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DYNAMIC ELECTRONICS
ANNUAL REPORT 2014

dynamic

dynamic

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4 Names, firm name, address, telephone number, and website address of the auditors of the latest annual financial statements:

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Firm name: Ernst & Young Global Limited

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Website: http://www.ey.com.tw

5 Name of overseas securities exchange:

None。

6 Corporate website: http://www.dynamicpcb.com.tw

Corporate Vision, Core Value, Corporate Culture and Business Philosophy

Corporate Vision：To realize our business philosophy and become a highly-respected company

Core Value：People are Dynamic's most valuable asset.
We value each and every member of our team and make sure to care for their needs.
Our focus is on developing our team members' potential and encouraging them to excel.

Corporate Culture：Integrity Responsibility Learning

Business Philosophy：

Dynamic cares for our team members

We focus on providing a safe work environment for them, along with professional education and training, skill enhancement, personal development, and a profit-sharing plan for all team members.

Dynamic values our partners

We focus on providing the best quality, the fastest delivery, the lowest cost and the best service for our customers and suppliers to ensure that they are competitive in their own markets.

Dynamic respects our shareholders

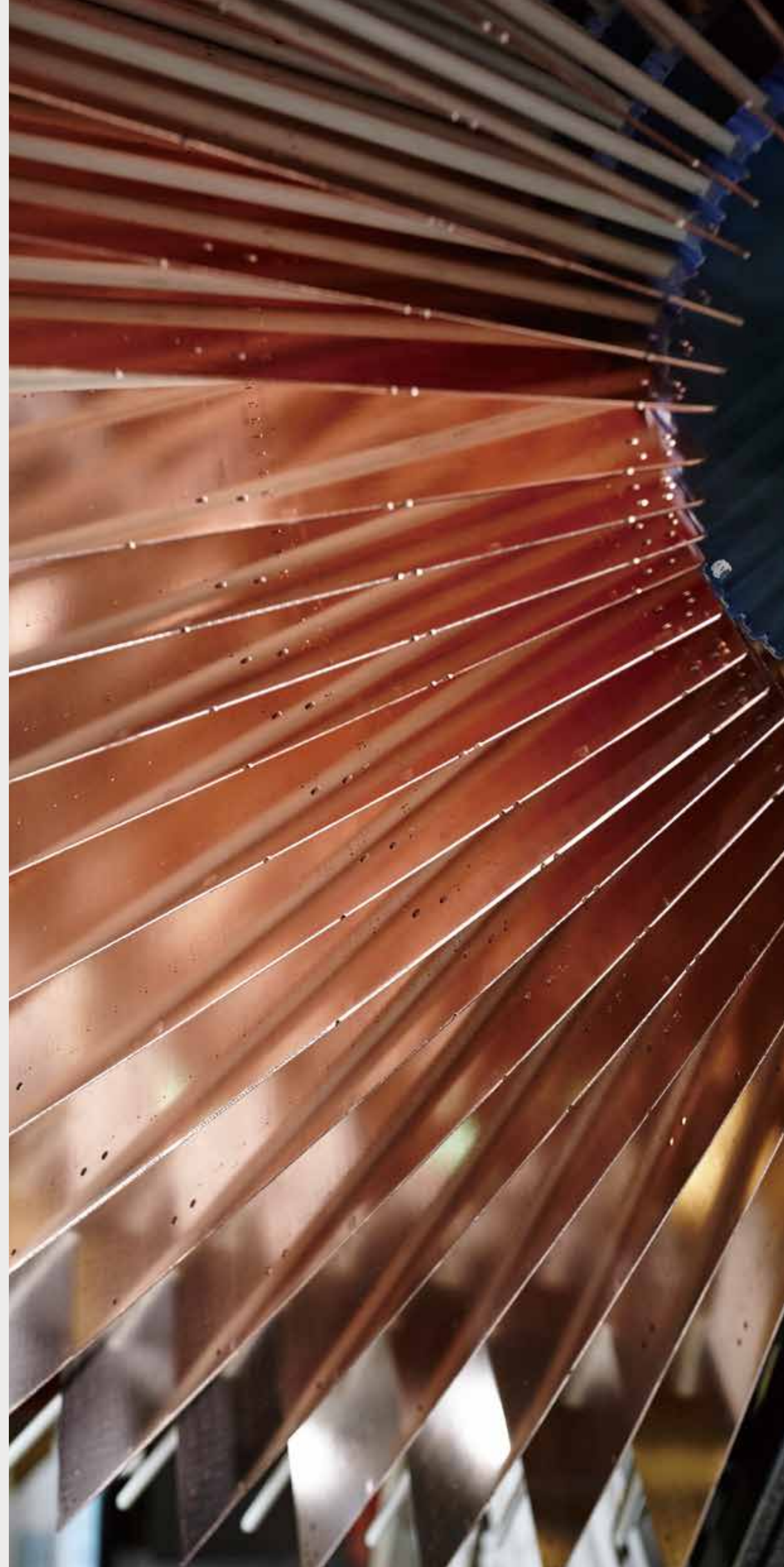
We utilize all of our competitive strengths to achieve real value and returns for our shareholders. We also place an emphasis on the control and governing of our company to ensure the continuity of its operations.

Dynamic cares for society

We demonstrate our commitment to social responsibility by persistently helping the disadvantaged and those in need based on the principle of providing assistance from close to remote, and from near to far.

Dynamic is concerned about the environment

We are committed to improving our energy conservation efforts and minimizing the release of hazardous by products to create environment-friendly manufacturing processes.



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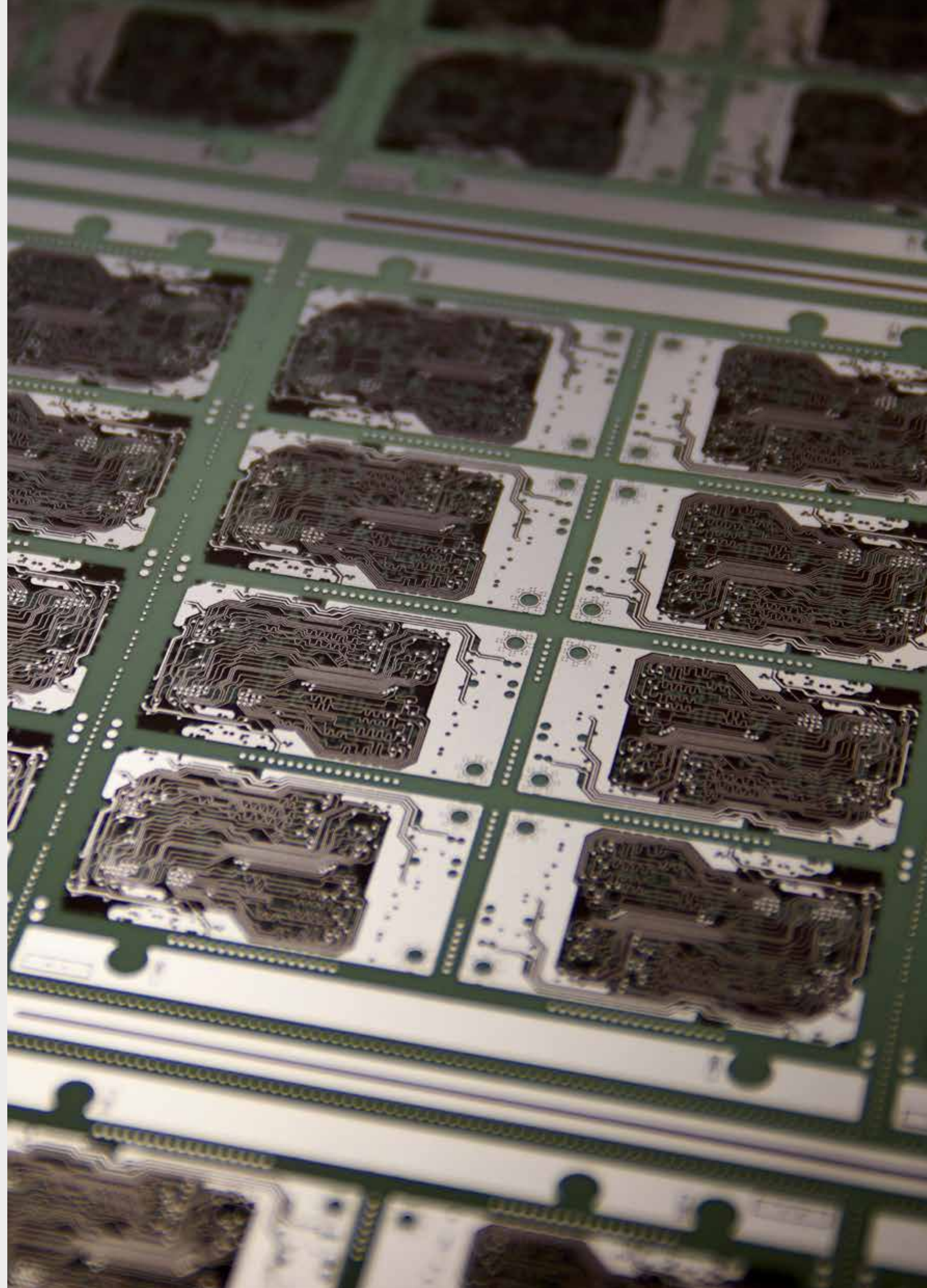


Letter to Shareholders

Dear Shareholders:

The year 2014 has marked the Dynamic Group's return to profitability, showcasing the results of everyone's hard work for the year!

In the past two years, we have dedicated significant efforts toward Dynamic's turnaround. The most important objectives of these efforts have included components of "culture," "organization," and "strategy." "Culture" facilitates a company's rebirth and allows it to gain critical advantages that cannot be replicated by other industry competitors. As such, I wish to thank colleagues for recognizing and establishing a culture of "integrity, responsibility, and studiousness" as well as for their investments in cultivating the business from the ground up. "Organization" refers to finding the right partners who can exert maximum potential and capability on the most appropriate occasions, thereby inspiring the team to exert the greatest firepower through cooperation and division of labor. "Strategy" means planning for the future in the long run before formulating specific execution plans in the short run. We work together to establish our core competencies and develop a winning strategy to formulate the goals for the various departments. As a result of employees' hard work within their respective positions, as well as the initiative they have shown in attaining their personal objectives, the goals of their departments and of the company can naturally be achieved. In the future, we will continue striving to do the right thing!

Our 2014 operating performance and 2015 business plan summary are shown as follows:

1. Operating performance for 2014

(1) Operation plan execution results

1. Consolidated

Unit: NTD thousands

Item	2014	2013	Growth Rate
Operating revenues	10,755,314	10,140,523	6.06%
Net income (loss)	239,200	(258,140)	192.66%
Profitability	2.22 %	(2.55)%	187.37%

2. Individual

Unit: NTD thousands

Item	2014	2013	Growth Rate
Operating revenues	8,886,457	8,325,196	6.74%
Net income (loss)	243,927	(255,383)	195.51%
Profitability	2.74 %	(3.07)%	189.48%

(2) Budget implementation

1. Consolidated

Unit: NTD thousands

Item	Actual Performance for 2014	2014 Budget	Achievement Rate
Operating revenues	10,755,314	10,912,045	98.56%
Operating costs	9,038,710	9,107,231	99.25%
Gross profit	1,716,604	1,804,814	95.11%
Operating expenses	1,430,382	1,403,549	101.91%
Operating income (loss)	286,222	401,265	71.33%
Non-operating income and expense	8,408	(32,223)	126.09%
Income (loss) before tax	294,630	369,042	79.84%

2. Individual

Unit: NTD thousands

Item	Actual Performance for 2014	2014 Budget	Achievement Rate
Operating revenues	8,886,457	9,099,092	97.66%
Operating costs	8,458,091	8,670,982	97.54%
Gross profit	428,366	428,110	100.06%
Operating expenses	819,698	790,130	103.74%
Operating income (loss)	(391,332)	(362,020)	108.10%
Non-operating income and expense	690,689	733,546	94.16%
Income (loss) before tax	299,357	371,526	80.57%

(3) Revenue and profitability analysis

1. Consolidated

Unit: NTD thousands

Item			2014	2013
Financial revenues & expenses	Financial revenue		10,835,381	10,299,878
	Financial expenses		10,540,751	10,558,018
Profitability	Return on assets		2.76%	(1.50)%
	Return on equity		5.17%	(5.72)%
	Ratio to paid-in capital	Operating profit	10.01%	(10.92)%
		Pre-tax profit	10.30%	(9.02)%
	Net profit margin		2.22%	(2.52)%
	Earnings (loss) per share in NTD		0.85	(0.90)

2. Individual

Unit: NTD thousands

Item			2014	2013
Financial revenues & expenses	Financial revenue		9,592,624	8,591,048
	Financial expenses		9,293,267	8,846,431
Profitability	Return on assets		3.21%	(2.99)%
	Return on equity		5.33%	(5.72)%
	Ratio to paid-in capital	Operating profit	(13.68)%	(17.43)%
		Pre-tax profit	10.46%	(8.93)%
	Net profit margin		2.74%	(3.07)%
	Earnings (loss) per share in NTD		0.85	(0.90)

(4) Research and development status

In light of the ever-shortening life cycle of electronic products and the increasingly rapid technological development trends, in 2014 we have continued to implement quality improvements, strengthen our process capabilities, invest in R&D, and introduce new technologies and equipment for niche markets. We have done so in order to strengthen the company's core competencies and increase our competitiveness in the industry, so that we may achieve sustainable development and fulfill our obligation and mission to contribute to society.

Our primary R&D projects and results for 2014 are summarized in the following four points:

1. In regard to high-frequency, high-speed, low signal loss products, we havesuccessfully achieved Insertion Loss -0.48dB/in certification and have successfully entered mass production.
2. In regard to fine wire and thin products, client authentication has been success fully attained for 2 mil thin wire, mass production has commenced for 10 ayer any-layer high density interconnect design products, and processing capacity has been achieved for 10 layer thin 24 mil products.
3. In regard to composite panel and coilable products, process configurations have been completed and sample certification and mass production are underway.
4. In regard to automotive electronics products, mass production has been successfully completed for non-safety products, certification has been completed for passive safety products, and certification is underway for active safety products.

Letter to Shareholders

2. Business Plan Summary for 2015

(1) Operating Principles

1. Operation Level :

1. Establish a good corporate governance system; build an effective corporate governance framework; strengthen the functions of the board of directors, independent directors, audit committee, and other functional committees; protect shareholders' equity; respect the rights of the stakeholders; and enhance information transparency.
2. Establish a corporate culture of business integrity, actively implement the business integrity policy and commitment, practically execute internal management and business activities, review implementation performance, and continue to improve in order to establish a good business operation model and create a sustainable development business environment.
3. Give attention to corporate social responsibility; incorporate the various major economic, environmental, and social considerations and indicators important to the various stakeholders into the company's business strategy and management; and provide full disclosure in order to achieve corporate contributions to society.
4. Provide quantitative management for the company's business strategy, clearly set the key performance indicators for each department, and perform regular assessment reviews. Continue to implement internal control systems and promote operational transparency for the various departments in order to ensure practical implementation of the established business strategies.

2. R&D Level: (1) Primary product categories under development are as follows:

- Internet of Things
- Active automotive safety detection and protection
- Wearable devices
- 5G Communications
- High-end mobile phones and ultra-high-resolution screens

(2) Technology development schedule is as follows:

Content \ Year	Product Application	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Above-10-layer rigid-flex composite boards	Ultra-high-resolution screens								
Hybrid design	Active automotive safety detection and protection/Internet of Things								
Heat dispersing materials	Automobile/3D camera								
Embedded passive components	Wearable devices								
Low temperature co-fired ceramic (LTCC)	Active automotive safety detection unit								

Program evaluation Prototyping Mass production

3. Marketing Level:

(1) Extend the company's marketing strategy considerations into customer marketing and production lines. Gather information on upper, middle, and lower stream industries; competitors; the environment; and administrative regulation related information through multiple channels so that the operational level can carry out appropriate decisions and R&D strategies.

(2) Fully communicate with the customer design and sales end and fully cooperate with their market and product positioning to avoid over- and under-product specifications as well as successfully establishing a market segment using precise and appropriate product quality and cost prices.

(3) Use production bases to cover international customers worldwide; actively establish a global services network; and provide instant and effective post-sales marketing, technology, and quality services in order to get a better grip on customers, establish stable relationships with customers, and improve their confidence in us.

(4) We have invested various resources in products showing future market demand trends so as to assist customers in researching and developing new products, to establish a partnership basis, and to become their long-term collaboration partner once product development has matured and obtained a certain market share.

4. Management Level:

(1) Respect the value of employees, continue to promote personnel training programs, gradually adjust the quality of manpower, construct a competitive organization framework, and solidify the foundation of sustainable growth for the company.

(2) Promote the Six-Sigma College Program, cultivate internal professional lecturers and black belts among various departments, and promote overall quality improvement through establishing internal Six-Sigma quality concepts.

(3) Continue to promote quality improvement; maintain the various management system operations and certifications such as TS16949, QC080000, ISO14001, OHSAS18001, and ISO50001; and actively implement energy conservation as well as waste reduction in order to meet various environmental policies.

(4) Use new system resources to implement cost-effective control, simplify the manufacturing process, use automated equipment to enhance labor efficiency, improve the first yield to enhance output efficiency, increase sample production and output rates in order to enhance competitiveness, and reduce external failure costs.

(5) Achieve at least 1% of the energy conservation target annually, continue to maintain environmental friendliness, and develop and improve energy efficiency as well as waste reduction products and manufacturing process.

(6) In addition to meeting the quality, price, delivery, and green policy demands, we shall gradually request supplier partners to jointly promote health and safety; protect the environment; smooth communication mechanisms; honestly adhere to the various policies; practice professional ethics obligations; and fulfill corporate social responsibility.

(7) Construct a unified group ERP system as well as integrate and share management knowledge and experiences, ensure safety for the data managed by the company's various software and hardware, and prevent outflow of the company's assets and intellectual property.

(2) Anticipated Sales Volume and its Basis

Primary sources of growth are as follows, in accordance with the company's 2014 annual performance, estimates for 2015, comprehensive assessment of the company's advantages, and market trends:

1.Analysis based on technology types:

(1) Overall orders are anticipated to grow by approximately 10% to 12%.

(2) Traditional panels are expected to grow by approximately 6% to 8%.

(3) High density interconnection panel orders are anticipated to grow by approximately 30% due to processing capacity enhancements in two plants and the relevant manufacturing equipment that has been added.

(4) Rigid-flex board is the primary key product category manufactured in the Taoyuan plant.

2. According to product application categories:

(1) Automotive Panels

Market demand increased because car replacements rate for 2015 are high. Orders and gross profit maintained steady growth. Automotive products' certification process may take as long as 2-3 years, which forms a significant entry barrier. Therefore, overall sales strategy has listed car panels as one of the important products.

(2) Server and Storage Devices

With the development of cloud computing, the next 1-2 years are anticipated to become the high-speed growth period for data center construction. Due to our active endeavors and development in 2014, our growth is expected to continue in 2015.

(3) Green Products

We have actively invested into the layout and development of LED products in 2014, and we anticipate gradual results in 2015.

(4) Rigid-Flex Board Products

In view of the future trend of compact size, multi-function integration, lower noise, and supply chain integration for electronic goods, the company has actively prepared for this product category in 2014 and plans for the Taoyuan plant to provide key production in 2015. The primary product applications include camera modules, thin film transistor liquid crystal displays, wearable devices, and mobile phones.

(3) Critical Marketing Policies

1. Collaborate with the promotion and integration of the ERP system, establish a comprehensive marketing system, integrate order demand for the two plants and unify construction information for the two plants. Shorten the various pre-preparation times to promote optimal production efficiency, and precisely calculate the production costs for various products in order to facilitate cost analysis and control.
2. Actively transform the Taoyuan plant to strive for green products and become a dedicated production plant for rigid-flex board products.
3. As the processing capability for the Kunshan plant gradually improves, effectively allocate cross-Strait orders and production capacity.

3. Impact on future development strategy by the external competitive environment, regulatory environment, and overall business environment

The managing director of the International Monetary Fund has indicated that global markets have entered a "new mediocre" stage, and emerging markets have also entered the "new state" of low- to mid-level growth. According to data provided by the Chung-Hua Institution for Economic Research, the global economic growth rate is 2.7%, which is 0.1 percentage point higher than the 2.6% growth rate in 2013 and showing a trend of moderate recovery. Growth rates in advanced and developing countries are on the rise, but growth rates for emerging countries dropped. The international economy continues to heat up in 2015 and the estimated growth rate is 3.1%.

Crude oil prices experienced a downward trend in 2014. Oil prices continued to fall because geopolitical impacts in Eastern Europe and the Middle East did not cause any shortage in total crude oil supply, and OPEC did not reduce production. Lower energy costs can help to reduce energy costs for global consumers and enterprises as well as injecting economic growth in most parts of the world. However, lower energy costs would further erode the economy as well as financial revenues and expenditures of oil-producing countries, and they can also impact the energy and renewable energy industries. A wave of bankruptcies or mergers may occur in the oil shale mining or renewable energy-related industries. Therefore, we can see there are pros and cons to lower energy costs.

In 2014, Taiwan's economy departed from its three year pattern of opening high and progressing lower, as its performance instead improved with an economic growth rate of 3.34% or 1.2 percentage points higher than the 2.23% rate seen in 2013. The steady growth in merchandise exports was driven by the international economy and important electronic products. Increasing exports were mainly contributed by Europe, the United States, and Japan. Employment conditions improved, commodity prices remained relatively stable, and domestic demand was driven by a bullish stock market as well as a burgeoning tourism sector.

Taiwan's economic growth is projected at approximately 3.5% in 2015 on the back of sustained increases in the international economy and global trade. However, there are still some uncertainties and unfavorable factors. A rate hike in the United States would put depreciation pressure on Asian currencies, and such a rate hike's timeframe and magnitude still remain unclear. Monetary easing policies in the Euro zone and Japan may intensify fluctuations in the international and Asian currency markets. Some advanced countries still have not yet resolved their high debt and high unemployment problems, and the gap between rich and poor continues to grow. Growth has waned among China and emerging markets. Industry supply chain localization on the mainland, as well as China's rapid advancements and innovations in science and technology, have intensified cross-Strait industry competition.

In regard to the printed circuit board industry, analysis by Primsmark indicates that the annual growth rate for 2014 was 2.3% due to weakened tablet PC demand as well as overcapacity and falling prices. The main growth in the market was in smartphones, automotive electronics, and consumer electronics products (such as televisions). In the next 5 years, the annual compound average growth rate for printed circuit boards will be 3.1%, where rigid-flex board products will account for 5.9%. The relatively rapid growth segments will be in cloud computing, wearable devices, electric vehicles, LED lighting, the Internet of Things, medicine, renewable energy, etc. In regard to production sites, China is still the largest region as it accounted for 45% in 2014 and will continue to expand in 2015.

In regard to China's regulatory environment, the mainland's government has started to attach more importance to environmental protection in recent years. As a result, wastewater discharge standards have become increasingly stringent and wastewater treatment costs have increased. After the Kunshan explosion on August 2, 2014, the Kunshan city government launched a series of safety inspections and started to demand more stringent requirements for industrial safety accident prevention. On November 1, 2014, Jiangsu Province adjusted its wage from RMB 1,530 to RMB 1,680, which directly increased staff salary burdens. All of these reasons have caused a substantial increase in operating costs and portend a tougher future business environment.

Since 2012, Dynamic Electronics has been committed to building its infrastructure in terms of corporate culture, core values, business philosophy, etc. We endeavored to provide humanistic staff care and management under the core value of "people are the most important asset," and have successfully channeled the centripetal force of the employees. Meanwhile, Dynamic has also deeply invested in technical R&D, process management, and customer relationship maintenance; and positioned itself for the fast-growing products and markets mentioned above in order to gain a strong competitive edge, provide stable production capacity, enable fast delivery, and become a single digit DPPM quality enterprise with cost-competitive capacities. In addition, Dynamic has also spared no efforts in terms of environmental protection. It has actively provided innovative improvements in order to create an energy efficient, non-toxic, and low emission green production environment.

Letter to Shareholders

In terms of social welfare, Dynamic Electronics hopes to channel the power of the entire staff in order to contribute to society. In early 2014, Dynamic Electronics established a year-end banquet dinner practice where a charity garden party is held simultaneously across the Strait and all garden party and charity sales proceeds are donated to public interest groups. The Kunshan plant has also established the "Dynamic Guan Ming Charitable Fund" to help in education and help the poor. In 2013, the Taoyuan Plant has sponsored the Arts Vocational Training Results Exhibition of Disabled Persons held by the WanFun Special Needs Center, Autism Association "Unforgettable Silence" Charity Concert, and Life Education Advocacy held by the Precious Dogs Association of Taoyuan City Elementary School. The Taoyuan Plant has also cleaned up the drainage ditches adjacent to the Guishan Industrial Park railway and purchased handmade Autumn Festival gift boxes from The Gleaners Care Association. Dynamic Electronics has also visited distant rural areas to support the archery team and arts classes of Jieshou Junior High School in Fuxing Township, and has provided long-term funding for dozens of students from low income families to help them learn and develop their talents in the arts.

The above-mentioned efforts have not only enabled Dynamic Electronics to become more robust among its competitors, but have also given us more resources and capabilities to undertake corporate social responsibility and to increase satisfaction for all stakeholders including colleagues, customers, suppliers, shareholders, banks, and communities, as well as government and non-government organizations. We hope that we have expressed our vision one step at a time to "realize our business philosophy and become a respectable enterprise."

Our future development strategies encompass the following:

1. Establish a good corporate governance and structure, protect the interests of the shareholders, respect the interests of the stakeholders, and enhance information transparency.
2. Establish a corporate culture of management integrity, practically execute the policies and commitments of management integrity, and create a business environment of sustainable development.
3. Give attention to corporate social responsibilities; incorporate the various economic, environmental, and social topics into the company's business strategy and management; and provide full disclosure in order to achieve corporate contributions and give back to society

Finally, I want to wish everyone health and safety, for yourselves and your families!

Chairman: **Ken Huang** President: **Stoney Chiu** Accounting Supervisor: **Lily Chiang**

Company Introduction

1. Founding Date August 18, 1988, with capital of NT$12,000,000.

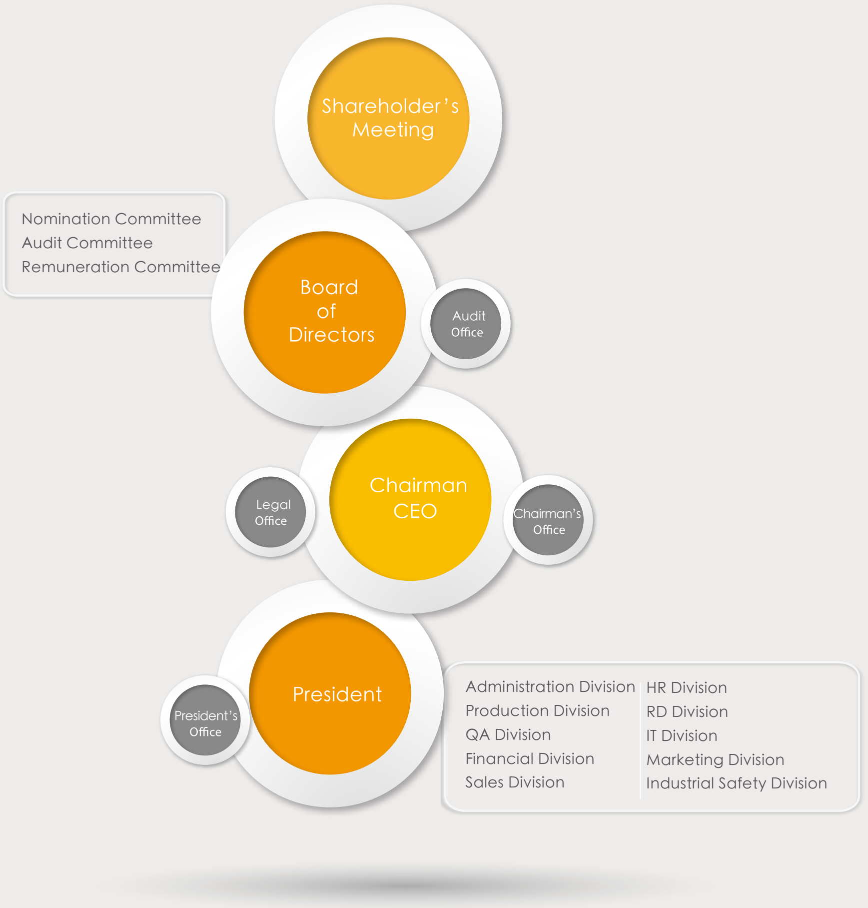
2. Company History

Year-Month	Company Development
1988.08	The company was established in Taoyuan County for paid-in capital of NT$12,000,000.
1993.05	Passed the UL product safety specification verification.
1996.11	Processed a cash capital increase of NT$16,000,000 for paid-in capital of NT$28,000,000.
1996.12	Passed the quality management system ISO 9002 verification.
1998.04	Processed a cash capital increase of NT$70,000,000 for paid-in capital of NT$98,000,000.
1997.12	Processed surplus transfer into a capital increase of NT$40,000,000 for paid-in capital of NT$138,000,000.
2001.12	Processed surplus transfer into a capital increase of NT$110,400,000 and employee bonuses transfer into a capital increase of NT$2,600,000 for paid-in capital of NT$251,000,000.
2002.01	Reinvested and established subsidiary WINTEK(MAURITIUS) Co., Ltd.
2002.04	Indirectly reinvested and established Dynamic Electronics (Kunshan) Co., Ltd.
2002.04	Processed cash capital increase of NT$40,000,000; surplus transfer into capital increase of NT$125,500,000; and employee bonuses transfer into capital increase of NT$3,500,000 for paid-in capital of NT$420,000,000.
2002.05	Passed the Automotive Industry Quality Management System QS9000 verification.
2002.05	Initial public offering on May 27, 2002.
2002.10	Officially registered in the emerging stock market and traded over the GreTai Securities Market.
2003.01	Reinvested in Germany to establish subsidiary Dynamic Electronics Europe GmbH in Germany.
2003.06	Processed surplus transfer into capital increase of NT$126,000,000 and employee bonuses transfer into capital increase of NT$14,000,000 for paid-in capital of NT$560,000,000.
2003.10	Kunshan plant officially began mass production and delivering shipments.
2003.10	Purchased the factory land and other buildings located on Shanying Road.
2003.06	Ranked number 649 among the top 1000 largest plants in the manufacturing industry by CommonWealth Magazine in 2003.
2003.07	Passed Environmental Management System ISO14001 Verification.
2004.09	Passed the Quality Management System ISO9000 Rev.2000 Verification.
2004.09	Passed the Automotive Industry Quality Management System TS16949 Verification when the Kunshan plant began producing automotive panels.
2004.10	Processed surplus transfer into capital increase of NT$56,000,000 and employee bonuses transfer into capital increase of NT$4,000,000 for paid-in capital of NT$620,000,000.
2004.11	Transferred capital reserve into capital increase of NT$30,000,000 with the capital of NT$650,000,000.
2005.01	Processed the cash capital increase of NT$150,000,000 for paid-in capital of NT$800,000,000.
2005.05	Ranked number 392 among the top 10,000 largest plants in the manufacturing industry by CommonWealth Magazine in 2004; and considered as one of the 38 fastest growing companies in the manufacturing industry.
2005.06	Obtained ASUS Green Product GA Verification.
2005.08	Processed surplus transfer into capital increase of NT$224,000,000 and employee bonuses transfer into capital increase of NT$11,632,000 for paid-in capital of NT$1,035,632,000.
2005.09	Obtained the LG Love Green Certification.
2005.09	Reinvested in Japan and established subsidiary Dynamic Electronics Japan.
2006.11	Processed the cash capital increase of NT$176,000,000 with the paid-up capital of NT$1,211,632,000.
2006.09	Processed surplus transfer into capital increase of NT$363,490,000 and employee bonuses transfer into capital increase of NT$30,377,000 for paid-in capital of NT$1,605,499,000.
2006.10	Processed the cash capital increase of NT$168,750,000 with the paid-up capital of NT$1,774,249,000.
2006.12	Taoyuan plant began production for high density interconnect panels.
2007.02	Obtained SONY Green Partner Certification.
2007.06	Withdrew subsidiary Dynamic Electronics Japan.
2006.10	Passed the Hazardous Substance Process Management System QC080000 Certification.
2007.10	Processed surplus transfer into capital increase of NT$354,850,000 and employee bonuses transfer into capital increase of NT$22,841,000 for paid-in capital of NT$2,151,940,000.
2007.12	Indirectly reinvested and established Dynamic Electronics (Xiamen) Co., Ltd.
2008.04	Reinvested and established subsidiary Dynamic PCB Electronics Co., Ltd., in Seychelles.
2008.05	Ranked number 246 among the 1000 largest plants in the manufacturing industry by Common-Wealth Magazine in 2007.
2008.10	Processed surplus transfer into capital increase of NT$215,194,000 and employee bonuses transfer into capital increase of NT$17,543,000 for paid-in capital of NT$2,384,678,000.
2008.10	Indirectly reinvested and established Kunshan Tybrake Industry Co., Ltd. and Kunshan BaoYing Electronics Technology Co., Ltd.
2009.03	Listed on the Taiwan Stock Exchange and processed the cash capital increase of NT$23,000,000 with the paid-up capital of NT$2,614,678,000.
2009.04	Reinvested in Abon Touchsystems Inc.
2009.06	Kunshan plant began production of high density interconnect panels.
2009.11	Passed work safety performance approval by the Council of Labor Affairs.
2009.12	Sold the indirectly reinvested Kunshan Tybrake Industry Co., Ltd. and Kunshan BaoYing Electronics Technology Co., Ltd.
2010.02	Passed ISO 14064-1 Greenhouse Gas Verification.
2010.03	Passed Occupational Health and Safety Management System OHSAS 18001 Verification.
2010.08	Issued the first domestic unsecured convertible bonds in the amount of NT$900,000,000.
2011.08	Processed surplus transfer into capital increase of NT$236,507,000 with the paid-up capital of NT$2,864,360,000.
2011.12	Taoyuan plant began producing rigid-flex board products.
2012.06	Taoyuan plant began production for 12L any-layer high density interconnect panels.
2012.11	Processed surplus transfer into capital increase of NT$71,234,000 with the paid-up capital of NT$2,935,594,000.
2013.02	Disposed of 100% equity of the indirectly reinvested company Tybrake Industry (Xiamen) Co., Ltd.
2013.07	Processed treasury shares capital reduction of NT$60,000,000 for paid-in capital of NT$2,875,594,000.
2013.12	Kunying Electron (Kunshan) Co., Ltd. is renamed as Dynamic Electronics (Kunshan) Co., Ltd.
2013.12	Processed treasury shares capital reduction of NT$15,000,000 for paid-in capital of NT$2,860,594,000.
2014.11	Passed Energy Management System ISO50001 Verification.
2014.12	Issued the first Corporate Social Responsibility Report that conformed to the GRI G4 and AA1000 first category moderate level assurance grade requirements.
2014.12	Change the company address from Taoyuan County Guishan Township to Taoyuan City Guishan Township in response to the administrative zone changes.
2015.01	Reinvested and established subsidiary Dynamic Electronics Co., Ltd., in Seychelles.
2015.02	Reinvested and established subsidiary Dynamic Electronics Trading Pte Ltd., in Singapore.
2015.02	Reinvested and established subsidiary Dynamic Electronics Holding Pte Ltd., in Singapore.

Corporate Governance

I. Organization System

A. Organization structure



B. Primary Operational Departments

Each Unit (by rank)					Responsibility and in charge of	Notes
Shareholders' Meeting					1. Highest decision-making unit in the company 2. Exercises authority according to corporate bylaws and related laws and regulations.	
	Board of directors				1. Exercises authority according to the decisions made by the board of shareholders and the charter. 2. Exercises authority according to the corporate bylaws and related laws and regulations. 3. Highest decision-making unit for daily operations within the company.	
		Chairman			1. Chairman of the Board of Directors, represents the company. 2. Exercises authority within the scope and boundaries authorized by the Board of Directors. 3. Reviews and authorizes various investment and financing operations. 4. Authorizes bank payment and payment vouchers.	
		Nominating committee			1. Develops nominating policy. 2. Reviews the structure, formation, and the number of individuals in the Board of Directors routinely, and offers suggestions to the Board of Directors. 3. Identifies suitable candidates who are qualified to serve as Directors, and offers opinions to the Board of Directors.	
		Audit committee			1. Audits the accounting system, financial position, financial reporting procedures, and the procedures to handling major financial operations within the company accounts. 2. Audits the company financial report for truthfulness, completeness, and transparency. 3. Audits the acquisition or disposal of asset, transactions related to derivatives, loans to others, endorsement or the provision of guarantees for others, and merge, split, acquisitions, or transfer of shares, for compliance to the law, letters of administration, and internal company regulations. 4. Other duties according to the charter, corporate governance criteria, or decisions made by the Board Directors.	
		Remuneration Committee			1. Reviews this report routinely and offers rectifications. 2. Develops and routinely assesses the company Directors and Managers' annual and long-term performance targets and remuneration policies, system, standards, and structure. 3. Assesses whether the company Directors and Managers have met their performance targets and their compensation packages.	
		Auditing Office			1. Assist the Board of Directors and managers to check and review the internal control policy for faults and assess the effectiveness and efficiency in operations. 2. Assist managers to develop various internal control systems and management measures.	
		Legal Office			1. Development or assessment of each contract. 2. Internal consultation for each law-related matters and the bridge of communications for external law-related matters.	
			CEO		1. Sets the direction for the future of the company. 2. Sets the company's long, mid-range, and short-term management objectives, strategies, plans, targets, implementations, and reviews. 3. Decision-making for major operations in the company. 4. Participates in the decision-making of the Board of Directors, and carries out these decisions. 5. Reports operational situations to the Board of Directors routinely and submits the Annual Report.	
			Presiden		1. Manages company affairs and represents the company within the scope of authorization under the company charter or contractual agreement. 2. Design and implementation of the internal control system. 3. Authorizes personnel promotions. 4. Authorizes every budget, sales, or production planning. 5. Others – carries out approval rights for each task according to the rights given.	
				Finance Department	1. Accounting and the drawing up and assessment of financial statements. 2. Monetary collections and payments, and the review of these forms. 3. Planning and execution of investment and financing.	
				Marketing Department	Execution of various sales and marketing activities.	
				Manufacturing Department	1. Execution and management of every production task. 2. Execution and management of every IT task.	
				Quality Assurance Department	1. Establish and continuously update various quality assurance and reliability system. 2. Carry out production QA, handle customer complaints, and revisions according to feedbacks.	
				R&D Department	Various research and development projects and oversee production of samples.	
				Administrative Department	1. Add-on or fix various production equipment and purchasing administrative products. 2. Purchasing various raw materials and consumables. 3. Bargaining for outsourcing semi-finished products according to production needs. 4. Administrative duties. 5. Undertake environmental, industrial safety and health-related tasks.	
				Human Resources Department	1. Research and analysis of company organizational system and division of tasks and responsibilities. 2. Maintaining and promoting the relationships between workforce and management. 3. Various enforcement of HR and remuneration tasks. 4. Promotion of staff appraisal, reward and punitive measures, educational and training etc.	
				Information Department	1. Overall planning of the development of the company's information system. 2. Build and maintain the company's computerized information systems. 3. Set the units responsible for building and maintaining various databases. 4. Support the planning and servicing of the information system of each department.	
				Sales Department	1. Arrange input of materials and production planning according to sales orders. 2. Production arrangement, utilization rate analysis, warehousing management of finished products. 3. Conduct performance evaluation of outsourcing suppliers according to production needs. 4. Warehousing management of raw materials.	
				Industrial Safety Department	1. Planning and supervision of labor safety and health-related tasks. 2. Industrial safety management of contractors in plant area. 3. Collection and discernment of safety and health laws and regulations. 4. Internal and external consulting and communications pertaining safety and health issues.	

