U.D. ELECTRONIC CORP. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2015 and 2014 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
U.D. ELECTRONIC CORP.

We have reviewed the accompanying consolidated balance sheets of U.D. ELECTRONIC CORP. and its subsidiaries (collectively, the "Company") as of March 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 7, 2015

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2015 (Reviewed)		December 31, 2014 (Audited)		March 31, 2014 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 833,481	17	$ 1,013,407	21	$ 1,342,564	28
Financial assets at fair value through profit or loss - current (Notes 5 and 7)	1,079	-	-	-	-	-
Notes receivable, net (Note 9)	74,170	1	63,049	1	62,814	1
Trade receivables, net (Note 9)	957,363	20	1,042,672	21	1,212,970	25
Trade receivables from related parties (Note 29)	30,715	1	58,276	1	39,939	1
Other receivables (Note 9)	36,266	1	69,143	2	38,588	1
Other receivables from related parties (Note 29)	-	-	-	-	1	-
Inventories (Note 10)	1,423,627	29	1,325,042	27	917,662	19
Prepayments (Notes 15 and 16)	44,532	1	63,230	1	53,395	1
Other current financial assets (Notes 16 and 30)	6,437	-	5,743	-	13,642	-
Other current assets (Notes 16 and 30)	110,833	2	121,021	3	120,140	3
Total current assets	3,518,503	72	3,761,583	77	3,801,715	79
NON-CURRENT ASSETS						
Financial assets measured at cost - non-current (Note 8)	89,608	2	49,608	1	49,608	1
Property, plant and equipment (Note 12)	964,850	20	879,457	18	777,009	16
Computer software, net (Note 14)	12,647	-	15,609	1	12,583	1
Goodwill (Note 13)	6,103	-	6,103	-	6,103	-
Deferred tax assets	9,478	-	8,470	-	6,265	-
Prepayments for equipment (Note 16)	122,207	3	100,699	2	80,279	2
Long-term prepayments for lease (Note 15)	15,611	-	-	-	-	-
Other non-current financial assets (Notes 16 and 30)	10,292	-	10,445	-	-	-
Other non-current assets (Notes 16 and 30)	118,253	3	58,056	1	50,696	1
Refundable deposits (Notes 16 and 27)	16,110	-	7,471	-	9,979	-
Total non-current assets	1,365,159	28	1,135,918	23	992,522	21
TOTAL	$ 4,883,662	100	$ 4,897,501	100	$ 4,794,237	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	$ 563,400	11	$ 553,875	11	$ 609,400	13
Financial liabilities at fair value through profit or loss - current (Notes 5 and 7)	7,000	-	8,132	-	37,296	1
Trade payables (Note 19)	479,786	10	509,644	10	481,937	10
Other payables (Note 20)	692,413	14	768,486	16	718,025	15
Other payables from related parties (Note 29)	374	-	-	-	-	-
Current tax liabilities	94,067	2	71,110	2	128,385	3
Current portion of long-term bonds payable (Note 18)	120,146	2	119,368	2	-	-
Other current liabilities (Note 20)	30,155	1	26,830	1	25,087	-
Total current liabilities	1,987,341	40	2,057,445	42	2,000,130	42
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Notes 5 and 7)	-	-	-	-	21,107	-
Bonds payable (Note 18)	-	-	-	-	199,490	4
Deferred tax liabilities	12,437	-	17,985	-	3,207	-
Guarantee deposits received (Note 20)	26,519	1	2,090	-	1,208	-
Total non-current liabilities	38,956	1	20,075	-	225,012	4
Total liabilities	2,026,297	41	2,077,520	42	2,225,142	46
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 22)						
Share capital						
Ordinary shares	696,758	14	696,758	14	685,958	14
Capital surplus (Note 18)	726,715	15	726,715	15	651,581	14
Retained earnings						
Legal reserve	190,273	4	190,273	4	138,317	3
Special reserve	30,887	1	30,887	-	30,887	1
Unappropriated earnings (Note 24)	1,135,776	23	1,071,842	22	1,015,649	21
Total retained earnings	1,356,936	28	1,293,002	26	1,184,853	25
Other equity						
Exchange differences on translating foreign operations (Note 22)	44,627	1	69,330	2	7,880	-
Total equity attributable to owners of the parent	2,825,036	58	2,785,805	57	2,530,272	53
NON-CONTROLLING INTERESTS	32,329	1	34,176	1	38,823	1
Total equity	2,857,365	59	2,819,981	58	2,569,095	54
TOTAL	$ 4,883,662	100	$ 4,897,501	100	$ 4,794,237	100

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	Three Months Ended March 31			
	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Note 29)				
Sales	$ 1,098,059	100	$ 1,276,410	100
OPERATING COSTS (Notes 10 and 23)				
Cost of goods sold	(849,672)	(77)	(922,151)	(72)
GROSS PROFIT	248,387	23	354,259	28
OPERATING EXPENSES (Note 23)				
Selling and marketing	(54,156)	(5)	(59,008)	(5)
General and administrative	(85,608)	(8)	(67,112)	(5)
Research and development	(42,707)	(4)	(34,678)	(3)
Total operating expenses	(182,471)	(17)	(160,798)	(13)
PROFIT FROM OPERATIONS	65,916	6	193,461	15
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23 and 29)	4,962	-	8,704	1
Other gains and losses (Note 23)	25,576	2	(46,785)	(4)
Finance costs (Notes 18 and 23)	(2,746)	-	(5,351)	-
Total non-operating income and expenses	27,792	2	(43,432)	(3)
PROFIT BEFORE INCOME TAX	93,708	8	150,029	12
INCOME TAX EXPENSE (Notes 4 and 24)	(31,621)	(3)	(56,839)	(4)
NET PROFIT FOR THE PERIOD	62,087	5	93,190	8

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	Three Months Ended March 31			
	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	$ (29,763)	(3)	$ 19,619	1
Income tax benefit (expense) related to components of other comprehensive income that may be reclassified subsequently (Notes 22 and 24)	5,060	1	(3,336)	-
Other comprehensive income (loss) for the period, net of income tax	(24,703)	(2)	16,283	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 37,384	3	$ 109,473	9
NET PROFIT ATTRIBUTABLE TO:				
Owner of the parent	$ 63,934	6	$ 93,916	7
Non-controlling interests	(1,847)	-	(726)	-
	$ 62,087	6	$ 93,190	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the parent	$ 39,231	3	$ 110,199	9
Non-controlling interests	(1,847)	-	(726)	-
	$ 37,384	3	$ 109,473	9
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
Basic	$ 0.92		$ 1.38	
Diluted	$ 0.90		$ 1.33	

