltd.	c	Purchase	169,782	3	2
				Accounts payable	60,028	3	-

Note 1: a. Represent the transactions from parent company to subsidiary.

b. Represent the transactions between subsidiaries.

Note 2: In 2014 and 2013, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, GPT, and TXC (HK) Limited which is depends on its function within the Group.