II. Information Pertaining to the Directors, President, VP, AVP, and Supervisors in each department and branch office

A. Directors

(1)Information on the Directors

Title	Nationality or Registereding	Name	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
						Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Chairman	Taiwan, R.O.C.	Ken Huang	2012.06.18	3 years	90.12.01	6,204,236	2.17%	8,046,341	2.81%	191,810	0.07%	0	0.00%	De Lin Institute of Technology VP of Sales at Dynamic Electronics Co., Ltd.	Chairman and CEO at Dynamic Electronics Co., Ltd. Chairman at Wintek (Mauritius) Co., Ltd. Chairman at Dynamic Electronics (Kunshan) Co., Ltd. Executive Director at Dynamic Electronics Europe GmbH Chairman at Dynamic PCB Electronics Co., Ltd. (Seychelles) Director at Abon Touchsystems Inc.	None	None	None
Director	Taiwan, R.O.C.	Wen-You Chiang	2012.06.18	3 years	95.06.30	676,120	0.24%	473,022	0.17%	0	0.00%	0	0.00%	International Trade at Tamkang University Chairman at Jian Hong Securities Co. Chief Secretary at the Board of Directors of Sino-Pac Financial Holdings Co., Ltd. Supervisor at Sino-Pac Securities Co, Ltd. CEO at Dynamic Electronics Co, Ltd.	Director at Tera-ASPer Digital Service Corp. Director at Yun-Zan Investment Co., Ltd. Independent Director at TCM Biotech International Corp. Supervisor at Dynamic Electronics (Kunshan) Co., Ltd.	None	None	None
Director	Taiwan, R.O.C.	China Develop-ment Financial (Note 1)	2012.06.18	3 years	98.06.19	3,205,006	1.12%	3,285,131	1.15%	0	0.00%	0	0.00%			None	None	None
Corporate Director Represen-tative	Taiwan, R.O.C.	James Yin	2014.10.09	1 year	2014.10.09	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, University of California, Los Angeles Manager, Direct Investment Div., China Development Industrial Bank	Corporate Director Representative of Macroblock Technology Co., Ltd. Corporate Director Representative at GPM Corp Co., Ltd.	None	None	None
Director	Taiwan, R.O.C.	Wen-Zuan Investments Co., Ltd. (note 2)	2012.06.18	3 years	2012.06.18	205,174	0.07%	210,303	0.07%	0	0.00%	0	0.00%			None	None	None
Corporate Director Represen-tative	Taiwan, R.O.C.	Spencer Wei	2014.11.28	1 year	2014.11.28	0	0.00%	36,886	0.01%	0	0.00%	0	0.00%	EMBA at Yuan Ze University Chairman at Nanotech Co., Ltd	Representative/Director of Wen-Zuan Investment Co., Ltd.	None	None	None
Director	Taiwan, R.O.C.	Stoney Chiu	2013.06.18	2 years	2012.10.01	2,847,749	0.97%	3,083,749	1.08%	0	0.00%	0	0.00%	Chemical Engineering, Feng Chia University EMBA at CEIBS Assistant Manager at Manufacturing Dept., Texas Instruments President, Tripod Tech (Wuxi) Co., Ltd. COO, Tripod Tech Co., Ltd.	President at Dynamic Electronics Co., Ltd. President at Dynamic Electronics (Kunshan) Co., Ltd. Director of Dynamic Electronic (Kunshan) Co., Ltd.	None	None	None
Independent Director	Taiwan, R.O.C.	Jerry Chang (Date of departure: 1031206)	2012.06.18	3 years	2008.03.26	0	0.00%	0	0.00%	N/A	0.00%	N/A	0.00%	Bachelors in Accounting, National Cheng Chi University MBA, University of Leicester Ph.D. in Economics, Shanghai University of Finance and Economics Director and Senior Associate, Oriental Securities Corp. Leader, Ching Ho Financial Consultancy Co., Ltd.		None	None	None
Independent Director	Taiwan, R.O.C.	Yuh-Jye Lee	2012.06.18	3 years	2008.07.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Masters in Applied Mathematics, National Tsing Hua University Ph.D. in Information Science, University of Wisconsin-Madison Assistant Professor, Dept. of Information Engineering, National Chung Cheng University	Professor, Dept. of Information Engineering, National Taiwan University of Science and Technology	None	None	None
Independent Director	Taiwan, R.O.C.	Chun-hung Lin	2012.06.18	3 years	2012.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Accounting Dept., Tunghai University Masters, Dept. of Administration and Management, National Cheng Chi University Auditor, KPMG Project Vice Manager, Sales Div., Fubon Securities Co., Ltd. Project Manager at Investment Banking Div., Capital Securities	CFO, Highlight Tech System Corp., Ltd. Supervisor, Evatech Co., Ltd. Supervisor, Chun Peng International Co., Ltd.	None	None	None

Note 1: Hsu-Hsi Weng, Representative of China Development Financial Co., Ltd. has been relieved of this position on Oct. 9, 2014.

Note 2: Ming-Yu Ke, Representative of Wen-Zuan Investment Co., Ltd. has been relieved of this position on Nov. 28, 2014.

(2) Directors that are corporate shareholders and count as controlling shareholders

March 30, 2015

Corporate shareholder name	Controlling shareholders who are corporate shareholders	
	Shareholders	Shareholding ratio %
China Development Financial Co., Ltd.	China Development Industrial Bank Co., Ltd.	100.00 %
Wen-Zuan Investment Co., Ltd	Spencer Wei Ming-Chieh Chang Ting-Yu Lin	50% 49% 1%

(3) The controlling shareholders of substantial corporate shareholders

March 30, 2015

Corporate Names	Controlling shareholders who are corporate shareholders	
	Shareholders	Shareholding ratio %
China Development Industrial Bank Co., Ltd.	China Development Financial Holdings Co., Ltd.	100.00 %

2. Qualifications of Directors

Criteria / Name	Hold 5 years or more of working experience and these professional qualifications listed below			Independently meet these qualifications										Number of other publicly-listed companies that the individual serves as an independent director
	Lecturer or above in business, law, finance, accounting, or another discipline related to company businesses in a private or public university	Passed national examination and attained certification for professionalism and technical expertise as a judge, prosecutor, lawyer, accountant, or another field deemed necessary by the company business	Working experience in business, law, finance, accounting, or company operations	1	2	3	4	5	6	7	8	9	10	
Ken Huang			✓				✓	✓	✓	✓	✓	✓	✓	None
Wen-you Chiang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	None
James Yin			✓	✓	✓	✓	✓		✓	✓	✓	✓		None
Spencer Wei			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		None
Stoney Chiu			✓				✓	✓	✓	✓	✓	✓	✓	None
Yuh-Jye Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Chun-hung Lin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1: Please tick the boxes below each criterion if a director has fulfilled these conditions two years prior to being elected and during his/her term of service.
(1) Is not employed by the company or its affiliated corporations.
(2) Is not a director or supervisor at the company or its affiliated corporations (but if the person is an Independent Director at the company or its parent company, or in a subsidiary in which the company either directly or indirectly hold more than 50% of shares, the person is not subjected to this limit).
(3) Is not a shareholder that hold more than 1% of the company's total shares or rank among top-ten shareholders, this applies for the director him/herself, spouse, minor children, or shares held under others' names.
(4) Is not a spouse, second-degree relative, or direct, blood-related five-degree relative of the personnel listed in the first three criterion.
(5) Is not a director, supervisor, or employee of a corporate shareholder that holds more than 5% of the company's total shares, nor a director, supervisor, or employee of a top-five ranked corporate shareholder.
(6) Is not a director, supervisor, manager, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business exchanges with the company.
(7) Is not a professional, a business owner, co-partner, director, supervisor, manager, or their spouse at a sole proprietor, partnership, company, or institution that offers services or consultancy for business, finance, or accounting etc. for the company or its affiliated firms. But remuneration committee members who enforce their obligations according to Article 7 of the Job Obligation Decree, in a listed company or a company that trades in the Securities and Stock Exchange, are not restrained.
(8) Is not a spouse nor a second-degree relative with another director.
(9) Is not involved in any of the sections in Section 30 of the corporate bylaws.
(10) Is not elected as a government, corporation, or its representative under Section 27 of the corporate bylaws.

B. President, VP, AVP, and departmental and branch office supervisors

Title	Nationality	Name	Assumed office on	Shares held		Shares held by spouse or minor children		Shares held under others' names		Primary experiences/education	Offices presently held in other companies	Managers who are spouses or second-relation relatives		
				Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
CEO	Taiwan, R.O.C	Ken Huang	101.09.01	8,046,341	2.81%	191,810	0.07%	0	0.00%	De Lin Institute of Technology VP of Sales at Dynamic Electronics Co., Ltd.	Chairman at Wintek (Mauritius) Co., Ltd. Chairman at Dynamic Electronics (Kunshan) Co., Ltd. Executive Director at Dynamic Electronics Europe GmbH Chairman at Dynamic PCB Electronics Co., Ltd. (Seychelles) Director at Abon Touchsystems Inc.	None	None	None
President	Taiwan, R.O.C	Stoney Chiu	101.10.01	3,083,749	1.08%	0	0.00%	0	0.00%	Chemical Engineering, Feng Chia University EMBA at CEIBS Assistant Manager at Manufacturing Dept., Texas Instruments President, Tripod Tech (Wuxi) Co., Ltd. COO, Tripod Tech Co., Ltd.	President at Dynamic Electronics (Kunshan) Co., Ltd. Director of Dynamic Electronic (Kunshan) Co., Ltd.	None	None	None
VP	Taiwan, R.O.C	Allen Chou	101.01.01	18,122	0.01%	0	0.00%	0	0.00%	Senior Engineer at R&D Dept., Unitech Account Manager, System QA Dept., Telecommunications Business, Foxconn	VP at Dynamic Electronics (Kunshan) Co., Ltd	None	None	None
VP	Taiwan, R.O.C	Jack Hsu	96.02.01	310,566	0.11%	135,299	0.05%	0	0.00%	Chemical Engineering, Feng Chia University Processing Engineer and Section Chief of Wet Processes, Unitech. Plant Manager, HDI factory, Chin Poon (Suzhou) Electronics Co., Ltd	None	None	None	None
VP	Taiwan, R.O.C	Don Chen (Note 1) 2014.02.05	103.02.05	0	0.00%	0	0.00%	0	0.00%	Taoyuan Innovation Institute of Technology VP, Wuxi factory, Tripod Tech Co., Ltd.	VP at Dynamic Electronics (Kunshan) Co., Ltd	None	None	None
VP	Taiwan, R.O.C	Hamlet Chiu (Note 2)	103.08.12	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Chemistry, National Sun Yat-sen University Plant Manager, Factory Five, Tripod Tech Co., Ltd. Executive Assistant to the President and Department Head of Purchasing, Gold Circuit Electronics Co., Ltd.	VP at Dynamic Electronics (Kunshan) Co., Ltd	None	None	None
VP	Taiwan, R.O.C	Johnson Yang (Note 3) 2014.08.15	103.08.15	0	0.00%	0	0.00%	0	0.00%	Masters in Dept. of Information Management, Chung Yuan University Department Head, IT Dept., Tripod Tech Co., Ltd.		None	None	None
Finance and Accounting Supervisor	Taiwan, R.O.C	Lily Chiang	95.06.30	114,000	0.04%	0	0.00%	0	0.00%	Finance Manager, Iteq Corporation AVP, Finance Dept., Uniplus Electronics Co., Ltd.	None	None	None	None
Auditing Supervisor	Taiwan, R.O.C	Angel Tsai	102.06.01	114,000	0.04%	0	0.00%	0	0.00%	Bachelors in International Corporate Management, Chien Hsin University of Science and Technology Auditor at Wang Chiu-Hui Accounting Firm Department Section Chief of Accounting, Overseas Investment and Project Manager at Albatron Technology Co., Ltd. Senior Accountant, MJ Life Enterprise, Ltd.	None	None		

Note 1: Mr. Don Chen assumed office on Feb. 5, 2014. Note 2: Mr. Hamlet Chiu assumed office on Aug. 12, 2014. Note 3: Mr. Johnson Yang assumed office on Aug. 15, 2014.

III. Compensation for the Directors, President, and VPs for this fiscal year

A. Compensation for Directors

Unit: NTD thousands/ share thousands

Title	Name(note 1)	Directors' compensation								% of sum of A,B,C, and D in the total net income		Related compensation for directors who also serve as employees														% of sum of A, B, C, D, E, F, and G in the total net income (note 11)		Received reinvestment remuneration from outside of subsidiaries or branches (Y/N) (note 12)
		Compensation (A) (note 2)		Pension (B)		Profit sharing (C) (note3)		Business-associated expenditure (D) (note 4)			Salary, bonus, and special fees (E) (note 5)		Pension (F)			Staff profit sharing (G) (note 6)					Stock option – number of shares that can be purchased by staff (H) (note 7)	New employee reserved share rights (I) (note 13)						
		The Company	All companies in the financial statement (note 8)	The Company	All companies in the financial statement (note 8)	The Company	All companies in the financial statement (note 8)	The Company	All companies in the financial statement (note 8)	The Company	All companies in the financial statement (note 8)	The Company	All companies in the financial statement (note 8)	The Company	All companies in the financial statement (note 8)	The Company		All companies in the financial statement (note 8)		The Company	All companies in the financial statement (note 8)	The Company	All companies in the financial statement (note 8)	The Company	All companies in the financial statement (note 8)			
																Cash dividend amount	Share dividend amount	Cash dividend amount	Share dividend amount									
Director	Ken Huang	-	-	-	-	-	-	-	-	-	-	4,085	5,858	108	108	-	-	-	-	-	-	-	-	1.72	2.45	N		
Director	Wen-you Chiang	-	-	-	-	-	-	50	50	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	0.02	N		
Director	Stoney Chiu	-	-	-	-	-	-	-	-	-	-	6,008	7,467	108	108	-	-	-	-	-	-	-	-	2.51	3.11	N		
Director	Wen-Zuan Investments Co., Ltd.	-	-	-	-	-	-	50	50	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	0.02	N		
Corporate Directors Representative	Ming-Yu Ke	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N		
Corporate Directors Representative	Spencer Wei							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N		
Director	China Development Financial Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N		
Corporate Directors Representative	Hsu-Hsi Weng	-	-	-	-	-	-	20	20	0.01	0.01	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.01	N		
Corporate Directors Representative	James Yin							30	30	0.01	0.01	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.01	N		
Independent Director	Jerry Chang	-	-	-	-	-	-	222	222	0.09	0.09	-	-	-	-	-	-	-	-	-	-	-	-	0.09	0.09	N		
Independent Director	Yuh-Jye Lee	-	-	-	-	-	-	242	242	0.10	0.10	-	-	-	-	-	-	-	-	-	-	-	-	0.10	0.10	N		
Independent Director	Chun-hung Lin	-	-	-	-	-	-	242	242	0.10	0.10	-	-	-	-	-	-	-	-	-	-	-	-	0.10	0.10	N		

Note 1: Directors' names and compensation are disclosed individually because our financial report has indicated after-tax losses for the last two fiscal years.
Note 2: This refers to directors' compensation (including directors' salary, bonuses associated with paygrade, severance pay, various bonuses and incentives etc.) for the most recent fiscal year.
Note 3: This refers to the amount of compensation for directors given, as negotiated and agreed upon by the Board of Directors prior to the profit-sharing shareholders 'meeting for the most recent fiscal year.
Note 4: This refers to the directors' business-associated expenditures for the most recent fiscal year (including material incentives such as transportation fees, special expenses, various allowances, boarding, and company cars etc.). If housing, cars and other methods of transportation, or customized individual spending are offered, the characteristics of the assets offered and costs, real or fair market value of rental expenses, gas, and other payments should be disclosed. If chauffer is offered to the directors, the associated fees paid to the chauffer by the company should be noted, but this should not be counted within the remunerations.
Note 5: This refers to the material incentives including salaries, bonuses associated with paygrade, severance pay, various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. that have been endowed on the directors and those who also serve as employees (including serving as President, VP, other managers and staff) for the most recent fiscal year. If housing, cars, and other methods of transportation, or customized individual spending are offered, the characteristics of the assets offered and costs, real or fair market value of rental expenses, gas, and other payments should be disclosed. If chauffer is offered to the directors, the associated fees paid to the chauffer by the company should be noted, but this should not be counted within the remunerations.
Note 6: This refers to those directors who also serve as employees (including serving as President, VPs, other managers, and staff) and have received employee benefits (including share dividends and cash dividends), should disclose the dividend amount to be paid to the employees that has been agreed upon by the Board of Directors prior to the profit-sharing shareholders' meeting for the most recent fiscal year. If unable to estimate, this year's intended amount should be calculated based on last year's actual paid amount, and fill out a separate form 1-3.

Note 7: This refers to the number of shares that can be purchased from exercising stock option rights that have been obtained (not including the parts that have already been carried out) by the directors who also serve as employees (including serving as President, VPs, other managers and staff) to the date as specified by the annual report. In addition to filling out this for, a separate form 15 should also be filled out.
Note 8: The total amount paid to directors of The Company as various forms of incentives, from all companies (including The Company) included in this report should be disclosed in its entirety.
Note 9: The Company will disclose the names of directors according to their ranks for having paid each director the sum of various forms of incentives.
Note 10: The total amount of various forms of incentives paid by all companies in this report (including The Company) to each director of The Company should be disclosed in its entirety, and disclose the names of directors according to their ranks.
Note 11: Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.
Note 12: a. This column should clearly include the amount of remuneration given for reinvestment-related business that has been received by a director of The Company from its subsidiary company.
b. If a company director has received remuneration for reinvestment-related business from a subsidiary company, the amount received under this category should be included in the J column of the compensation table, and revise the column to show "All reinvestment businesses".
c. Remuneration refers to the compensation, incentives, staff dividends, and business-related expenses that have been incurred by the directors of The Company, when they have served as a director, supervisor, or manager for the company's subsidiary for the purpose of reinvestment.
Note 13: This refers to the fact that, for the new employee reserved rights for purchasing new shares, as attained by the directors who also serve as employees (including serving as President, VP, other managers and staff) to the date specified on this annual report, in addition to filling out this form, attachment form 15-1 should also be filled.
* The content of the compensation as disclosed in this report is different from the concept f income tax. Hence, this table is solely for the purpose of information disclosure, and not for tax filing purposes.

Corporate Governance

B. Supervisors’ compensation: Not applicable

Note: This Company has undergone total re-election on June 18, 2012, in which an audit committee has been established and supervisors have been abolished.

C. Compensation for President and VP

1. Compensation for President and VP

Unit: NTD thousands/ share thousands

Title	Name (note 1)	Salary (A) (note 2)		Pension (B)		Bonus and special expenses etc. (note 3)		Staff profit sharing (D) (note 4)				% of sum of A, B,C, and D on the net income (note 9)		Stock option – number of shares that can be purchased by staff (note 5)		New employee reserved share rights (I) (note 11)		Received reinvestment remuneration from outside of subsidiaries or branches (Y/N) (note 10)
		The Company	All companies in the financial statement (note 6)	The Company	All companies in the financial statement (note 6)	The Company	All companies in the financial statement (note 6)	The Company		All companies in the financial statement (note 6)		The Company	All companies in the financial statement (note 6)	The Company	All companies in the financial statement (note 6)	The Company	All companies in the financial statement (note 6)	
								Cash dividend amount	Share dividend amount	Cash dividend amount	Share dividend amount							
CEO	Ken Huang																	
President	Stoney Chiu																	
VP	Kun-Ru Chou																	
VP	Ying-Chao Hsu																	
VP	Wen-Tang Chen (note 12)	13,249	18,552	597	597	5,872	6,617	-	-	-	-	8.19	10.67	-	-	-	-	N
VP	Shao-Rong Chiu (note 12)																	
VP	Ching-Sheng Yang (note 12)																	

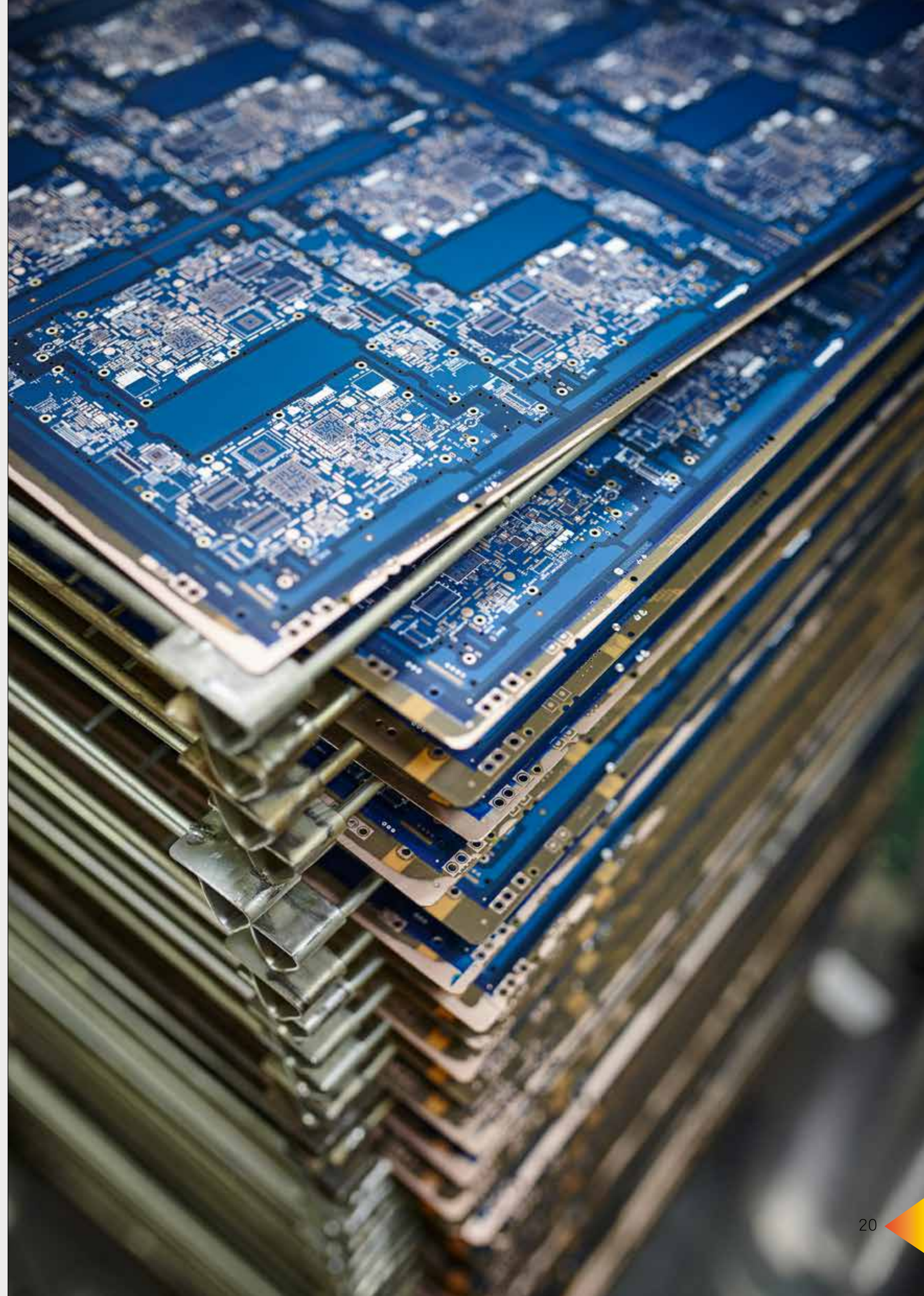
*All positions equivalent to President or VP (for instance, Chairman, CEO, Director…etc.), should all be disclosed, regardless of titles.

2. Remuneration Levels

Level of remuneration paid to each President and VP of The Company	Names of General and VPs	
	The Company	All companies included in the financial report (note 8) E
Less than 2,000,000 NTD	Allen Chou, Hamlet Chiu, Johnson Yang	Hamlet Chiu, Johnson Yang
2,000,000 NTD (inclusive) – 5,000,000 NTD	Ken Huang, Don Chen, Jack Hsu	Jack Hsu, Allen Chou
5,000,000 NTD (inclusive) – 10,000,000 NTD	Stoney Chiu	Stoney Chiu, Ken Huang, Don Chen
Total	7 persons	7 persons

Note 1: The names of General and VPs should be shown separately, and each paid amount will be disclosed collectively.
Note 2: This refers to the General and VPs' salaries, bonuses associated with paygrade, and severance pay for the most recent fiscal year.
Note 3: This refers to the material incentives including salaries, bonuses associated with paygrade, severance pay, various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. that have been endowed on the General and VPs for the most recent fiscal year. If housing, cars, and other methods of transportation, or customized individual spending are offered, the characteristics of the assets offered and costs, real or fair market value of rental expenses, gas, and other payments should be disclosed. If chauffer is offered to the directors, the associated fees paid to the chauffer by the company should be noted, but this should not be counted within the remunerations.

Note 4: This refers to the amount of employee dividend (including share and cash dividends) that will be endowed on the General and VP, as agreed upon by the Board of Directors prior to the profit-sharing shareholders’ meeting for the most recent fiscal year. If unable to estimate, this years’ intended amount should be calculated based on last year’s actual paid amount, and fill out a separate attachment form 1-3. Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.
Note 5: This refers to the number of shares that can be purchased from exercising stock option rights that have been obtained by the General and VPs (not including the parts that have already been carried out) to the date as specified by the annual report. In addition to filling out this for, a separate form 15 should also be filled out.
Note 6: The total amount paid to General and VPs of The Company as various forms of incentives, from all companies (including The Company) included in this report should be disclosed in its entirety.
Note 7: The Company will disclose the names of each General and VP according to their ranks for having paid each director the sum of various forms of incentives.
Note 8: The total amount of various forms of incentives paid by all companies in this report (including The Company) to the President and each VP of The Company should be disclosed in its entirety, and disclose the names of directors according to their ranks.
Note 9: Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.
Note 10: a. This column should clearly include the amount of remuneration given for reinvestment-related business that has been received by the President and VPs of The Company from its subsidiary company.
b. If a President or VP of this company has received remuneration for reinvestment-related business from a subsidiary company, the amount received under this category should be included in the J column of the compensation table, and revise the column to show “All reinvestment businesses”
c. Remuneration refers to the compensation, incentives, staff dividends, and business-related expenses that have been incurred by the General and VPs of The Company, when they have served as a director, supervisor, or manager for the company’s subsidiary for the purpose of reinvestment.
Note 11: This refers to the fact that, for the new employee reserved rights for purchasing new shares, as attained by the directors who also serve as employees (including serving as President, VP, other managers and staff) to the date specified on this annual report, in addition to filling out this form, attachment form 15-1 should also be filled.
Note 12: Mr. Wen-Tang Chen assumed his position on Feb. 5, 2014, Mr. Shao-Rong Chiu assumed his position on Aug. 12, 2014, and Mr. Ching-Sheng Yang assumed his position on Aug. 15, 2014.
* The content of the compensation as disclosed in this report is different from the concept f income tax. Hence, this table is solely for the purpose of information disclosure, and not for tax filing purposes.



3. Names and circumstances of managers who have been issued employee dividends

Unit: NTD thousands

	Title (note 1)	Name (note 1)	Amount of dividends in shares	Amount of dividends in cash	Total	% of total on the net income
Manager	CEO	Ken Huang				
	President	Stoney Chiu				
	VP	Jack Hsu				
	VP	Allen Chou				
	VP	Don Chen				
	VP	Hamlet Chiu	-	-	-	-
	VP	Johnson Yang				
	Finance Supervisor	Lily Chiang				
	Audit supervisor	Angel Tsai				

Note 1: Individual names and titles should be disclosed separately, but the income distribution circumstances can be disclosed holistically.

Note 2: This refers to the amount of dividends that can be endowed on the managers, as agreed upon by the Board of Directors in year 2014.

Note 3: The scope of a manager, according to No. 0920001301 rule and regulation of the Taiwan Finance Certificate, contains the following:

D. Compare and contrast and analysis of the total compensation paid to the Directors, President, and VPs from The Company and all companies in the financial statement, its ratio on the after-tax net income, and explanations of the reimbursement policy, standard, combinations, procedures to dictate these reimbursements, management performance, and the correlation to future risks

Unit: NTD thousands

Year / Project	Year 2014		Year 2013	
	The Company	All companies in the financial statement	The Company	All companies in the financial statement
Ratio of total directors' compensation on net income	4.58%	5.91%	(5.58)%	(6.73)%
Ratio of total general and VPs' compensation on net income	8.19%	10.67%	(7.21)%	(8.65)%
net income	243,927	243,927	(255,383)	(255,383)

Directors' compensation: set in accordance to Articles of Corporations, with rights given to the members of the Board of Directors depending on the level of contributions they have made on The Company's operations, and set with reference to industry standards.

President and VPs: compensation include salaries, bonuses, and employee profit-sharing. The remuneration committee established by the Board will set up initial figures depending on their titles and responsibilities, and set with reference to industry standards. They are implemented after attaining approval from the Board.

With the exception to transportation fees, all directors' compensation will be distributed pending on the company's profitability; hence, they do not pose major risks to the company. In addition to fixed salaries, the President and VPs' bonuses are all distributed pending on the company's performance; hence, they do not pose major risks to the company.

IV. Operations of corporate governance

A. In the most recent fiscal year, the Board of Directors have held 6 meetings (A), and the attendance of the Directors are as follows:

Title	Name	Number of actual attendance	Did not attend	Ratio of attendance	Remarks
Director	Ken Huang	6	0	100.00	
Director	Stoney Chiu	5	1	83.33	
Director	Wen-you Chiang	5	1	83.33	
Director	Wen-Zuan Investment Co., Ltd. Representative: Ming-Yu Ke	4	0	100.00	2014/11/28 Left position
Director	Wen-Zuan Investment Co., Ltd. Representative: Spencer Wei	0	2	0.00	2014/11/28 New entrant
Director	China Development Financial Co., Ltd. Representative: Hsu-Hsi Weng	0	3	0.00	2014/10/09 Left position
Director	China Development Financial Co., Ltd. Representative：James Yin	3	0	100.00	2014/10/09 New entrant
Independent Director	Jerry Chang	4	0	100.00	2014/12/06 Left position
Independent Director	Yuh-Jye Lee	6	0	100.00	
Independent Director	Chun-hung Lin	6	0	100.00	

Other items to be mentioned:

1.Section 14-3 of the Securities and Exchange Act and other items that have been vetoed or withheld by independent directors and documented, and have been decided by the Board of Directors, should elaborate on the date, number, content of the motion, opinions of all independent directors, and the way the company handled these opinions: none.

2.The way that directors have abstained from motions that pose a conflict of interest, should elaborate on the director's name, the content of the motion, cause of the conflict of interest, and the circumstances of the vote: none.

3.Goals (e.g. establishing audit committee, enhancing information transparency) primed to enhance the board of directors' professionalism and assessment on their effectiveness for that year and the most recent year:

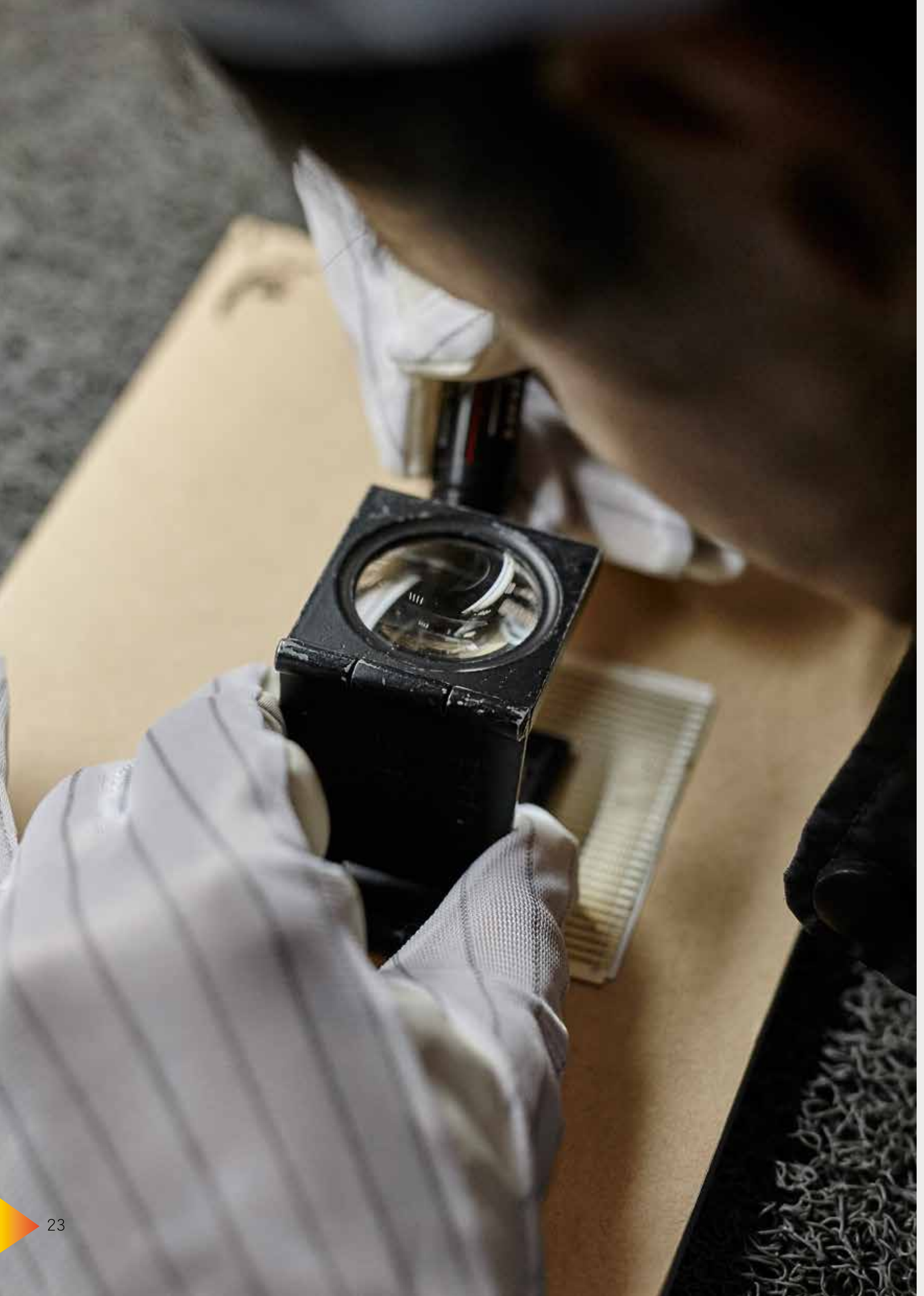
A.Full re-election of three independent directors and officially established an audit committee on June 18, 2012.

B.Board of Directors has passed a revision and implemented the "Organizational Structure of the Remuneration Committee" on Dec. 17, 2012.

C.Board of Directors has passed a revision and implemented the "Code of Ethical Business Conduct" on Dec. 26, 2014.

D.Board of Directors has passed a revision and implemented the "Corporate Governance Code of Practice "on Mar. 3, 2015.

Aforementioned are evidence for establishing a fair and effective corporate management system and structure, and in founding an ethical business culture, the company will implement ethical management strategy and promise, to create a managerial environment primed for sustainable development.



Corporate Governance

B. Operations of the Audit Committee

For the most recent year, the audit committee has held 6 meetings (A), below demonstrates the attendance of independent directors:

Title	Name	Number of actual attendance	Did not attend	Ratio of attendance	Remarks
Chairperson	Jerry Chang	4	0	100.00	2014/12/06 Left position
Committee member	Yuh-Jye Lee	6	0	100.00	
Committee member	Chun-hung Lin	6	0	100.00	

Other items to be mentioned:

1. Section 14-5 of the Securities and Exchange Act and other items that have not been passed by the audit committee, and have been decided by over 2/3 of the members of the Board of Directors, should elaborate on the date, number, content of the motion, decisions of the audit committee, and the way the company handled these opinions: none.
2. The way that independent directors have abstained from motions that pose a conflict of interest, should elaborate on the independent director's name, the content of the motion, cause of the conflict of interest, and the circumstances of the vote: none.
3. Communications between the independent directors and the internal audit supervisors and accountants (for instance, communications over matters such as company financials, business operations, and ways to approach these topics and their results)
   a. Audit office will carry out tasks according to the Internal Control System Handling Criterion for Listed Companies Section 15 on a monthly basis. Upon completing audit report and follow-up report, will hand these files to each of the independent directors in the audit committee prior to the end of the following month. The internal audit supervisor of The Company will communicate over audit results with the audit committee routinely, and under special circumstances, will also report to the audit committee.
   b. After the audit committee has been established after the shareholders' meeting in 2012, there has been no such special circumstances.
   c. The communications between the audit committee and the internal audit supervisor of The Company are fair.

   a. When the company's certified public accountant is checking or scrutinizing over results and communicating over other items required by related laws and regulations in the financial statement and reporting findings to the audit committee, under special circumstances, he/she will also immediately report to the audit committee.
   b. After the audit committee has been established after the shareholders' meeting in 2012, there has been no such special circumstances.
   c. The communications between the audit committee and the certified public accountant of the Company are fair.

C. Information on the operations of the Remuneration Committee

1. Information on the members of the remuneration committee

Status (note 1)	Criteria Name	Hold five years or more of work experience and the following professional qualifications (Y/N)			Independently meet these qualifications (note 2)								Number of other listed companies in which the person is also serving on the remuneration committee	Remarks (Note 3)
		Lecturer or above in business, law, finance, accounting, or another discipline related to company businesses in a private or public university	Passed national examination and attained certification for professionalism and technical expertise as a judge, prosecutor, lawyer, accountant, or another field deemed necessary by the company business	Working experience in business, law, finance, accounting, or companyoperations	1	2	3	4	5	6	7	8		
Independent Director	Jerry Chang	√		√	√	√	√	√	√	√	√	√	0	2014/12/06 Left position
Independent Director	Yuh-Jye Lee	√		√	√	√	√	√	√	√	√	√	0	
Independent Director	Chun-hung Lin		√	√	√	√	√	√	√	√	√	√	0	

Note 1: For Status, please identify whether the person is a director, independent director, or other.

Note 2: Please tick the boxes below each criterion if a member has fulfilled these conditions two years prior to being elected and during his/her term of service.

Is not employed by the company or its affiliated corporations.