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent								
		Capital Surplus		Retained Earnings			Exchange Differences on Translating Foreign Operations	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Share Option	Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2014	$ 675,971	$ 568,037	$ 13,620	$ 138,317	$ 30,887	$ 921,733	$ (8,403)	$ 39,549	$ 2,379,711
Equity component of convertible bonds issued by the Company (Notes 18 and 22)	9,987	73,796	(3,872)	-	-	-	-	-	79,911
Net profit for the three months ended March 31, 2014	-	-	-	-	-	93,916	-	(726)	93,190
Other comprehensive income for the three months ended March 31, 2014, net of income tax	-	-	-	-	-	-	16,283	-	16,283
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	-	93,916	16,283	(726)	109,473
BALANCE AT MARCH 31, 2014	$ 685,958	$ 641,833	$ 9,748	$ 138,317	$ 30,887	$ 1,015,649	$ 7,880	$ 38,823	$ 2,569,095
BALANCE AT JANUARY 1, 2015	$ 696,758	$ 720,999	$ 5,716	$ 190,273	$ 30,887	$ 1,071,842	$ 69,330	$ 34,176	$ 2,819,981
Net profit for the three months ended March 31, 2015	-	-	-	-	-	63,934	-	(1,847)	62,087
Other comprehensive loss for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	-	(24,703)	-	(24,703)
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	63,934	(24,703)	(1,847)	37,384
BALANCE AT MARCH 31, 2015	$ 696,758	$ 720,999	$ 5,716	$ 190,273	$ 30,887	$ 1,135,776	$ 44,627	$ 32,329	$ 2,857,365

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	Three Months Ended March 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 93,708	$ 150,029
Adjustments for:		
Depreciation expenses	47,565	40,215
Amortization expenses	18,659	14,081
Impairment loss recognized on trade receivables	27	228
Net loss (gain) on fair value change of financial assets at fair value through profit or loss	(5,897)	53,886
Finance costs	2,746	5,351
Interest income	(1,572)	(5,309)
Impairment loss recognized on non-financial assets	-	10,046
Reversal of impairment loss recognized on non-financial assets	(346)	-
Loss on disposal of property, plant and equipment	206	42
Unrealized gain (loss) on foreign exchange, net	932	(10,853)
Changes in operating assets and liabilities		
Notes receivable	(11,150)	(45,299)
Trade receivables	84,493	(94,753)
Trade receivables from related parties	27,332	22,278
Other receivables	32,504	22,242
Inventories	(120,681)	(56,997)
Prepayment	25,565	(30,491)
Other current assets	1,566	1,186
Financial liabilities held for trading	(1,646)	-
Trade payables	(22,824)	(1,596)
Other payables	(51,208)	33,536
Other payables from related parties	377	-
Other current liabilities	3,649	360
Cash generated from operations	124,005	108,182
Interest received	1,476	2,165
Interest paid	(1,903)	(4,411)
Income tax paid	(10,012)	(8,617)
Net cash generated from operating activities	113,566	97,319
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(130,785)	(173,995)
Increase in refundable deposits	(8,740)	(4,724)
Payments for intangible assets	(287)	(1,108)
Increase in other financial assets	(541)	(1,044)
Increase in other non-current assets	(93,011)	(11,089)
Prepayments for equipment	(49,159)	(18,546)
Payment to acquire financial assets measured at cost	(40,000)	-
Net cash used in investing activities	(322,523)	(210,506)

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	Three Months Ended March 31	
	2015	**2014**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 15,650	$ 183,220
Guarantee deposits refunded	-	(121)
Guarantee deposits received	24,460	-
Net cash generated from financing activities	40,110	183,099
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(11,079)	14,957
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(179,926)	84,869
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,013,407	1,257,695
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 833,481	$ 1,342,564

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

U.D. ELECTRONIC CORP. (the "Company") was incorporated in the Republic of China (ROC) on March 18, 2005 with a share capital $10,000 thousand, and the accumulated share capital was $696,758 thousand as of March 31, 2015. The principal activities of the Company are the sale of electronic materials and international trade.

The Company's shares have been listed on the Taipei Exchange since October 2012.

The shares are widely distributed; therefore, there is no ultimate parent company or ownership interest.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on May 7, 2015.

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

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

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Company 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.

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

   1) IFRS 10 "Consolidated Financial Statements"

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

2) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard that applies to entities with interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

3) 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. Refer to Note 28 for related disclosures.

4) 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 the current IAS 1, there were no such requirements.

The Group retrospectively applied the above amendments starting from 2015. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations. However, the application of the above amendments will not result in any impact on the net profit for the period, other comprehensive income for the period (net of income tax), and total comprehensive income for the period.

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

The Group has not applied the following New IFRSs that had been 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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
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 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

(Concluded)

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 dates on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition dates on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; and 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 also 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

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

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

b) If the debt instruments are held within a business model whose objective is to both to collect contractual cash flows and to sell financial assets, they are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment quarterly. Interest revenue, to which the effective interest method is applied, impairment gains or losses and foreign exchange gains and losses are recognized in profit or loss. Other gain or loss is recognized in other comprehensive income. 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.

All financial assets are initially measured at fair value through profit or loss. However, for an equity investment that is within the scope of IFRS 9 and is not held for trading, the Group may, on initial recognition, make an irrevocable election to recognize this investment as at fair value through other comprehensive income, with gains and losses recognized in other comprehensive income, and only dividend income 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 loss model. The expected credit loss allowance is required for certain financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, certain lease receivables, contract assets within the scope of IFRS 15 "Revenue from Contracts with Customers," and 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 certain 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, and these losses should be discounted using the credit-adjusted effective interest rate. Subsequently, any changes from the initial expected credit losses are recognized as a loss allowance, with the corresponding gain or loss recognized in profit or loss.

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

In issuing IFRS 13"Fair Value Measurement," the IASB made a 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 cash-generating unit only when an impairment loss has been recognized or reversed during the period. The Group is also required to disclose the discount rate used in impairment or reversals if the recoverable amount based on fair value less costs of disposal is measured using a present value technique.

3) IFRIC 21 "Levies"

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

4) Annual Improvements to IFRSs: 2010-2012 Cycle

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 be provided only if the information on the segments' assets is regularly provided to the chief operating decision-maker.

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 this compensation is not required.

5) Annual Improvements to IFRSs: 2011-2013 Cycle

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

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

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

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

The amended IAS 38 "Intangible Assets" introduces a presumption that a revenue-based amortization method for intangible asset is not appropriate. However, this presumption is rebuttable under any of the following limited circumstances:

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

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

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

7) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15, which is effective for annual periods beginning on or after January 1, 2017, establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

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

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) 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) 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.

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

9) Amendment to IAS 1 “Disclosure Initiative”

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 consolidated financial statements shall prevail. However, the consolidated financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by the FSC for their oversight purposes.

a. Statement of compliance

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

b. Basis of consolidation

See Note 11 for the detailed information of subsidiaries (including the percentage of ownership and main business).

c. Other accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2014.

1) Foreign currencies

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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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.

2) Taxation

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

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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except the stated below, the critical accounting judgments and key sources of estimates and uncertainty followed in these consolidated financial statements were as applied in the preparation of the consolidated financial statements for the year ended December 31, 2014.

Fair Value Measurements and Valuation Processes

If some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group will follow applicable law and regulations or judgments to determine whether to engage third party qualified valuers and to determine the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the Group would determine appropriate inputs by referring to market prices or rates and specific features of derivatives. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly. The Group updates inputs every quarter to confirm the appropriateness of fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 28.