Is not a director or supervisor at the company or its affiliated corporations (but if the person is an Independent Director at the company or its parent company, or in a subsidiary in which the company either directly or indirectly hold more than 50% of shares, the person is not subjected to this limit).

Is not a shareholder that hold more than 1% of the company's total shares or rank among top-ten shareholders, this applies for the director him/herself, spouse, minor children, or shares held under others' names.

Is not a spouse, second-degree relative, or direct, blood-related five-degree relative of the personnel listed in the first three criterion.

Is not a director, supervisor, or employee of a corporate shareholder that holds more than 5% of the company's total shares, nor a director, supervisor, or employee of a top-five ranked corporate shareholder.

Is not a director, supervisor, manager, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business exchanges with the company.

Is not a professional, a business owner, co-partner, director, supervisor, manager, or their spouse at a sole proprietor, partnership, company, or institution that offers services or consultancy for business, finance, or accounting etc. for the company or its affiliated firms.

Is not involved in any of the sections in Section 30 of the corporate bylaws.

Note 3: If a member is a director, please elaborate on whether this is in accordance with Article 6-5 of Job Obligation Decree, in a listed company or a company that trades in the Securities and Stock Exchange that has established a remuneration committee.

2. Information on the operations of the Remuneration Committee

(1) The Company has three members in the Remuneration Committee.

(2) Duration of role: 6/18/2012 – 5/27/2015. The remuneration committee has held three meetings (A) for the most recent fiscal year (2014). Qualifications of committee members and their attendance records are the following:

Title	Name	Number of actual attendance	Did not attend	Ratio of attendance	Remarks
Chairperson	Yuh-Jye Lee	3	0	100.00	
Committee member	Jerry Chang	2	0	100.00	2014/12/06 left position
Committee member	Chun-hung Lin	3	0	100.00	
Committee member	Chuan-Heng Ke	0	0	100.00	2015/03/03 new entrant

Other items to be mentioned:

In case the board of directors did not take in or make necessary rectifications according to the remuneration committee's suggestion, the date, number, content of the motion, the results passed by the board of directions and the ways the company handled the remuneration committee's opinions should be elaborated (for instance, if the compensation package passed by the board of directors is higher than the suggestion of the remuneration committee, the difference and its causes should be explained): none.

For the decisions made by the remuneration committee, if there are members who vetoed or withheld from the decision and there are documented records, the date, number, content of the motion, all members' opinions, and ways in handling these opinions should be elaborated: none.

D. The differences and causes between the company's operations and the corporate governance code of practice of listed companies

Item to be assessed	Operational circumstances			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
1. Has the company established a corporate governance code of practice according to the corporate governance code of practice required by all listed companies?	√		On Mar. 3, 2015, The Company has passed and implemented a corporate governance code of practice according to the Financial Supervisory Commission certificate article No. 1030044187 passed on Dec. 31, 2014, and the Stock Exchange Taiwan Securities Management Article No. 1032201564 passed on Dec. 31, 2014. This code can be either downloaded from our current website or the MOPS.	None
2. Company share structure and shareholders' interest a. Has the company established internal procedures to handle shareholder's opinions, questions, problems, and litigation issue, and implemented these measures accordingly? b. Is the company aware of the controlling shareholders and maintain the list of the final controllers of the main shareholders? c. Has the company established and carried out risk control and firewall measures to affiliated corporations? d. Has the company established internal regulations to ban company personnel from selling and buying securities with undisclosed information?	√		a. The Company has instructed the Legal Department (under direct supervision of the Board) and the Chairman's Office (under direct supervision of the Chairman) to handle phone calls, emails and letters regarding opinions, questions, problems, and litigation issues from the shareholders. They directly handle these issues and report to the Chairman and the Board. b. The Chairman's office, under immediate supervision of the Chairman, is in charge of maintaining the lists of the controlling shareholders and the final controllers of the main shareholders? c. The Company has established systems to manage over these problems according to the law pertaining to "operational procedures in dealing with affiliated corporations, group enterprises, specific company, and affiliated individuals "as well as our internal control system. d. This is stated in Article 10 of the company's Corporate Governance Code of Practice.	None
3. Organization and responsibility of the Board of Directors a. Has the Board established and implemented diversification measures in its member setup? b. In addition to setting up a remuneration committee and audit committee in accordance with the law, has the company voluntarily established other functional committees? c. Has the company established a performance rating method for the board of directors, and conduct performance rating accordingly on an annual basis? d. Has the company assessed the independence of its certified public accountant routinely?	√		a. Diversification of member setup has been specified in Article 20 of our Corporate Governance Code of Practice, and implemented during the full re-election of the Board in 2015. b. The company has already established a nomination committee, in 2007, and plans to set up risk control committee and environmental protection committee in 2015. c. The company anticipates to establish a performance rating system for the board of the directors in 2015, and will conduct performance assessment before year end. d. The company routinely assesses the independence of its CPA through the Finance Department. The latest assessment has been a suitability and independence assessment on the CPA, conducted by the Finance Dept. on Jan. 9, 2015. The CPA of The Company has not been found to be unsuitable or done certain things to go against independent clause thus far. The accounting firm of Ernst & Young also further provided the auditor's "Statement of Full Independence." This proposal has been passed to the audit committee and the board of directors on Mar. 3, 2015 for approval.	None
4. Has the company established a communication channel with its stakeholders, and setup a stakeholder section on the company website, in addition to properly addressing key corporate social responsibility issues that are important to the stakeholders?	√		1. Currently, all stakeholders of The Company have appropriate communication channels. For instance, shareholders have shareholders' manager and spokesperson; we have HR for employee, sales, quality assurance, R&D for clients; purchasing, QA, R&D for suppliers; for mortgagors we have finance personnel; management team, industrial safety, environmental safety for the government; finally, for community and nonprofit, we have the CSR office etc. 2. The company website has set up an investor's section, and we are currently updating our website. We anticipate to accomplish the setup of stakeholders' section before the end of June in 2015. 3. The Company issued its first corporate responsibility report in 2014, raising 12 major issues of concern for interested parties, conveying insights and responsiveness of the management's approach. The report can be downloaded via the Company's web site or via the MOPS platform.	None
5. Has the company assigned professional common shares agency to take care of affairs related to the shareholders' meetings?	√		We have assigned Taishin International Bank to take care of the share-related circumstances. (note1)	None

Corporate Governance

Item to be assessed	Operational circumstances			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
6. Information disclosure a. Has the company setup a website to disclose information pertaining financial services and corporate governance? b. Has the company utilized other methods of information disclosure (such as setting up a website in English, assigning someone to be responsible for the collection and disclosure of company information, implementing spokesperson system, demonstrating company website during corporate seminar)?	√		a. The Company website is www.dynamicpcb.com.tw. The website has been equipped with pages designated to financial information and corporate governance for information disclosure on these aspects. b. The company has an English website, and has designated Chairman's Office to be responsible for the collection and disclosure of company information. We have assigned a spokesperson and a deputy spokesperson, and our contact information is on the company website, which serves as channels of communication for investors and shareholders and caters to their inquiries and needs. We have not yet started to host corporate seminars, and this information will also be disclosed on our website.	None

7. Does the company have other important information pertaining to understanding the operations of the company's corporate governance (including but not limited to employee benefits, employee welfare, investor relations, supplier relations, stakeholders' interests, advanced studies of the director and supervisors, risk management policy and levels of implementation of risk assessment standards, levels of implementation of customer policies, and whether the company has purchased liability insurance for its directors and supervisors)?

a. Employee benefits: For the fiscal year of 2014, in addition to extending various employee benefit and welfare programs, The Company has also implemented Electronic Industry Citizenship Coalition (EICC), in order to ensure that the company complies with the highest industry standards in the perspectives of labor and recruitment, health and safety, environmental responsibility, management system, and ethics.

b. Employee welfare:

Taoyuan factory in 2014

Happy Corporate Project
Lively Café
Fixed male and female restrooms on the first floor
A total of 21 employees participated in New Balance marathon
Six Sigma master class. The company invited the management team and their families to participate in a 14 hour masterclass event in Ching Jing farm, away from the bustling city and strengthened teamwork.
Fishing and barbecue event
Company sports day
Healthy Corporate Life Seminar
Family Day – Camping at Yilan
Seminar – Empathy and Communication Skills
Charity Carnival – raised 1.3 million NTD and donated the full amount raised to the participating charity groups

Kunshan factory in 2014

New Year workers' bonuses after New Years
Lottery draw – 570 caretakers in January (after working hours) were drawn from the lottery and rewarded with overseas trip
Wishing bottle event – staff asked to write down New Year's wish in the bottle and to hang these in the Cultural Park
Company and departmental forums were held
Management course training for employees whose positions were below head of department. Videocam training – at least 12 hours of training per year for each person.
Mother's Day event. Blessings for mothers were written in cards and on cardboards. Mother's Day videos were shown.
Gala
Mobile films were shown
Employee Sports Day
Polls on employees' opinion concerning three primary areas were taken each month: life care, work care, and labor-capital relations. The sample for each poll is 6-7% of all workforce in the factory.
Lottery draw – 903 persons were drawn and awarded with opportunity to travel abroad. 593 actually went.
Second Autumn Gala
Charity Carnival –raised 330 thousand RMB and donated the full amount to charity groups.

Item to be assessed	Operational circumstances			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	

3. Community service: community service activities for both sides of the Straight are as the following:

Dynamic Electronics (Kunshan) has established a Dynamic Charity Foundation, in order to assist in education and helping the poor
Sponsored Wanfang Special Needs Center – "Fall in Love with Eden" arts exhibit from professional training of physically challenged individuals
Cleared the drainage next to the railroad near the Guishan Industrial Park to bring safety and aesthetic beauty for the neighboring community
Bought handmade Mid-autumn festival cakes from Shih-Shuei Caring Association
Sponsored charity concert "Hard to Forget these Sounds" by Autistic Caring Association
Blood donation in Kunshan factory
Sponsored "Precious Dogs Association" to host 27 life education promotional events in elementary schools in Taoyuan City
Kunshan factory donated clothing to Hexiang Village, Pingning Elementary School in Chengguan village, Shicheng County, Guizhou Province
Collaborated with Wanfang Special Needs Center to make 2015 calendars
Supported Archery team and Literature and Arts Class in Jieshou Junior High School in Fuxing Township, Taoyuan
Long-term funding for over 10 students from low-income families to learn arts in Jieshou Junior High school in Fuxing Township
Sponsored lunch for 200 underprivileged students living in China for an entire year
Donated toward charities that the company has supported for a long time: Eden Social Welfare Foundation, Single Family Care, Autistic Association in Taoyuan, and Precious Dogs Association

4. Investor relations: assigned spokesperson, deputy spokesperson, and personnel dedicated to handling matters pertaining shares to assist investors to understand the company's circumstances and to communicate with them. Set up investor relations section on the company website to offer important information and contact information.

5. Supplier relations: using purchasing as a communication channel and maintain close ties. Strive for corporate social responsibility together with supply chain.

6. Stakeholders' interest: identify stakeholders and major issues, establish communication channels, include topics that various stakeholders care about, such as economics, environment, and social issues, into the company's operations strategy and management, and to sufficiently disclose information.

7. Advanced studies for the directors and managers

Status	Name	Date	Hosted by	Class	Hours of study
Director	Ken Huang	2014/10/22	Taiwan Securities Association	Corporate Governance – the effects of trade between Shanghai and Hong Kong on the capital market in Taiwan	3.0
Director	Stoney Chiu	2014/11/20	Financial Supervisory Commission	10th Taipei Corporate Governance Forum	3.0
Director	Wen-you Chiang	2014/06/23	Securities & Futures Institute	Practical litigation procedures for insiders trading and corporate crimes	3.0
Director	James Yin	2014/07/30	Taiwan Corporate Governance Association	Introduction to directors' rights, obligations and legal responsibilities	3.0
Director	Spencer Wei	2014/08/18	Securities & Futures Institute	Forum on the Corporate Social Responsibility of Listed Companies	3.0
Independent Director	Yuh-Jye Lee	2014/08/25	Securities & Futures Institute	Forum on the Corporate Social Responsibility of Listed Companies	3.0
Independent Director	Chun-hung Lin	2014/08/07	Securities & Futures Institute	Exploring the practice and legal responsibilities of non-compete agreement	3.0
Accounting Supervisor	Lily Chiang	2014/10/27~28	Accounting Research and Development Foundation	Continued Studies for Accounting Supervisors in Issuer of Securities Dealer Exchange	12.0
Internal Audit Supervisor	Hsin-Yi Tsai	2014/02/21~25	Accounting Research and Development Foundation	Continued Studies for Internal Audit Personnel in Listed Companies	12.0

Corporate Governance

<table>
<tr><th rowspan="2">Item to be assessed</th><th colspan="3">Operational circumstances</th><th rowspan="2">Deviations from the corporate governance code of practice of listed companies and causes</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract</th></tr>
<tr><td colspan="5">8. Risk management policy and levels of implementation of risk assessment standards: the current risk management of The Company, is that each department will complete its risk evaluation and each unit will use FMEA or other assessment tools to find high-risk processes from these topics, and decide on preventative and emergency measures. The primary focus are on operational risk and financial risk. The Company anticipates to establish a risk management committee at the board of directors level, which will conduct assessment and control by targeting strategic risk, risk of harm, and weather changes etc.
9. Levels of implementation of customer policies: the company designates sales and customer service to be in charge, maintain close contact on a daily basis, construe a fair communication channel with customers and satisfy their needs. Senior management will visit routinely to understand the customer’s long-term needs, which will serve as the basis for the company’s long-term strategy. The company will conduct customer satisfaction survey on an annual basis to understand levels of implementation and ways to improve.
10. The Company has already purchased liability insurance for its directors.</td></tr>
<tr><td>8. Does the company have a self-assessment report on corporate governance or asked other professional institutions to conduct a corporate assessment report on its behalf? (If yes, please elaborate on the opinions, self-rating or outsourced assessment results, major failures or suggestions and circumstances showing improvement) (note2)</td><td>✓</td><td></td><td>The following misses from the company’s self-assessment will be improved in year 2015:
<table>
<tr><th>Code</th><th>Assessment Index</th></tr>
<tr><td>2</td><td>Does the Company Code require elections of directors and supervisors to utilize a nomination system?</td></tr>
<tr><td>4</td><td>Does the company document results of motions during the shareholders meetings, including results of all shareholders in favor, veto, or abstain, for every motion?</td></tr>
<tr><td>6</td><td>Does the company disclose a list of attendance for members of the board of director in the shareholders’ meeting?</td></tr>
<tr><td>15</td><td>Does the company use a ballot by-case method for each motion in the shareholders meeting?</td></tr>
<tr><td>21</td><td>Does the company upload the annual report 10 days prior to the shareholders meeting?</td></tr>
<tr><td>22</td><td>Does the company upload an English version of the annual meeting two business days prior to the shareholders meeting?</td></tr>
<tr><td>23</td><td>Does the company upload an English version of the notice of the shareholders meeting 30 days prior to the date, and upload an English version of the procedure manual as well as additional information for the meeting 21 days before the meeting?</td></tr>
<tr><td>57</td><td>Does the board of directors routinely (at least once a year) assess the independent nature of the certified public accountant, and disclose the assessment process in the annual report?</td></tr>
<tr><td>58</td><td>Has the company complied with the review and public handling procedure of major information in a listed company, key information press conference procedures, information reporting method etc., so that it has no record of compensation of breach of contract or even larger punishment?</td></tr>
<tr><td>59</td><td>Has the company simultaneously reported the key information in English?</td></tr>
</table>
The following misses from the company’s self-assessment will be improved in year 2016:
<table>
<tr><th>Code</th><th>Assessment Index</th></tr>
<tr><td>16</td><td>Will the shareholders meeting utilize an electronic voting method?</td></tr>
</table>
The following misses from the company’s self-assessment will be improved gradually after year 2016:
<table>
<tr><th>Code</th><th>Assessment Index</th></tr>
<tr><td>31</td><td>Are the company’ s Chairman and General Manage (CEO) different people, nor served by a spouse?</td></tr>
<tr><td>75</td><td>Will the company be invited (or voluntarily) host at least two corporate seminars?</td></tr>
</table></td><td>None</td></tr>
</table>

Note 1: Whether a “yes” or “no” is ticked in the operational circumstances, the company should elaborate in the abstract column.

Note 2: Company’s self-assessment report, refers to self-conducted ratings and explanations on various topics in compliance with the company’s corporate governance. This report will include current company operations and implementations through various ratings.

E. Levels of implementation of Corporate Social Responsibility

<table>
<tr><th rowspan="2">Item to be assessed</th><th colspan="3">Operational circumstances (note 1)</th><th rowspan="2">Deviations from the code of practice of CSR for listed companies</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract (note 2)</th></tr>
<tr><td>1. Implementation of corporate governance
a. Has the company established a corporate social responsibility policy or system, and assessed the effectiveness of implementations?
b. Has the company organized regular education and training for corporate social responsibility?
c. Has the Company set up a specialized or part-time unit to promote the affairs of CSR? Does the Board of Directors authorize higher-level management to handle it and have pertinent reports been made to the Board?
d. Has the company set a reasonable salary compensation policies and staff performance appraisal system and corporate social responsibility policy measures, and has it established a clear and effective system of rewards and discipline?</td><td>✓</td><td></td><td>a. The company has established the Corporate Social Responsibility policy as listed below, and during every board of directors meeting, it will be reported and have its effectiveness reviewed.
a) In terms of corporate governance: follow business ethics, international standards, and laws and regulations;
b) In terms of value creation: focus on employee enhancement and development, encourage innovation, create value;
c) In terms of balanced profit: strive to attain a balance between employee, shareholders, stakeholders, and company’ s long-term development;
d) In terms of environmental protection: less CO2 emission, protect the natural environment, value Earth’ s resources, and enhance sustainability of resources;
e) In terms of social welfare: offer a safe and healthy working environment for employees, participate in volunteer service in the community, and undertake charity events for the society.
Dynamic Electronics encourages employees to participate in community service. Through integrating employee’ s strengths, we will serve the people and give back to the community!
b. The Company engages in a quarterly report in monthly operating results in the implementation of corporate social responsibility, social responsibility and undertaking education and training.
c. The Corporate Social Responsibility Committee has been established with approval from the company’ s board of directors, with the Chairman and President presiding as the committee’ s chairmen. CSR office is established under the chairmen with the responsibility for implementing CSR related matters. Committee members include the chief supervisors of the nine devisions. At the end of every year, the committee will examine the year’ s performance and take into consideration those topics of concern from stakeholders. The committee will also project the coming year’ s strategic orientation. The implementation situation and tracked performance will be reported to the board of directors and company supervisors during every board of directors meeting and periodic operation meeting.
d. The Company has set up a reward and punitive system for employees through integrating our fair remuneration policy and corporate social responsibility policy. Supervisor in each unit can raise reward or punitive suggestions depending on specific situations, and after the HR unit checks the reward/punitive rules and offered opinions, the supervisor will be responsible for carrying out the decision.</td><td>None</td></tr>
<tr><td>2. Developing a sustainable environment
a. Does the company strive to enhance the utility rate of every resource, and use renewable materials that pose less impacts on the environment?
b. Has the company established a suitable environmental management system by referencing its industry’s characteristics?
c. Has the company paid attention to the impacts of weather changes on its operational activities, in addition, has it carried out checks on greenhouse gases, implemented strategies to lower of CO2 emissions and greenhouse gases?</td><td>✓</td><td></td><td>a. The Company has completed the re-issuing of QC080000 toxic material management system certificate in year 2013. Through the operations of the system, it can be ensured that the products are harm-free, lower the impacts on the environment; in addition, the company is devoted to enhancing the utility rate of each resource. All personnel from R&D, Purchasing, Manufacturing, Quality Assurance are devoted to continuously improve the manufacturing process, introduce green materials to the manufacturing process and products.
b. The Company has established ISO4001 environmental safety system by referencing its industry characteristic. With the system’s operations primed for continuous improvement, the positive environmental performance continues to be enhanced.
c. The Company promotes greenhouse emission checkup under ISO14064-1 international standard, and is using results from this checkup as the evidence in lowering greenhouse emissions in the future.
In 2013, the total greenhouse gas emission of The Company has been 27,492 tonnesCO2e. Compared to the 28,774 tonnes CO2e in year 2012, the greenhouse gas emission has been lowered by 4.5%.
<table>
<tr><th></th><th>Direct emissions in Tonnes CO2e</th><th>Energy indirect emissions in tonnes CO2e</th><th>Total</th></tr>
<tr><td>Emission rate in 2012</td><td>607</td><td>28,167</td><td>28,774</td></tr>
<tr><td>Emission rate in 2013</td><td>922</td><td>26,570</td><td>27,492</td></tr>
</table>
The Company has participated in the Energy Conservation System Installation Project facilitated by the Industrial Development Bureau of the Ministry of Economic Affairs, attained ISO50001 certification in December 2014, and implemented a series of energy conservation plan. The energy conservation target set by The Company is to lower at least 1%of energy wastage annually.
<table>
<tr><th>Project</th><th>Rectification period</th><th>Content to be rectified</th></tr>
<tr><td>1</td><td>2014</td><td>Vacate run-down factory and integrate production into Taoyuan site, minimize energy wastage from transportation and air conditioning.</td></tr>
<tr><td>2</td><td>2014</td><td>Adjust office to appropriate brightness, avoid excessive lighting and minimize energy wastage.</td></tr>
<tr><td>3</td><td>2014</td><td>Shut down No. 6 ice water machine during winter for energy conservation.</td></tr>
<tr><td>4</td><td>2014</td><td>No. 7 ice water machine set up independently so it can work individually or as a backup.</td></tr>
<tr><td>5</td><td>2014</td><td>Install water conservation and energy conservation equipment to the five production lines.</td></tr>
</table></td><td>None</td></tr>
</table>

Item to be assessed	Operational circumstances (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
3. Maintaining societal well-being a. Has the company set up management policy and procedures according to related laws and regulation and the International Human Rights Treaty?			a. The Company has implemented management policy and procedures according to managerial procedures that comply with the law and the EICC.	
b. Has the company established employee grievance mechanism and channels, and handled these grievances appropriately?			b. In order to establish a fair and friendly work environment, in year 2013, The Company has set up a suggestion box for unfair treatment to facilitate staff to deal with personal rights, sexual harassment, or unfair treatment etc. at the workplace. Whenever a staff complaint is received, an HR supervisor will personally see the matter and maintain strict confidentiality on the individual's identity.	
c. Has the company offered a safe and healthy work environment for its staff, and routinely implement safety and health education for its staff?			c. The Company implements operational environment testing twice per year, and drinking water is sent for testing every three months. In addition to having the Environmental Safety Department implement health and safety educational lectures every month, we also asked occupational disease specialists at the Taoyuan Veteran's Hospital to host safety and health seminar at our site every month. Moreover, employee health checkup is implemented every year, in which specialists will be in charge of health analysis and follow-up.	
d. Has the company installed a communications system for routine communication with employees, and alerts operational changes that may pose significant impacts on its employees in a fair manner?			d. The Company hosts management meeting on a monthly basis. Through bilateral communications, The Company understands employee's needs and allows employees to understand operational changes that may pose significant changes to The Company. At the same time, The Company hosts labor-capital meeting in each quarter, and the Industrial Safety Health Committee has imposed routine communications channel.	
e. Has the company established an effective career developmental plan for its employees?			e. Current employees are able to achieve enhancement in professional knowledge and skills through internal or external training. For new employees and those that have just transferred to different roles, The Company offers expertise training or internship according to the nature of their work and needs. Through career-oriented learning development structure, all employees in each rank at The Company are able to attain appropriate development training. The Company provides aids for extended studies to assist employees to accumulate professional knowledge and enhance their managerial capacity.	
f. Has the company established consumer rights protection policy and complaint-filing procedures in terms of R&D, Purchasing, Production, Operations, and Consumer Support?	√		f. The Company sees consumer health and safety as the most important indicators in terms of product life cycle. Additionally, The Company has established a procedure to handling consumer-related problems, offer transparent and effective consumer complaint system, and established localized consumer support office according to consumer needs, in order to provide the most effective after-sales service for consumers.	None
g. For the marketing and labels on products and services, does the company comply with related laws, regulations, and international standards?			g. After The Company has materialized the printed circuit boards designed by our consumers, we will proactively offer the raw material code, ingredients of the content, safety code, subsequent handling for the printed circuit boards and their impacts on the environment and society when the product is ready to be delivered, according to The Company's finished product quality control procedures. The Company will provide labels on the shipment boxes for customers to easily identify, and will customize according to client needs. All 100% of The Company's products are labeled according to finished products control procedures or according to client needs.	
h. Prior to conducting business with suppliers, has the company evaluated whether these suppliers hold any past records of impacts on the environment and the society?			h. The Company promotes "green purchasing" and require the production of raw materials to provide a third-party, objective assessment report and MSDS and sign a warranty that certifies products do not contain ingredients hazardous to the environment, starting from when the raw materials are being assessed by our R&D department. The warranty will promise strict compliance with environmental protection and laws pertaining to non-toxic materials, standards and laws both locally and internationally such as RoHS and REACH, and effectively control raw material and production, guarantee that the products it provides does not contain hazardous or materials that do not comply with standards.	
i. Does the company's contract with its primary supplier contain any immediate termination clause for when the supplier violates corporate social responsibility and poses significant impacts to the environment and the society?			i. As for unable to supply chain partners who are unable to provide third-party objective assessment report and promise that its products do not contain internationally-banned materials that are toxic to the environment, and have not signed the "products do not contain materials detrimental to the environment" warranty, The Company will consider the adjustment to purchasing method. For instance, the termination of partnership, and to look for alternative vendors that can comply with these needs. If the material from this vendor is difficult to replace, we will facilitate and guide to prevent and decrease the possible negative impacts on the environment, in order to maintain the effective operations of our supply chain.	
4. Strengthen information disclosure a. On the company's website and MOPS, has the company disclosed information pertaining to corporate social responsibility, which is related to the company's relevance and reliability?	√		The Company's website and MOPS both contain information disclosure on corporate social responsibility, and a report on The Company's corporate social responsibility. In addition, a section devoted to corporate social responsibility has also been established on The Company's website to offer relevant information.	None
5. If the company has established its corporate social responsibility policy according to the listed company socially responsible code of practice, please elaborate on deviations of its operations from the established policy: none.				
6. Other important information to understand the operations of corporate social responsibility: To allocate sufficient resources to devote to CSR and to allocate resources to The Company's various operational locations flexibly, the Board of Directors have passed the "social charity donation method" on December 26, 2014, in which funds to charities will be elevated to 1.0% from the 0.5% of accumulated before-tax profit in years before. This 1.0% will be set aside by Dynamic Electronics and is not limited to the use within Taiwan.				
7. In The Company's corporate social responsibility report for the fiscal year of 2013, the discussion of its content and defining process have complied with AA1000 accreditation standard 2008, and has been verified by the Taiwan branch of British Standards Institute, and complies with the requirements of GRI G4 Core and AA1000 type 1 mid-level guarantee.				

Note 1: whether "yes" or "no" is ticked in Operational Circumstances, The Company should elaborate on its answers in Abstract.

Note 2: For companies that have already prepared a corporate social responsibility report, they are able to replace explanations in Abstract with "please see the corporate social responsibility report" and provide page numbers.

F. Implementation of ethical business operations

Item to be assessed	Operational circumstances			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
1. Establish ethical operational policy and program a. Has the company clearly shown its ethical operational policy and methods in its regulations and external documents, in addition, have the board of directors and management level proactively implemented the promise of ethical business operations?			a. The corporate culture of The Company is: ethical, responsible and studious, and this has been clearly shown in most of our internal and external documents. The Company's Board of Directors have passed the "Ethical Business Policy" on December 26, 2014 in accordance with the Listed Companies' Corporate Social Responsibility Policy" announced by the TWSE on Nov. 7, 2014. The Board of Directors and the management are both proactively implementing the promises in our Ethical Business Policy.	
b. Has the company established preventative programs for unethical behavior, and clearly shown	√		b. To encourage employees and vendors and suppliers to voluntarily provide information pertaining to corruption, The Company has announced "Reward System for Reporting", and set up CEO email (ceo@dynamicpcb.com.tw) which is devoted to handling reporting on The Company's staff or vendors/suppliers' illegal activities from all sources. Every email will be personally read by the Chairman, and if the suspected crime is significant, it will be verified by the Legal Department. If proven to be true, the suspect will be handed over to police and prosecutors. The whistleblower will receive definite rewards. In 2013, the CEO mailbox received several reports, of which 6 have been passed to Legal Department for verification. Five were found to be true, and a total of 1.7 million NTD of company losses were recovered. Kunshan site has also sent a section chief to the police force, and at the same time, the department personnel were adjusted and vendors were switched according to the content of the report. From 2014 to now, 3 reports in the CEO mailbox were passed to Legal Department for verification and all three were partially true. A total of 110 thousand NTD company losses were recovered. Simultaneously, the department mentioned had its personnel adjusted and vendors switched.	None
c. Has the Company adhered to Article 7, Paragraph 2 of the "Code of Integrity Management for Publicly Traded Companies," and other pertinent sections, adopting preventative measures applying to acts of bad faith and higher risk business activities?			c. Prior to conducting business, The Company always takes the licensors, suppliers, clients, or other business partners' legality and whether they have committed any unethical conducts into consideration, to avoid trading with unethical individuals. Moreover, The Company signs contracts with trading partners, in which compliance to ethical business policy is included. Should a trading partner exhibit unethical behavior, The Company can terminate the contract immediately.	
2. Implementation of ethical business operations a. Has the company assessed the integrity records of its business partners, and specified ethical business policy in contracts with its trading partners?			a. The Company always assesses the integrity records of its trading partners and clearly specifies ethical business policy in contracts signed. The Company always signs quality assurance contract, purchasing commitment, honesty commitment, and warranty for prohibiting the usage of toxic matters etc. with its trading partners.	
b. Has the company established a unit devoted (or partly devoted) to promoting corporate ethical business that is directly under the board of directors, and routinely reports its implementations to the board?			b. To strengthen the management of ethical business operations, the Legal Department, directly under the Board of Directors, is responsible for setting up and supervising the execution of the ethical business policy and preventative measures. Additionally, it reports to the Board on a routine basis.	
c. Has the company set up policies to prevent conflict of interest, offer and implement appropriate reporting channels?	√		c. The Company has set up policies to prevent conflict of interest, and offers appropriate channels for the directors, managers, and other stakeholders, or stakeholders within the board of directors, to proactively explain whether or not he/she poses potential conflict of interest with The Company.	None
d. To implement ethical business policy, has the company established an effective accounting system and internal control system, and routinely asks the internal auditing unit to verify or entrusts accountant to verify?			d. The Company has established an effective accounting system, internal control system, and they are routinely reviewed by our internal auditing unit.	
e. Does the company host routine internal and external ethical business operations training?			e. The Company hosts internal ethical business management trainings for all new hires.	

Item to be assessed	Operational circumstances			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
3. Operations of the company's reporting system a. Has the company established a material reporting and rewarding system, set up a convenient reporting channel, and designates appropriate personnel to be in charge of investigating the case, depending on the identity of the person being reported? b. Has the company set up SOP for accepting and investigating reporting cases and confidentiality structure? c. Has the company set up protection for the reporting individual to prevent the person being subjected to inappropriate measures from reporting on the case?	√		a. The Company has established "Reward System for Reporting "which specifies material reporting channel, reward system, and personnel in charge of accepting the case, as follows: 1.Reporting channel (1)(ceo@dynamicpcb.com.tw) CEO mailbox (2) Send email to unfair treatment mailbox or mailbox of other supervisors 2. Reward system (1) Reward will be given out after the case has been closed and the amount has been quantified. (2) In case of recovering or decreasing losses, less than 25% of the total amount, and no more than 5 million NTD, will be given as reward. (3) For those who did not take or return monetary value, 50% of the total amount, and no more than 10 million NTD, will be given as reward. (4) With permission from the Chairman, the monetary reward for reporting personnel who offer extra significant service can exceed the above limit. 3. Personnel in charge of accepting the case After confirmation from the Chairman, the Legal Department will set up a project team to investigate. b. Handling procedures and relevant confidentiality structure 1. Handling procedures (1) Relevant plant, department, and office will collaborate with the Legal Department in investigations. (2) After investigations, Legal Department will remit a signed report to the Chairman to handle subsequent results, and hand out rewards accordingly. If the results pose violations to the law, the case will be handed over to the law enforcement. (3) Time constraint: normal cases should take two weeks, and complex cases will take four weeks. Whether the case is complex is up to the Chairman's discretion when the project team is formed in Legal Dept. 2. Relevant confidentiality structure Maintain strict confidentiality to the case and the reporter (whistle-blower) while handling the case. c. The Company utilizes whistle-blower protection program, the person reporting will never be subjected to inappropriate measures from reporting.	None
4. Enhance information disclosure a. Has the company disclosed the contents and effectiveness of implementing its ethical corporate policy on its website and MOPS?	√		Both The Company's website and the MOPS contain information disclosure pertaining to the content of The Company's Ethical Business Policy. The effectiveness of implementation is on the corporate social responsibility report, under corporate governance, section "Corporate Ethics and Vision". In addition, from 2014 to now, the CEO mailbox has three reports that were found to be partially true by the Legal Department. In sum, company losses of 110 thousand NTD were recovered. This is a significant improvement from the year of 2013.	None
5. If the company has set Code of Ethical Business Conduct according to the Code of Practice for Listed Companies, please elaborate on the deviations of its operations from the policy: none.				
6. Other important information to understanding the operations of the company's ethical business operations: (for instance, if the company has made revisions to its previously established ethical business policy etc.) The Company's Board of Directors has revised the Ethical Corporate Policy of The Company on Dec. 26, 2014, in accordance to the ethical business operation policy for listed companies that was revised and announced on Nov. 7, 2014 by the TWSE. This Policy can be downloaded from the Company website or the MOPS.				

Note 1: Whether "Yes" or "No" is ticked in the Operational circumstances, the company should elaborate on its answer in Abstract.

G. For details on The Company's Code of Practice and other relevant policies, please see:

1) MOPS/Company Code of Practice section(http://mops.twse.com.tw/mops/web/t100sb04_1)

2) Dynamic Electronics website/Company Code of Practice section(http://www.dynamicpcb.com.tw/manage.aspx)

H. Other important information that can strengthen the understanding of the operations of the company's corporate governance: This Company has completed a corporate governance self-assessment task for 92 targets in December 2014, in accordance with the Financial Supervisory Commission's "2013 Blueprint to enhance corporate governance in Taiwan". Out of the 13 targets that The Company did not receive points, 10 of these will be completely revised by 2015, and the remaining 3 will be revised gradually in 2016 and thereafter.

I. The conditions of carrying out the internal control system should disclose the following:

1. Internal control statement: please see page 92 of this manual.
2. Those who entrust accountants to verify internal control system, should disclose the accountants' evaluation report: none.

J. From the most recent year up until the date stated on this report, explain the conditions in which the company and its personnel have been punished by law, the company has punished its personnel for breaching internal control system, and primary failures and revisions: On Oct. 9, 2014, The Company had experienced a delay in input of significant information on the MOPS in which the corporate director asked another representative to stand in, and paid contract breach fine of NTD 30,000. The declarer of this information had already attended training and strengthened their familiarity with the declaration process according to instruction manual.

K. Important decisions from the shareholder's meeting and the Board of Directors, from the most recent year to the date on the Annual Report

Shareholder's meeting/BoD	Scheduled/chartered meeting/BoD session time	Important decisions
Board of Directors	First BoD meeting in year 2014 2014/3/26	1. Passed the separate financial statement, and the consolidated financial statement for year 2013. 2. Passed the motion for subsidies for the losses in year 2013 in The Company. 3. Passed business report for year 2013. 4. Passed the motion of The Company's budget for year 2014. 5. Passed the bank's transaction amount for financial derivative products. 6. Passed the corporation's banking financial transaction amount application. 7. Passed the endorsement from The Company to the corporation's financial transaction amount. 8. Passed the "Internal Control system" statement 9. Passed the revision to "handling procedures of acquisition or disposal of asset" 10. Passed the motion to host shareholders' meeting as well as to take in shareholder's suggestion for year 2014. 11. Passed the motion of corporation HR – spokesperson and deputy spokesperson 12. Addition to corporate HR – VP in the Manufacturing Head Office 13. Addition of salary and review of benefits for the new VP in Manufacturing Head Office 14. Passed the director's compensation and employee dividend endowment plan for year 2013 15. Passed the actual endowment of director's compensation and employee dividend for year 2013 16. Passed performance assessment of senior management for year 2013
Board of Directors	Second BoD meeting in year 2014 2014/5/7	1. Passed the Q1 consolidated financial report for year 2014. 2. Passed the transaction amount of investment derivative products, undertaken by the bank. 3. Passed the corporation's banking financial transaction amount application. 4. Passed the endorsement from The Company to the corporation's financial transaction amount.
Board of Directors	Third BoD meeting of the year 2013 2014/8/12	1. Passed the motion to change the CPA of The Company 2.Passed the motion to change the CPA of subsidiary company, Dynamic Electronics (Kunshan) Co., Ltd., for the annual auditing report 3. Passed the Q2 consolidated financial statement for year 2014. 4. Passed the motion to dispose of the shares in subsidiary Abon Touchsystems Inc. 5. Passed the corporation's banking financial transaction amount application. 6. Passed the endorsement from The Company to the corporation's financial transaction amount. 7. Passed the review of the bonus and incentives of the senior management. 8. Passed the remuneration policy implementation follow-up for the first six months of year 2014.
Board of Directors	Fourth BoD meeting of year 2013 2014/11/10	1. Passed the Q3 consolidated financial statement for year 2014. 2. Passed the rectification to the annual budget of year 2014. 3. Passed the corporation's banking financial transaction amount application. 4. Passed the endorsement from The Company to the corporation's financial transaction amount. 5. Passed the motion to establish Dynamic Electronics Co., Ltd. in Seychelles 6. Passed the loan of 25,000,000 NTD from subsidiary company Abon Touchsystems Inc. to The Company. 7. Passed the establishment of "Code of Ethical Business Conduct"
Board of Directors	Fifth BoD meeting of year 2014 2014/12/10	1. Passed the corporation's banking financial transaction amount application. 2. Passed the endorsement from The Company to the corporation's financial transaction amount.
Board of Directors	Sixth BoD meeting of year 2014 2014/12/26	1. Passed the "Business Operations Plan for year 2015" 2. Passed the corporation's banking financial transaction amount application. 3. Passed the motion in which subsidiary company Abon Touchsystems Inc. requested for extension of endorsement from The Company. 4. Passed the endorsement from The Company to the corporation's financial transaction amount. 5. Passed the motion to raise fund through Dynamic Electronics Co., Ltd. in Seychelles. 6. Passed the motion to establish Dynamic Electronics Trading Pte Ltd. through investment in Singapore. 7. Passed the motion to raise fund in Wintek (Mauritius) Co., Ltd. and reinvest in the subsidiary company Dynamic Electronics Holdings Pte Ltd. in Singapore 8. Passed the motion to reinvest and establish Dynamic Electronics (Huangshi) Co., Ltd. (temporary name) 9. Passed the annual audit plan of the year 2015. 10. Passed the rectifications to The Company's internal control standard. 11. Passed the various remunerations that The Company plans to endow in year 2015. 12. Passed the Annual Manger Award for year 2014. 13. Passed the work plan for the remuneration committee in year 2015. 14. Passed the motion of corporate HR – deputy spokesperson. 15. Passed rectifications to The Company's "Ethical Business Conduct" policy 16. Passed The Company's corporate governance code of practice 17. Passed The Company's social charity donation method 18. Passed the motion to dispose the subsidiary Abon Touchsystems Inc.
Shareholder's meeting	Scheduled meeting 2014/6/23	1. Recognized the business report, parent-company-only financial statement, and consolidated financial statement. Examination of status of implementation: It has been confirmed that this business report and financial statements are approved by the annual shareholder's meeting. 2. Recognized the motion to deficit compensation in year 2013. Examination of status of implementation: Deficit compensation is acknowledged, and therefore dividends are not issued for 2013. 3. Passed the rectification to "handling procedures of acquisition or disposal of asset". Examination of status of implementation: This amendment follows order no. 1020053073 issued by the FSR on December 30th 2013; this was carried out following the order's amendments made after the order was passed; there are no violations or problems of any kind.

L. From the most recent year to the date on the annual report, the director that holds different opinions from the Board's decision and has documented this opinion, the main content of this opinion is: none

M. From the most recent year to the date on the annual report, a summary of the resignation and dismissal of company personnel:

Title	Name	Assumed office on	Date of resignation	Cause of resignation or dismissal
Director	Jerry Chang	2012/06/18	2014/12/06	Deceased

Note: company personnel refers to Chairman, Directors, President, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, and R&D Supervisor etc.

V. Accountant's shared expenses

Accounting firm	Name of accountant		Review period	Remarks
Ernst & Young Taiwan	Ching-Piao Cheng	Mao-Yi Hung	2014/1/1~2014/12/31	

Unit: NTD thousands

	Projects for Shared expense Fee standard	Auditing shared exp.	Non-auditing shared expense	Total
1	Less than 2,000 thousand NTD		✓	0
2	2,000 thousands (inclusive) ~ 4,000 thousand	✓		3,985
3	4,000 thousand (inclusive) ~ 6,000 thousand			
4	6,000 thousand (inclusive) ~ 8,000 thousand			
5	8,000 thousand (inclusive) ~ 10,000 thousand			
6	Over 10,000 thousand (inclusive)			

Accounting firm	Name of accountant	Auditing shared exp.	Non-auditing shared expense					Account' review period	Remarks
			System design	Industrial/commercial registration	Human resources	Others	Sum		
Ernst & Young Taiwan	Ching-Piao Cheng Mao-Yi Hung	3,985	0	□	0	0	□	2014/1/1~ 2014/12/31	

A. For companies whose non-audit shared expenses account for 1/4 or more of the audit shared expenses paid to CPA, audit firms of the CPA, or its affiliated firms, should disclose the amount of audit and non-audit shared expenses, and the service details of non-audit expenses: none.

B. Companies that have switched accounting firms and whose annual audit shared expenses are less than that of the previous year prior to the switch: none.

C. For companies whose audit shared expenses have decreased by 15% or more, the ratio of the decrease in audit shared expense and the reason should be disclosed: none.

VI. Information on switching accountant

The change in the accountant of The Company had been a change in the accounting firm, thus it is not applicable. The names of CPA accounting firms and CPA for The Company over the years have been:

Year	Name of the CPA accounting firm	Name of the CPA
2011	Ernst & Young Taiwan	Chi-Ming Chang, Hsin-Min Hsu
2013	Ernst & Young Taiwan	Mao-Yi Hung Hsin-Min Hsu
2014	Ernst & Young Taiwan	Ching-Piao Cheng□Mao-Yi Hung

VII. Have any of the company's Chairman, President, or manager responsible for finance or accounting duties served in a CPA accounting firm or its affiliated company in the last year: none.

VIII. The transfer of shares and changes in equity pledge of directors, managers, and shareholders who hold more than 10% of shares, from the most recent year to the date on the annual report:

A. Transfer of shares and changes in equity pledge of directors, managers, and shareholders who hold more than 10% of shares

Title	Name	Year 2014		From that year to March 30	
		Increase/decrease in shares held	Increase/decrease in equity pledges	Increase/decrease in shares held	Increase/decrease in equity pledges
Chairman	Ken Huang	0	0	0	0
Director	Wen-Zuan Investments Co., Ltd.	0	0	0	0
Director representative	Spencer Wei (Assumed office on: 2014/11/28)	0	0	36,886	0
Director representative	Ming-Yu Ke (Resignation date: 2014/11/28)	0	0	Not applicable	Not applicable
Director	China Development Financial Co., Ltd.	0	0	0	0
Director representative	James Yin (Assumed office on: 2014/10/09)	0	0	0	0
Director representative	Weng Hsu-hsi (Resigned 2014/10/09)	0	0	Not applicable	Not applicable
Director	Wen-you Chiang	0	0	0	0
Director	Stoney Chiu	0	0	0	0
CEO	Ken Huang	0	0	0	0
President	Stoney Chiu	0	0	0	0
VP	Don Chen Assumed office on (2014/02/05)	0	0	0	0
VP	Hamlet Chiu (Assumed office on 2014/08/12)	0	0	0	0
VP	Jack Hsu	(100,000)	0	0	0
VP	Johnson Yang (Assumed office on 2014/08/15)	0	0	0	0
VP	Allen Chou	(178,000)	0	0	0
Independent Director	Jerry Chang (Resigned on 2014/12/06)	0	0	Not applicable	Not applicable
Independent Director	Yuh-Jye Lee	0	0	0	0
Independent Director	Chun-hung Lin	0	0	0	0
Finance Supervisor	Lily Chiang	(90,000)	0	0	0
Accounting Supervisor	Lily Chiang	(90,000)	0	0	0
Auditing Supervisor	Angel Tsai	0	0	0	0

B. Information on share transfer: none.

C. Information on equity pledge: none.

IX. Information pertaining to controlling shareholders who are in No. 6 relationship according to the IFRS:

Name	Shares held personally		Shares held by spouse or minor children		Shares held in others' names in total		Controlling shareholders who are within No. 6 relationship (refers to having a spouse or second-degree (inclusive) relation according to IFRS) from each other		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Hsiu-Ching Chen	17,543,476	6.13%	0	0.00%	0	0.00%	Chan-Hsin Electronics Co., Ltd.	Company Chairman is the spouse of this individual	
Representative of China Development Industrial Bank: Chia-Chu Chang	9,949,006	3.48%	Not applicable	Not applicable	0	0.00%	China Development Financial Co., Ltd.	Is its investment company	
	0	0.00%	0	0.00%	0	0.00%	None	None	
Ken Huang	8,046,341	2.81%	191,810	0.07%	0	0.00%	Hong-Li Investment Co., Ltd.	Chairperson of this firm is the sister of the spouse of this individual	
Investment Portfolio of Emerging Market Funds, entrusted to Deutsche Bank, Taipei Branch	5,070,900	1.77%	Not applicable	Not applicable	0	0.00%	Not applicable	Not applicable	
Investment portfolio of Credit Suisse Singapore branch, entrusted to Standard Chartered Bank, Dunbei branch	4,400,000	1.54%	Not applicable	Not applicable	0	0.00%	Not applicable	Not applicable	
Generation Emerging Market Assessment Fund Investment portfolio, entrusted by Citibank	4,358,324	1.52%	Not applicable	Not applicable	0	0.00%	Not applicable	Not applicable	
Representative of Hong-Li Investment Co., Ltd.: Li-Rou Chan	3,981,964	1.39%	Not applicable	Not applicable	0	0.00%	Ken Huang	Spouse is the sister of company chairperson	
	0	0.00%	0	0.00%	0	0.00%	Ken Huang	Is her brother-in-law	
Representative of Chan-Hsin Electronics Co., Ltd.: Ming-Yu Ke	3,468,102	1.21%	Not applicable	Not applicable	0	0.00%	Hsiu-Ching Chen	Spouse is the chairperson of that company	
	0	0.00%	17,543,476	6.13%	0	0.00%	Hsiu-Ching Chen	Is his spouse	
Representative of China Development Financial Co., Ltd.: Hsin Chen	3,285,131	1.15%	Not applicable	Not applicable	0	0.00%	China Development Industrial Bank	Is its parent company	
	0	0.00%	0	0.00%	0	0.00%	None	None	
Stoney Chiu	3,083,749	1.08%	0	0.00%	0	0.00%	None	None	

X. The shares held in the same reinvestment business by the Company, Directors, Managers of the Company, and companies directly or indirectly controlled by The Company, and accumulated shareholding ratio will also be included:

Unit: shares; %

Reinvestment business (note)	Investment from The Company		Investment from Directors, Managers, and directly/indirectly controlled business		Accumulated investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Wintek (Mauritius) Co., Ltd.	6,950,000	100.00%	-	-	6,950,000	100.00%
Dynamic PCB Electronics Co., Ltd.	50,000	100.00%	-	-	50,000	100.00%
Dynamic Electronics Europe GmbH	-	100.00%	-	-	-	100.00%
Abon Touchsystems Inc.	9,763,005	51.13%	-	-	9,763,005	51.13%
Dynamic Electronics (Kunshan) Co., Ltd.	-	100.00%	-	-	-	100.00%

Note: the above refer to long-term investment made by The Company through utilizing the equity method.

Fundraising Overview

I. Capital and shares

A. Source of equity

1. Source of equity

Unit: NTD thousands; 1,000 shares

Year/ Month	Price issued	Authorized share capital		Paid-Up Capital		Remarks		
		Shares	Amount (in NTD)	Shares	Amount (in NTD)	Source of equity	Exchanged shares with assets other than cash	Others
1988/08	1,000	12	12,000	12	12,000	Setup capital	-	
1996/11	1,000	28	28,000	28	28,000	Cash capital increase 16,000 thousand NTD	-	Note 1
1998/04	10	9,800	98,000	9,800	98,000	Cash capital increase 70,000 thousand NTD	-	Note 2
1998/12	10	13,800	138,000	13,800	138,000	Reinvested profit 40,000 thousand NTD	-	Note 3
2001/12	10	25,100	251,000	25,100	251,000	Reinvested profit 113,000 thousand NTD	-	Note 4
2002/04	10	42,000	420,000	42,000	420,000	Cash capital increase 40,000 thousand; reinvested profit 129,000 thousand NTD	-	Note 5
2003/09	10	80,000	800,000	56,000	560,000	Reinvested profit 126,000 thousand; reinvested employee dividend 14,000 thousand NTD	-	Note 6
2004/11	10	80,000	800,000	62,000	620,000	Reinvested profit 56,000 thousand; reinvested employee dividend 4,000 thousand NTD	-	Note 7
2004/12	10	80,000	800,000	65,000	650,000	Reinvested capital reserve 30,000 thousand NTD	-	Note 8
2005/02	10	80,000	800,000	80,000	800,000	Cash capital increase 150,000 thousand NTD	-	Note 9
2005/08	10	170,000	1,700,000	103,563	1,035,632	Reinvested profit 235,632 thousand NTD	-	Note 10
2005/11	10	170,000	1,700,000	121,163	1,211,632	Cash capital increase 176,000 thousand NTD	-	Note 11
2006/09	10	300,000	3,000,000	160,550	1,605,499	Reinvested profit 363,490 thousand; reinvested employee dividend 30,377 thousand NTD	-	Note 12
2006/10	10	300,000	3,000,000	177,425	1,774,249	Cash capital increase 168,750 thousand NTD	-	Note 13
2007/09	10	300,000	3,000,000	215,194	2,151,940	Reinvested profit 354,850 thousand; reinvested employee dividend 22,841 thousand NTD	-	Note 14
2008/10	10	300,000	3,000,000	238,468	2,384,678	Reinvested profit 215,194 thousand; reinvested employee dividend 17,543 thousand NTD	-	Note15
2009/03	10	300,000	3,000,000	261,468	2,614,678	Cash capital increase 230,000 thousand NTD	-	Note 16
2010/02	10	300,000	3,000,000	262,402	2,624,023	Employee stock option certificate 9,345 thousand NTD	-	Note 17
2010/05	10	300,000	3,000,000	262,760	2,627,603	Employee stock option certificate 3,580 thousand NTD	-	Note 18
2010/08	10	300,000	3,000,000	262,775	2,627,753	Employee stock option certificate 150 thousand NTD	-	Note 19
2010/11	10	400,000	4,000,000	262,785	2,627,853	Employee stock option certificate 100 thousand NTD	-	Note 20
2011/8	10	400,000	4,000,000	286,436	2,864,360	Reinvested profit 236,507 thousand NTD	-	Note 21
2012/10	10	400,000	4,000,000	293,559	2,935,594	Reinvested profit 71,234 thousand NTD	-	Note 22
2013/07	10	400,000	4,000,000	287,559	2,875,594	Treasury shares decrease by 60,000 thousand NTD	-	Note 23
2013/12	10	400,000	4,000,000	286,059	2,860,594	Treasury shares decrease by 15,000 thousand NTD	-	Note 24

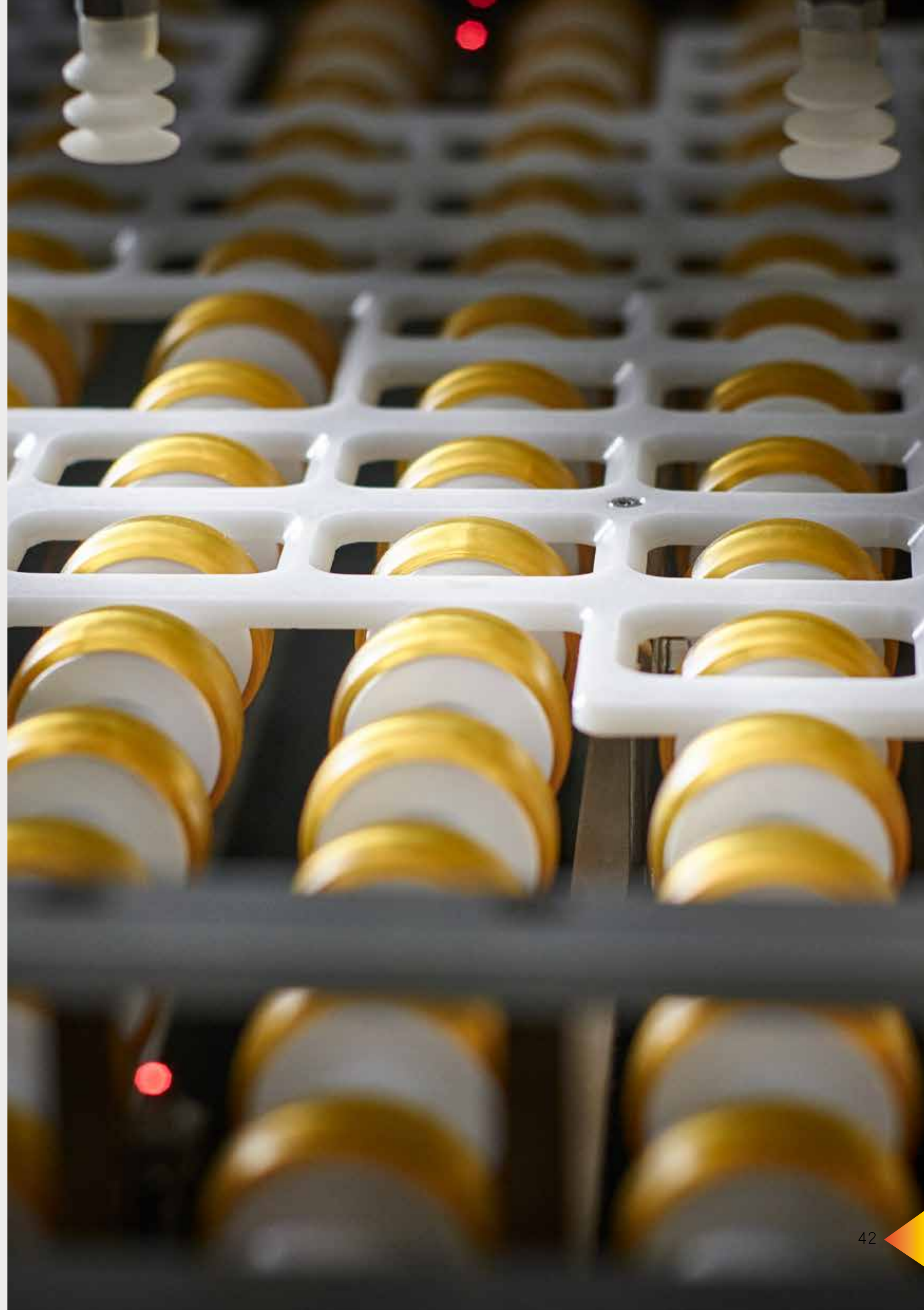
Note 1: 1996/11/13; approval document no. 85 Chien San Keng Tzu 710053.
Note 2: 1998/04/04; approval document no. 87 Chien San Yi Tzu 143958.

Note 3: 2001/12/02; approval document no. Ching 87 Shang 142895.
Note 4: 2001/12/14; approval document no. Ching (090) Shang 09001487720.
Note 5: 2002/04/29; approval document no. Ching Shou Shang Tzu 09101147450.
Note 6: 2003/09/04; approval document no. Ching Shou Shang Tzu 09201259500; 2003/07/09; approval document no. Tai Tsai Cheng Yi Tzu 0920130533.
Note 7: 2004/11/02; approval document no. Ching Shou Shang Tzu 09301206230 2004/10/20; approval document no. Chin Kuan Cheng Yi Tzu 0930147189.
Note 8: 2004/12/08; approval document no. Ching Shou Shang Tzu 09301232510 2004/10/20; approval document no. Chin Kuan Cheng Yi Tzu 0930147189.
Note 9: 2005/02/17; approval document no. Ching Shou Shang Tzu 09401024410 2004/12/24; approval document no. Chin Kuan Cheng Yi Tzu 0930146065.
Note 10: 2005/08/24; approval document no. Ching Shou Shang Tzu 09401164480 2005/06/28; approval document no. Chin Kuan Cheng Yi Tzu 0940125941.
Note 11: 2005/11/21; approval document no. Ching Shou Shang Tzu 09401233030 2005/08/25; approval document no. Chin Kuan Cheng Yi Tzu 0940135458.
Note 12: 2006/09/25; approval document no. Ching Shou Shang Tzu 09501215550 2006/07/21; approval document no. Chin Kuan Cheng Yi Tzu 0950131965.
Note 13: 2006/10/13; approval document no. Ching Shou Shang Tzu 09501231670 2006/08/07; approval document no. Chin Kuan Cheng Yi Tzu 0950135357.
Note 14: 2007/09/26; approval document no. Ching Shou Shang Tzu 09601233900 2007/07/30; approval document no. Chin Kuan Cheng Yi Tzu 0960040075.
Note 15: 2008/10/15; approval document no. Ching Shou Shang Tzu 09701262170 2007/07/29; approval document no. Chin Kuan Cheng Yi Tzu 0970038054.
Note 16: 2009/03/30; approval document no. Ching Shou Shang Tzu 09801059010 2008/11/18; approval document no. Chin Kuan Cheng Yi Tzu 0970059731.
Note 17: 2010/02/09; approval document no. Ching Shou Shang Tzu 09901029760.
Note 18: 2010/05/04; approval document no. Ching Shou Shang Tzu 09901089700.
Note 19: 2010/08/02; approval document no. Ching Shou Shang Tzu 09901174390.
Note 20: 2010/11/02; approval document no. Ching Shou Shang Tzu 09901245330.
Note 21: 2011/08/29; approval document no. Ching Shou Shang Tzu 10001199020.
Note 22: 2012/10/16; approval document no. Ching Shou Shang Tzu 10101211780.
Note 23: 2013/07/18; approval document no. Ching Shou Shang Tzu 10201122700.
Note 24: 2013/12/17; approval document no. Ching Shou Shang Tzu 10201255080.

Unit: shares

Type of share	Authorized share capital			Remarks
	Shares outstanding	Unissued shares	Total	
Registered shares of common stock	286,059,335	113,940,665	400,000,000	

2. Reporting system: not applicable



Fundraising Overview

B. Shareholder structure

Mar. 30, 2015

Quantity/shareholder structure	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of individuals	0	5	27	19,291	72	19,395
Shares held	0	12,252,643	16,365,707	221,905,246	35,535,739	286,059,335
Shareholding ratio	0.00%	4.29%	5.72%	77.57%	12.42%	100.00%

C. Overview of share dispersion

Mar. 30, 2015

Levels of shareholding	Number of shareholders	Shares held	Shareholding Ratio
1 ~ 999	6,599	813,581	0.28%
1,000 ~ 5,000	7,364	17,437,003	6.10%
5,001 ~ 10,000	2,239	16,758,131	5.86%
10,001 ~ 15,000	985	11,864,569	4.15%
15,001 ~ 20,000	512	9,349,161	3.27%
20,001 ~ 30,000	531	13,251,125	4.63%
30,001 ~ 40,000	278	9,804,798	3.43%
40,001 ~ 50,000	185	8,612,003	3.01%
50,001 ~ 100,000	381	27,062,986	9.46%
100,001 ~ 200,000	165	23,024,727	8.05%
200,001 ~ 400,000	84	23,820,342	8.33%
400,001 ~ 600,000	24	11,908,201	4.16%
600,001 ~ 800,000	11	8,021,208	2.80%
800,001 ~ 1,000,000	5	4,683,038	1.64%
1,000,001 or above	32	99,648,462	34.83%
Total	19,395	286,059,335	100.00%

D. List of principal shareholders: whereby principal shareholder refers to shareholders who rank top 10 in shareholding ratio

Shares Name of principal shareholder	Shares held	Shareholding ratio
Hsiu-Ching Chen	17,543,476	6.13%
China Development Industrial Bank Co., Ltd.	9,949,006	3.48%
Ken Huang	8,046,341	2.81%
Investment Portfolio of Emerging Market Funds, entrusted to Deutsche Bank, Taipei Branch	5,070,900	1.77%
Investment portfolio of Credit Suisse Singapore branch, entrusted to Standard Chartered Bank, Dunbei branch	4,400,000	1.54%
Generation Emerging Market Assessment Fund Investment portfolio, entrusted by Citibank	4,358,324	1.52%
Hong-Li Investment Co., Ltd.	3,981,964	1.39%
Chan-Hsin Electronics Co., Ltd.	3,468,102	1.21%
China Development Financial Co., Ltd.	3,285,131	1.15%
Stoney Chiu	3,083,749	1.08%

E. Fair market value, net worth, profit, dividend per share for the most recent two years and other relevant information

Item \ Year			2013	2014	From that year to 3/31/2015 (note 8)
Fair market value per share (note 1)	Highest		13.10	18.25	15.25
	Lowest		9.06	10.65	13.50
	Average		10.99	14.89	14.46
Net worth per share (note 2)	Before allocation		15.31	16.70	Not applicable
	After allocation		15.31	Note 9	Not applicable
Earnings per share	Weighted average of number of shares		282,280 thousand shares	286,059 thousand shares	286,059 thousand shares
	Earnings per share (note 3)	Before retroactive adjustment	(0.90)	0.85	Not applicable
	After retroactive adjustment	(0.90)	(Note 9)	Not applicable	
Dividend per share	Cash dividend		-	-	-
	Issues of stock dividends	Stock Dividend from Retained Earnings	-	-	-
		Dividend from paid-in capital	-	-	-
	Accumulated dividend not paid out (note 4)		-	-	-
Return on investment analysis	Price-Earnings Ratio (note 5)		(12.22)	16.60	Not applicable
	Price-Dividend Ratio (note 6)		NA	NA	Not applicable
	Yield on cash dividend		NA	NA	Not applicable

Note 1: shows the highest and lowest market value of common stock in each year, and calculates the average market value for each year based on transaction value and quantity.
Note 2: please fill this by using the shares already issued by year-end as a basis, and also by referencing the allocation that the shareholders meeting has decided on for the subsequent year.
Note 3: if there are any retroactive adjustment needed due to stock grants, Earnings per share before and after the adjustment should be listed.
Note 4: If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the company should separately disclose the accumulated unpaid out dividend up to that year.
Note 5: Price-Earnings ratio = average price per share for that year/Earnings per share.
Note 6: Price-Dividend ratio = average price per share for that year/cash dividend per share.
Note 7: Yield on cash dividend = cash dividend per share/average price per share for that year.
Note 8: for net worth per share and net Earnings per share, data from the latest quarter that has been verified by an accountant up until the date on the annual report should be filled. For all other columns, a company should fill that year's data up until the date on the annual report.
Note 9: subsidies for losses in 2014 have not yet been approved by the 2015 shareholders scheduled meeting, hence they have not been entered in the table.

F. Company dividend policy and implementations

1. Dividend policy

The Company's dividend policy that has been rectified on Jun. 21, 2007 by the shareholders meeting are as follows:
To counter fluctuations in the economy and to strengthen the company's financial structure, the Company utilizes balanced dividend policy, and the policy of dividend payout is the following:
Because the Company is in a growth phase, dividend policy is primarily concerned about the Company's various investment funding needs in the future, financial structure, and profit etc., in each year, the Board of Directors will draw up an allocation plan based on that year's profit, and carry out the plan after the shareholders have reached a decision.
In consideration of a balanced dividend policy, the Company will use investment needs and the level of dilution of profit in each share as basis, and pay out dividends in shares or cash accordingly, in which the pay out of cash dividend will use a limit of no less than 10% of the total dividend amount in that year.

Fundraising Overview

2. Levels of implementations

The Company's Board of Directors on March 3, 2015 has decided to forward profit and loss subsidies chart (as follows) to the shareholder's meeting in 2015:

Dynamic Electronics Co., Ltd.
Statement of Deficit Compensated in 2014

Unit: NTD

Item	Amount
Beginning unallocated profit	$(425,551,473)
Plus: defined benefit plan actuarial interest (year 2014)	4,740,633
Plus: after-tax net income for this year	243,927,282
Period-end losses	(176,883,558)

3. Anticipated changes in dividend policy: none

G. The impacts of issuing stock grants in this shareholder's meeting on the company's operational performance and dividend per share: we do not plan to issue stock grants in this shareholder's meeting.

H. Employee dividend and compensations for directors and supervisors

1.Company regulation has specified on the number or range of employee dividend and director's compensation:

According to the policy as decided by the Company's shareholder's scheduled meeting on Jun. 18, 2013:

When there is profit in the Company's annual total accounts, the Company should firstly allocate to tax payables, make up for previous losses, then raise 10% as paid-in capital reserve as required by the law. But when the Company has already reached capitalization from the paid-in capital reserve as required by the law, this constraint is no longer relevant. In addition, the Company should allocate or reverse preferred paid-in capital according to the law or authorities, and if there is profit after this, it should be allocated as such:

(1) Director's compensation is not higher than 3%

(2) Employee dividend should be 10-18%

(3) After deducting the first two, the Board of Directors can merge this amount to profit allocation proposal in previous years, and ask the shareholders meeting to decide on allocations.

2.In this period, when there is a difference between estimated column of employee dividend and forecast basis of director's compensation, basis for calculating shares for the purpose of paying out share dividends and actual payout figure, and the estimated column are different, what is the accounting procedure to handle this: This Company will not pay out employee dividend and director's compensations for the year of 2015, hence, there is no estimated columns.

3.Information on the Board of Directors passing the proposal to pay out employee dividend: The BoD has passed that there will be no employee dividend payout for the year of 2015.

4.Actual allocations of employee dividend payout and directors' compensations: will not pay out.

I. Company's circumstances on repurchasing outstanding shares of the company: in recent years up until the date specified on the annual report, the Company has not filed for repurchasing shares.

II. Corporate bonds handling: none

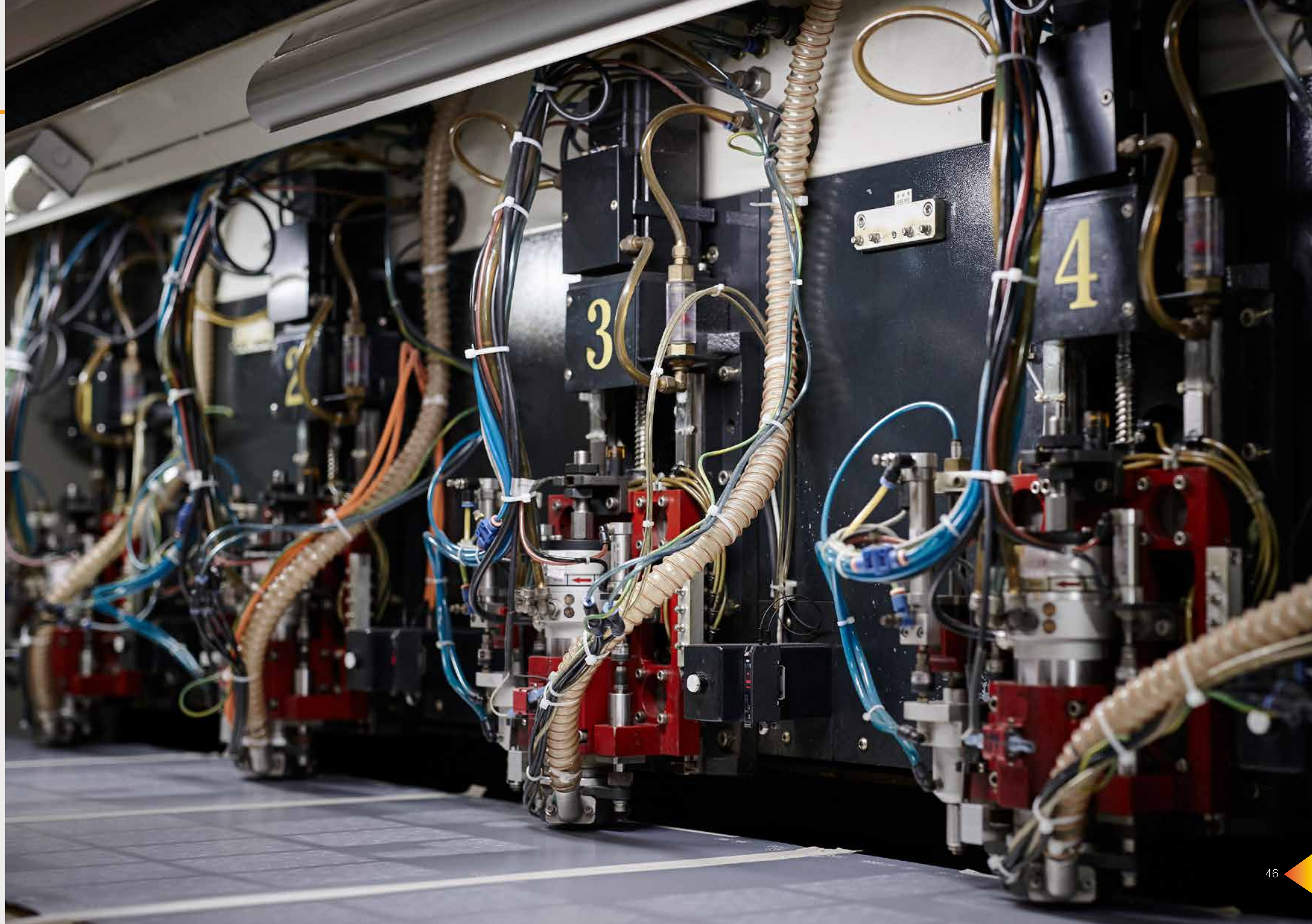
III. Preferred stock handling: none

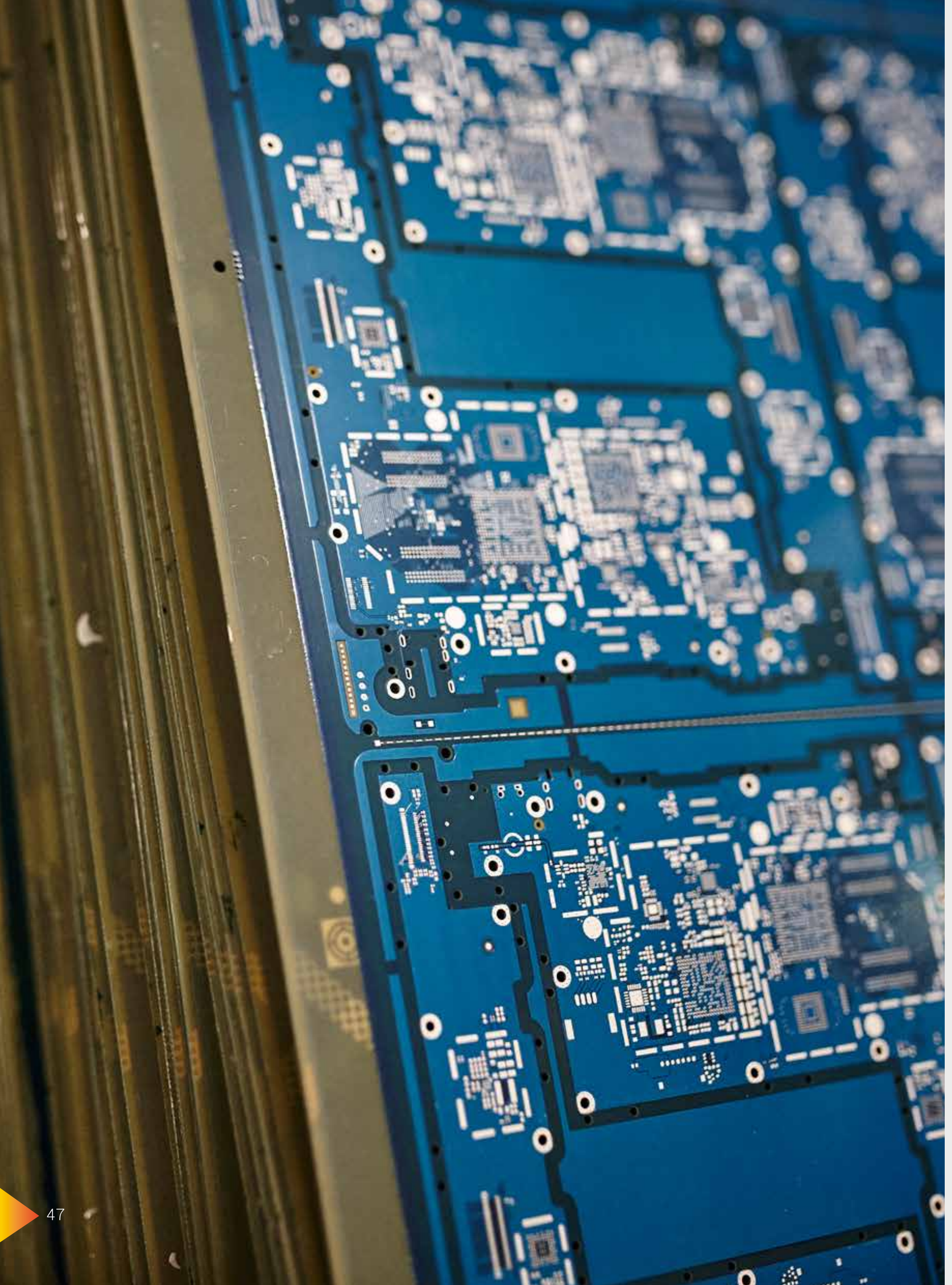
IV. Overseas depository certificates handling: none

V. Employee stock option and new employee reserved share rights handling: none

VI. Mergers or transferee to other companies and issuance of new shares: none

VII. Implementation on fund utilization planning: none





Operations Overview

I. Business content

A. Scope of business

1. Primary business focus and its ratio to the overall business

Unit: NTD thousands

Primary products	Consolidated for year 2014	
	Sales figure	Business ratio
Double-layer printed circuit board	2,572,407	23.92%
Multilayer printed circuit board	7,797,519	72.50%
Touch panel	363,833	3.38%
Others	21,555	0.20%
Total	10,755,314	100.00%

2. Presently, our primary products are still printed circuit boards, including traditional hard boards, HDI, commodity boards, and the Company plans to continue to work toward this area in the future. In the application of goods in progress, the Company plans to develop printed circuit boards needed in the Internet of Things, proactive safety detection and protection mechanism in cars, wearable products, 5G telecommunication, high-end cell phones, and ultra-high-resolution screens.

B. Industry overview

1. The industry's current situation and development

Printed Circuit Board (PCB) is the basis prior to forming electronic components, and through the PCB, electrical routes are formed, and various electronic components can be connected to exert its overall capacity and to reach the objective of relay transmission. Its application is widespread, almost everything that uses electronic components would need to use a PCB. Current fields that use PCB include products in information, telecommunications, consumer electronics, photonics, automobiles, healthcare, precision instruments, aerospace, and military. Hence, it can be said that PCB is the mother of all electronic equipment. Within Taiwan, the PCB industry has been developing for over 40 years, and not only does the industry structure include a comprehensive vertically integrated production chain, its affiliated industry system is also healthy. Below is an explanation on the global and local PCB industry current situation and future trends:

(1)Global current situation and development

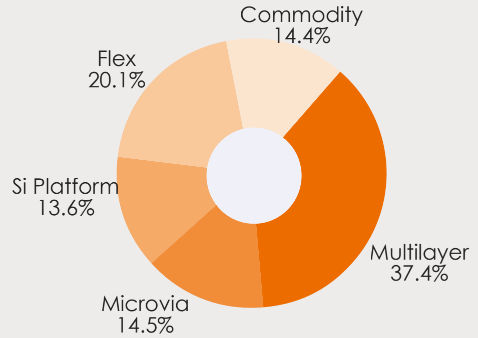
According to analysis from Prismark, in year 2014, the global PCB industry is worth about 57.4 billion USD, this represents a 2.3% growth from the 56.1 billion USD in 2013. Favorable factors are the increases of demand in cell phones, communications, automobiles, consumer electronic products (e.g. TV), and the demand in desktop and notebook computers are gradually steadying. Unfavorable factors include the weakening of demand in tablet computers, supply outweighs demand, and decline in pricing etc.

From a technical perspective, compared to year 2013, only the ratio of multilayer PCB has increased in 2014 (37.4%->38%). The other ones have all seen slight decreases: flex (20.1% -> 20%), microvia (14.5% ->14.4%), Commodity (14.4%->14.3%), Si Platform (13.6%->13.2%). As seen in the diagram top right.

From the distribution of production areas, China has experienced the most increase in year 2014, and jumped from 43.8% to 45.5%. Taiwan increased from 12.7% to 13.2%; ROW from 7.2% to 7.4%; Europe remains at 3.9%; Korea shrinks from 14.5% to 13.2%; Japan shrinks from 12.5% to 11.7%, and finally, the Americas shrinks from 5.4% to 5.2%, as indicated by the diagram bottom right.

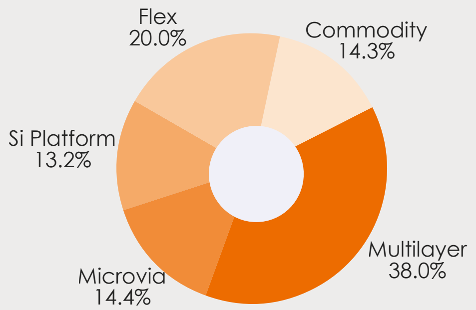
According to forecast by Prismark, in year 2015, the growth rate of PCB is 2.7%, which is a slight increase over the 2.3% in 2014. The CAAGR from years 2015 to 2019 will be 3.1%, demonstrating minor, steady growth, as shown on the next page.