6. CASH AND CASH EQUIVALENTS

	March 31, 2015	December 31, 2014	March 31, 2014
Cash on hand	$ 1,100	$ 1,453	$ 932
Checking accounts and demand deposits	392,381	536,954	555,152
Cash equivalents			
Time deposits	440,000	475,000	786,480
	$ 833,481	$ 1,013,407	$ 1,342,564

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2015	December 31, 2014	March 31, 2014
Financial assets held for trading - current			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	$ 1,079	$ -	$ -
Financial liabilities held for trading - current			
Derivative financial liabilities (not under hedge accounting)			
Currency exchange option contracts	$ -	$ 1,646	$ 37,296
Convertible options	7,000	6,486	-
	$ 7,000	$ 8,132	$ 37,296
Financial liabilities held for trading - non-current			
Derivative financial liabilities (not under hedge accounting)			
Currency exchange option contracts	$ -	$ -	$ 18,855
Convertible options	-	-	2,252
	$ -	$ -	$ 21,107

The financial assets at fair value through profit or loss held by the Group were forward exchange contracts. For the three months ended March 31, 2015 and 2014, the gains on the valuation of forward exchange contracts recognized by the Group were $6,411 thousand and $0 thousand, respectively.

The financial liabilities at fair value through profit or loss held by the Group were convertible options and currency exchange option contracts. For the three months ended March 31, 2015, the losses on the valuation of convertible options and currency exchange option contracts recognized by the Group were $514 thousand and $0 thousand, respectively. For the three months ended March 31, 2014, the losses (gains) on the valuation of convertible options and currency exchange option contracts recognized by the Group were $(3,417) thousand and $57,303 thousand, respectively.

For the three months ended March 31, 2015 and 2014, the Group entered into forward exchange contracts and currency exchange option contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Period	Notional Amount (In Thousands)
March 31, 2015			
Sell	USD/RMB	2015.04.13-2015.06.17	USD24,000/RMB149,765

As of December 31, 2014 and March 31, 2014, outstanding currency exchange option contracts held by the Group and the terms of the transactions were as follows:

December 31, 2014

	Initial Date	Expiry Date	Unrealized Amount (USD)	Strike Price for Every USD1	Max Amount of Profits That Could Be Earned (RMB)
Currency exchange options (A)	2013.11.25	2015.01.16	$ 1,000,000	6.1400	$ 300,000
Currency exchange options (B)	2013.11.25	2015.01.16	1,000,000	6.1350	500,000
Currency exchange options (C)	2014.01.08	2015.01.13	1,000,000	6.0900	300,000

March 31, 2014

	Initial Date	Expiry Date	Unrealized Amount (USD)	Strike Price for Every USD1	Max Amount of Profits That Could Be Earned (RMB)
Currency exchange options (A)	2013.10.29	2015.01.13	$ 10,000,000	6.1520	$ 300,000
Currency exchange options (B)	2013.11.25	2015.01.16	10,000,000	6.1400	300,000
Currency exchange options (C)	2013.11.25	2015.01.16	10,000,000	6.1350	500,000
Currency exchange options (D)	2014.01.08	2015.01.13	10,000,000	6.0900	300,000
Currency exchange options (E)	2014.01.09	2015.03.13	12,000,000	6.0940	300,000
Currency exchange options (F)	2014.01.09	2015.03.13	12,000,000	6.0950	300,000
Currency exchange options (G)	2014.01.22	2015.04.10	13,000,000	6.0930	300,000
Currency exchange options (H)	2014.02.12	2015.04.17	13,000,000	6.0950	300,000

8. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2015	December 31, 2014	March 31, 2014
Non-current			
Domestic investment - unlisted shares	$ 89,608	$ 49,608	$ 49,608
Classification			
Available-for-sale	$ 89,608	$ 49,608	$ 49,608

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2015	December 31, 2014	March 31, 2014
Notes receivable			
Notes receivable - operating	$ 74,170	$ 63,049	$ 62,814
Less: Allowance for doubtful accounts	-	-	-
	$ 74,170	$ 63,049	$ 62,814
Trade receivables			
Accounts receivable	$ 957,405	$ 1,042,687	$ 1,213,457
Less: Allowance for doubtful accounts	(42)	(15)	(487)
	$ 957,363	$ 1,042,672	$ 1,212,970
Other receivables			
The reserved portion on receivables factoring	$ 24,924	$ 29,112	$ 17,112
Tax refund receivable	7,990	38,382	17,874
Interest receivable	384	293	2,426
Others	2,968	1,356	1,176
	$ 36,266	$ 69,143	$ 38,588

a. Accounts receivable

The Group has no material irrecoverable trade receivables and it periodically evaluates the reasons for overdue receivables individually. After evaluating and screening unusual amounts out, the Group estimates the allowance for doubtful accounts rate by dividing overdue receivables by the net sales, and irrecoverable amounts are calculated by multiplying the rate and the current receivables together.

For the accounts receivable that were past due at the end of the reporting date but for which no allowance for doubtful accounts had been recognized by the Group, the Group still considered these receivables as recoverable since there was no significant change in their credit quality. The Group had no collateral or other credit enhancements for these receivables.

The aging of receivables was as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Not overdue	$ 848,901	$ 900,831	$ 1,193,947
Less than 60 days	107,586	141,781	19,510
61-90 days	918	-	-
91-120 days	-	75	-
Over 120 days	-	-	-
	$ 957,405	$ 1,042,687	$ 1,213,457

The above aging schedule was based on the past due date.

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

	March 31, 2015	December 31, 2014	March 31, 2014
Less than 60 days	$ 107,544	$ 141,766	$ 19,023
61-90 days	918	-	-
91-120 days	-	75	-
Over 120 days	-	-	-
	$ 108,462	$ 141,841	$ 19,023

The above aging schedule was based on the past due date.

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 259	$ -	$ 259
Add: Impairment losses recognized on receivables	228	-	228
Balance at March 31, 2014	$ 487	$ -	$ 487
Balance at January 1, 2015	$ 15	$ -	$ 15
Add: Impairment losses recognized on receivables	27	-	27
Balance at March 31, 2015	$ 42	$ -	$ 42

Factored trade receivables for the three months ended March 31, 2015 and 2014 were as follows:

Counter-parties	Receivables Sold	Amounts Collected	Advances Received at Period-end	Interest Rates on Advances Received (%)	Credit Line
March 31, 2015					
Yuanta Commercial Bank	$ -	$ 16,144	$ -	1.63	US$ 16,000
Taipei Fubon Commercial Bank Co., Ltd.	184,511	210,252	224,314	1.02-1.03	US$ 18,000
	$ 184,511	$ 226,396	$ 224,314		
March 31, 2014					
Yuanta Commercial Bank	$ 94,155	$ 134,697	$ 84,740	1.80-2.10	US$ 16,000
CTBC Commercial Bank Co., Ltd.	43,786	55,331	39,407	1.71	NT$350,000
Taipei Fubon Commercial Bank Co., Ltd.	34,440	56,247	30,996	1.71-1.90	US$ 6,000
	$ 172,381	$ 246,275	$ 155,143		

The above credit lines may be used on a revolving basis.