Technology-2013



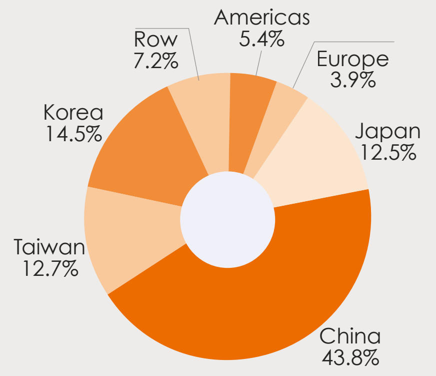
Total: 56.152 billion USD

Technology-2014F



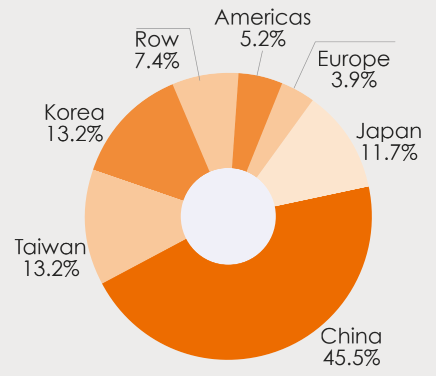
Total: 57.437 billion USD

Production Region-2013



Total: 56.152 billion USD

Production Region-2014F



Total: 57.437 billion USD

Operations Overview

(2)Current situation and development in Taiwan

According to the statistical research from TPCA and IEK of ITRI, in year 2014 the PCB industry production of Taiwanese businesses in both sides of the Strait is worth 5,631 billion NTD, this represents a 7.83% growth from the 5,222 billion NTD in year 2013. The drive for most parts of the growth came from being able to successfully cut into the supply chain of Chinese brands, and the introduction and massive demand of international cell phone brands. Looking at year 2015, the production value of PCB industry of Taiwanese business in both sides of the Strait is estimated to rise to 5,920 billion NTD, with approximately 5.13% growth rate.

2. Relevance of upstream, middle, and downstream businesses in the industry

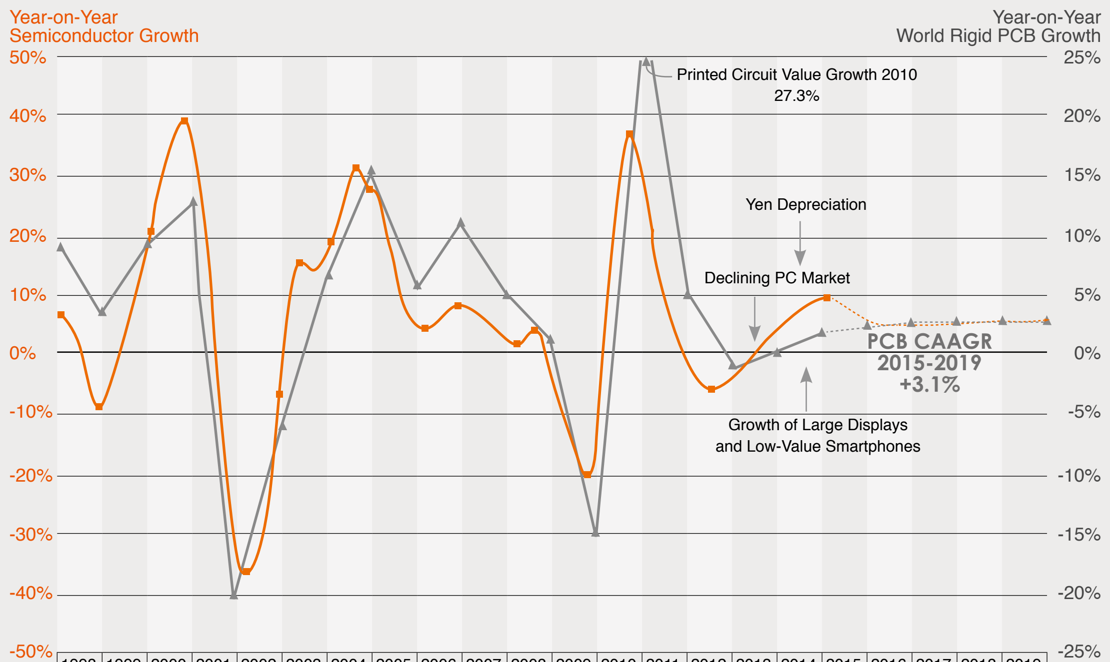
The Company primarily manufactures and sells double layer, multilayer, HDI, and commodity printed circuit boards. The upstream raw materials include chemical ingredients such as copper foil, base, resin, dry film, ink, and SPS/APS. The industries cover petroleum, metal, and electronic components etc. Downstream clients include consumer electronics, computer and peripheral products, communications and Internet, automobile electronics, industrial products, precision instruments, and aeronautical and national defense etc. Because PCB plays the role of loading electrical components and relay transmissions, it is an inevitable, primary fundamental component to all electronic products. Hence, a chart depicting the Company and its correlation with the upper, middle, and downstream industry will be shown below:

3. Product development trends and competitive situation

(1)Product development trends

In recent years, there are two major trends in the development of electronic products. First, all products are gradually becoming lighter and easy to carry. Second, the speed of information relay is becoming faster and the amount of electrical current is increasing. At the same time, high frequency technology is being developed, so that in addition to stronger heat dissipation, when the current passes, it should not be subjected to too much interference. Hence, PCB with microvia, thread, small pore, thin and multilayer structure, microvia lining and high electrical characteristics are the necessary trends to current product development. Additionally, to cater to the development of 5G generation and the request from system vendors, boards using low DK, low DF, Ultra Low Loss and LTCC are also gradually increasing.

WORLD PRINTED CIRCUIT FORECAST



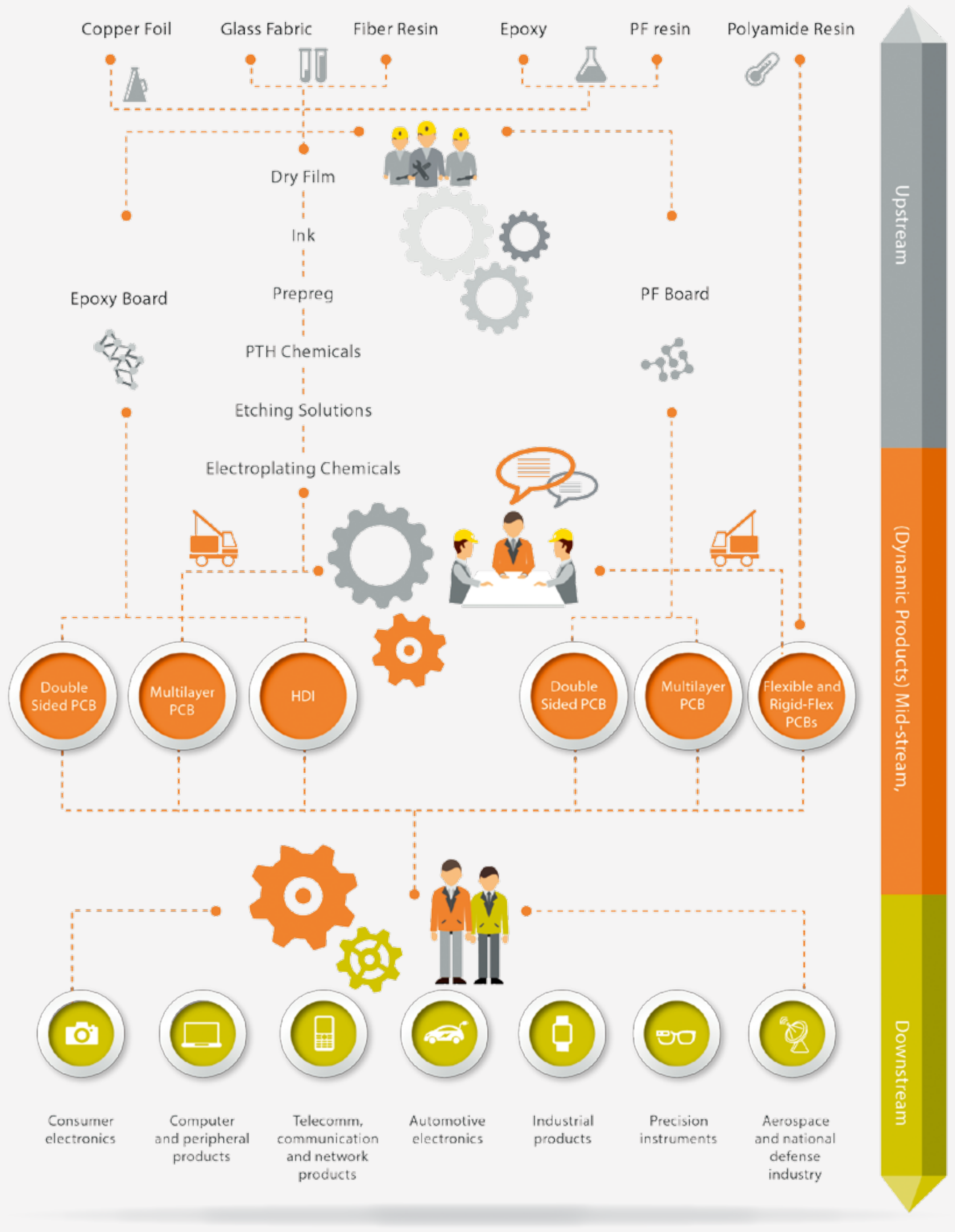
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Printed Circuit Value Growth	3.7%	9.2%	12.5%	-20.0%	-6.0%	6.6%	15.3%	5.8%	11.1%	5.6%	1.4%	-14.8%	27.3%	5.6%	0.5%	0.9%	2.3%	2.7%	3.0%	3.3%	3.3%	3.0%
Semi-conductor Index End of Year	-8.0%	19.0%	37.0%	-32.0%	1.3%	16.8%	28.0%	6.8%	9.0%	3.2%	-2.8%	-9.0%	31.8%	0.4%	-2.7%	4.8%	9.9%	5.1%	CAAGR 2015-2019 3.7%			

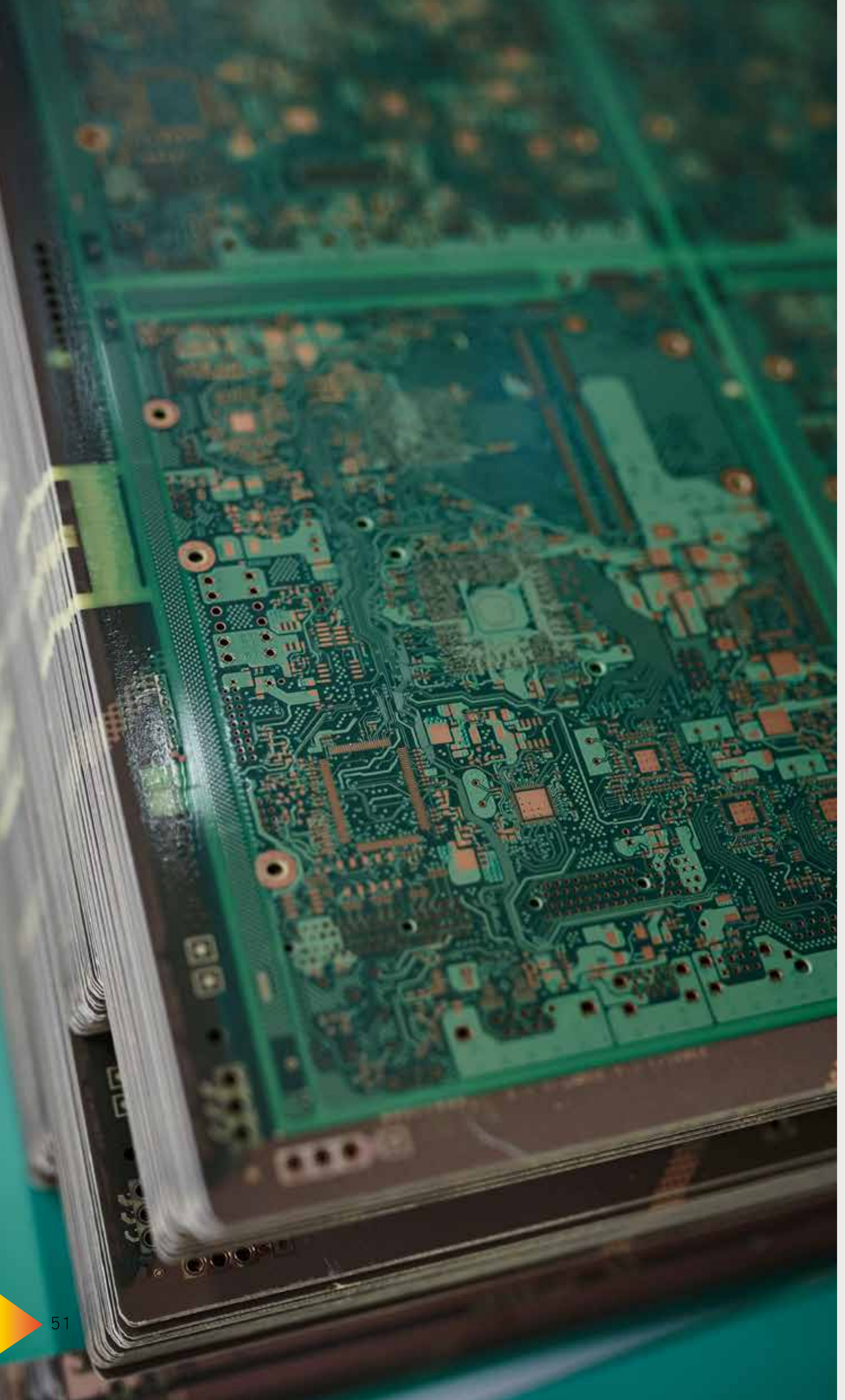
Information taken from PRISMARK (Mar 2015)

(2)Competitive situation

Since PCB has been in a position of oversupply for a long time, price competition has always been fierce, especially for clients who require large quantities, who tend to dominate over the extent of lowering price and time. But to grasp business opportunities, satisfy client needs, and to achieve even better economies of scale to lower cost, each firm is competing to set up new sites and open new production capacity. Because of the strong demand within the Chinese market, compared to the differences in culture and language, infrastructure that is as yet incomplete, and factors such as completeness of supply chain in Southeast Asian countries, most companies have still considered China to be the optimal production location. However, various environmental regulations in China are becoming more stringent, minimal wages have risen, the State Council has cleared various tax incentives in Article No. 62 etc., have severely impacted the operational cost of foreign investments in China. How to lower production cost has become the toughest challenge to the PCB industry.

Upstream, Middle, and Downstream Vertical Structure System of Taiwan PCB Industry





C. Technology and R&D overview

1. R&D expenses from the most recent year to the date on the annual report

Unit: NTD thousands

Year	Amount	% ratio of the year's sales
Year 2014 consolidated	271,389	2.52%
Year 2013 consolidated	149,505	1.47%

2. Technology or products that have been successfully developed from the most recent year to the date of the annual report:

- Primary R&D results have been categorized into the four points below:
- As for products with high-frequency, high-speed and low signal loss, the Company has successfully attained certification from Insertion Loss -0.48dB/in and successfully went into mass production.
- In the aspect of thin cable and thin products, the 2 mil thin cable has already been approved by the customer, the 10 layer microvia connectivity design product is mass produced, and the production capacity of 10 layer thin 24 mil width has also been achieved.
- For the commodity and bendable products, the production setup is complete, and is now in sample verification and mass production.
- As for electronic products for automobiles, the Company is already successfully mass producing non-safety products, and the passive safety products have been certified. The proactive safety product is currently in the process of attaining certification.

D. Short and long-term business development plan

1. Short-term business plan

(1) Marketing plan

- Develop high margin products such as microvia connectivity boards, commodity, and green products.
- Expand niche products such as electronic products for automobiles, SSD, cloud server.
- Strengthen the ties with overseas locations and agents, grasp business opportunities, and cultivate customers.
- Strengthen the customer support for timely delivery, quality, technicality, and service.

(2) Production plan

- Promote for the 6-Sigma academy plan to enhance the overall quality.
- Continue to push for quality reformations, maintain the management system operations and certifications from TS16949, QC080000, ISO14001, OHSAS18001, and ISO50001.
- Utilize new ERP system to conduct effective control over the cost.
- Utilize new ERP system to construct a comprehensive production and sales system, effectively allocate sales order and production capacity in both sides of the Strait.
- Utilize new ERP system to unify engineering data in both sites, shorten start-up preparation times, increase sample production speed, and rate of delivery, to enhance competitiveness.

(3) R&D plan

- 10 layers or more of commodity board
- Hybrid design
- Embedded passive component
- Heat dissipation materials
- LTCC materials

2. Long-term business plan

(1) Marketing plan

- Search for highly niche products
- Establish long-term relationship with customers

(2) Production plan

- Proactively implement energy conservation, minimize waste and conform to various environmental protection policies, reach at least 1% of energy conservation goal each year. Develop and improve products and production process that conserve energy and minimize waste.
- Utilize equipment automation to enhance the efficiency of labor
- Taoyuan site will proactively become a production facility devoted to producing commodity board products.

(3) R&D plan

- Key materials and high heat dissipation materials
- New products and production process that are environmentally-friendly, minimize waste, and conserve energy

II. Market and sales conditions

A. Location of sales for primary products

Unit: NTD thousands

Location of sales \ Year		Year 2014 consolidated	
		Amount of sales	Ratio %
Domestic demand		1,285,503	11.95%
External demand	China	5,405,000	50.25%
	Korea	1,204,509	11.20%
	Thailand	886,271	8.24%
	Germany	853,295	7.93%
	Malaysia	492,068	4.58%
	Other countries	628,668	5.85%
Total		10,755,314	100.00%

Note: revenue is categorized based on the location of the client when they placed sales order.

2. Market share

Unit: Billion NTD

Item \ Year	2014	2013
Value of cross-Strait Taiwanese businesses in PCB industry	5,631	5,222
Dynamic Electronics' consolidated revenue	107	101
Dynamic Electronics' consolidated revenue/value of cross-Strait Taiwanese businesses in PCB industry (%)	1.90%	1.93%

Source: IEK of ITRI

3. Future market supply and demand conditions and possibility of growth

In the foreseeable future, PCB will still be in a situation of oversupply.

The aggregate yearly growth rate of application of PCB in various products from year 2014 – 2019 are as follows: Automobile: 4.8%; industry/healthcare: 4.4%; communications: 4.3%; consumer electronics: 3.0%; computer: 2.2%; aeronautical and military: 2.1%.

Additionally, the rapidly growing new products during 2014-2019 are: wearable devices, green products, and electric vehicles etc.

4. Niche competitiveness

Niche competitiveness of the Company includes:

(1) Quality products that have received widespread recognition both locally and internationally, allowing for market expansion and in developing clients.
(2) Having attained various certifications such as ISO-9001, ISO-14001, ISO-14064-1, OHSAS18001, QC080000, TS-16949, and ISO50001 etc., which enhances the competitiveness of the Company's products in the global market, and allowing for the Company to successfully expand business scope.
(3) Possessing excellent production skills and R&D capability.
(4) Having established the model of dividing production tasks between both sides of the Strait.
(5) Continues to expand high-end production competency.

5. Favorable and unfavorable factors for future development and their countermeasures

(1) Favorable factors

A. With the widespread popularity of the Internet and the development of wireless communication market and products, the personal mobile devices and their peripheral industries have developed throughout the world. Moreover, with products such as cloud computing, Big Data, the Internet, wearable products continuing to innovate, the demand for PCB will continue to rise.
B. The increase in electronic products for automobiles and the development of electric vehicles are bringing forth new market and opportunities for the PCB.
C. Conforming to industry development trends, the Company has continuously devoted itself into purchasing new machinery, strives toward new product development and the enhancement of production technology. Moreover, through the production procedure management accumulated over the years and catering to client needs, maintaining excellent quality and stability, the Company has enhanced the added-values of products and market competitiveness, and received widespread recognition from customers.
D. Most of the Company's clients are world-renowned large-scale firms. To offer comprehensive service for clients and to avoid impacts from price wars from competing firms, the Company actively expands and builds global marketing channels to gradually enhance the ratio of external sales. In addition to providing instant, on-the-spot customer technical support and after-sales service, strengthen business relationships, the Company will be able to collect local market information and grasp market and product development trends faster, continue to develop potential new products and new clients, so that future business can experience long-term steady growth.

(2) Unfavorable factors and countermeasures

A. Oversupply, many competitors, and competitors wage price wars
Countermeasure: develop potentially niche products, avoid price wars in existing products, and actively attain various certifications, enter different fields and expand new business opportunities.
B. Clients demand routine price reduction, hurting profit
Countermeasure: exert labor efficiency, strengthen production management, enhance production yield, and lower production cost.
C. Shortage of labor in China, and labor cost is steadily rising over the years
Countermeasure: improve work environment, optimize welfare measures, enhance staff solidarity and recognition. Additionally, enhance staff training, reward system for raising proposals, and encourage innovation and improvement.
D. Environmental cost is steadily rising
Countermeasure: establish a procedure for recycle and reuse, utilize renewable materials that can be reused, and under the principle of quality assurance, to decrease working procedures and materials in order to conserve the use of resources.
E. Fluctuations in exchange rates affect the Company's operations and profitability
Countermeasures: maintain close contact with the foreign exchange unit of banks with frequent exchanges, attain information pertaining to fluctuations in exchange rates and suggestions on ways to hedge these risks at any given time. Reasonably adjust the accounts that consist of solely foreign currency to lower the risk of fluctuations in exchange rates.

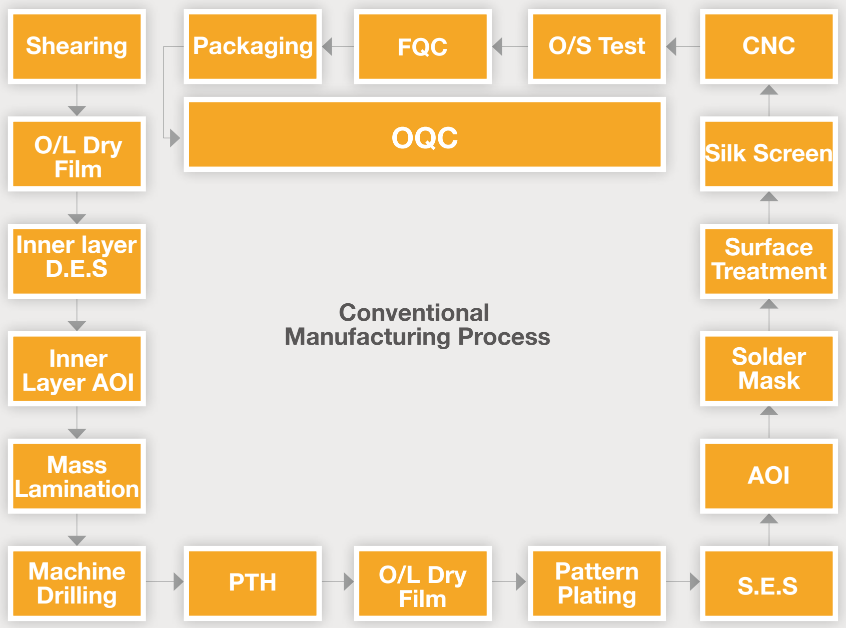
B. Important applications of primary products and production process

1. Important applications of primary products

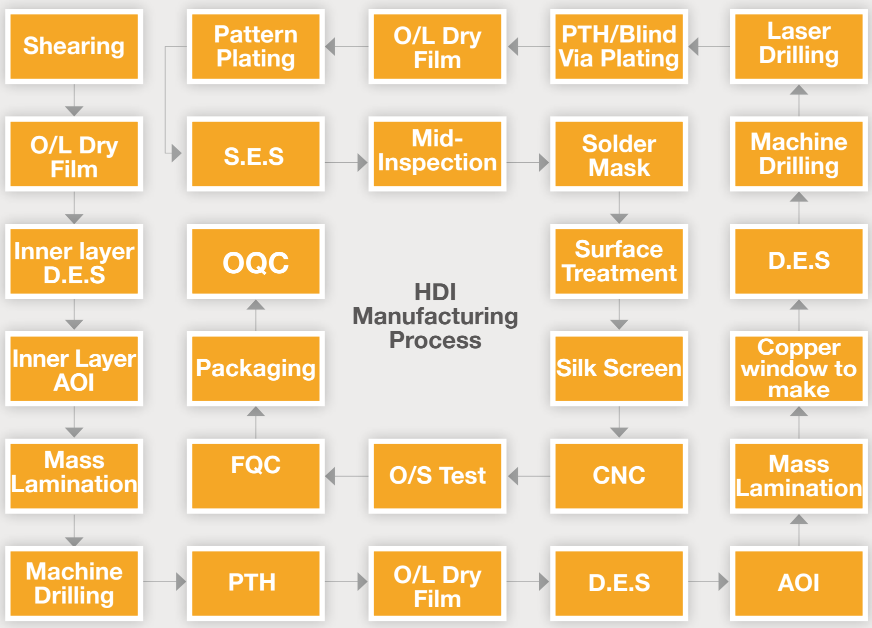
Product type	Primary application
Double-sided PCB	Disk drives, automobile plates, communications plates etc.
Multilayer PCB	Storage device, photonics boards, set-top box, TV controller plate, automobile plates, notebook PC, servers, industrial computers etc.
HDI	Smart phones, car GPS, photonic boards, tablet PC, e-book, communications products etc.
Rigid-Flex	Camera models, TFT-LCD, wearable devices, cell phones etc.

2. Manufacturing Process

(1)Conventional



(2)HDI



C. Supply conditions of primary raw materials

The Company's primary raw materials include substrate, copper foil, and film etc. Primary purchasing sources are local vendors that have all established long-term, stable relationships with the Company to assure quality, price, delivery date, service, and stable availability. The primary vendors of each of the primary raw material are listed below:

Primary raw material	Primary supplier
Substrate	Taiwan Union Technology Corporation, Nan Ya Plastics Corporation, Iteq Corporation, Elite Material Co., Ltd., and Shengyi Technology Co., Ltd.
Film	Taiwan Union Technology Corporation, Nan Ya Plastics Corporation, Iteq Corporation, Elite Material Co., Ltd., and Shengyi Technology Co., Ltd.
Dry film	Eternal Materials, Chang Chun Corporation, DuPont Taiwan, Asahi Kasei Taiwan
Copper foil	Chang Chun Corporation, Co-Tech Development Corporation

D. For the recent two years, please list all customers who have exceeded 10% of total purchasing (or selling) for any given year. Include the amount of its purchase (sales) and ratio, and explain the changes in decreases/increases.

1. Primary vendors for the most recent two years:

Unit: NTD thousands

	Year 2014 consolidated				Year 2013 consolidated			
Item	Name	Amount	% of that year's net purchasing	Relationship with the issuer	Name	Amount	% of that year's net purchasing	Relationship with the issuer
1	A	371,034	7.02	None	A	584,670	11.47	None
2	B	557,410	10.55	None	B	201,675	3.96	None
	Others	4,355,084	82.43	None		4,310,245	84.57	None
	Net purchasing	5,283,528	100.00		Net purchasing	5,096,590	100.00	

Analysis: the Company only has one supplier that had accounted for over 10% of the year's purchasing net amount, and that supplier accounts for around 10-12%, and does not pose significant influence over the overall Company.

2. Major customers for the most recent two years:

Unit: NTD thousands

	Year 2014 consolidated				Year 2013 consolidated			
Item	Name	Amount	% of that year's net sales	Relationship with the issuer	Name	Amount	% of that year's net sales	Relationship with the issuer
1	A	1,128,179	10.49	None	A	1,255,114	12.38	None
2	B	1,146,797	10.66	None	B	528,602	5.21	None
	Others	8,480,338	78.85	None	Others	8,356,807	82.41	None
	Net sales	10,755,314	100.00		Net sales	10,140,523	100.00	

Analysis: the Company only has 1-2 customers who accumulated for over 10% of the year's net sales for the past two years, and each customer only accounted for less than 13%; hence, they do not pose significant influence to the Company.

E. Production output value for the past two years

Unit: 1,000 square meters; 1,000 pieces; 1,000 NTD

Year / Production quantity / Primary products	Year 2014			Year 2013		
	Production capacity	Quantity produced	Output value	Production capacity	Quantity produced	Output value
Double-sided PCB	11,400	10,542	2,513,205	11,400	9,582	2,104,211
Multilayer PCB	21,000	18,778	6,032,995	21,000	18,051	6,424,039
Touch panel	456	372	267,043	456	449	301,092
Others	-	-	-	-	-	-
Total	32,856	29,692	8,813,243	32,856	28,082	8,829,342

Note 1: Production capacity means after factoring necessary halts and holidays, the quantity that the Company is capable of producing under normal operations with present production equipment.
Note 2: since production of each layer of product can replace and support each other, hence the overall production capacity is disclosed.

F. Sales volume for the past two years

Unit: 1,000 square meters; 1,000 pieces; 1,000 NTD

Year / Sales volume / Primary products	Year 2014				Year 2013			
	Domestic sales		Export to overseas		Domestic sales		Export to overseas	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Double-sided PCB	2,214	525,395	8,108	2,047,012	1,703	525,394	7,848	1,965,412
Multilayer PCB	1,068	426,561	841	7,370,958	1,187	619,530	16,556	6,641,981
Touch panel	352	313,921	75	49,912	409	347,948	52	35,027
Others		21,555		-		5,231		-
Total	3,634	1,287,432	9,024	9,467,882	3,299	1,498,103	24,456	8,642,420

III. From the most recent two years to the date on the annual report, the number of workers, average years of service, average age, and distribution ratios of education

Year - consolidated		2015/3/31	Year 2014	Year 2013
Number of workers	Direct workers	4,895	4,921	4,445
	Indirect workers	1,810	1,699	1,750
	Total	6,705	6,620	6,195
Average age		28.00	28.35	27.75
Average years of service		1.99	2.07	2.02
Distribution ratio of education	Ph.D.	2	2	1
	Master	25	28	30
	University	816	842	898
	High school	1,670	1,841	3,372
	Below high school	4,192	3,907	1,894
	Total	6,705	6,620	6,195

IV. Total loss and penalty from environmental pollution of the most recent year and as of the publishing date: none

V. Employer and employee relations

A. List out various employee welfare measures, advanced studies, training, retirement plan and its implementation, as well as negotiations between the employers and employees and steps taken to maintain various employee benefits

1. Employee welfare measures

Employees are important Company assets, and to provide adequate care to the employees, in addition to full compliance to the Labor Law, the Company has various other measures to take care of its employees.

(1) Offers free meals
(2) Refined kitchenette with free coffee
(3) Free uniform
(4) First-rate dormitories for foreign employees, offering satellite TV, newspapers in their native language, hot water for 24 hours, entertainment facilities, and gym etc.
(5) Free parking lot
(6) The Company sponsors and encourages students to participate in healthy activities such as marathon.
(7) Routinely hosts carnivals and sports days.
(8) Set up suggestion box for unfair treatment and ensures that suggestions are answered.
(9) Employee group insurance
(10) Implement year-end bonus, holiday bonuses, performance bonus, and dividend structure
(11) Whenever an employee of the Company gets married, gives birth, dies or becomes amputated, there is always aid or pension etc.
(12) Recognition of merit for retiring employees.
(13) Employee health check-up on a routine basis every year.
(14) Set up medical grade blood pressure metersphygmometer to help employees monitor their health.
(15) Set up library and employees can borrow books for free.
(16) Promoted the Happy Corporate project
(17) On-site and external skills training program for employees.
(18) Foreign language classes for employees.
(19) Aid for continuing education training for employees, and professional class for senior management.
(20) Various employee activities such as traveling and group lunch/dinner.

2. Continuing studies and training system

Our primary training plan includes educational training for new recruits, managerial capacity training, professional skills training, quality enhancement training, liberal arts class training etc. And the Company also conducts transferred personnel job training and employee job rotation, so that employees can be familiar with different kinds of work and learn different techniques.

The Company is planning to establish an e-learning platform, so new recruits can efficiently familiarize themselves with the job content and techniques through lively educational videos.

The Company is promoting the fostering of Dynamic Electronics Six-Sigma lecturer, constructing a comprehensive internal consultant fostering system, and facilitated with the development of organizational operations, the Company plans to establish a talent pool to reach its mid- to long-term business operations objectives.

3. Retirement structure

Since Jul. 1, 2005, The Company has implemented labor retirement policy, and utilizes a defined contribution system. Upon implementation, an employee is able to choose from between retirement policies in the Labor Standards Act, or to use this policy and to keep the working years prior to its implementation. For the employees who choose this new policy, the Company has entrusted actuaries to calculate, and the Company will be responsible of allocating 2% - 15% of the employee's salary into retirement reserved funds, which is saved in the accounts for retirement funds in the Central Trust under the name of "Committee for Supervising the Employee Retirement Fund." The Company has also attained permission from the Taoyuan County government to host meetings for the Committee for Supervising the Employee Retirement Fund every three months. The Committee is responsible for supervising and verifying tasks such as setting aside the labor retirement reserved funds, savings and expenditures etc. After July 2005, complying with the government policy of using individual retirement reserved fund accounts, the Company sets 6% of labor salary as labor retirement reserved funds, and saves this amount in the individual labor retirement reserved fund account.

In order to offer employees more flexibility in planning their career and life, the Company has successfully established the management policy for the golden handshake, and reported this to the authorities for approval.

Under the planning of the remuneration committee in year 2010, the Company will entrust the manager retirement management policy, in order to establish a more comprehensive personnel retainment system.

4. Other important agreements and various measures to protect employee benefit

The employers and employees of the Company mostly utilize communications to solve various problems and maintains positive communication channels, in order to build mutual understanding and effectively enhance the coherence of all employees.

The Company routinely hosts employer-employee meetings, including various departmental meetings, employee benefit committee meetings, employer-employee meetings, retirement fund supervisory committee, and labor safety meetings etc., with the objective of understanding employee needs and attaining mutual understanding. Additionally, the Company has set up suggestion box for unfair treatment to facilitate employees to solve matters such as personal rights or unjust treatment in the workforce, to establish a fair and friendly work environment.

B. Clearly list out losses sustained from employee-related disputes from the most recent year to the date on the annual report, and disclose estimates (in dollar amount) of what could happen currently and in the future and their countermeasures. If unable to provide a reasonable estimate, a company should explain the facts that it is unable to rationally estimate.

1. From the most recent year to the date on the annual report, the Company has not experienced any employee-related disputes.
2. In the future, the Company will continue to maintain positive employer-employee relationship through emphasizing employee benefit measures and providing smooth communication channels. The Company does not anticipate that any significant employee-related disputes will occur, nor will it lead to any significant losses in the future.

Operations Overview

VI. Important contracts

Type of Contract	Contract signed with	Period of contract	Primary content	Major limitations	Effects of the contract on business operations	Effects of the termination of the contract on business operations
Housing rental agreement	Four individuals including Yao-Hui Chen	2014.01.01-2014.12.31	No. 43, Section 2, Hezhen N Rd, Zhongli District Taoyuan City 66,650 NTD/month	None	None	None
Land rental agreement	Ching-Feng Wu & Ching-Chuan Wu	2014.01.01-	No. 1128, 1128-0001 and 1130, MingXing Section, Guishan District, Taoyuan 50,000 NTD/month (excluding tax)	None	None	None
Land rental agreement	Ching-Hua Lu You	2013.01.01-2014.12.31	No. 0837-000 MingXing Section, Guishan District, Taoyuan 29,500 NTD/month	None	None	None
Housing rental agreement	Ching-Long Lee	2014.01.01-2014.12.31	No. 811, 814, MingXing Section, Shanding Village, Guishan District, Taoyuan 28,000 NTD/month	None	None	None
Warehouse rental agreement	Fu-Da Chemicals	2014.01.01-2014.12.31	No. 3, Guoguang Alley, Shanying Road, Guishan District, Taoyuan 40,000 NTD/month	None	None	None
Warehouse rental agreement	Fu Kuan Chun Corporation	2014.10.01-2014.12.31	No. 72-22, Zone A, Nanshi, Linkou District, New Taipei City	None	None	None

Financial Overview

I. Concise Balanced Sheet and Income Statement for the past 5 years, noting the names of the Accountant and their Qualified Opinions

A. Concise Balance Sheet

1. IFRS Concise Consolidated Balance Sheet

Unit: NTD thousands

Item / Year		Consolidated Financial Information for the past five years (note 1)		
		Year 2012	Year 2013	Year 2014
Current assets		6,918,279	5,759,676	5,799,053
Real estate, factories and equipment		4,852,592	4,726,884	5,042,156
Intangible assets		3,264	7,209	8,887
Other assets		71,720	112,917	167,485
Total assets		11,845,855	10,606,686	11,017,581
Current liabilities	Prior to allocation	6,256,169	4,697,664	4,968,770
	After distribution (note 2)	6,256,169	4,697,664	(note 3)
Non-current liabilities		992,009	1,479,610	1,224,224
Total liabilities	Prior to allocation	7,248,178	6,177,274	6,192,994
	After distribution (note 2)	7,248,178	6,177,274	(note 3)
Equity from parent company		4,545,273	4,378,912	4,778,544
Capital stock		2,935,594	2,860,594	2,860,594
Paid-in capital		1,073,644	1,060,950	1,060,950
Retained earnings	Before distribution	645,727	405,499	654,167
	After distribution (note 2)	645,727	405,499	(note 3)
Other equity		(80,780)	51,869	202,833
Treasury stock		(28,912)	-	-
Non-controlling interest		52,404	50,500	46,043
Total equity	Before distribution	4,597,677	4,429,412	4,824,587
	After distribution (note 2)	4,597,677	4,429,412	(note 3)

Note 1: above annual financial information has been checked and verified by CPA
Note 2: aforementioned after distribution figures have been filled according to the shareholders meeting in the subsequent year.
Note 3: profit, losses and subsidies for year 2014 have not yet been approved by the shareholder's meeting.

2. Individual IFRS Concise Balance Sheet

Unit: NTD thousands

Item / Year		Individual financial information for the past five years (note 1)		
		2012	2013	2014
Current assets		4,974,749	3,437,929	3,587,235
Investment using the Equity Method		2,531,557	3,198,407	4,013,201
Real estate, plants and equipment		866,280	747,571	832,192
Intangible assets		1,592	1,519	4,382
Other assets		30,317	61,504	119,232
Total assets		8,404,495	7,446,930	8,556,242
Current liabilities	Prior to distribution	3,357,361	2,411,795	3,022,194
	After distribution (note 2)	3,357,361	2,411,795	(note 3)
Non-current liabilities		501,861	656,223	755,504
Total liabilities	Prior to distribution	3,859,222	3,068,018	3,777,698
	After distribution (note 2)	3,859,222	3,068,018	(note 3)
Equity from parent company		4,545,273	4,378,912	4,778,544
Capital stock		2,935,594	2,860,594	2,860,594
Paid-in capital		1,073,644	1,060,950	1,060,950
Retained earnings	Before distribution	645,727	405,499	654,167
	After distribution (note 2)	645,727	405,499	(note 3)
Other equity		(80,780)	51,869	202,833
Treasury stock		(28,912)	-	-
Total equity	Before distribution	4,545,273	4,378,912	4,778,544
	After distribution (note2)	4,545,273	4,378,912	(note 3)

Note 1: above annual financial information has been checked and verified by CPA
Note 2: aforementioned after distribution figures have been filled according to the shareholders meeting in the subsequent year.
Note 3: profit, losses and subsidies for year 2014 have not yet been approved by the shareholder's meeting.

Financial Overview

3. Concise Consolidated Balance Sheet – using Taiwan's accepted financial accounting standards

Unit: NTD thousands

Item	Year	Consolidated financial information for the past five years (note 1)				
		Year 2008	Year 2009	Year 2010	Year 2011	Year 2012
Current assets		5,470,008	7,092,752	6,959,227	7,178,673	7,031,690
Funds and investment		-	-	-	-	-
Fixed assets		6,079,374	5,831,712	5,870,599	6,174,922	4,852,592
Intangible assets		297,552	255,126	225,713	221,993	45,209
Other assets		174,596	156,669	48,020	5,807	5,032
Total assets		12,021,530	13,336,259	13,103,559	13,581,395	11,934,523
Current liabilities	Before distribution	5,540,934	5,924,529	5,796,158	5,860,842	6,273,985
After distribution	6,063,870	6,449,334	5,822,436	5,932,076	6,273,985	
Long-term liabilities		1,066,130	1,469,514	2,140,826	2,014,629	887,501
Other liabilities		301,594	343,291	244,124	227,693	79,876
Total liabilities	Before distribution	6,908,658	7,737,334	8,181,108	8,103,164	7,241,362
After distribution	7,431,594	8,262,139	8,207,386	8,174,398	7,241,362	
Capital stock		2,384,678	2,639,273	2,627,853	2,864,360	2,935,594
Paid-in capital		990,705	1,012,022	1,056,168	1,056,320	1,072,341
Retained earnings	Before distribution	1,269,906	1,591,245	1,136,405	1,169,263	348,813
After distribution	773,970	1,066,440	873,620	1,026,795	348,813	
Cumulative transaction adjustment		464,289	356,106	120,922	393,993	239,713
Direct interest from unsold, non-Current assets		-	-	-	-	73,500
Non-retirement capital net losses		-	(23,831)	(27,074)	-	-
Treasury stock		-	-	(28,912)	(28,912)	(28,912)
Minority interest		3,294	24,110	37,089	23,207	52,112
Total Shareholder's equity	Before distribution	5,112,872	5,598,925	4,922,451	5,478,231	4,693,161
	After distribution	4,589,936	5,074,120	4,896,176	5,406,997	4,693,161

Note 1: above annual financial information has been checked and verified by CPA.

4. Concise Individual Balance Sheet under financial accounting standards in Taiwan

Unit: NTD thousands

Item	Year	Individual financial information for the past 5 years (note 1)				
		2008	2009	2010	2011	2012
Current assets		3,564,611	4,623,590	4,187,041	4,606,866	5,089,227
Funds and investment		3,646,426	4,093,808	4,427,344	4,173,126	2,550,396
Fixed assets		1,059,221	960,930	903,929	897,693	866,280
Intangible assets		23,900	17,944	10,653	1,588	1,592
Other assets		38,788	29,164	3,656	4,310	4,767
Total assets		8,332,946	9,725,436	9,532,623	9,683,583	8,512,262
Current liabilities	Before distribution	2,478,339	3,484,011	3,148,340	2,824,317	3,348,041
After distribution	3,001,275	4,008,816	3,174,618	2,895,551	3,348,041	
Long-term liabilities		392,500	291,500	1,229,463	1,152,209	426,019
Other liabilities		352,529	375,110	269,458	252,033	97,153
Total liabilities	Before distribution	3,223,368	4,150,621	4,647,261	4,228,559	3,871,213
After distribution	3,746,304	4,675,426	4,673,539	4,299,793	3,871,213	
Capital stock		2,384,678	2,639,273	2,627,853	2,864,360	2,935,594
Paid-in capital		990,705	1,012,022	1,056,168	1,056,320	1,032,999
Retained earnings	Before distribution	1,269,906	1,591,245	1,136,405	1,169,263	348,813
After distribution	746,970	1,066,440	873,620	1,026,795	348,813	
Cumulative transaction adjustment		464,289	356,106	120,922	393,993	239,713
Direct interest from unsold, non-current assets		-	-	-	-	73,500
Non-retirement capital net losses		-	(23,831)	(27,074)	-	-
Treasury stock		-	-	(28,912)	(28,912)	(28,912)
Total Shareholder's equity	Before distribution	5,109,578	5,574,815	4,885,362	5,455,024	4,641,049
	After distribution	4,586,642	5,050,010	4,859,084	5,383,790	4,641,049

Note 1: above annual financial information has been checked and verified by CPA.

Financial Overview

B. Concise Income Statement

1. IFRS Concise Consolidated Income Statement

Unit: NTD thousands

Item \ Year	Consolidated financial information for the past five years (note 1)		
	Year 2012	Year 2013	Year 2014
Revenue	10,719,015	10,140,523	10,755,314
Operating Margin	800,619	957,651	1,716,604
Operating Income	(264,628)	(312,519)	286,222
Non-operating income/expenses	(578,895)	54,379	8,408
Pre-tax net profit	(843,523)	(258,140)	239,200
Net profit for this period for continuing operating units	(750,107)	(258,140)	239,200
Loss from termination of business unit	0	0	0
Net profit (loss) for this period	(750,107)	(258,140)	239,200
Other accumulated profit/loss for this period (after-tax net value)	(79,068)	147,804	155,705
Total comprehensive profit (loss) for this period	(829,175)	(110,336)	394,905
Net profit for parent company	(732,090)	(255,383)	243,927
Net profit for non-controlling interest	(18,017)	(2,757)	(4,727)
Comprehensive profit/loss for parent company	(811,158)	(107,579)	399,632
Comprehensive profit/loss for non-controlling interest	(18,017)	(2,757)	(4,727)
Earnings per share	(2.51)	(0.90)	0.85

Note 1: above annual financial information has been checked and verified by CPA.

2. IFRS Concise Individual Income Statement

Unit: NTD thousands

Item \ Year	Individual financial information for the past 5 years (note 1)		
	Year 2012	Year 2013	Year 2014
Revenue	9,375,903	8,325,196	8,886,457
Operating Margin	625,628	180,223	428,366
Operating Income	86,003	(498,653)	(391,332)
Non-operating income/expenses	(912,175)	243,270	690,689
Pre-tax net profit	(826,172)	(255,383)	299,357
Net profit for this period for continuing operating units	(732,090)	(255,383)	299,357
Losses for terminated business unit	0	0	0
Net profit (loss) for this period	(732,090)	(255,383)	243,927
Other accumulated profit/loss for this period (after-tax net value)	(79,068)	147,804	155,705
Total comprehensive profit (loss) for this period	(811,158)	(107,579)	399,632
Earnings per share	(2.51)	(0.90)	0.85

Note 1: above annual financial information has been checked and verified by CPA.

3. Concise Consolidated Income Statement – under Taiwan GAAP

Unit: NTD thousands

Item \ Year	Financial information for the past five years (note 1)				
	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012
Revenue	11,678,949	11,329,904	12,653,948	11,628,127	10,719,015
Operating Margin	2,144,663	2,419,792	1,662,878	1,335,569	776,705
Operating Income	880,275	1,219,505	350,992	335,201	(295,102)
Non-operating income/expenses	188,955	188,558	114,753	208,970	93,036
Pre-tax net profit	323,912	265,871	401,657	262,462	452,623
Before-tax losses for continuing operating units	745,318	1,142,192	64,088	281,709	(654,689)
Losses for continuing operating units	554,246	836,630	61,248	281,709	(572,536)
Losses for terminated business units	-	-	-	-	-
Extraordinary losses	-	-	-	-	(123,408)
Accumulated effects from change in accounting principles	-	-	-	-	-
Profit (losses) for this period	554,246	836,630	61,248	281,709	(695,944)
Earnings per share	2.08	2.96	0.23	1.01	(2.32)

Note 1: above annual financial information has been checked and verified by CPA.

4. Concise Individual Income Statement – under Taiwan GAAP

Unit: NTD thousands

Item \ Year	Financial information for the past five years (note 1)				
	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012
Revenue	10,024,001	9,657,443	10,920,224	10,045,690	9,375,903
Operating Margin	1,214,757	1,294,373	1,084,414	1,231,213	601,714
Operating Income	537,817	664,020	511,760	768,322	55,393
Non-operating income and interests	239,177	529,182	102,095	176,654	73,631
Non-operating expenses and losses	53,731	96,867	543,890	649,333	889,848
Before-tax profit (losses) for continuing operating units	723,263	1,096,335	69,965	295,643	(760,824)
Profit (loss) for continuing operating units	554,250	846,886	69,965	295,643	(677,982)
Profit (loss) for terminated business units	-	-	-	-	-
Extraordinary profit/loss	-	-	-	-	-
Accumulated effects from change in accounting principles	-	-	-	-	-
Profit (losses) for this period	554,250	846,886	69,965	295,643	(677,982)
Earnings per share	2.08	2.96	0.23	1.01	(2.32)

Note 1: above annual financial information has been checked and verified by CPA.

Financial Overview

C. CPA names and opinions for the past five years

Year	CPA's accounting firm	Names of CPA	Opinion
2010	Ernst & Young Taiwan	Mao-Yi Hung, Hsin-Min Hsu	Unqualified opinion
2011	Ernst & Young Taiwan	Chi-Ming Chang, Hsin-Min Hsu	Unqualified opinion
2012	Ernst & Young Taiwan	Chi-Ming Chang, Hsin-Min Hsu	Unqualified opinion
2013	Ernst & Young Taiwan	Mao-Yi Hung, Hsin-Min Hsu	Unqualified opinion
2014	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion

II. Financial analysis for the past five years

A. Financial Analysis

Financial Analysis for the past 5 years (consolidated financial report)

Item to be analyzed (note 2) / Year (note 1)		Financial Analysis (consolidated financial report) for the past five years				
		2012	2013	2014	Comparison between 2013 and 2014	Explanation of differences
Financial structure	Debt to asset ratio (%)	61.19	58.24	56.21	(3.49)%	
	Long-term funds to fixed asset ratio (%)	115.19	125.01	119.96	(4.04)%	
Debt payback ability	Liquidity ratio (%)	110.58	122.61	116.71	(4.81)%	
	Current ratio (%)	91.59	99.10	90.32	(8.86)%	
	Interest protection multiples (%)	(4.34)	(1.46)	5.11	450.00%	Contribution from Kunshan has caused this period to turn to profit
Operational ability	Receivables turnover ratio (number of times)	3.03	3.01	3.22	6.98%	
	Average collection turnovers	121	121	113	(6.61)%	
	Inventory turnover (number of times)	7.79	8.12	7.67	(5.54)%	
	Payables turnover ratio (number of times)	4.99	5.05	5.05	0.00%	
	Average inventory turnover	47	45	48	6.67%	
	Fixed asset turnover (number of times)	1.94	2.12	2.2	3.77%	
	Total asset turnover (number of times)	0.84	0.90	0.99	10.00%	
Profitability	Return on assets (%)	(4.87)	(1.52)	2.76	281.58%	Contribution from Kunshan has caused this period to turn to profit
	Return on equity (%)	(14.95)	(5.72)	5.17	190.38%	Contribution from Kunshan has caused this period to turn to profit
	Profit before tax to paid-in capital ratio (%)	(28.73)	(9.02)	10.3	214.19%	Contribution from Kunshan has caused this period to turn to profit
	Net Profit Margin (%)	(7.00)	(2.55)	2.22	187.06%	Contribution from Kunshan has caused this period to turn to profit
	Earnings per share (NTD)	(2.57)	(0.91)	0.85	193.41%	Contribution from Kunshan has caused this period to turn to profit
Cash flow	Cash flow ratio (%)	12.28	16.42	17.95	9.32%	
	Cash flow adequacy ratio (%)	91.00	91.78	96.34	4.97%	
	Cash reinvestment ratio (%)	6.80	6.86	7.45	8.60%	
Leverage	Operating leverage	(4.45)	(1.75)	2.05	217.14%	Contribution from Kunshan has caused this period to turn to profit
	Financial leverage	0.63	0.75	1.33	77.33%	

Note 1: above annual financial information has been checked and verified by CPA.

Note 2: calculation formula:

1. Financial structure
   (1) Debt to asset ratio = total liabilities / total asset
   (2) Long-term funds to fixed asset ratio (%) = (total equity + non-current liabilities) / net real estate, factory plants and equipment
2. Debt payback ability
   (1) Liquidity = current assets / Current liabilities
   (2) Current ratio = (current assets – inventory – prepaid expense) / Current liabilities
   (3) Interest protection multiple = income tax and net income before interest / interest expense for this period
3. Operational ability
   (1) Receivable (including accounts receivable and bills receivable from operations) turnover ratio = net sales / accounts receivables and outstanding bills receivable
   (2) Average collection turnovers = 365/accounts receivable ratio
   (3) Inventory turnover = cost of goods sold / amount of average stock
   (4) Payables turnover ratio = payables (including accounts payable and bills payable from operations) cost of goods sold / accounts payables and bills payables
   (5) Average inventory turnover = 365 / payables turnover ratio
   (6) Fixed asset turnover = net sales / net fixed asset
   (7) Total asset turnover = net sales / average total asset
4. Profitability
   (1) Return on assets = (profit or loss after tax + interest expense x (1 – interest rate))/average total asset
   (2) Equity ratio = profit or less after tax / average total equity
   (3) Net profit margin = profit or loss after tax / net sales
   (4) Earnings per share (EPS) = (equity from parent company – preferred stock dividend) /weighted average of issued shares (note 3: preferred stock dividend)
5. Cash flow
   (1) Cash flow ratio = net operational cash/Current liabilities
   (2) Net cash flow adequacy ratio (%) = net operating cash flow for the past 5 years / (capital expenditure + increase in inventory + cash dividend for the past 5 years)
   (3) Cash reinvestment ratio = (net operating cash flow – cash dividend) / (fixed asset + long-term investment + other non-current assets + operational funds) (note 4)
6. Leverage
   (1) Operational leverage = (net revenue – changes in operating cost and expenses) /operating profit
   (2) Financial leverage = operational income / (operational income – interest expense)

Note 3: When considering the calculation formula of EPS, please pay special notice to the following:
1. This uses weighted average number of common stock as basis, rather than the issued stock by year end.
2. Those that have increases in cash or treasury stock should consider its circulation period in calculating weighted average number of shares.
3. Those that have reinvestment from earnings or increases in paid-in capital, in calculating EPS for past years and half-year, should adjust retroactively according to the ratio of increases, and do not need to take their release period into consideration.
4. If preferred stocks are accumulated preferred stock that cannot be transferred, then the share dividend (whether paid out) for that year should be subtracted from the profit after tax, or add onto loss after tax. If the preferred stock are non-accumulative in nature, when there is profit after tax, the dividend from preferred stock should be subtracted from profit after tax, but if there is loss, then no adjustment is necessary.

Note 4: When taking cash flow analysis into consideration, please pay special attention to the following:
1. Net operational cash flow refers to the operational net cash flow inflow in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow of capital investment each year.
3. Inventory increase is not calculated until when the ending inventory is greater than the opening balance. If inventory decreases by year end, this will be counted as zero.
4. Cash dividend includes cash dividend for common and preferred stock.
5. Gross fixed asset refers to the total fixed asset after deducting fixed asset prior to accumulated depreciation.

Financial Overview

2. Financial Analysis for the past 5 years (Individual financial statement)

Item to be analyzed (note 2) / Year (note 1)		Financial analysis for the past 5 years (individual financial statement)				
		2012	2013	2014	Comparison of 2014 vs. 2013	Explanation of differences
Financial structure	Debt to asset ratio (%)	45.92	41.20	44.15	7.16%	
	Long-term funds to fixed asset ratio (%)	582.62	673.53	665	(1.27)%	
Debt payback ability	Liquidity ratio (%)	148.17	142.55	118.7	(16.73)%	
	Current ratio (%)	130.90	122.54	98.72	(19.44)%	
	Interest protection multiples (%)	(20.02)	(10.31)	20.34	297.28%	Contribution from Kunshan has caused this period to turn to profit
Operational ability	Receivables turnover ratio (number of times)	3.09	3.15	3.58	13.65%	
	Average collection turnovers	118	116	102	(12.07)%	
	Inventory turnover (number of times)	13.74	14.17	15.17	7.06%	
	Payables turnover ratio (number of times)	4.27	4.34	4.36	0.46%	
	Average inventory turnover	27	26	24	(7.69)%	
	Fixed asset turnover (number of times)	10.63	10.32	11.25	9.01%	
	Total asset turnover (number of times)	1.04	1.05	1.11	5.71%	
Profitability	Return on assets (%)	(7.75)	(2.99)	3.21	207.36%	Contribution from Kunshan has caused this period to turn to profit
	Return on equity (%)	(14.71)	(5.72)	5.33	193.18%	Contribution from Kunshan has caused this period to turn to profit
	Profit before tax to paid-in capital ratio (%)	(28.14)	(8.93)	10.46	217.13%	Contribution from Kunshan has caused this period to turn to profit
	Net Profit Margin (%)	(7.81)	(3.07)	2.74	189.25%	Contribution from Kunshan has caused this period to turn to profit
	Earnings per share (NTD)	(2.51)	(0.90)	0.85	194.44%	Contribution from Kunshan has caused this period to turn to profit
Cash flow	Cash flow ratio (%)	7.88	12.36	(1.34)	(110.84)%	Increases in revenue have led to inventory and A/R, A/P to increase, caused by outflow of operating cash.
	Cash flow adequacy ratio (%)	100.52	79.44	122.68	54.43%	Caused by decreases in average capital expenditure and inventory increase is relatively lessened for the past 5 years.
	Cash reinvestment ratio (%)	3.19	4.86	(0.62)	(112.76)%	Increases in revenue have led to inventory and A/R, A/P to increase, caused by outflow of operating cash.
Leverage	Operating leverage	11.98	(0.90)	(1.24)	37.78%	Due to increase in equipment, fixed cost has increased as well.
	Financial leverage	1.84	0.96	0.96	0.00%	

Note 1: above annual financial information has been checked and verified by CPA.

Note 2: calculation formula is the same as above.

3. Comprehensive financial analysis for the past 5 years under Taiwan GAAP

Item to be analyzed (note 2) / Year (note 1)			Financial Analysis (consolidated financial report) for the past five years					Year-on-year comparison for 2011 and 2012	Explanation of differences
			2008	2009	2010	2011	2012		
Financial structure (%)	Debt to asset ratio		57.47	58.02	62.43	59.66	60.68	1.71%	
	Long-term funds to fixed asset ratio		101.64	121.21	123.10	121.34	115.00	(5.22%)	
Debt payback ability	Liquidity ratio		98.72	119.72	120.07	122.49	112.08	(8.50%)	
	Current ratio		80.24	99.67	98.31	98.67	92.65	(6.10%)	
	Interest protection multiples (times)		4.15	9.66	1.53	3.04	(3.15)	(203.62%)	Due to increase in competition in marketing environment, clients made downward adjustment to selling price, gross margin significantly decreased from the same period last year.
Operational ability	Receivables turnover ratio (number of times)		3.08	2.94	3.04	3.13	3.03	(3.19%)	
	Average collection turnovers		118.61	124	120	117	121	3.42%	
	Inventory turnover (number of times)		7.92	7.85	8.83	7.79	7.80	0.13%	
	Payables turnover ratio (number of times)		46	47	41	47	47	0.00%	
	Average inventory turnover		4.33	4.36	4.99	4.99	5.0	0.20%	
	Fixed asset turnover (number of times)		2.00	1.90	2.19	1.93	1.94	0.52%	
	Total asset turnover (number of times)		0.94	0.89	0.96	0.87	0.84	(3.45%)	
Profitability	Return on assets (%)		5.89	7.38	1.22	2.97	(4.43)	(249.16%)	Due to decline in overall profit, causing ROA to decrease.
	Return on Shareholder's equity (%)		11.22	15.62	1.16	5.42	(13.68)	(352.40%)	Due to decline in overall profit, causing Return on Shareholder's Equity to decrease.
	% of Paid-in capital	Operating income	28.59	46.64	9.87	11.70	(10.05)	(185.90%)	Due to decrease in selling margin and increase in distribution expense, causing operating income to decrease accordingly.
		Net income before tax	31.25	43.68	2.44	9.83	(22.30)	(326.86%)	Due to significant decrease in margin and reporting losses in Dynamic Electronics (Xiamen), causing profit after tax to decrease.
	Net Profit Margin (%)		4.75	7.38	0.48	2.42	(6.49)	(368.18%)	Caused by decline in overall profit.
	EPS (NTD)		2.32	3.26	0.23	0.99	(2.38)	(340.40%)	Caused by decline in overall profit.
Cash flow	Cash flow ratio (%)		30.90	19.12	18.22	23.97	12.22	(49.02%)	Caused by decline in profit and decrease in accounts payable, so operating net income inflow has decreased.
	Cash flow adequacy ratio (%)		51.71	63.91	61.50	77.94	90.99	16.74%	
	Cash reinvestment ratio (%)		15.80	6.25	5.18	11.82	6.96	(41.12%)	Caused by decline in profit and decrease in accounts payable, so operating net income inflow has decreased.
Leverage	Operating leverage		2.47	1.56	6.39	5.61	(3.92)	(169.88%)	Caused by declines in revenue and operating net income in this period.
	Financial leverage		1.53	1.12	1.87	1.70	0.65	(61.76%)	Caused by decreases in operating net income in this period.

Note 1: above annual financial information has been checked and verified by CPA.

Note 2: calculation formula is the same as above.

4. Individual financial analysis for the past 5 years under Taiwan GAAP

Item to be analyzed (note 2) / Year (note 1)			Financial Analysis (Individual financial report) for the past five years 2008	2009	2010	2011	2012	Year-on-year comparison for 2011 and 2012	Explanation of differences
Financial structure (%)	Debt to asset ratio		38.68	42.68	48.75	43.67	45.48	4.14%	
	Long-term funds to fixed asset ratio		519.45	610.48	694.97	736.02	584.92	(20.53%)	Because profit has declined, causing shareholder's equity to decrease.
Debt payback ability	Liquidity ratio		143.83	132.71	132.99	163.11	152.01	(6.81%)	
	Current ratio		134.06	123.54	120.91	141.65	133.74	(5.58%)	
	Interest protection multiples (times)		32.95	86.31	4.37	13.98	(18.36)	(231.33%)	Because reinvestment business has sustained increase in losses.
Operational ability	Receivables turnover ratio (number of times)		3.01	2.85	3.04	3.15	3.09	(1.90%)	
	Receivable collection days		121	128	120	116	118	1.72%	
	Inventory turnover (times)		34.05	28.83	25.08	16.55	13.78	(16.74%)	
	Average inventory turnover		11	13	15	22	26	18.18%	
	Payables turnover ratio (number of times)		3.69	3.79	4.59	4.37	4.28	(2.06%)	
	Fixed asset turnover (times)		9.45	9.56	11.86	11.15	10.63	(4.66%)	
	Total asset turnover (times)		1.18	1.07	1.13	1.05	1.03	(1.90%)	
Profitability	Return on assets (%)		6.74	9.49	0.91	3.27	(7.09)	(316.82%)	Due to increase in net loss before tax, ROA has decreased.
	Return on Shareholder's equity (%)		11.22	15.85	1.34	5.72	(13.43)	(334.79%)	Because reinvestment business has sustained losses, adding onto the net loss after tax.
	% of Paid-in capital	Operating income	22.40	25.40	19.47	26.82	1.89	(92.95%)	Due to decrease in selling margin and increase in distribution expense, causing operating income to decrease accordingly.
		Pre-tax profit	30.33	41.93	2.66	10.32	(25.92)	(351.16%)	Due to decrease in profitability of investment from Dynamic Electronics and increase in exchange rate loss, causing pretax profit to decrease accordingly.
	Net Profit Margin (%)		5.53	8.77	0.64	2.94	(7.23)	(345.92%)	Due to decrease in profitability of investment from Dynamic Electronics and increase in exchange rate loss, causing loss after tax to increase.
	EPS (NTD)		2.32	3.30	0.27	1.04	(2.32)	(323.08%)	Due to decrease in profitability of investment from Dynamic Electronics and increase in exchange rate loss, causing loss after tax to increase.
Cash flow	Cash flow ratio (%)		45.42	(4.80)	18.41	38.12	7.90	(79.28%)	Caused by decrease in profit and number of accounts payable stakeholders, causing inflow of operating cash flow to decrease.
	Cash flow adequacy ratio (%)		136.36	129.38	91.38	111.18	100.52	(9.59%)	
	Cash reinvestment ratio (%)		10.90	(10.00)	0.77	13.54	3.18	(76.51%)	Caused by decrease in profit and number of accounts payable stakeholders, causing inflow of operating cash flow to decrease.
Leverage	Operating leverage		2.71	2.43	2.79	2.12	18.26	761.32%	Caused by declines in revenue and operating net income in this period.
	Financial leverage		1.04	1.02	1.04	1.03	3.44	233.98%	Caused by decreases in operating net income in this period.

Note 1: above annual financial information has been checked and verified by CPA.

Note 2: calculation formula is the same as above.

III. For the audit report from the audit committee for the financial report of this year, please see page 93 in this report.

IV. The financial statement of this year includes accountant's audit report, balance sheet reflecting year-on-year changes for two years, income statement, changes in equity, cash flow statement, in addition to notes and attached charts and tables.

Please see pages 94-162 in this report.

V. The Company's individual financial report for this year has been audited by Certified Public Accountant, but does not contain important accounting item details.

Please see pages 163-202 in this report.

VI. From the most recent year to the date on this report, if any financial difficulties or turnover problems should occur to the Company and its affiliated firms, please list out their impacts on the financial conditions of the Company: none.

Review and Analysis of Financial Conditions, Performance and Risk Management

I. Financial Conditions

Unit: NTD thousands

Item \ Year	2013 (Combined)	2014 (Combined)	Variance Amount	Variance %	Notes
Current Assets	5,759,676	5,799,053	39,377	0.68 %	
Property, Plant and Equipment	4,726,884	5,042,156	315,272	6.67 %	
Other Assets and Intangible Assets (Including Funds and Investments)	120,126	176,372	56,246	46.82 %	Note 1
Total Assets	10,606,686	11,017,581	410,895	3.87 %	
Current Liabilities	4,697,664	4,968,770	271,106	5.77 %	
Non-Current Liabilities	1,479,610	1,224,224	(255,386)	(17.26) %	Note 2
Total Liabilities	6,177,274	6,192,994	15,720	0.25 %	
Common Stock	2,860,594	2,860,594	-	- %	
Capital Surplus	1,060,950	1,060,950	-	- %	
Retained Earnings	405,499	654,167	248,668	61.32 %	Note 3
Other Equity	51,869	202,833	150,964	291.05 %	Note 4
Treasury Stocks	-	-	-	- %	
Non-Controlling Interest	50,500	46,043	(4,457)	(8.83) %	
Total Equity	4,429,412	4,824,587	395,175	8.92 %	

Analysis of variation in scale of fluctuation:
Note 1: Mainly due to the increase in deferred income tax asset.
Note 2: Mainly due to the current period's reduction in long-term loan.
Note 3: Mainly due to the current period's increased profit.
Note 4: Mainly due to the increase in exchange differences on translating overseas operations' financial statement.

II. Financial Performances

A. Main reasons of major changes in revenue, net operating profit and net profit before tax in the most recent two years

Unit: NTD thousands

Item \ Year	2013	2014	Increased/ Decreased Amount	Percentage Change (%)	Notes
Net Operating Revenue	$10,140,523	$10,755,314	$614,791	6.06 %	
Operating Cost	9,182,872	9,038,710	(144,162)	(1.57) %	
Gross Profit	957,651	1,716,604	758,953	79.25 %	Note 1
Operating Expense	1,270,170	1,430,382	160,212	12.61 %	
Operating Income	(312,519)	286,222	598,741	191.59 %	Note 1
Non-Operating Income and Expenses	54,379	8,408	(45,971)	(84.54) %	Note2
Income Before Tax	(258,140)	294,630	552,770	214.14 %	Note 1
Income Tax Interests (Fee)	-	(55,430)	(55,430)	- %	
Net Income (Loss)	(258,140)	239,200	497,340	192.66 %	Note 1
Other Comprehensive Income (Net Income After Tax)	147,804	155,705	7,901	5.35 %	
Total Comprehensive Income	(110,336)	394,905	505,241	457.91 %	Note 1
Net Income Attributed to Parent Company Owner	(255,383)	243,927	499,310	195.51 %	Note 1
Net Income Attributed to Non-Controlling Interest	(2,757)	(4,727)	(1,970)	(71.45) %	Note3
Comprehensive Profit and Loss Attributed to Parent Company Owner	(107,579)	399,632	507,211	471.48 %	Note 1
Comprehensive Profit and Loss Attributed to Non-Controlling Interest	(2,757)	(4,727)	(1,970)	(71.45) %	Note3

Explanation and Analysis on percentage changes
Note 1: Due to the reduction in production costs from improvement of management and efficiency in the Kunshan plant.
Note 2: Due to the reversal from the fire loss of the Kunshan plant in 2013.
Note 3: Due to the net loss from re-investment in the subsidiary company Abon Touchsystems Inc.

B. Analysis of changes in individual product gross profit

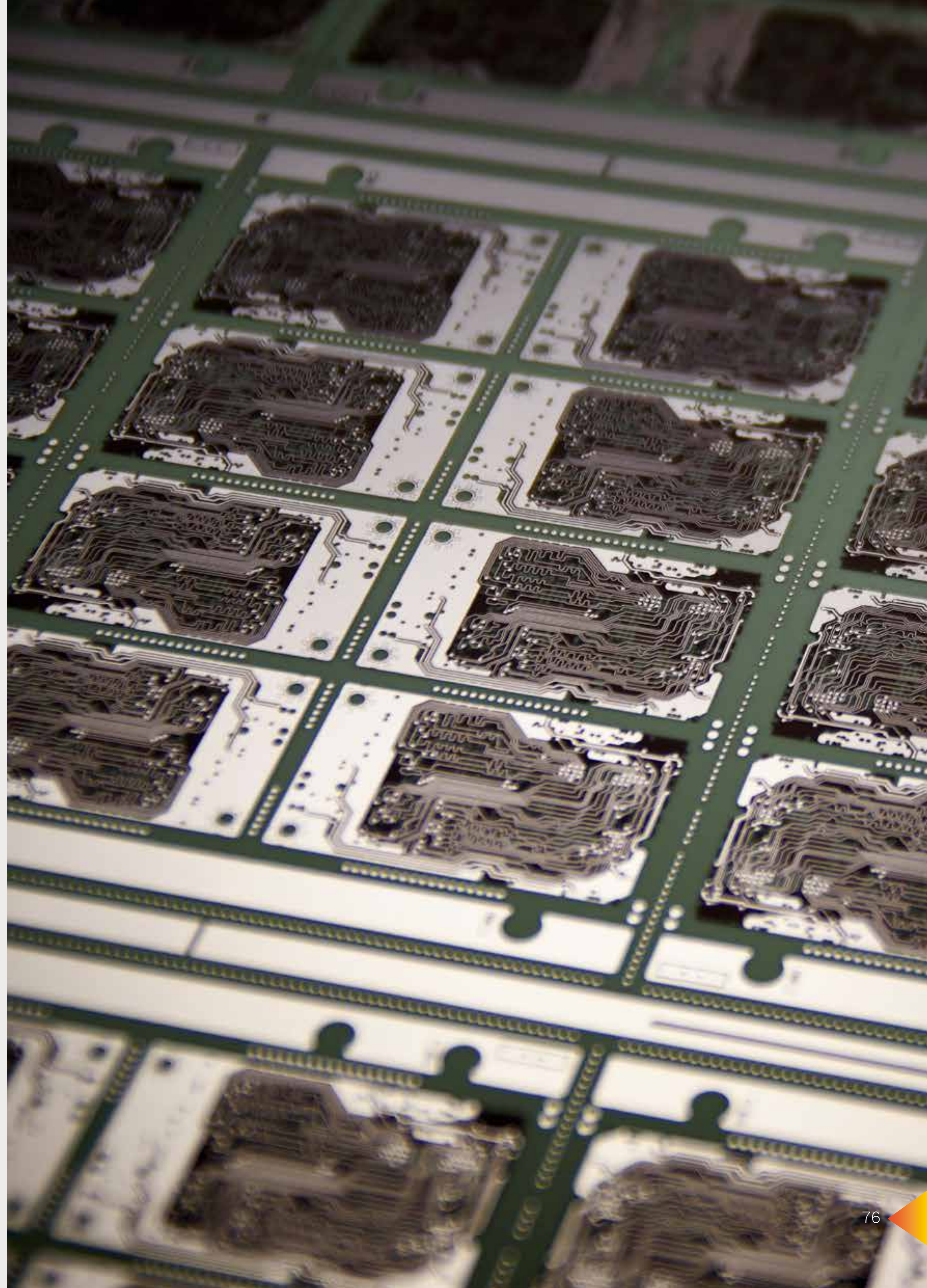
Unit: NTD thousands

Major Products	Increase/ Decrease Gross Profit Value	Reason for Difference			
		Price Difference	Cost Price Difference	Combined Sales Difference	Amount Difference
Double sided printed circuit boards	$26,415	$ (119,297)	$129,567	$1,123	$15,022
Single sided printed circuit boards	626,649	(14,803)	614,564	287	26,601
Touch panels	(9,540)	8,647	(12,074)	(12,436)	6,323
Total	$643,524	$ (125,453)	$732,057	$(11,026)	$47,946
Cost of goods sold-Inventory Loss	$47,785	Non-Profitable	Profitable	Non-Profitable	Profitable
Other	67,644				□
Total	$758,953				□

This period witnessed an increase in the overall purchase order, but traditional board sale prices have gone down due to the industry's high competition; in addition, general production costs have reduced due the ongoing efficiency improvement in the Kunshan plant, contributing to the increase in gross profit, resulting in an overall growth profit in comparison to the same period of last year.

C. Expected sales volume and its potential impact to the Company's future financial operation and response measures

The estimated 2015 purchase order volume will increase by 10-12%, in which rigid-flex composite PCB and green energy products will become the Taoyuan factory's main production. The Kunshan factory will focus on HDI, automobile-use panels, server and storage equipment. The Company's expected sales volume for the coming year will be a stable growth and will have positive impacts on the Company's financial operations.



III. Cash Flow

A. Analysis of change in cash flow in the past year

Item / Year	2013	2014	Growth percentage
Cash flow percentage	16.42	17.95	9.32%
Cash flow adequacy ratio	91.78	96.34	4.97%
Cash reinvestment ratio	6.86	7.45	8.60%

Analysis of changes in growth percentage: changes do not exceed 20%, showing no significant difference.

B. Improvement plan for insufficient cash flow: not applicable

C. Analysis of Cash Liquidity for the coming year

Cash amount from beginning of the period (A)	Projected Net Cash Flow from the Year's Operation (B)	Projected Cash Outflow for the Entire Year (C)	Projected Cash Balance (A + B – C)	Contingency Plans for Projected Insufficient Cash Position	
				Investment Plan	Financial Management Plan
$919,256	$1,506,760	$(1,076,263)	$1,349,753	-	0

IV. Impacts of Major Capital Expenditures in the Most Recent Year on Financial Operation: Not applicable

V. Re-investment Policies in Recent Years, Main Sources of Profit and Loss, Improvement Plans and Investment Plans for the Coming Year

Unit: NTD thousands

Item / Description	Amount of reinvestment profit (loss)	Policy	Major reasons of profit or loss	Improvement plan	Investment plan for the coming year
Wintek (MAURITIUS) Co., Ltd	632,504	Investment holding	Investment income recognition for reinvestment in Dynamic Electronics (Kunshan) Co., Ltd., China	-	-
Dynamic Electronics Europe GmbH	-	Sales location	Operation terminated, orders transferred to Taiwan.	-	-
Dynamic PCB Electronics Co., Ltd.	448	Triangular trade	Non-trade income.	-	-
Abon Touchsystems Inc	(9,674)	Touchscreen	Growth in operations, loss reduction alleviated.	-	-
Dynamic Electronics (Kunshan) Co., Ltd.	659,801	Production Base	Reduction in general production costs due to improvements in management and efficiency.	-	-

VI. Sources of Risk

A. Impacts of Interest Rate, Currency Exchange Rate Fluctuation and Inflation on Company Income and Response Measures

Unit: NTD thousands

Item	Impacts on Company Income			Response Measures
	Item / Year	2013	2014	
Interest Rate	Interest Income	9,273	5,038	The Company periodically observes market interest trends and evaluates capital sources according to bank deposit savings and applicable capital planning to reduce operation risks.
	Interest Expense	104,976	71,659	
Changes in Currency Exchange Rate	Net Exchange	19,145	73,084	Company products are mainly for export. In terms of raw material, with the exception of special raw materials that need to be purchased and manufactured in China, all other raw materials originate from domestic suppliers, therefore changes in exchange rates have a substantial level of impact on the Company's revenue and profit. To prevent impacts on revenue and profits from changes in exchange rates, the following measures are taken by the Company: 1. Observe foreign exchange rate fluctuation trends, timely exchanging currency or retaining foreign currencies. 2. Foreign currency credits and debts break even to achieve a natural risk hedge effect. 3. Using accounts payable by foreign currency, paying ahead or paying through bank debits according to the exchange rate. 4. Making decisions on foreign currency positions according to capital requirements or value of exchange rate. 5. When faced with high fluctuation in the exchange rate, hedge risks by trade operating such as forward exchange transactions.
Inflation	-	-	-	Insofar, inflation has shown no significant impact on the Company's operations, the Company will continue such observations and make adjustments to accommodate market changes.

B. Major Reasons for Transaction Policies, Profit or Loss from Engaging in High-risk and Hyper-leveraged Investments, Fund Lending, Endorsement/ Guarantee and Derivatives and Correspondent Procedures and Response Measures

1. In the most recent year and as of the publishing date of the annual report to the public, the Company has not been engaged in any high-risk or hyper-leveraged investments. In the future, the Company will focus on development of its main industry focus. Under circumstances without prudent evaluation and decisions made by the board of directors, the Company will not be engaged in any kind of high-risk or hyper-leveraged investments.

2. Situation of the Company's Lending of Funds:

Unit: NTD thousands

Fund Lender	Borrower	Reason for Fund Lending	2014 End of year balance
Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	The Company's profit situation is unstable, and the allowed time period of bank loan application is redundant.	25,000

3. Situation of the Company's Endorsements and Guarantees:

Unit: NTD thousands

Entity making the Endorsement/Guarantee	Entity for which the Endorsement/Guarantee is made	Reason for Endorsement/Guarantee	2014 end of year balance
Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	The Company's profit situation is unstable.	390,253
	Dynamic Electronics (Kunshan) Co., Ltd.	Cross-strait laws and regulations are not able to provide security for local banks in Taiwan.	2,828,369

The Company will increase capital investment in Dynamic Electronics (Kunshan) Co., Ltd. according to increase situation of net value and within government law regulations; operation improvements to Abon Touchsystems Inc. will be provided to lessen needs for financial bank loan, in turn lessening needs for the Company's endorsement and guarantees, reducing company operation risks.