Under the Group's factoring agreements, losses from commercial disputes (such as sales returns or allowances) were borne by the Group, while losses from the credit risks were borne by the banks. As of March 31, 2015, the Group had issued promissory notes consisting of checks for US$16,000 thousand. As of March 31, 2014, the Group had issued promissory notes consisting of checks for $350,000 thousand and US$22,000 thousand, respectively.

b. Notes receivable

The average collection period for notes receivable was 30 to 180 days. In determining the recoverability of a note receivable, the Group considered any change in the credit quality of the note receivables since the date credit was initially granted to the end of the reporting period. Historical experience had been that all note receivables were recoverable. An allowance for doubtful accounts was recognized against note receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

There were no notes receivable that were past due at the end of the reporting period; in addition, the Group had not recognized an allowance for doubtful accounts for these receivables

c. Other receivables

Other receivables are tax refund receivables and trade receivables factoring with reserve. Historical experience shows that the majority of other receivables are recoverable. Thus, no allowance for doubtful accounts has been recognized for other receivables because of the on-time payments made by counterparties in the past and an analysis showing that their current financial position is positive.

10. INVENTORIES

	March 31, 2015	December 31, 2014	March 31, 2014
Finished goods	$ 305,417	$ 296,037	$ 220,894
Work in progress	990,434	885,337	553,275
Raw materials and supplies	127,776	143,668	143,493
	$ 1,423,627	$ 1,325,042	$ 917,662

The cost of inventories recognized as cost of goods sold included reversal of inventory write-downs of $346 thousand for the three months ended March 31, 2015. Previous write-downs were reversed as a result of increased selling prices in certain markets.

The cost of inventories recognized as cost of goods sold included inventory write-downs of $10,046 thousand for the three months ended March 31, 2014.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Investee's Company Type/Main Business	% of Ownership March 31, 2015	% of Ownership December 31, 2014	% of Ownership March 31, 2014	Remark
U.D. ELECTRONIC CORP.	Global Connection (Samoa) Holding Inc.	Holding company	100	100	100	Foreign exchange risk is major operational risk
U.D. ELECTRONIC CORP.	CDE Corp.	Manufacturing and sale of electronic materials	50	50	50	Market risk is major operational risk
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Holding company	100	100	100	Foreign exchange risk is major operational risk
Global Connection (Samoa) Holding Inc.	San Francisco Inc.	Holding company	100	100	100	Foreign exchange risk is major operational risk
Global Connection (Samoa) Holding Inc.	Orient Express International Co., Ltd.	International trading	Note	Note	100	Foreign exchange risk is major operational risk
Global Connection (Samoa) Holding Inc.	All First International Co., Ltd.	International trading	100	100	100	Foreign exchange risk is major operational risk
Sunderland Inc.	Dongguan Jian Guan P.E. Co, Ltd. (東莞建冠塑膠電子有限公司)	Manufacturing and sale of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
San Francisco Inc.	Zhong Jiang U.D.E. Electronics Corp. (中江湧德電子有限公司)	Manufacturing and sale of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Zhong Jiang U.D.E. Electronics Corp. (中江湧德電子有限公司)	Zhong Jiang U.D.E. Networking Electronics Corp. (中江湧德聯網電子有限公司)	Sale of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks

Note: Orient Express International Co., Ltd. had completed liquidation procedures and applied for the cancellation of business registration on June 6, 2014.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transport-ation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost										
Balance at January 1, 2014	$ -	$ -	$ 749,775	$ 21,452	$ 14,634	$ 309,480	$ 88,652	$ 29,587	$ -	$1,213,580
Additions	154,075	-	3,304	-	598	12,548	1,593	-	-	172,118
Disposals	-	-	(783)	(893)	(1,248)	(230)	-	-	-	(3,154)
Effect of exchange rate changes	-	-	12,136	389	113	4,166	1,433	551	-	18,788
Other - transfer of prepayments to expense	-	-	318	-	81	4,181	-	2,831	-	7,411
Balance at March 31, 2014	$ 154,075	$ -	$ 764,750	$ 20,948	$ 14,178	$ 330,145	$ 91,678	$ 32,969	$ -	$1,408,743
Accumulated depreciation										
Balance at January 1, 2014	$ -	$ -	$ 277,539	$ 9,350	$ 8,938	$ 232,045	$ 49,257	$ 10,434	$ -	$ 587,563
Disposals	-	-	(747)	(893)	(1,242)	(230)	-	-	-	(3,112)
Reclassification	-	-	(1,804)	-	-	-	-	-	-	(1,804)
Depreciation	-	-	23,367	872	614	10,220	3,274	1,868	-	40,215
Effect of exchange rate changes	-	-	4,577	177	73	3,088	769	188	-	8,872
Balance at March 31, 2014	$ -	$ -	$ 302,932	$ 9,506	$ 8,383	$ 245,123	$ 53,300	$ 12,490	$ -	$ 631,734
Carrying amounts at March 31, 2014	$ 154,075	$ -	$ 461,818	$ 11,442	$ 5,795	$ 85,022	$ 38,378	$ 20,479	$ -	$ 777,009
Cost										
Balance at January 1, 2015	$ 155,218	$ -	$ 900,125	$ 23,414	$ 15,421	$ 389,896	$ 105,140	$ 62,646	$ -	$1,651,860
Additions	944	88,877	12,930	-	325	756	461	32	11,530	115,855
Disposals	-	-	(305)	-	(261)	-	-	-	-	(566)
Reclassification	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	-	(700)	(11,222)	(290)	(159)	(5,736)	(1,300)	(873)	(91)	(20,371)
Other - transfer of prepayments to expense	-	-	11,687	75	-	12,360	2,372	1,157	-	27,651
Balance at March 31, 2015	$ 156,162	$ 88,177	$ 913,215	$ 23,199	$ 15,326	$ 397,276	$ 106,673	$ 62,962	$ 11,439	$1,774,429
Accumulated depreciation										
Balance at January 1, 2015	$ -	$ -	$ 383,862	$ 12,678	$ 9,356	$ 280,766	$ 65,736	$ 20,005	$ -	$ 772,403
Disposals	-	-	(207)	-	(153)	-	-	-	-	(360)
Reclassification	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	27,040	970	658	11,412	4,067	3,418	-	47,565
Effect of exchange rate changes	-	-	(4,534)	(139)	(100)	(4,209)	(777)	(270)	-	(10,029)
Balance at March 31, 2015	$ -	$ -	$ 406,161	$ 13,509	$ 9,761	$ 287,969	$ 69,026	$ 23,153	$ -	$ 809,579
Carrying amounts at December 31, 2014 and January 1, 2015	$ 155,218	$ -	$ 516,263	$ 10,736	$ 6,065	$ 109,130	$ 39,404	$ 42,641	$ -	$ 879,457
Carrying amounts at March 31, 2015	$ 156,162	$ 88,177	$ 507,054	$ 9,690	$ 5,565	$ 109,307	$ 37,647	$ 39,809	$ 11,439	$ 964,850

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

Buildings	3-20 years
Machinery and equipment	6-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Mold equipment	2-3 years
Leasehold improvements	3-8 years
Other equipment	3 years

13. GOODWILL

	Three Months Ended March 31	
	2015	2014
Cost		
Balance, beginning of period	$ 6,103	$ 6,103
Additions	-	-
Balance, end of period	$ 6,103	$ 6,103
Accumulated impairment losses		
Balance, beginning of period	$ -	$ -
Impairment losses recognized in the period	-	-
Balance, end of period	$ -	$ -

In February 2013, the Company invested $50,000 thousand in CDE Corp at 5,000 new ordinary shares of each par value NT$10. The cost of acquisition in excess of the Company's share of the net fair value of the identifiable assets and liabilities of this associate recognized at the date of acquisition was recognized as goodwill. As of March 31, 2015, there was no significant change to reversal the impairment losses recognized to the goodwill.

14. OTHER INTANGIBLE ASSET

	Computer Software
Cost	
Balance at January 1, 2014	$ 30,285
Additions	1,108
Reclassification	16
Effect of exchange rate changes	2,606
Balance at March 31, 2014	$ 34,015

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2014	$ (15,759)
Amortization expenses	(3,096)
Effect of exchange rate changes	(2,577)
Balance at March 31, 2014	$ (21,432)
Carrying amounts at March 31, 2014	$ 12,583
Cost	
Balance at January 1, 2015	$ 44,249
Additions	287
Effect of exchange rate changes	(452)
Balance at March 31, 2015	$ 44,084
Accumulated amortization and impairment	
Balance at January 1, 2015	$ (28,640)
Amortization expenses	(3,133)
Effect of exchange rate changes	336
Balance at March 31, 2015	$ (31,437)
Carrying amounts at December 31, 2014 and January 1, 2015	$ 15,609
Carrying amounts at March 31, 2015	$ 12,647

(Concluded)

The above intangible asset, computer software with a definite useful life, was depreciated on a straight-line basis over its estimated useful life of two to three years.

15. REPAYMENTS FOR LEASE

	March 31, 2015	December 31, 2014	March 31, 2014
Current asset (included in other current assets)	$ 319	$ -	$ -
Non-current asset	15,611	-	-
	$ 15,930	$ -	$ -

As of March 31, 2015, December 31, 2014 and March 31, 2014, prepaid lease payments include land use right with carrying amount of $15,930 thousand, $0 thousand and $0 thousand, respectively, which are located in Mainland China. The Group has obtained the land use right certificates.

16. OTHER ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Current			
Prepayments	$ 44,532	$ 63,230	$ 53,395
Input tax	37,451	43,180	38,704
Overpaid tax	51,575	54,642	62,082
Deferred expense - current	19,466	19,959	18,113
Other financial assets - current (Note 30)	6,437	5,743	13,642
Others	2,341	3,240	1,241
	$ 161,802	$ 189,994	$ 187,177
Non-current			
Prepayment	$ -	$ -	$ 24,764
Prepayment for land use right	57,056	-	-
Prepayments for equipment	122,207	100,699	80,279
Refundable deposits	16,110	7,471	9,979
Deferred expense - non-current	61,097	58,056	25,932
Other financial assets - non-current (Note 30)	10,292	10,445	-
Others	100	-	-
	$ 266,862	$ 176,671	$ 140,954

17. BORROWINGS

Short-term Borrowings

	March 31, 2015	December 31, 2014	March 31, 2014
	$ 563,400	$ 553,875	$ 609,400

The range of the weighted average effective interest rates for bank loans was 1%-1.07%, 0.95%-1.90% and 1.42%-1.90% per annum as of March 31, 2015, December 31, 2014 and March 31, 2014, respectively.

18. BONDS PAYABLE

	March 31, 2015	December 31, 2014	March 31, 2014
Unsecured domestic convertible bonds	$ 120,146	$ 119,368	$ 199,490
Current portion of long-term bonds payable	(120,146)	(119,368)	-
	$ -	$ -	$ 199,490

a. Unsecured domestic convertible bonds

On November 29, 2013, the Group issued 3,000 thousand New Taiwan dollar-denominated unsecured convertible bonds with effective interest rate of 2.15%. The aggregate principal of the bonds is $300,000 thousand. The issue period is three years from November 29, 2013 to November 29, 2016.

The coupon rate is 0%; therefore, no interest payment term was determined. Unless there is bond conversion and/or early redemption by the Group, the bonds will be redeemable at the option of bondholders after two years of the issuance at the principal amount, with interest compensation in cash.

Other bond terms and conditions were as follows: The conversion price will be set in the following way: One of the simple arithmetic means of the closing prices of 1, 3 or 5 trading days prior to November 21, 2013, the conversion price setting date, times 101.70 %, the convertible premium rate. The conversion price will be adjusted when there is occurrence of excluded dividends and excluded rights. On the issuance date, the conversion price was set at NT$85.40 per share. The conversion price was adjusted to NT$81.70 after distribution of dividend on July 20, 2014.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under capital surplus - option. The effective interest rate for the liability component was 2.15% per annum on initial recognition.

Proceeds from issue (less transaction costs of $5,000 thousand)	$ 295,000
Equity component	(18,759)
Liability component at the date of issue	276,241
Interest charged at 2.15% effective interest rate	5,548
Interest paid	-
Convertible bonds converted into common shares	(162,421)
Liability component at December 31, 2014	119,368
Interest charged at a 2.15% effective interest rate	778
Interest paid	-
Liability component at March 31, 2015	$ 120,146

b. For the three months ended March 31, 2015, there was no bond conversion, and the amortization of discount on bonds payable classified under interest expense was $778 thousand. For the three months ended March 31, 2014, convertible bonds with par value of $85,300 thousand had converted into ordinary shares, which were represented share capital and capital surplus at $9,987 thousand and $73,796 thousand, respectively. In addition, due to the conversion of bonds, the discount on bonds payable had decreased by $6,135 thousand, and the financial liabilities at fair value through profit or loss had decreased by $745 thousand. The amortization of discount on bonds payable classified under interest expense was $1,789 thousand.

19. TRADE PAYABLES

	March 31, 2015	December 31, 2014	March 31, 2014
Trade payables			
Operating	$ 479,786	$ 509,644	$ 481,937

20. OTHER LIABILITIES

	March 31, 2015	December 31, 2014	March 31, 2014
Current			
Other payables			
Payable for purchase of equipment	$ 75,276	$ 90,206	$ 49,611
Commissions	19,537	19,533	26,864
Salaries and bonus (including bonus to employees and remuneration to directors and supervisors)	217,308	228,145	204,719
Processing fee	256,349	288,705	298,275
Import/export (customs) expense	3,069	3,718	2,420
Social security payments (Mainland China)	37,965	39,074	36,089
Others	82,909	99,105	100,047
	$ 692,413	$ 768,486	$ 718,025
Other liabilities			
Receipts in advance	$ 11,030	$ 3,107	$ 2,356
Others	19,125	23,723	22,731
	$ 30,155	$ 26,830	$ 25,087
Non-current			
Other liabilities			
Guarantee deposits received	$ 26,519	$ 2,090	$ 1,208

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company and CDE Crop have a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in China are members of a province-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute amounts at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company on the subsidiary's retirement benefit plan is to make the specified contributions.

22. EQUITY

a. Share capital

Ordinary shares

	March 31, 2015	December 31, 2014	March 31, 2014
Number of shares authorized (in thousands)	100,000	100,000	100,000
Share capital authorized	$ 1,000,000	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	69,676	69,676	68,596
Share capital issued	$ 696,758	$ 696,758	$ 685,958

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

The Company's ordinary shares changed during the three months ended March 31, 2014 on account of conversion of convertible bonds.

For the three months ended March 31, 2015 and 2014, the Company's convertible bonds with a book value $0 thousand and $85,300 thousand had been converted into 0 thousand and 999 thousand ordinary shares, respectively.

b. Capital surplus

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares) may be distributed as cash dividends, or may be transferred to share capital once a year within a certain percentage of the Company's paid-in capital when the Company has no deficit.