4. Situation of the Company's Derivatives Trading:

Unit: Foreign currency or NTD thousands

Year	Item	Nominal capital		Contract exchange rate		Profit/Loss	
		Expired	Unexpired	Expire	Unexpired	Realized	Unrealized
2014	Forward exchange-USD	USD 15,000	-	29.988~ 30.1305	-	(479)	-

The Company's main derivatives exchange primarily involve forward transactions in order to reduce foreign exchange risks; the Company periodically evaluates risks and reports to the board of directors at every board meeting. In the future, the Company will continue to observe foreign currency exchange rate trends, conduct forward transaction operations within the board of directors authorized limits, in order to reduce company risks in holding USD capital.

C. R&D Plans and Estimated Expenses in Coming Years

1. 2015 R&D Plans: Technologies include rigid-flex composite PCB of over 10 layers, hybrid designs, embedded passive components, heat radiation material, low temperature co-fired ceramic (LTCC) materials etc.; product applications include IOT's, automotive active safety sensor and protection systems, wearable devices, 5G communications, high-end mobile devices and high-resolution screens, etc..
2. 2015 R&D budget: NTD 318,453,000

D. Effects of domestic/foreign policy changes and law amendments on the Company's finance and response measures

1. Due to the rising emphasis on environmental protection in China and wastewater discharge in coastal provinces becoming increasingly severe, the costs for wastewater treatment has been increasing.
2. Since August 2nd, 2014, after the Zhongrong Metal Production Factory Explosion in Kunshan City that caused hundreds of death and injury, the government has executed various production safety inspections, more stringently enforcing the prevention of occupational incidents.
3. Since November 1st, 2014, the minimum wage in Jiangsu province has been increased from RMB 1530 to RMB 1680, increasing the cost in employee wage.

For all of the above reasons that have caused operation costs to increase, production cost reductions will be the most critical challenge in future operations.

E. Effects of technology development and industry changes on the Company's finance and response measures

With the transfer of electronic technologies from traditional computers to tablets, communications, personal mobile devices and the internet network, the Company's production of PCB has successfully extended to application on smartphones, tablets, consumer electronic products, wearable devices and automobile-use electronic products. Along with the rise of demand in China's market, the Company has continued to cooperate with leading Europe and US suppliers to develop new electronic product markets, and vigorously cutting into China brand suppliers' supply chain at the same time. Furthermore, the Company continues to refine techniques and its manufacture competence of PCB application on various products, mitigating product strategies in accordance to the supply and demand of terminal product markets.

F. Effects of changes of corporate images on the Company's crisis management and response measures: Not applicable

G. Expected Benefits, Risks and Response Measures in Mergers and Acquisitions: Not applicable

H. Expected Benefits, Risks and Response Measures from Plant Expansion: Not applicable

I. Risks and Response Measures in Concentration in Supply and Sales:

Among 2013-2014's top ten import suppliers, except for two suppliers that accounted for 10%-12% of the year's import, all other suppliers accounted for less than 10%, showing no significant risk in supply concentration; and among 2013-2014's top ten clients, except for two client exports that accounted for 10%-13%, all others accounted for less than 10%, showing no significant risk in sales concentration.

J. Impacts, Risks and Response Measures in Changes or Transfer in Directors, Supervisors and Substantial Shareholders with Shareholdings Greater than 10%: Not applicable

K. Impact, Risks and Response Measures in Changes of Ownership: Not applicable

L. With regard to litigation or non-litigation events, the name of its board directors, supervisors, general managers, major shareholders holding greater than 1% of outstanding shares and the Company's subsidiaries should be stated. With regard to litigation (whether pending or for which a verdict has been reached), non-litigation or administrative appeals involving the Company, and the results may greatly affect the rights of its shareholders and bond prices, the Company shall disclose the details of the disputes, the amount involved, the litigation starting dates, primary litigants, and the status as of the publishing date of the annual report.

1. Corporate litigation

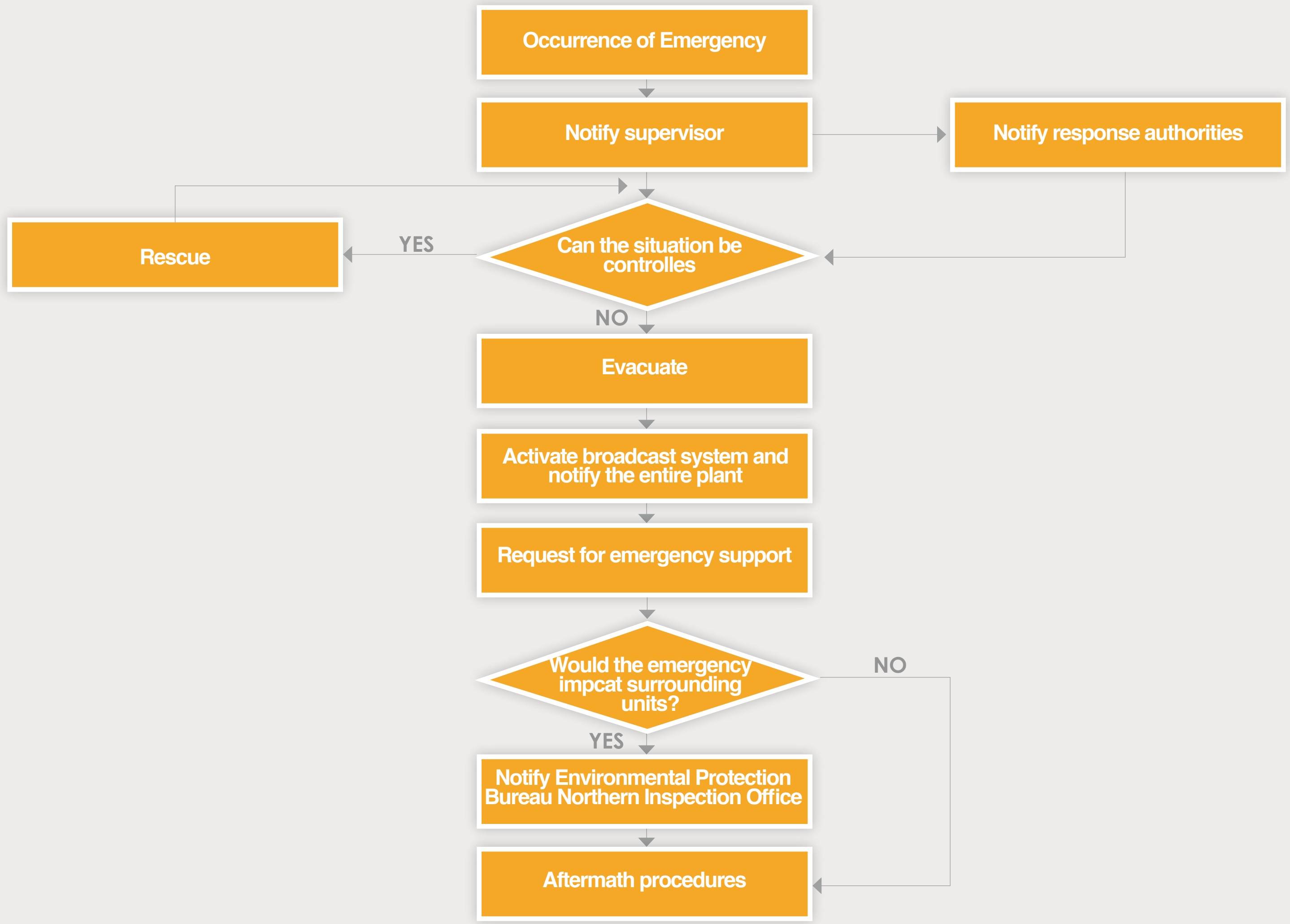
(1) The Company's subsidiary company Dynamic Electronics (Kunshan) Co., Ltd. (hereafter referred as Kunshan Plant) and Suzhou Environmental Engineering Co., Ltd. (hereafter referred as Suzhou Environmental) signed the "The Wastewater Treatment System Increase in Physical and Biological Engineering Projects investment and Fee Charge Agreement "(hereafter referred as the agreement) on August 1st, 2010. In view that Suzhou Environmental is now unauthorized to wastewater treatment, Kunshan Plant singly terminated the agreement on March 31st, 2014. After Suzhou Environmental's arbitration application to the Shanghai Arbitration Commission on April 30th, 2014, request was made for Kunshan Plant to one-time compensate Suzhou Environmental for the unreturned investment capital of RMB 8,745,000, retainer fee RMB 330,150 and all arbitration fees for this resolution. Kunshan Plant produced evidences stating that Suzhou Environmental has no valid operation license and that the representative is awaiting charges for bribery. The Shanghai Arbitration Commission's arbitration on February 15th, 2015 ruled that: Since the agreement is not legally attributed as "Build-Operate-Transfer" (BOT) and is considered a construction project, therefore for reasons that after Kunshan Plant terminated the contract and is still using the wastewater treatment facilities built by Suzhou Environmental, whether Suzhou Environmental has management and operation authorities is not of importance to the wastewater treatment construction. In addition, since Kunshan Plant is still using the wastewater treatment facilities built by Suzhou Environmental, therefore Kunshan Plant must be held responsible for singly terminating the agreement, but Suzhou Environmental must also bear some responsibilities. As a fair judgement, the Arbitration Commission ruled that for the agreement's executory 53 months, capital costs are calculated according to People's Bank of China's 3 to 5 year term loan standard interest, deducted from the unreturned capital investment, therefore according to this calculation, RMB 2,456,470.5 should be deducted from the unreturned capital investment. Suzhou Environmental's arbitration request won around 70% support, therefore retainer fees and arbitration fees are paid by Kunshan Plant according to this standard. In conclusion, Kunshan Plant is to pay RMB 6,580,787.9 for this case.
Although Kunshan plant paid RMB 6,580,787.9 in this case, the company would need to pay RMB 8,745,000 in the following 53 months instead. With the arbitration, the company could pay RMB 2,164,212.1 less. Therefore, the arbitration results are not absolutely unfavorable for us. Moreover, after the lifting of the contract and changing of the vendor, the waste water treatment fee declined, saving RMB 21,000 per month on average. It is beneficial to the company in the long run.

(2) Since the amount of the litigation fine is not of a major amount, there is no significant impact on shareholders or bond prices.

2. Board directors, supervisors, general managers, major shareholders holding greater than 1% of outstanding shares and the Company's subsidiaries: Not applicable

M. Other Major Risks and Response Measures:

1. Preparations and Response Procedures for Emergency Situations



2. Other incidents impacting normal operation:

1	When short on staff	Divided into short-term and long-term responses: 1. Short-term: flexible adjustment and arrangement should be made between supply line workers, outsourcing may be arranged by the production manager depending on the situation to prevent impact on product delivery. 2. Long-term: through application channels, employ foreign labor or contract staff for training and management in order to meet manpower requirements.
2	During production equipment malfunction	1. When malfunction of production equipment occurs, the Company's Works Department should be first contacted to oversee and make the decision to shut down the power for the malfunctioning equipment and hang the caution sign for "under maintenance." 2. The department in requirement is to submit an "Equipment maintenance application/purchase order form" to the Works Department to rapidly contact maintenance company for repair. 3. After the maintained equipment is confirmed by the manufacturing process supervisor, and has its "Repair/ Maintenance record" recorded with its maintenance, if still unable to be repaired, the production manager should arrange for production adjustments. 4. Repair/Maintenance contracts should be signed with main production equipment and manufacturing suppliers. 5. Seek suitable outsourcing production manufacture suppliers for negotiations regarding emergency loan for production equipment.
3	During supplier emergency situations	1. Verify suppliers' zero inventories. 2. Seek information for alternative products' production supplier, when necessary make outside purchases in order to maintain regular client product delivery. 3. The executive vice director is to assemble a response team to meet and discuss response strategies. 4. Depending on the type of situation, all department supervisors are to follow directions instructed by the response team.
4	During contingencies in public services: water/electricity outage	1. Purchase power generators in order to maintain regular operations during emergency electrical outage. 2. Build additional water storage tank, excavate underground water for temporary use in times of short-term water outage. 3. In times of water/electricity outage, in addition to taking emergency response measures, production modification plans should be made by the production manager or outsourced to legitimate manufacturers. 4. In times of contingencies, the production unit should immediately take control of products in the process of production and have the series labeled for future quality tracking.

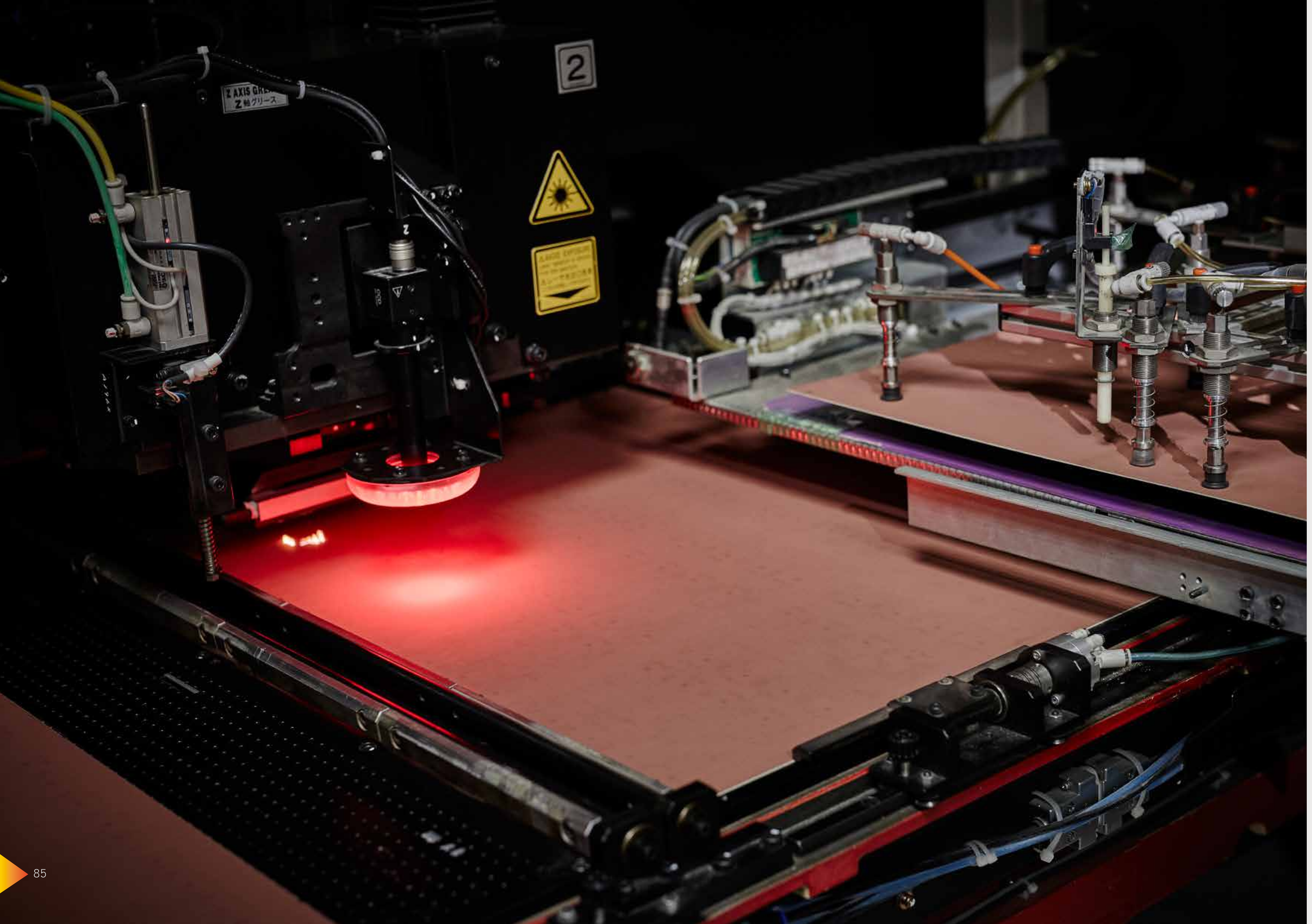
3. Contents of emergency response plan:

1	Assembly and execution of emergency response team
2	Response procedure or response measures.
3	Internal notification timing, authority and method.
4	Emergency response assembly.
5	Medical principles and procedure.
6	Evacuation timing/route/assembly location.
7	Emergency response equipment, safety and protection equipment, emergency communication equipment.
8	Disaster area alert.
9	Execute procedure.
10	Recover instructions.

4. Emergency aftermath procedure:

1	In times of contingencies, when needed to discharge pollutants, approval should be obtained from the Environmental Engineering Department before its execution.
2	After the emergency, the contingent department (measures taken or occurrence) should immediately dispose items, products, equipment or other hazardous material to the collection point.
3	All collected waste materials' compatibility should be fully considered throughout the disposal storage or clean-up process.
4	All used equipment should be fully cleansed and restored to state and location of use.
5	All impacts on the surrounding environment, such as pollution caused by wastewater or waste liquid discharged into the rainwater drainage, should be appropriately taken care of to prevent environmental damage or secondary pollution.
6	The contingent department (measures taken or occurrence) should complete the "Emergency Contingency Report" within three days, stating the general event's beginning and end, time of contingency, reason of contingency, response situation and results. This report should be authorized and signed, and stored in the Safety, Health & Environmental Protection Department.
7	After emergencies or contingencies, or when there are changes in all unit manufacture/events/services, hazard identification and risk assessment must be executed to correspond to the establishment and amendment of the "Emergency Response Plan.
8	All related departments must operate according to the emergency restoration plan after the event: Works Department: Machine equipment, public equipment restoration plan Production and Marketing Department: Production capacity restoration plan Purchasing Department: Raw material supply restoration plan IT Department: IT management system restoration plan Manufacturing Department: Production line restoration plan Quality Control Department: Quality inspection plan Management Department: Plant restoration plan Human Resources Department: Human resources restoration plan R&D Department: Testing equipment supply restoration plan

VII. Other important matters: none



Affiliated Companies and Other Special Disclosures

I. Related Information on Affiliated Companies

A. Subsidiaries and Affiliated Companies Business Organization Structure

Dynamic Electronics Co., Ltd.

- Wintek (MAURITIUS) Co., Ltd. shareholding percentage 100.00%
  - Dynamic Electronics (Kunshan) Co., Ltd. shareholding percentage 100.00%
- Dynamic Electronics Europe GmbH shareholding percentage 100.00%
- Dynamic PCB Electronics Co., Ltd. shareholding percentage 100.00%
- Abon Touchsystems Inc. shareholding percentage 51.13%

B. Basic Information of Subsidiary and Affiliated Companies:

Unit: 1,000 shares / $1,000; December 31st, 2014

Company Name	Date of Incorporation	Address	Paid-in Capital	%	Shares	Investment	Major Business Activities
Wintek (MAURITIUS Co., Ltd.	2001.12	Level3,Alexander House,35 Cybercity,Ebene ,Mauritius	USD 69,500	100.00%	6,950	NTD 2,272,166	Investment Holding
Dynamic Electronics Europe GmbH	2004.01	Moraenenhoehe 47533 Kleve Germany	EUR 25	100.00%	-	NTD 873	Printed Circuit Board and Foreign Trade in Related Products
Dynamic PCB Electronics Co., Ltd.	2008.01	1stFloor,#5DEKK House,De Zippora Street, P.O.BOX 456 Providence Industrial Estate, Mahe, Republic of Seychelles	USD 50	100.00%	50	NTD 1,555	Printed Circuit Board and Foreign Trade in Related Products
Abon Touchsystems Inc.	2005.11	No. 9, Dexing 4th Road, Daxing Village, Dongshan Township, Yilan County	NTD 190,944	51.13%	9,763	NTD 195,419	Touchscreen
Dynamic Electronics (Kunshan) Co., Ltd.	2002.02	N. 1688, Jinshajiang North Road, Kunshan City, Jiangsu Province, China	USD 80,000	100.00%	-	USD 80,000	Production and Marketing in Printed Circuit Board

C. Companies with Control or Subsidiary Relationships according to Article 369-3 of the R.O.C. Company Law: None

D. Business Operations within Company Affiliates and their Relationships: Investment, Shareholding, Manufacturing Operation and Trade.

E. Information about Directors, Supervisors, and Managers of Subsidiary and Affiliates:

Unit: Shares; December 31st, 2014

Company Name	Title	Name or Representative	Holding of Shares	
			Shares	%
Wintek (MAURITIUS) Co., Ltd.	Director	Ken Huang	6,950,000	100.00%
Dynamic Electronics Europe GmbH	Director	Ken Huang	-	100.00%
Dynamic PCB Electronics Co., Ltd.	Director	Ken Huang	50,000	100.00%
Abon Touchsystems Inc.	Director Supervisor President	Ken Huang Ken Huang, Ming-Yu Ke, Tse-Kun Chang, Rong-Sheng Chen Ming-Yu Ke	9,763,005	51.13%
Dynamic Electronics (Kunshan) Co., Ltd.	Director Supervisor President	Ken Huang, Ming-Yu Ke, Stoney Chiu Wen-you Chiang Stoney Chiu	-	100.00%

F. Operation Results of Affiliated Companies

Unit: 1000 NTD; December 31st, 2014

Company Name	Paid-In Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income	Net Income	EPS
Dynamic Electronics Co., Ltd.	2,860,594	8,556,242	3,777,698	4,778,544	8,886,457	(391,332)	243,927	0.85
Dynamic Electronics (Kunshan) Co., Ltd.	2,528,000	7,762,304	3,749,468	4,012,836	8,086,786	668,591	630,768	-
Wintek (MAURITIUS) Co., Ltd.	2,272,166	4,012,961	1,497	4,011,464	0	(38)	632,504	-
Dynamic Electronics Europe GmbH	873	37,273	104,314	(67,041)	0	0	0	-
Dynamic PCB Electronics Co., Ltd.	1,555	1,767,844	1,765,881	1,963	6,622,984	(72)	448	-
Abon Touchsystems Inc.	190,944	563,602	474,561	89,041	363,833	(258)	(9,674)	-

Note 1: Refer to foreign exchange rates to NTD
For the balance sheet, RMB=5.1724; USD=31.65; EUR=38.42。
For the income statement, RMB=4.93027; USD=30.2935。

G. The most recent year's report is prepared according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises".

The Company's 2014 report (starting from January 1st , 2014 to December 31st , 2014) "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" should include consolidated business reports and consolidated financial statements of affiliated enterprises, and according to Article 27 of International Accounting Standards, the parent and subsidiary companies' consolidated financial statements should be identical, the consolidated business reports and consolidated financial statements of affiliated enterprises are already stated within the consolidated financial statements for the parent and subsidiary companies, therefore there will be no separate preparation for consolidated business reports and financial statements of affiliated enterprises.

II. Private Placement Securities in the Most Recent Year and as of the Publishing Date of the Annual Report: none

III. Company's Shares Held or Transferred by Subsidiaries in the Most Recent Year and as of the Publishing Date of the Annual Report: none

IV. Other Supplementary Information: none

V. Pursuant to the Article 36-2-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Most Recent Year and as of the Publishing Date of the Annual Report: none

Other Information Disclosures

I. Precautionary measures for a safe working environment and personnel security

A. To ensure prevention of workers being exposed to hazardous material, for exposed concentration to meet law regulated standards, to provide workers a healthy and comfortable working environment, the Company's Taoyuan plant and Kunshan plant periodically commission professional agencies to conduct sampling strategy planning and measure for harmful working environments (working environment with noise or specific chemical materials), in order to continue improving quality of working environment, ensuring the safety and health of our workers.

B. In order to fully understand the health condition of our employees, to assign suitable work to individual employees, and to occupational illness, in addition to establishing medical care and emergency staff according to law regulations, health examinations are conducted for new employees, periodic health examinations for active employees and special health examinations for workers exposed to hazardous operation. For employees with exceptionally abnormal results from the health examination, the Work Safety and Health Department will provide tracking and care for their health conditions, and when necessary, they may consider adjustments or modifications to their job content.

C. Between June and July of every year, the Taoyuan Plant will organize for Taoyuan Veterans Hospital to conduct health examinations and special health examinations for all factory employees, health condition comparison charts will be provided to every employee after the examination for better health management; according to health examination results and the plant's characteristics, the Veterans Hospital will conduct a series of health lectures every month, promoting employees' prevention and awareness of occupational illness. Kunshan plant will have the Work Safety and Health Department collect the health conditions comparison charts, exhibiting posters regarding occupational illness prevention and awareness through the exhibition portal every month, promoting employees' prevention and awareness of occupational illness.

D. In March 2014, the Company's Taoyuan Plant has successfully passed the OHSAS18001 system's annual review, ensuring the effective operation of the Company's Work Safety Management System. In December 2014, Kunshan Plant has also passed the OHSAS18001 system's annual review, ensuring effective operation.

E. In order to prevent fire risks caused by high temperatures from the degradation of sensors and activation switches, daily self-inspection should be conducted by each manufacturing department, and through the Work Safety and Health Department review procedures, the Works Department will be notified of detection of high temperature sensors and should ensure timely replacement or improvement.

F. 2014 Work safety improvements

1. PP air conduct fire proofing improvement plan
2. Work safety management improvement plan for contractors and suppliers
3. Degrading fire equipment renewal and labeling project

G. 2015 Taoyuan Plant's work safety improvement plan:

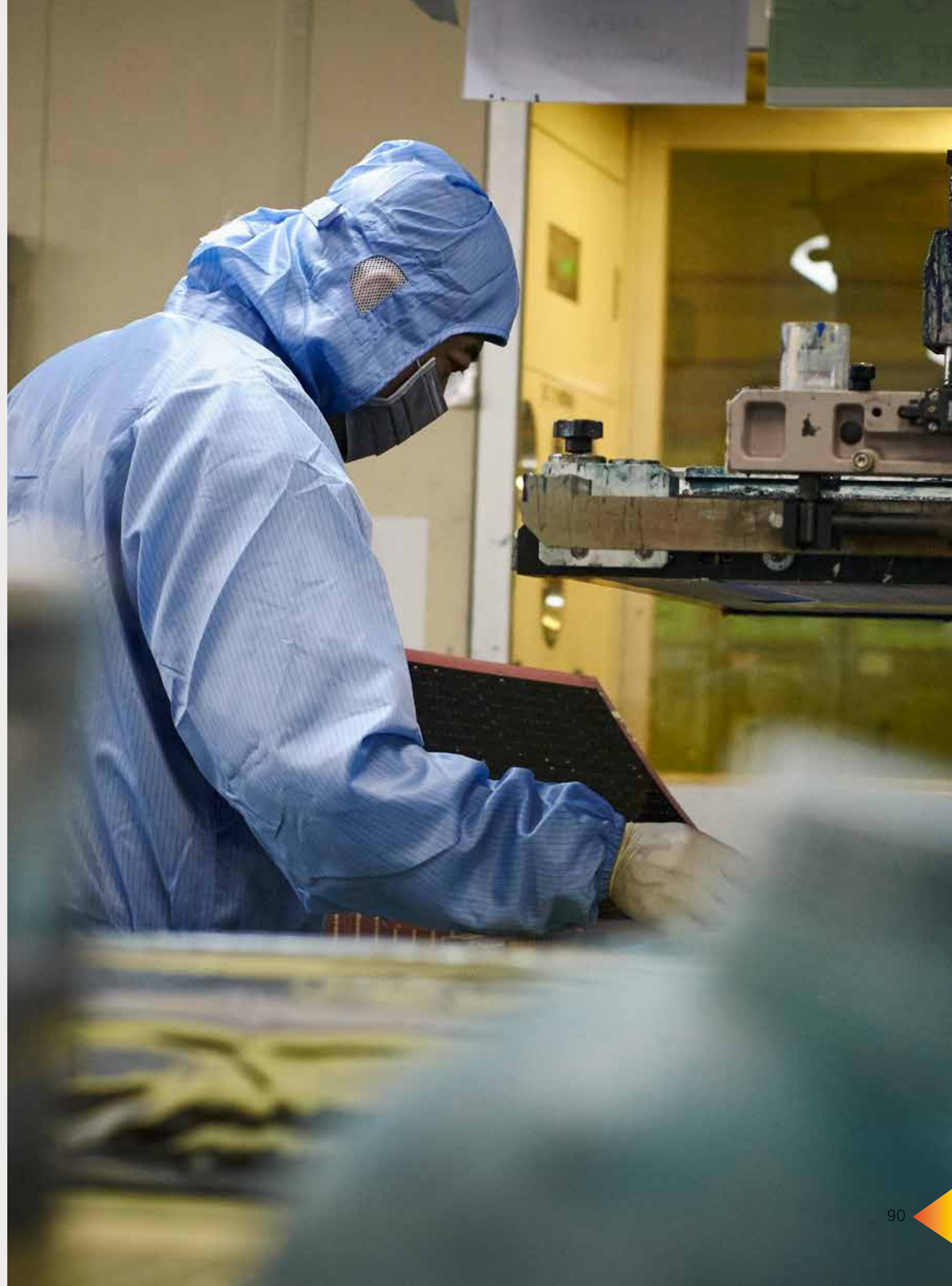
1. Special case regarding belt attachment to manufacture-use push carts within plants.
2. Implementing health lecture course each quarter to reduce occupational illness incidents.
3. In addition to the regulated evacuation training every half year, each department's evacuation training will be implemented every month starting after 2015.

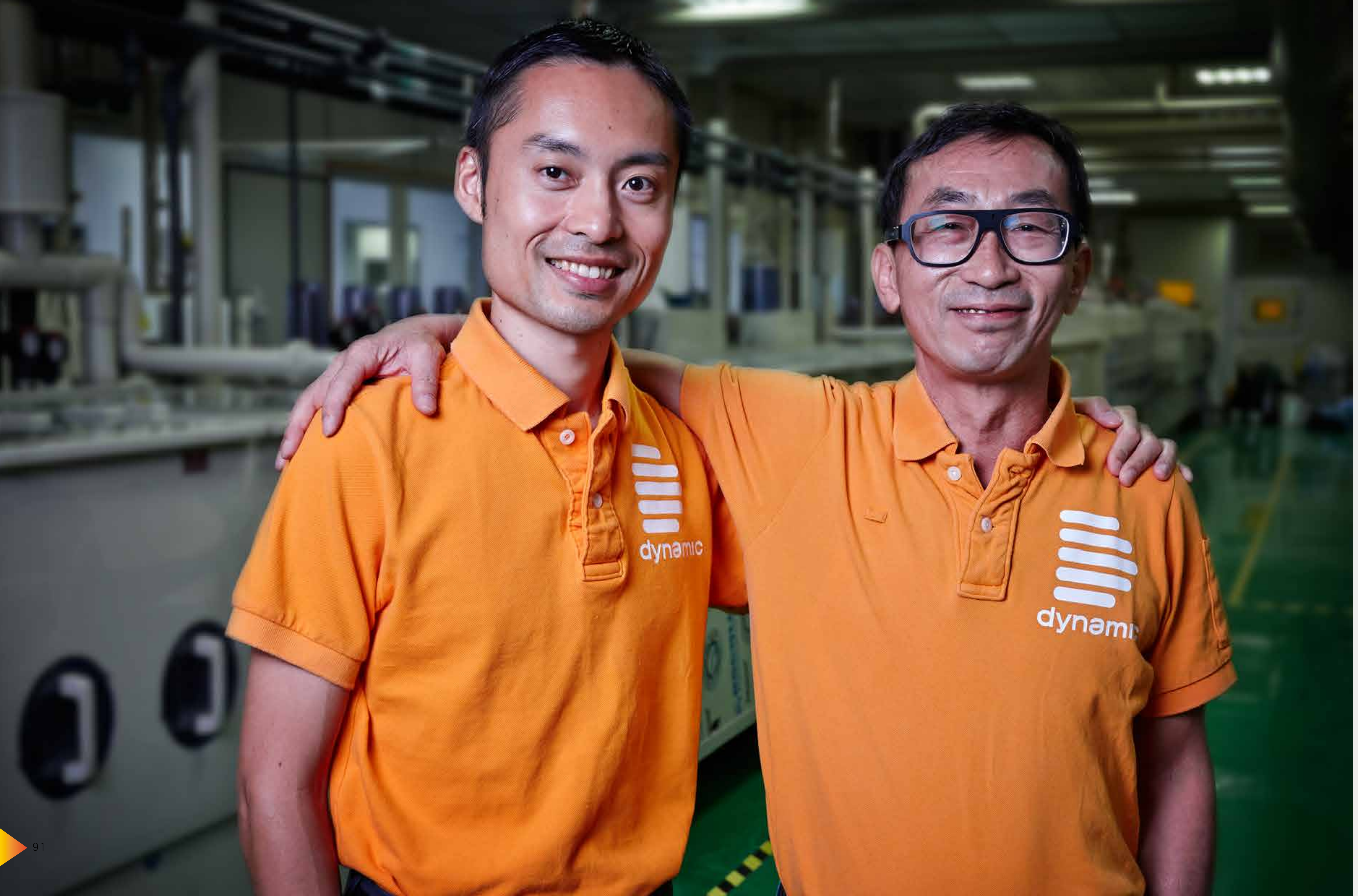
H.2015 Kunshan Plant's work safety improvement plan:

1. Establish and implement the special case for self-inspection, improvement, review and sustaining improvement of heaters.
2. Kunshan Plant to implement level three certification for safety production standardization.
3. Implement industrial safety improvement proposal project to create an atmosphere for participation, improvement proposal project descriptions are listed below:
   - Signed liability contract to implement the Company's responsibility for safety.
   - Execute hidden risk control and supervision.
   - Execute response drill training.

II. Material Insider Information Non-Disclosure Procedure

The Company has established the "Material Insider Information Non-Disclosure Procedure", authorities should notify supervisors and employees to be aware of whether there is important information to be disclosed according to law regulations. Furthermore, in order to reduce risks of inside trading, authorities should periodically promote awareness to the office and employees, and request signing the "Material Information Confidentiality Agreement"





Auditor’s Report and 2014 Financial Statement

Dynamic Electronics Co., Ltd. Statement on Internal Control System
Date: March 3rd, 2015

According to self-inspected results, the Company’s internal control system is stated in the following:

1. The Company understands the board of directors and general managers’ responsibility to establish, implement and maintain the Company’s internal control system. The Company has established such regulations, intending to achieve objectives regarding effectiveness and efficiency (including profit, performance and ensuring asset security etc.) of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, as well as compliance with applicable laws, regulations, and bylaws, providing reasonable guarantee.
2. The internal control system has its intrinsic limits, no matter how complete the design, effective internal control can only provide reasonable guarantee for meeting the three aforementioned objectives; along with environmental and conditional changes, effectiveness of internal control regulations may change also. However, self-inspection mechanisms have been established into the Company’s internal control system, the Company will take actions to fix a deficiency once it has been identified.
3. According to the “Regulations Governing Establishment of Internal Control Systems by Public Companies”, (hereafter referred to as the Guideline) regulating the criteria for internal control systems effectiveness, the Company has assessed the effectiveness of the design and implementation of its internal control system. Intended for management and control processes, the Guideline’s criteria for assessing internal control systems is comprised of five constituent elements: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Every element is comprised of further constituents. Please see “the Guideline “for the aforementioned elements.
4. The Company has assessed the effectiveness of the design and effectiveness of its internal control system according to the aforementioned internal control system criteria.
5. The assessment results show that as of December 31st , 2014, the Company’s internal control system (including inspection and management of its subsidiaries), is effective in its design and implementation, meeting objectives including its effectiveness and efficiency (including profit, performance and ensuring asset security etc.) of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, as well as compliance with applicable laws, regulations, and bylaws, providing reasonable guarantee in achieving the aforementioned objectives.
6. This Statement will become a main content item in the Company’s Annual Report and its public announcements, and will be made public. Contents described above containing fraudulent materials, undisclosed items, or other illegalities, will incur legal responsibility under Articles 20, 32, 171, and 174 of the Securities Transaction Law.
7. This Statement was approved by the directors attending the Company’s Board of Directors meeting on March 3rd, 2015, among the 7 attendees, there were 0 dissenting opinions.

Dynamic Electronics Co., Ltd.

Chairman : Ken Huang

President : Stoney Chiu

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2014 Business Report, Financial Statements and Statement of Deficit Compensated. The Financial Statements of Dynamic Electronics Co., Ltd. have been audited and certified by Ernst & Young and an audit report relating to the Financial Statements has been issued. The Business Report, Financial Statements and Statement of Deficit Compensated have been reviewed and considered to be in compliance with relevant rules by the Audit Committee members of Dynamic Electronics Co., Ltd. According to Article 14 Section 4 of the Securities Exchange Act and Article 219 of the Company Law, we hereby submit this report.

To

2015 Annual Meeting of Shareholders of Dynamic Electronics Co., Ltd.

Chairman of the Audit Committee: Chun-hung Lin

April 14, 2015

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Dynamic Electronics Co., Ltd. as of and for the year ended December 31, 2014, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard No. 27, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Dynamic Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DYNAMIC ELECTRONICS CO., LTD.
By

KEN HUANG
Chairman
March 3, 2015

EY 安永
Building a better working world

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English Translation of a Report Originally Issued in Chinese

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

To: the Board of Directors
Dynamic Electronics Co., LTD.

We have audited the accompanying consolidated balance sheets of Dynamic Electronics Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dynamic Electronics Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for the years then ended in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee which are endorsed by Financial Supervisory Commission of the Republic of China.

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of Dynamic Electronics Co., Ltd. for the years ended December 31, 2014 and 2013.