The capital surplus arising from investments accounted for using equity method, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company should first pay income tax, offset its prior years' losses, and appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the reserve equals to the Company's paid-in capital. A special reserve may be appropriated in accordance with relevant laws or a resolution approved at the shareholders' meeting. The board of directors then proposes the following appropriations from the remaining distributable earnings and presents this proposal for approval at the shareholders' meeting:

1) Remuneration to directors and supervisors - should be paid by cash and not exceed 3% of the current earnings remainder;

2) Bonus to employees - should be between 3% and 15% of the current earnings remainder. The bonus to employees is allowed to share with employees within the Group under the conditions set by board of directors;

3) The bonus to shareholders that were proposed by the board of directors after considering the remaining under the above items (1) to (2) plus the reversal of special reserve and the unappropriated retained earnings of previous years.

The Company’s dividend policy will consider its operating environment, the sufficiency of its cash for future expansion, its long-term financial plan and the shareholders’ cash flow requirements in determining the stock or cash dividends to be paid. For a steady profitability, a healthy financial structure, and the stability of earnings per share, the Company stipulated a dividend policy that at least 10% of income after tax may be distributed as cash dividends or stock dividends, and cash dividends should not be lower than 10% of total bonus to shareholders.

For the three months ended March 31, 2015 and 2014, the bonuses to employees were $7,216 thousand and $6,624 thousand, respectively, and the remunerations to directors and supervisors were $1,723 thousand and $1,728 thousand, respectively. The bonus to employees and remuneration to directors and supervisors are estimated on the basis of net income (net of bonus and remuneration), after the appropriation of legal reserve and special reserve. Material differences between these estimates and the amounts proposed by the board of directors are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts by the date of the shareholders’ meeting, the difference is recorded 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 shareholders’ meeting.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the Financial Supervisory Commission and the directive entitled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs,” the Company should appropriate or reverse a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

Under Article 237 of Company Law, a company should appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the legal reserve equals the Company’s paid-in capital. 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 paid-in capital, 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 from the earnings for 2014 and 2013 were approved in the board of directors and shareholders’ meetings on March 12, 2015 and June 13, 2014, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings Year Ended December 31		Dividends Per Share (NT$) Year Ended December 31	
	2014	**2013**	**2014**	**2013**
Legal reserve	$ 50,851	$ 51,956	$ -	$ -
Special reserve (reversal)	(30,887)	-	-	-
Cash dividends	299,606	306,442	4.3	4.5

	Year Ended December 31			
	2014		**2013**	
	Cash Dividends	**Share Dividends**	**Cash Dividends**	**Share Dividends**
Bonus to employees	$ 52,000	$ -	$ 56,000	$ -
Remuneration of directors and supervisors	13,000	-	14,000	-

The amounts of bonus to employees and remuneration to directors and supervisors approved in the board of directors and shareholders' meetings in 2015 and 2014 are consisted with the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013.

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

d. Others equity items

Exchange differences on translating the financial statements of foreign operations

	Three Months Ended March 31	
	2015	2014
Balance, beginning of period	$ 69,330	$ (8,403)
Exchange differences arising on translating the financial statements of foreign operations	(29,763)	19,619
Income tax related to gains arising on translating the financial statements of foreign operations	5,060	(3,336)
Balance, end of period	$ 44,627	$ 7,880

e. Non-controlling interests

	Three Months Ended March 31	
	2015	2014
Balance, beginning of period	$ 34,176	$ 39,549
Attributable to non-controlling interests:		
Share of losses for the period	(1,847)	(726)
Balance, end of period	$ 32,329	$ 38,823

23. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS

The components of net income (loss) as follows:

a. Other income

	Three Months Ended March 31	
	2015	2014
Interest income		
Bank deposits	$ 1,572	$ 5,309
Others	3,390	3,395
	$ 4,962	$ 8,704

b. Other gains and losses

	Three Months Ended March 31	
	2015	2014
Gain (loss) on disposal of property, plant and equipment	$ (206)	$ (42)
Net gain (loss) arising on financial assets and liabilities designated as at FVTPL	5,897	(53,886)
Net foreign exchange gain (loss)	20,072	7,444
Others	(187)	(301)
	$ 25,576	$ (46,785)

c. Finance costs

	Three Months Ended March 31	
	2015	2014
Interest on bank loans	$ 1,968	$ 3,562
Interest on convertible bonds	778	1,789
	$ 2,746	$ 5,351

d. Depreciation and amortization

	Three Months Ended March 31	
	2015	2014
Property, plant and equipment	$ 47,565	$ 40,215
Intangible assets	3,133	3,096
Other assets - deferred expense payments	15,526	10,985
	$ 66,224	$ 54,296
An analysis of deprecation by function		
Operating costs	$ 41,386	$ 35,161
Operating expenses	6,179	5,054
	$ 47,565	$ 40,215
An analysis of amortization by function		
Operating costs	$ 11,594	$ 8,839
Operating expenses	7,065	5,242
	$ 18,659	$ 14,081

e. Employee benefits expense

	Three Months Ended March 31	
	2015	**2014**
Post-employment benefits (Note 21)		
Defined contribution plans	$ 11,285	$ 8,312
Other employee benefits	289,984	254,754
Total employee benefits expense	$ 301,269	$ 263,066
An analysis of employee benefits expense by function		
Operating costs	$ 208,707	$ 192,269
Operating expenses	92,562	70,797
	$ 301,269	$ 263,066

24. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	Three Months Ended March 31	
	2015	**2014**
Current tax		
Current year	$ 12,582	$ 44,019
Prior years	3,975	-
Income tax expense of unappropriated earnings	15,805	16,116
	32,362	60,135
Deferred tax		
Current year	(741)	(3,296)
Income tax expense recognized in profit or loss	$ 31,621	$ 56,839

b. Income tax recognized in other comprehensive income

	Three Months Ended March 31	
	2015	**2014**
Current tax	$ -	$ -
Deferred tax		
In respect of the current period:		
Translation of foreign operations	5,060	(3,336)
Total income tax recognized in other comprehensive income	$ 5,060	$ (3,336)

c. Integrated income tax

	March 31, 2015	December 31, 2014	March 31, 2014
Unappropriated earnings			
Generated on and after January 1, 1998	$ 1,135,776	$ 1,071,842	$ 1,015,649
Imputation credits accounts	$ 143,626	$ 143,626	$ 154,198

The creditable ratios for the distribution of the earnings of 2014 and 2013 were 20.81% (expected ratio) and 18.02%, respectively.

d. Income tax assessments

The Company's tax returns through 2013 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	Three Months Ended March 31	
	2015	2014
Basic earnings per share	$ 0.92	$ 1.38
Diluted earnings per share	$ 0.90	$ 1.33

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

Net Profit for the Period

	Three Months Ended March 31	
	2015	2014
Profit for the period attributable to owners of the Company	$ 63,934	$ 93,916
Effect of potentially dilutive ordinary shares:		
Convertible bonds	646	1,486
Earnings used in the computation of diluted earnings per share	$ 64,580	$ 95,402

Shares

	Three Months Ended March 31	
	2015	2014
Weighted average number of ordinary shares in computation of basic earnings per share	69,676	67,909
Effect of potentially dilutive ordinary shares:		
Employee share option	909	650
Convertible bonds	1,541	3,190
Weighted average number of ordinary shares used in the computation of diluted earnings per share	72,126	71,749

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

26. NON-CASH TRANSACTIONS

For the three months ended March 31, 2015 and 2014, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

As of March 31, 2015, December 31, 2014 and March 31, 2014, the amounts unpaid for acquiring property, plant and equipment were $75,276 thousand, $90,206 thousand and $49,611 thousand, respectively, which were included in other payables.

27. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to lease of plants and business premises with lease terms between 3 to 10 years.

As of March 31, 2015, December 31, 2014 and March 31, 2014, the Group had paid $11,972 thousand, $7,471 thousand and $9,979 thousand, respectively, as refundable deposits for these operating leases.

The future minimum lease payments for non-cancelable operating lease commitments were as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
1 year	$ 14,739	$ 30,839	$ 28,735
More than 1 year to 5 years	26,870	49,173	39,670
More than 5 years	14,209	15,924	-
	$ 55,818	$ 95,936	$ 68,405

28. FINANCIAL INSTRUMENTS

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

1) Except as detailed in the following table, the Company considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair value.

	March 31, 2015		December 31, 2014		March 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Financial liabilities measured at amortized cost						
Convertible bonds	$ 120,146	$ 135,871	$ 119,368	$ 138,049	$ 199,490	$ 283,254

2) Fair value hierarchy as at March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ 135,871	$ -	$ -	$ 135,871

Fair value hierarchy as at December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ 138,049	$ -	$ -	$ 138,049

Fair value hierarchy as at March 31, 2014

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ 283,254	$ -	$ -	$ 283,254

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

1) Fair value hierarchy

March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Forward exchange contracts	$ -	$ 1,079	$ -	$ 1,079
Available-for-sale financial assets				
Domestic unlisted securities	$ -	$ -	$ 89,608	$ 89,608
Financial liabilities at FVTPL				
Convertible options	$ -	$ -	$ 7,000	$ 7,000

December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic unlisted securities	$ -	$ -	$ 49,608	$ 49,608
Financial liabilities at FVTPL				
Convertible options	$ -	$ -	$ 6,486	$ 6,486
Currency exchange option contracts	-	-	1,646	1,646
	$ -	$ -	$ 8,132	$ 8,132

March 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic unlisted securities	$ -	$ -	$ 49,608	$ 49,608
Financial assets at FVTPL				
Currency exchange option contracts	$ -	$ -	$ 56,151	$ 56,151
Convertible options	-	-	2,252	2,252
	$ -	$ -	$ 58,403	$ 58,403

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

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - forward exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

a) The fair values of unlisted equity securities - ROC were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

b) The fair values of currency exchange option contracts are determined using discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c) The fair values of convertible options are determined using option pricing models to estimate at FVTPL.

c. Categories of financial instruments

	March 31, 2015	December 31, 2014	March 31, 2014
Financial assets			
Loans and receivables (1)	$ 1,956,844	$ 2,231,824	$ 2,702,623
Fair value through profit or loss (FVTPL)			
Derivative financial assets - forward exchange contracts	1,079	-	-
Available-for-sale financial assets (3)	89,608	49,608	49,608
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Convertible options	7,000	6,486	2,252
Derivative financial liabilities - currency exchange option contracts	-	1,646	56,151
Amortized cost (2)	1,665,330	1,725,318	1,805,341

1) The balances included cash and cash equivalents, notes receivable, trade and other receivables (including receivables from related parties, but excluding tax refund receivable), other assets - restricted assets and refundable deposits.

2) The balances included short-term loans, trade and other payables (except salaries and bonuses), bonds payable and guarantee deposit received.

3) The balances included financial assets measured at cost.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets (liabilities) at fair value through profit or loss, notes receivable, trade receivables, financial assets measured at cost, trade payables, borrowings and bonds payable.

Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group assesses the net risk position of non-functional currency sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

Please reference Note 32 for both monetary assets and monetary liabilities held by the Group in non-functional currencies (including both monetary assets and monetary liabilities which were offset in the consolidated financial statements).

Sensitivity analysis

The Group was mainly exposed to the exchange movements in USD and RMB.

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. The 1% sensitivity rate is used in reporting foreign currency risk internally to key management 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 adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Sensitivity analysis includes trade receivables and payables to entities outside of the Group, and trade receivables and payables to its foreign operations. A positive number below indicates an increase in pretax profit and other equity associated with a 1% weakening of the New Taiwan dollars against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pretax profit and other equity, and the balances below would be negative.

	US Dollar Impact		**RMB Impact**	
	Three Months Ended March 31		**Three Months Ended March 31**	
	2015	**2014**	**2015**	**2014**
Profit or loss*	$ (663)	$ 7,426	$ 1,116	$ 5,369
Equity	-	-	-	-

* This was mainly attributable to the exposure on outstanding accounts receivable and payable and unrealized forward exchange contract on a financial asset or financial liability at FVTPL in both USD and RMB, which were not hedged at the end of the reporting period.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the change in foreign exchange rate at the end of the reporting period could not reflect the risk of change in exchange rate during the year.

The following table details the Group's sensitivity in the investment of currency exchange option contracts to a 1% increase and decrease in renminbi (RMB) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency forward contracts, and their translation at the end of the reporting period was adjusted for a 1% change in foreign currency rates. The sensitivity analysis included the option contracts of the financial instruments at fair value through profit or loss held by the Company. A positive number below indicates an increase in profit and other equity associated with the 1% strengthening by the RMB against the relevant currency. For a 1% weakening of the RMB against the relevant currency, there would be an equal and opposite impact on profit and other equity, and the balances below would be negative.

	Impact of % Increase in RMB		**Impact of % Decrease in RMB**	
	Three Months Ended March 31		**Three Months Ended March 31**	
	2015	**2014**	**2015**	**2014**
Profit or loss*	$ -	$ 26,997	$ -	$ (26,464)

* This refers to the unrealized currency exchange option contract and forward exchange contract on a financial asset or financial liability at fair value through profit or loss on the reporting date (Note 7).

b) Interest rate risk

The Group was exposed to interest rate risk because some Group entities borrowed funds from banks and issued convertible bonds at both fixed and floating interest rates.

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

	March 31, 2015	**December 31, 2014**	**March 31, 2014**
Fair value interest rate risk			
Financial assets	$ 452,840	$ 488,031	$ 786,480
Financial liabilities	120,146	119,368	199,490
Cash flow interest rate risk			
Financial assets	396,270	540,111	566,318
Financial liabilities	563,400	553,875	609,400

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% 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.

Had interest rates been 1% higher/lower and all other variables held constant, the Group's pretax profits for the three months ended March 31, 2015 and 2014 would have decreased by $418 thousand and $108 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings and bank deposits.

2) Credit risk

Credit risk refers to the risk that a 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 the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continues to monitor its credit exposure and the credit ratings of its counterparties. Credit exposure is controlled by setting a counterparty credit limit, which is approved and periodically reviewed by the risk management committee.

To minimize credit risk, management of the Group has delegated a team to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. Thus, management believes the Group's credit risk was significantly reduced.

The Group did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of negative fluctuations in cash flows.

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

The following table shows the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up on the basis of 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.

The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

March 31, 2015

	On Demand or Less than 1 Month	**1-3 Months**	**Over 3 Months to 1 Year**	**Over 1 Year to 5 Years**
Non-derivative financial liabilities				
Short-term borrowings	$ 563,909	$ -	$ -	$ -
Trade payables	204,810	274,976	-	-
Other payables	277,734	197,371	-	-
Bonds payable	-	-	-	125,900
Guarantee deposit received	-	-	-	26,519
	$ 1,046,453	$ 472,347	$ -	$ 152,419

December 31, 2014

	On Demand or Less than 1 Month	**1-3 Months**	**Over 3 Months to 1 Year**	**Over 1 Year to 5 Years**
Non-derivative financial liabilities				
Short-term borrowings	$ 554,399	$ -	$ -	$ -
Trade payables	192,236	317,408	-	-
Other payables	206,907	333,434	-	-
Bonds payable	-	-	-	125,900
Guarantee deposit received	-	-	-	2,090
	$ 953,542	$ 650,842	$ -	$ 127,990

March 31, 2014

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Short-term borrowings	$ 610,211	$ -	$ -	$ -
Trade payable	180,734	301,203	-	-
Other payable	272,251	241,055	-	-
Bonds payable	-	-	-	214,700
Guarantee deposit received	-	-	-	1,208
	$ 1,063,196	$ 542,258	$ -	$ 215,908

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

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table shows 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. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

March 31, 2015

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Gross settled				
Forward exchange contracts				
Inflows	$ 313,469	$ 438,810	$ -	$ -
Outflows	(313,000)	(438,200)	-	-
	$ 469	$ 610	$ -	$ -

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Gross settled				
Currency exchange option contracts				
Inflows	$ 93,304	$ -	$ -	$ -
Outflows	94,950	-	-	-
	$ (1,646)	$ -	$ -	$ -

March 31, 2014

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Gross settled				
Currency exchange option contracts				
Inflows	$ 179,934	$ 359,867	$ 1,372,983	$ 773,365
Outflows	(182,820)	(365,640)	(1,401,620)	(792,220)
	$ (2,886)	$ (5,773)	$ (28,637)	$ (18,855)

c) Financing facilities

	March 31, 2015	December 31, 2014	March 31, 2014
Bank loan facilities (reviewed annually)			
Amount used	$ 563,400	$ 553,875	$ 609,400
Amount unused	1,168,200	980,675	1,113,290
	$ 1,731,600	$ 1,534,550	$ 1,722,690

29. TRANSACTIONS WITH RELATED PARTIES

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 the other related parties are disclosed below.

a. Sales of goods

Line Items	Related Party Categories	Three Months Ended March 31 2015	2014
Sales	Associates	$ 35,590	$ 46,491

The selling prices to related parties were not comparable with those in the market. The selling prices and terms were based on contracts. The collection terms to related parties were open account 60 days. The collection terms to third parties were open account between 30 and 120 days by T/T.

b. Accounts receivable from related parties (excluding loans to related parties)

Line Items	Related Party Categories	March 31, 2015	December 31, 2014	March 31, 2014
Accounts receivable from related parties	Associates	$ 30,715	$ 58,276	$ 39,939
Other receivables from related parities	Associates	$ -	$ -	$ 1

No guarantee for outstanding receivables from related parties had been collected. There was also no allowance for doubtful accounts for these receivables.

c. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Categories	March 31, 2015	December 31, 2014	March 31, 2014
Other payables from related parities	Associates	$ 374	$ -	$ -

d. Non-operating transactions

	Other Revenue	
	Three Months Ended March 31	
Related Parties Types	2015	2014
Associate	$ -	$ 26

e. Compensation of key management personnel

The remunerations of directors and other members of key management personnel were as follows:

	Three Months Ended March 31	
	2015	2014
Short-term employee benefits	$ 16,079	$ 16,079
Post-employment benefits	127	127
	$ 16,206	$ 16,206

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for sales tax of imported inventory and society insurance provident fund schemes of reserve account:

	March 31, 2015	December 31, 2014	March 31, 2014
Other financial assets - current			
Demand deposits - restricted	$ 3,889	$ 3,157	$ 13,642
Time deposits - restricted	2,548	2,586	-
	$ 6,437	$ 5,743	$ 13,642
Other financial assets - non-current			
Time deposits - restricted	$ 10,292	$ 10,445	$ -

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

Unrecognized commitments were as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Acquisition of property, plant and equipment			
RMB	$ 1,326	$ 1,440	$ 1,503
NTD	$ -	$ 243	$ -

b. Contingent liabilities

On October 17, 2012, Te-Tong Technology Limited Corp. (“Te Tong,” 特通科技股份有限公司) filed a lawsuit against the Company for the alleged infringement of Te Tong’s patent and sought indemnification. The Company refuted Te Tong’s allegation. On May 13 2013, the Intellectual Property Court (IPC) dismissed Te Tong’s lawsuit. Since Te-Tong disagreed with the resolution, Te-Tong filed an appeal against the Company on June 6, 2013. However, such appeal was dismissed again by the IPC on June 19, 2014. On July 14, 2014, Te-Tong filed another appeal against the Company. As of May 7, 2015, the date of the accompanying independent auditors’ review report, this appeal was under review by the Supreme Court.

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

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 30,719	31.3000 (USD:NTD)	$ 961,512
USD	20,503	6.1422 (USD:RMB)	641,740
RMB	4,529	0.1628 (RMB:USD)	23,083
RMB	17,376	5.0959 (RMB:NTD)	88,543
Financial liabilities			
Monetary items			
USD	32,050	31.3000 (USD:NTD)	1,003,173
USD	21,457	6.1422 (USD:RMB)	671,581

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 40,506	31.6500 (USD:NTD)	$ 1,282,009
USD	17,034	6.1190 (USD:RMB)	539,131
RMB	3,476	0.1634 (RMB:USD)	17,981
RMB	29,852	5.1724 (RMB:NTD)	154,403
Financial liabilities			
Monetary items			
USD	33,838	31.6500 (USD:NTD)	1,070,963
USD	16,799	6.1190 (USD:RMB)	531,704
RMB	1,790	5.1724 (RMB:USD)	9,259

March 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 34,396	30.4700 (USD:NTD)	$ 1,048,036
USD	38,050	6.1521 (USD:RMB)	1,159,398
RMB	108,403	0.1625 (RMB:USD)	536,901
RMB	4	4.9528 (RMB:NTD)	18
Financial liabilities			
Monetary items			
USD	34,210	30.4700 (USD:NTD)	1,042,369
USD	13,866	6.1521 (USD:RMB)	422,506

The significant unrealized foreign exchange gains were as follows:

	Three Months Ended March 31			
	2015		2014	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.3000 (USD:NTD)	$ 7,965	30.4700 (USD:NTD)	$ 11,302
USD	6.1422 (USD:RMB)	759	6.1521 (USD:RMB)	1,537
RMB	0.1628 (RMB:USD)	2	0.1625 (RMB:USD)	27
RMB	5.0959 (RMB:NTD)	761	4.9528(RMB:NTD)	(19)
		$ 9,487		$ 12,847