Ernst & Young

Ernst & Young
March 3, 2015
Taipei, Taiwan, Republic of China

Notice to Readers

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

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English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2014 and 2013
(Amounts Expressed in Thousands of New Taiwan Dollars)

		As of December 31,				As of December 31,	
Assets	Notes	2014	2013	**Liabilities and Stockholders' Equity**	Notes	2014	2013
Current assets				**Current liabilities**			
Cash and cash equivalents	4,6(1)	$919,256	$1,439,651	Short-term loans	6(9),8	$1,542,941	$1,691,947
Bond investments for which no active market exists	4,6(2),8	62,642	7,313	Notes payable		2,108	14,839
Notes receivable, net	4,6(3)	273,805	176,457	Notes payable-related parties	7	154	177
Accounts receivable, net	4,6(4)	3,098,865	2,950,301	Accounts payable		1,833,808	1,727,049
Other receivables		132,350	80,823	Accounts payable-related parties	7	199	278
Inventories, net	4,6(5)	1,167,379	966,662	Other payables	6(10)	1,229,044	903,300
Prepayments		143,982	137,773	Other payables-related parties	7	52,665	70,040
Other current assets		774	696	Current tax liabilities	4,6(21)	-	1,739
Total current assets		5,799,053	5,759,676	Other current liabilities-others		25,940	19,785
				Current portion of long-term loans	6(11),8	266,349	247,030
Non-current assets				Lease payable	4,6(12)	15,562	21,480
Property, plant and equipment	4,6(6),8	5,042,156	4,726,884	**Total current liabilities**		4,968,770	4,697,664
Intangible assets	4,6(7)	8,887	7,209				
Deferred tax assets	4,6(21)	118,119	58,653				
Other assets-others	6(8)	49,366	54,264				
Total non-current assets		5,218,528	4,847,010	**Non-current liabilities**			
				Long-term loans	6(11),8	909,049	1,264,744
				Deferred tax liabilities	4,6(21)	273,158	127,985
				Lease payable	4,6(12)	2,708	18,920
				Accrued pension liabilities	4,6(13)	1,310	655
				Guarantee deposits		37,999	67,306
				Total non-current liabilities		1,224,224	1,479,610
				Total liabilities		6,192,994	6,177,274
				Equity attributable to the parent company			
				Capital	6(14)		
				Common stock		2,860,594	2,860,594
				Capital surplus	6(14)	1,060,950	1,060,950
				Retained earnings	6(14)		
				Legal reserve		531,385	531,385
				Special reserve		299,666	299,666
				Accumulated profit or loss		(176,884)	(425,552)
				Other components of equity		202,833	51,869
				Non-controlling interests	6(14)	46,043	50,500
				Total equity		4,824,587	4,429,412
Total assets		$11,017,581	$10,606,686	**Total liabilities and equity**		$11,017,581	$10,606,686

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2014 and 2013
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the year ended December 31,	
	Notes	2014	2013
Operating revenues	4,6(16)	$10,755,314	$10,140,523
Operating costs	6(5),7	(9,038,710)	(9,182,872)
Gross profit		1,716,604	957,651
Operating expenses			
Sales and marketing expenses		(756,661)	(700,283)
General and administrative expenses		(402,332)	(420,382)
Research and development expenses		(271,389)	(149,505)
Operating expenses total		(1,430,382)	(1,270,170)
Operating income (loss)		286,222	(312,519)
Non-operating income and expense	6(19),7		
Other incomes		38,739	149,114
Other gains and losses		41,328	10,241
Finance costs		(71,659)	(104,976)
Non-operating incomse and expenses total		8,408	54,379
Income (loss) from continuing operations before income tax		294,630	(258,140)
Income tax expense	4,6(21)	(55,430)	-
Net income (loss)		239,200	(258,140)
Other comprehensive income (loss)	6(20)		
Exchange differences on translation of foreign operations		181,885	169,662
Equity relate to non-current assets held for sale		-	(8,607)
Actuarial gain (loss) on defined benefit plains		4,741	15,155
Income tax related to components of other comprehensive income		(30,921)	(28,406)
Total other comprehensive income (loss), net of tax		155,705	147,804
Total comprehensive income (loss)		$394,905	$(110,336)
Net income (loss) attributable to:			
Stockholders of the parent		$243,927	$(255,383)
Non-controlling interests		(4,727)	(2,757)
		$239,200	$(258,140)
Total comprehensive income (loss) attributable to:			
Stockholders of the parent company		$399,632	$(107,579)
Non-controlling interests		(4,727)	(2,757)
		$394,905	$(110,336)
Earnings per share-basic (in NTD)	4,6(22)	$0.85	$(0.90)
Earnings per share-diluted (in NTD)	4,6(22)	$0.85	$(0.90)

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2014 and 2013

(Amounts Expressed in Thousands of New Taiwan Dollar)

				Retained Earnings			Other Components of equity					
	Notes	Common Stock	Capital surplus	Legal Reserve	Special Reserve	Accumulated profit or loss	Exchange Differences on Translation of Foreign Operations	Equity relate to Non-current assets held for sale	Treasury Stock	Total	Non-Controlling Interests	Total Equity
Balance as of January 1, 2013		$2,935,594	$1,073,644	$531,385	$349,310	$(234,968)	$(89,387)	$8,607	$(28,912)	$4,545,273	$52,404	$4,597,677
Net loss in 2013						(255,383)				(255,383)	(2,757)	(258,140)
Other comprehensive income (loss) in 2013	6(20)					15,155	141,256	(8,607)		147,804		147,804
Total comprehensive income (loss)		-	-	-	-	(240,228)	141,256	(8,607)	-	(107,579)	(2,757)	(110,336)
Acquiring treasury stock	4,6(14)								(58,782)	(58,782)		(58,782)
Cancelling treasury stock	4,6(14)	(75,000)	(12,694)						87,694	-		-
Reversal of special reserve	6(14)				(49,644)	49,644				-		-
Share-based payment transaction	4,6(15)										853	853
Balance as of December 31, 2013		$2,860,594	$1,060,950	$531,385	$299,666	$(425,552)	$51,869	$-	$-	$4,378,912	$50,500	$4,429,412
Balance as of January 1, 2014		$2,860,594	$1,060,950	$531,385	$299,666	$(425,552)	$51,869	$-	$-	$4,378,912	$50,500	$4,429,412
Net income (loss) in 2014						243,927				243,927	(4,727)	239,200
Other comprehensive income (loss) in 2014	6(20)					4,741	150,964			155,705		155,705
Total comprehensive income (loss)		-	-	-	-	248,668	150,964	-	-	399,632	(4,727)	394,905
Share-based payment transaction	4,6(15)										639	639
Decrease in non-controlling interests	6(14)										(369)	(369)
Balance as of December 31, 2014		$2,860,594	$1,060,950	$531,385	$299,666	$(176,884)	$202,833	$-	$-	$4,778,544	$46,043	$4,824,587

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2014 and 2013

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31, 2014	2013
Cash flows from operating activities:		
Net income (loss) before tax	$294,630	$(258,140)
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:		
Bad debt expenses (reversal)	1,244	(5,000)
Depreciation	843,092	900,351
Amortization	4,760	3,158
Share-based payment	639	853
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	-	(90)
Interest expense	71,659	104,976
Interest revenue	(5,038)	(9,273)
Gain on disposal of property, plant and equipment	2,015	(24,298)
Loss on disposal of investments	-	1,926
Loss on buying convertible bonds payable	-	270
Impairment loss (reversal) on non-financial assets	(1,219)	21,939
Changes in operating assets and liabilities:		
Notes receivable	(97,348)	(81,048)
Accounts receivable	(149,808)	388,218
Other receivables	(51,527)	(15,274)
Inventories	(200,717)	72,604
Prepayments	(6,209)	11,080
Other current assets	(78)	(464)
Long-term prepaid rent	(735)	(1,320)
Notes payable	(12,731)	(135,532)
Notes payable-related parties	(23)	80
Accounts payable	106,759	(15,047)
Accounts payable-related parties	(79)	(95)
Accrued expenses	149,777	(58,363)
Other payables-related parties	2,625	40
Other current liabilities	6,155	(3,004)
Accrued pension liabilities	5,396	6,706
Cash generated from operations	963,239	905,253
Interest received	5,038	9,273
Interest paid	(74,219)	(121,439)
Income tax paid	(2,383)	(21,875)
Net cash provided by (used in) operating activities	891,675	771,212

	For the year ended December 31, 2014	2013
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(896,317)	(562,610)
Proceeds from disposal of property, plant and equipment	46,805	28,693
Acquisition of bond investments for which no active market exists	(55,329)	1,293
Proceeds from disposal of non-current assets held for sale	-	722,720
Acquisition of intangible assets	(6,255)	(7,046)
Decrease (Increase) in refundable deposits	5,633	(5,096)
Net cash provided by (used in) investing activities	(905,463)	177,954
Cash flows from financing activities:		
Decrease in short-term loans	(149,006)	(49,476)
Increase in long-term loans	211,000	766,681
Decrease in long-term loans	(547,376)	(867,042)
Increase (Decrease) in other payables-related parties	(20,000)	63,000
Increase (Decrease) in guarantee deposits	(29,307)	38,640
Acquired treasury stock	-	(58,782)
Decrease in convertible bonds payable	-	(876,638)
Increase (Decrease) in lease payable	(22,130)	40,400
Change in non-controlling interests	(369)	-
Net cash provided by (used in) financing activities	(557,188)	(943,217)
Effect of exchange rate changes on cash and cash equivalents	50,581	(37,152)
Net increase (decrease) in cash and cash equivalents	(520,395)	(31,203)
Cash and cash equivalents at beginning of period	1,439,651	1,470,854
Cash and cash equivalents at end of period	$919,256	$1,439,651

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

1. History and organization

Dynamic Electronics Co., Ltd. ("the Company") was incorporated in August 18, 1988. The main activities of the Company are engaged in the design, development, and manufacture of multi-layers PCB boards and electronics components. The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in March 18, 2009. The Company's registered office and the main business location is at No. 356, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on March 3, 2015.

3. Newly issued or revised standards and interpretations

(1)International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission ("FSC") and would be applicable for annual periods beginning on or after January 1, 2015, but not yet adopted by the Group at the date of issuance of the Group's financial statements are listed below.

(a)*Improvements to International Financial Reporting Standards (issued in 2010):*

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The annual improvements to International Financial Reporting Standards ("IFRS") issued in 2010 made the following amendments to IFRS 1: If a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report, it needs to explain those changes and update the reconciliations between previous GAAP and IFRS in accordance with paragraph 23 of IFRS 1.

Furthermore, the amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. The amendment also expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The amendment allows entities with rate-regulated activities to use the carrying amount of their property, plant and equipment and intangible balances from their previous GAAP as its deemed cost upon transition to IFRS. These amendments became effective for annual periods beginning on or after January 1, 2011.

IFRS 3 "Business Combinations"

Under the amendment, IFRS 3 (as revised in 2008) do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Furthermore, the amendment limits the scope of the measurement choices for non-controlling interest. Only the components of non-controlling interests that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation could be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value.

The amendment also requires an entity in a business combination to account for the replacement of the acquiree's share-based payment transactions (when the acquirer is not obliged to do so) as new share-based payment awards in the post-combination financial statements.

Outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions: if vested—they are part of non-controlling interest; if unvested—they are measured at market based value as if granted at acquisition date, and allocated between NCI and post-combination expense.

These amendments became effective for annual periods beginning on or after July 1, 2010.

IFRS 7 "Financial Instruments: Disclosures"

The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment became effective for annual periods beginning on or after January 1, 2011.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment became effective for annual periods beginning on or after January 1, 2011.

IAS 34 "Interim Financial Reporting"

The amendment clarifies that if a user of an entity's interim financial report have access to the most recent annual financial report of that entity, it is unnecessary for the notes to an interim financial report to provide relatively insignificant updates to the information that was reported in the notes in the most recent annual financial report. Furthermore the amendment adds disclosure requirements around disclosures of financial instruments and contingent liabilities/assets. The amendment is effective for annual periods beginning on or after January 1, 2011.

IFRIC 13 "Customer Loyalty Programmes"

The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account. The amendment is effective for annual periods beginning on or after January 1, 2011.

(b)*IFRS 1 "First-time Adoption of International Financial Reporting Standards"— Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*

IFRS 1 has been amended to allow first-time adopters to utilize the transitional provisions of IFRS 7 *Financial Instruments: Disclosures*. These provisions give relief from providing comparative information in the disclosures required by amendments to IFRS 1 in the first year of application. The amendment is effective for annual periods beginning on or after July 1, 2010.

(c)*IFRS 1 "First-time Adoption of International Financial Reporting Standards"— Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

The amendment has provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. The amendment also removes the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions. The amended standard has these dates coinciding with the date of transition to IFRS. The amendment is effective for annual periods beginning on or after July 1, 2011.

(d)*IFRS 7 "Financial Instruments: Disclosures" (Amendment)*

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, when financial assets are derecognised in their entirety, but the entity has a continuing involvement in them, or financial assets are not derecognised in their entirety. The amendment is effective for annual periods beginning on or after July 1, 2011.

(e)*IAS 12 "Income Taxes"— Deferred Taxes: Recovery of Underlying Assets*

The amendment to IAS 12 introduce a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognized on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. The amendment also introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in IAS 16 should always be measured on a sale basis. As a result of this amendment, SIC 21 *Income Taxes—Recovery of Revalued Non-Depreciable Assets* has been withdrawn. The amendment is effective for annual periods beginning on or after January 1, 2012.

(f)*IFRS 10 "Consolidated Financial Statements"*

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements and SIC-12. The changes introduced by IFRS 10 primarily relate to the elimination of the perceived inconsistency between IAS 27 and SIC-12 by introducing a new integrated control model. That is, IFRS 10 primarily relates to whether to consolidate another entity, but does not change how an entity is consolidated. The standard is effective for annual periods beginning on or after January 1, 2013.

(g)*IFRS 11 "Joint Arrangements"*

IFRS 11 replaces IAS 31 and SIC-13. The changes introduced by IFRS 11 primarily relate to increase comparability within IFRS by removing the choice for jointly controlled entities to use proportionate consolidation, so that the structure of the arrangement is no longer the most important factor when determining the classification as a joint operation or a joint venture, which then determines the accounting. The standard is effective for annual periods beginning on or after January 1, 2013.

(h)*IFRS 12 "Disclosures of Interests in Other Entities"*

IFRS 12 primarily integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities and presents those requirements in a single IFRS. The standard is effective for annual periods beginning on or after January 1, 2013.

(i)*IFRS 13"Fair Value Measurement"*

IFRS 13 primarily relates to defining fair value, setting out in a single IFRS a framework for measuring fair value and requiring disclosures about fair value measurements to reduce complexity and improve consistency in application when measuring fair value. However, IFRS 13 does not change existing requirements in other IFRS as to when the fair value measurement or related disclosure is required. The standard is effective for annual periods beginning on or after January 1, 2013.

(j)*IAS 1 "Presentation of Financial Statements" — Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that would be reclassified (or recycled) to profit or loss in the future would be presented separately from items that will never be reclassified. The amendment is effective for annual periods beginning on or after July 1, 2012.

(k)*IAS 19 "Employee Benefits" (Revised)*

The revision includes: (1) For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. Actuarial gains and losses are now recognized in Other Comprehensive Income. (2) Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). (3) New disclosures include quantitative information about the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption. (4) Termination benefits will be recognized at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognized under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, etc.. The revised standard is effective for annual periods beginning on or after January 1, 2013.

(l)*IFRS 1 "First-time Adoption of International Financial Reporting Standards" — Government Loans*

The IASB has added an exception to the retrospective application of IFRS 9 (or IAS 39) and IAS 20. These amendments require first-time adopters to apply the requirements of IAS 20 prospectively to government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. The amendment is effective for annual periods beginning on or after January 1, 2013.

(m)*IFRS 7 "Financial Instruments: Disclosures" —Disclosures —Offsetting Financial Assets and Financial Liabilities*

These amendments require an entity to disclose information about rights of set-off and related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement'. The amendment is effective for annual periods beginning on or after January 1, 2013.

(n)*IAS 32 "Financial Instruments: Presentation" —Offsetting Financial Assets and Financial Liabilities*

The amendment clarifies the meaning of "currently has a legally enforceable right to set-off" in IAS 32. The amendment is effective for annual periods beginning on or after January 1, 2014.

(o)*IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"*

This Interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity recognizes these costs as a non-current asset ("stripping activity asset"), only if certain criteria are met. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. The interpretation is effective for annual periods beginning on or after January 1, 2013.

(p)*Improvements to International Financial Reporting Standards (2009-2011 cycle):*

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendment clarifies that an entity that has stopped applying IFRS may choose to either: Re-apply IFRS 1, even if the entity applied IFRS 1 in a previous reporting period; or Apply IFRS retrospectively in accordance with IAS 8 (i.e., as if it had never stopped applying IFRS) in order to resume reporting under IFRS. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. The opening statement of financial position (known as 'the third balance sheet') must be presented when an entity changes its accounting policies (making retrospective restatements or reclassifications) and those changes have a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. However, unlike the voluntary comparative information, the related notes are not required to include comparatives as of the date of the third balance sheet. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 16 "Property, Plant and Equipment" (Amendment)

The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 32 "Financial Instruments: Presentation" (Amendment)

The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 34 "Interim Financial Reporting" (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Besides, total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment is effective for annual periods beginning on or after January 1, 2013.

(q)*IFRS 10 "Consolidated Financial Statements" (Amendment)*

The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. The amendment is effective for annual periods beginning on or after January 1, 2014.

The abovementioned standards and interpretations issued by IASB and recognized by FSC so that they are applicable for annual periods beginning on or after January 1, 2015. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a)~(b), (d)~(k), (m)~(n),(p), it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

(2)Standards or interpretations issued by IASB but not yet recognized by FSC at issuance of the Group’s financial statements are listed below.

(a)*IAS 36 “Impairment of Assets” (Amendment)*

This amendment relates to the amendment issued in May 2011 and require disclose the recoverable amount of an asset (including goodwill) or a cash-gen when an impairment loss has been recognized or reversed during the amendment also requires detailed disclosure of how the fair value less costs of been measured when an impairment loss has been recognized or reverse valuation techniques used, level of fair value hierarchy of assets and key assum in measurement. The amendment is effective for annual periods beginning January 1, 2014.

(b)*IFRIC 21 “Levies”*

This interpretation provides guidance on when to recognize a liability for a le by a government (both for levies that are accounted for in accordance w *Provisions, Contingent Liabilities and Contingent Assets* and those where the amount of the levy is certain). The interpretation is effective for annual period on or after January 1, 2014.

(c)*IAS 39 “Financial Instruments: Recognition and Measurement” (Amendment)*

Under the amendment, there would be no need to discontinue hedge acco hedging derivative was novated, provided certain criteria are met. The inte effective for annual periods beginning on or after January 1, 2014.

(d)*IAS 19 “Employee Benefits” (Defined benefit plans: employee contributions)*

The amendments apply to contributions from employees or third parties to def plans. The objective of the amendments is to provide a policy choice for accounting for contributions that are independent of the number of years o service, for example, employee contributions that are calculated according percentage of salary. The amendment is effective for annual periods beginning July 1, 2014.

(e)*Improvements to International Financial Reporting Standards (2010-2012 cycle):*

IFRS 2 “Share-based Payment”

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment prospectively applies to share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 3 “Business Combinations”

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

IFRS 8 “Operating Segments”

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

IFRS 13 “Fair Value Measurement”

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

IAS 16 “Property, Plant and Equipment”

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

IAS 24 “Related Party Disclosures”

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 38 “Intangible Assets”

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

(f)*Improvements to International Financial Reporting Standards (2011-2013 cycle):*

IFRS 1 “First-time Adoption of International Financial Reporting Standards”

The amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application.

IFRS 3 “Business Combinations”

This amendment clarifies that paragraph 2(a) of IFRS 3 *Business Combinations* excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendment is effective for annual periods beginning on or after July 1, 2014.

IFRS 13 “Fair Value Measurement”

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

IAS 40 “Investment Property”

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

(g)*IFRS 14 “Regulatory Deferral Accounts”*

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. IFRS 14 is effective for annual periods beginning on or after January 1, 2016.

(h)*IFRS 11 “Joint Arrangements” (Accounting for Acquisitions of Interests in Joint Operations)*

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments require the entity to apply all of the principles on business combinations accounting in IFRS 3 “Business Combinations”, and other IFRS (that do not conflict with the guidance in IFRS 11), to the extent of its share in a joint operation acquired. The amendment also requires certain disclosure. The amendment is effective for annual periods beginning on or after January 1, 2016.

(i)*IAS 16"Property, Plant and Equipment and IAS 38 "Intangible Assets" — Clarification of Acceptable Methods of Depreciation and Amortization*

The amendment clarified that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as selling activities and change in sales volumes or prices. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendment is effective for annual periods beginning on or after January 1, 2016.

(j)*IFRS 15 "Revenue from Contracts with Customers"*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The Standard is effective for annual periods beginning on or after January 1, 2017.

(k)*IAS 16 "Property, Plant and Equipment and IAS 41 "Agriculture" —* Agriculture: Bearer Plants

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendment is effective for annual periods beginning on or after January 1, 2016.

(l)*IFRS 9"Financial Instruments"*

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after January 1, 2018.

(m)*IAS 27"Separate Financial Statements" — Equity Method in Separate Financial Statements*

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. In 2003, the equity method was removed from the options. This amendment removes the only difference between the separate financial statements prepared in accordance with IFRS and those prepared in accordance with the local regulations in certain jurisdictions.

The amendment is effective for annual periods beginning on or after January 1, 2016.

(n)*IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The amendment is effective for annual periods beginning on or after January 1, 2016.

(o)*Improvements to International Financial Reporting Standards (2012-2014 cycle):*

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also requires identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendment is effective for annual periods beginning on or after January 1, 2016.

IFRS 7 "Financial Instruments: Disclosures"

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

IAS 19 "Employee Benefits"

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

IAS 34 "Interim Financial Reporting"

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

(p)*IAS 1 "Presentation of Financial Statements" (Amendment):*

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2016.

(q)*IFRS 10"Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", and IAS 28"Investments in Associates and Joint Ventures" — Investment Entities: Applying the Consolidation Exception*

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendment is effective for annual periods beginning on or after January 1, 2016.

The abovementioned standards and interpretations issued by IASB have not yet recognized by FSC at the date of issuance of the Group’s financial statements, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a)~(f), (h)~(j), (l)~(q), it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2014 and 2013 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and TIFRS as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	2014.12.31	2013.12.31
The Company	WINTEK (MAURITIUS) CO., LTD.	Investment and trading of PCB	100.00%	100.00%
The Company	Dynamic Electronics Europe GmbH	Trading of PCB	100.00%	100.00%
The Company	Dynamic PCB Electronics Co., Ltd.	Trading of PCB	100.00%	100.00%
The Company	Abon Touch Systems Inc.	Electronic component manufacturing	51.13%	51.13%
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	100.00%	100.00%
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Xiamen) Co., Ltd.	Manufacturing and selling of PCB	-%	-% (Note 1)

Note1: Sold in 2013.

(4) Foreign currency transactions

The Group’s consolidated financial statements are presented in NT$, which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Group: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period

(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets

The Group accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

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

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment). If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or bond investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

i significant financial difficulty of the issuer or obligor; or
ii. a breach of contract, such as a default or delinquency in interest or principal payments; or
iii. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
iv. the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(b) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IAS 39 *Financial Instruments: Recognition and Measurement*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

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

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss, including interest paid, are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

(9) Derivative financial instrument

The Group uses derivative financial instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – By actual purchase cost with weighted average method.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	20～47 years
Machinery and equipment	3~10 years
Transportation equipment	3~6 years
Office equipment	3~6 years
Other equipment	1~6 years
Leased assets	2~5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

<u>Group as a lessee</u>

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Computer software	Technology Expertise
Useful lives	3~5 years	5~6 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash-generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

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

(a) the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Group’s right to receive the payment is established.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations. Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. The Group recognizes all actuarial gains and losses in the period in which they occur in other comprehensive income. Actuarial gains and losses recognized in other comprehensive income are recognized immediately in retained earnings.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.
Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRS. As such, IFRS 2 *Share-based Payment* has not been applied to equity instruments in share-based payment transactions that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2012 (the date of transition to TIFRS). For cash-settled share-based payment transactions, the Group has not applied IFRS 2 to liabilities that were settled before 1 January 2012.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders’ meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) The Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6.(13) for details.

(c) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Please refer to Note 6.(15) for more details.

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6.(21) for more details on unrecognized deferred tax assets.

6. Contents of significant accounts

(1) Cash and cash equivalents

	2014.12.31	2013.12.31
Cash on hand	$1,229	$1,113
Checking and savings	852,222	1,167,199
Fixed-term deposits	65,805	271,339
Total	$919,256	$1,439,651

(2) Bond investments for which no active market exists

	2014.12.31	2013.12.31
Restricted cash- Current	$61,250	$7,313
Fixed-term deposits	1,392	-
Total	$62,642	$7,313

Please refer to Note 8 for details on Bond investments for which no active market exists under pledge.

(3) Notes receivable, net

	2014.12.31	2013.12.31
Notes receivables arising from operating activities	$273,805	$176,457
Less: allowance for doubtful debts	-	-
Total	$273,805	$176,457

Notes receivables were not pledged.

(4) Accounts receivable

(a) Accounts receivable, net consist of the follow :

	2014.12.31	2013.12.31
Accounts receivable from operating activities	$3,176,319	$3,050,548
Less: allowance for doubtful debts	(35,020)	(33,776)
Less: sales returns and allowance	(42,434)	(66,471)
Total	$3,098,865	$2,950,301

(b) A provision has been recognized for sales returns and allowances based on past experience and other known factors. The provision is recognized and the corresponding entry is made against operating revenue at the time of sales.

(c) Sale terms are generally on 60~150 days. The movements of the provision for impairment of accounts receivable are as follows (please refer to Note 12 for credit risk disclosure):

	Individually impaired	Collectively impaired	Total
2014.01.01	$-	$33,776	$33,776
Charge for the current period	-	1,244	1,244
Write off	-	-	-
2014.12.31	$-	$35,020	$35,020
2013.01.01	$-	$38,776	$38,776
Charge for the current period	-	(5,000)	(5,000)
Write off	-	-	-
2013.12.31	$-	$33,776	$33,776

(d) Aging analysis of accounts receivable that is past due as at the end of the reporting period but not impaired is as follows:

		Past due but not impaired					
	Neither past due nor impaired	Less than 30 days	31~60 days	61~90 days	91~120 days	More than 121 days	Total
2014.12.31	$3,000,616	$77,435	$19,800	$755	$259	$-	$3,098,865
2013.12.31	2,812,321	117,532	20,269	-	-	179	2,950,301

(e) Accounts receivable were not pledged.

(5) Inventories

(a) Details of inventories are as below :

	2014.12.31	2013.12.31
Raw materials	$201,642	$185,655
Supplies & parts	7,430	5,398
Work in progress	259,563	242,181
Finished goods	805,872	650,638
Total	1,274,507	1,083,872
Less: allowance for inventory valuation losses	(107,128)	(117,210)
Net	$1,167,379	$966,662

(b) The cost of inventories recognized in expenses amounts to NT$9,038,710 thousand for the year ended December 31, 2014 while NT$9,182,872 thousand for the year ended December 31, 2013. The following losses were included in cost of sale :

	2014	2013
Inventory valuation losses	$20,078	$67,863
Unapplied fixed manufacturing expenses	17,569	11,623
Physical inventory loss	5,583	1,018
Total	$43,230	$80,504

(c) Inventories were not pledged.

(5) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Leased assets	Construction in progress and equipment to be examined	Total
Cost:									
2014.01.01	$242,433	$1,552,355	$6,715,208	$20,002	$97,846	$982,973	$61,701	$493,663	$10,166,181
Additions	-	15,189	4,269	-	252	92,565	964	959,284	1,072,523
Disposals	(15,262)	(8,595)	(271,961)	(538)	(6,062)	(153,720)	-	-	(456,138)
Transfer	-	-	490,202	3,608	10,788	259,911	-	(764,509)	-
Exchange differences	-	54,002	238,794	697	1,917	31,549	-	19,368	346,327
Other changes	-	-	-	-	-	-	-	-	-
2014.12.31	$227,171	$1,612,951	$7,176,512	$23,769	$104,741	$1,213,278	$62,665	$707,806	$11,128,893
2013.01.01	$242,433	$1,472,081	$6,385,942	$20,485	$84,961	$1,087,088	$-	$284,636	$9,577,626
Additions	-	6,468	10,750	-	6,057	89,276	95	494,338	606,984
Disposals	-	-	(135,758)	(8,042)	(4,036)	(290,067)	-	-	(437,903)
Transfer	-	8,691	163,419	6,547	8,731	42,658	61,606	(297,302)	(5,650)
Exchange differences	-	65,115	290,855	1,012	2,133	54,018	-	11,991	425,124
Other changes	-	-	-	-	-	-	-	-	-
2013.12.31	$242,433	$1,552,355	$6,715,208	$20,002	$97,846	$982,973	$61,701	$493,663	$10,166,181
Depreciation and impairment:									
2014.01.01	$-	$363,483	$4,229,202	$10,746	$66,748	$753,516	$15,602	$-	$5,439,297
Depreciation	-	52,058	600,915	3,217	10,727	165,039	11,136	-	843,092
Impairment losses	-	-	-	-	-	-	-	-	-
Disposals	-	(8,595)	(243,505)	(485)	(5,255)	(150,697)	-	-	(408,537)
Transfer	-	-	-	-	-	-	-	-	-
Exchange differences	-	13,970	167,069	548	1,515	29,783	-	-	212,885
Other changes	-	-	-	-	-	-	-	-	-
2014.12.31	$-	$420,916	$4,753,681	$14,026	$73,735	$797,641	$26,738	$-	$6,086,737
2013.01.01	$-	$298,803	$3,570,106	$14,059	$58,781	$783,285	$-	$-	$4,725,034
Depreciation	-	51,011	615,933	2,886	10,146	215,282	5,093	-	900,351
Impairment losses	-	-	21,729	-	-	210	-	-	21,939
Disposals	-	-	(132,784)	(6,983)	(4,040)	(289,701)	-	-	(433,508)
Transfer	-	-	(14,153)	-	(5)	-	10,509	-	(3,649)
Exchange differences	-	13,669	168,371	784	1,866	44,440	-	-	229,130
Other changes	-	-	-	-	-	-	-	-	-
2013.12.31	$-	$363,483	$4,229,202	$10,746	$66,748	$753,516	$15,602	$-	$5,439,297
Net carrying amount as at:									
2014.12.31	$227,171	$1,192,035	$2,422,831	$9,743	$31,006	$415,637	$35,927	$707,806	$5,042,156
2013.12.31	$242,433	$1,188,872	$2,486,006	$9,256	$31,098	$229,457	$46,099	$493,663	$4,726,884

In the year ended December 31, 2013, the Group wrote down the carrying value of certain idle property, plant and equipment to NT$0 by recognizing an impairment loss in amount of NT$21,939 thousand in the statement of comprehensive income.

Certain idle property, plant and equipment have been sold in 2014, resulting in a gain on reversal of impairment of NT$1,219 thousand. This has been recognized in the statement of comprehensive income.

Significant components of building include main building structure and additional expansion construction, which are depreciated over their useful lives of 30~47 years and 20 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(7) Intangible assets

	Computer software	Goodwill	Technology expertise	Total
Cost:				
2014.01.01	$31,183	$-	$750	$31,933
Increase	6,255	-	-	6,255
Decrease	(20,841)	-	-	(20,841)
Exchange differences	467	-	-	467
2014.12.31	$17,064	$-	$750	$17,814
2013.01.01	$23,831	$24,633	$750	$49,214
Increase	7,046	-	-	7,046
Decrease	-	(24,633)	-	(24,633)
Exchange differences	306	-	-	306
2013.12.31	$31,183	$-	$750	$31,933
Amortization:				
2014.01.01	$24,526	$-	$198	$24,724
Amortization	4,642	-	118	4,760
Decrease	(20,841)	-	-	(20,841)
Exchange differences	284	-	-	284
2014.12.31	$8,611	$-	$316	$8,927
2013.01.01	$21,238	$24,633	$79	$45,950
Amortization	3,039	-	119	3,158
Decrease	-	(24,633)	-	(24,633)
Exchange differences	249	-	-	249
2013.12.31	$24,526	$-	$198	$24,724

Net carrying amount as at:				
2014.12.31	$8,453	$-	$434	$8,887
2013.12.31	$6,657	$-	$552	$7,209

Amortization of intangible assets is as follows:

	2014	2013
Operating costs	$1,232	$1,601
Operating expenses	$3,528	$1,557

(8) Other non-current assets

	2014.12.31	2013.12.31
Refundable deposits	$6,497	$12,130
Long-term prepaid rent－land use right	42,869	42,134
Total	$49,366	$54,264

(9) Short-term loans

(a) Short-term loans consist of the following:

	Interest Rates (%)	2014.12.31	2013.12.31
Unsecured bank loans	1.53%~2.85%	$1,269,339	$1,601,048
Secured bank loans	1.83%~2.88%	273,602	90,899
Total		$1,542,941	$1,691,947

(b) The Group's unused short-term lines of credits amount to NT$3,711,159 thousand and NT$2,476,003 thousand as of December 31, 2014 and 2013, respectively.

(c) Please refer to Note 8 for more details of assets pledged as collaterals.

(10) Other payables

Other payables consist of the following:	2014.12.31	2013.12.31
Accrued expenses	$875,226	$725,449
Accrued interest payable	3,480	3,719
Payables to equipment suppliers	350,338	174,132
Total	$1,229,044	$903,300

(11) Long-term loans

(a) Details of long-term loans as of December 31, 2014 and 2013 are as follows:

Lenders	2014.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Mega International Commercial Bank - Taoyuan Branch－Secured bank loans (Note1)	$194,583	Time deposit interest rate plus 0.75% for first two years, and the rate plus 0.875% from third year	The loan is at the term from December 2010 to December 3, 2020, and repayable in 37 quarterly installments starting from December 2011.
Mega International Commercial Bank - Taoyuan Branch－Secured bank loans (Note1)	240,000	One-year time deposit interest rate plus 0.875%	The loan is at the term from Novembe 21, 2013 to November 21, 2018, and repayable in 20 quarterly installments starting from December 2013.
JihSun Bank - Bade Branch－Secured bank loans (Note1)	45,000	Individually negotiated	The loan is at the term from May 8, 20 to May 31, 2015, and repayable in 8 quarterly installments starting from August 2013.
Shanghai Commercial & Saving Bank, Ltd. - Bade Branch－Secured bank loans (Note1)	161,000	Two-year time deposit interest rate plus 0.875%	The loan is at the term from December 12, 2014 to October 15, 2017, and repayable in 13 quarterly installments starting from January 2015.
Shanghai Commercial & Saving Bank, Ltd. - Bade Branch－Secured bank loans (Note1)	48,000	Two-year time deposit interest rate plus 1%	The loan is at the term from October 2 2012 to October 15, 2017, and repayal in 20 quarterly installments starting fr January 2013.
Mega International Commercial Bank - Tunhua Branch－Secured bank loans (Note1)	88,454	Time deposit interest rate plus 0.8% for first year, and the rate plus 1% from second year	The loan is at the term from July 20, 2009 to July 20, 2019, and repayable i 97 monthly installments starting from July 20, 2011.
Mega International Commercial Bank - Tunhua Branch－Secured bank loans (Note1)	22,113	Time deposit interest rate plus 1.05% for first year, and the rate plus 1.25% from second year	The loan is at the term from July 20, 2009 to July 20, 2019, and repayable i 97 monthly installments starting from July 20, 2011.
Shanghai Commercial & Saving Bank, Ltd. - Yilan Branch－Secured bank loans (Note1)	31,246	Two-year time deposit interest rate plus 1.25%	The loan is at the term from August 1 2014 to August 14, 2017, and repayab in 36 monthly installments starting fro August 2014.
Shanghai Commercial & Saving Bank, Ltd. - Chungli Branch－Unsecured bank loans	7,500	Two-year time deposit interest rate plus 1.25%	The loan is at the term from Septembe 18, 2012 to September 18, 2015, and repayable in 12 quarterly installments starting from December 2012.
Bank of Panhsin - Taoyin Branch－Secured bank loans	5,400	One-year time deposit interest rate plus 1.57%	The loan is at the term from December 20, 2013 to June 20, 2016, and repaya in 30 monthly installments starting fro January 2014.

Bank of Panhsin - Taoyin Branch —Unsecured bank loans	3,600	One-year time deposit interest rate plus 1.57%	The loan is at the term from December 20, 2013 to June 20, 2016, and repayal in 30 monthly installments starting fro January 2014.
Shin Kong Bank - Tatung Branch —Secured bank loans	2,327	One-year time deposit interest rate plus 1.47%	The loan is at the term from November 15, 2013 to November 15, 2015, and repayable in 24 monthly installments starting from November 2013.
HwaTai Bank - Chungli Branch —Secured bank loans (Note1)	8,750	One-year time deposit interest rate plus 1.53%	The loan is at the term from February 2014 to February 7, 2016, and repayab in 24 monthly installments starting fro February 2014.
E. Sun Bank and credit unions	317,425	SIBOR plus 2%	The loan is at the term from May 10, 2012 to May 10, 2016, and repayable i due date.
Total	1,175,398		
Less: Current portion of long-term loans	(266,349)		
Non-current portion of long-term loans	$909,049		

Lenders	2013.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Mega International Commercial Bank - Taoyuan Branch— Secured bank loans (Note1)	$227,019	Time deposit interest rate plus 0.75% for first two years, and the rate plus 0.875% from third year	The loan is at the term from December 2010 to December 3, 2020, and repayable in 37 quarterly installments starting from December 2011.
Mega International Commercial Bank - Taoyuan Branch— Secured bank loans (Note1)	300,000	One-year time deposit interest rate plus 0.875%	The loan is at the term from November 21, 2013 to November 21, 2018, and repayable in 20 quarterly installments starting from December 2013.
JihSun Bank - Bade Branch— Secured bank loans (Note1)	135,000	Individually negotiated	The loan is at the term from May 8, 20 to May 31, 2015, and repayable in 8 quarterly installments starting from August 2013.
Shanghai Commercial & Saving Bank, Ltd. - Bade Branch— Secured bank loans (Note1)	64,000	Two-year time deposit interest rate plus 1%	The loan is at the term from October 2 2012 to October 15, 2017, and repayab in 20 quarterly installments starting fro January 2013.
Mega International Commercial Bank - Tunhua Branch— Secured bank loans (Note1)	107,753	Time deposit interest rate plus 0.8% for first year, and the rate plus 1% from second year	The loan is at the term from July 20, 2009 to July 20, 2019, and repayable i 97 monthly installments starting from July 20, 2011.
Mega International Commercial Bank - Tunhua Branch— Secured bank loans (Note1)	26,938	Time deposit interest rate plus 1.05% for first year, and the rate plus 1.25% from second year	The loan is at the term from July 2009 to July 20, 2019, and repayable 97 monthly installments starting fr July 20, 2011.
Shanghai Commercial & Saving Bank, Ltd. - Chungli Branch— Unsecured bank loans	6,000	Two-year time deposit interest rate plus 1.25%	The loan is at the term from Septem 30, 2011 to September 30, 2014, a repayable in 12 quarterly installme starting from December 2011.
Shanghai Commercial & Saving Bank, Ltd. - Chungli Branch— Unsecured bank loans	17,500	Two-year time deposit interest rate plus 1.25%	The loan is at the term from September 18, 2012 to September 18, 2015, and repayable in 12 quarterly installments starting from December 2012.
Bank of Panhsin - Taoyin Branch —Secured bank loans	9,000	One-year time deposit interest rate plus 1.57%	The loan is at the term from December 20, 2013 to June 20, 2016, and repayal in 30 monthly installments starting fro January 2014.
Bank of Panhsin - Taoyin Branch —Unsecured bank loans	6,000	One-year time deposit interest rate plus 1.57%	The loan is at the term from December 20, 2013 to June 20, 2016, and repayal in 30 monthly installments starting fro January 2014.
Shin Kong Bank - Tatung Branch —Secured bank loans	4,797	One-year time deposit interest rate plus 1.47%	The loan is t the term from November 15, 2013 to November 15, 2015, and repayable in 24 monthly installments starting from November 2013.
E. Sun Bank and credit unions	607,767	SIBOR plus 2%	The loan is at the term from May 2012 to May 10, 2016, and repayable due date.
Total	1,511,774		
Less: Current portion of long-term loans	(247,030)		
Non-current portion of long-term loans	$1,264,744		

Note1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note2: Interest rates of long-term loans are as follows:

	2014.12.31	2013.12.31
Interest Rates (%)	2.12%~2.95%	2.12%~5.535%

(b)As committed to E.SUN Bank and credit unions, the annual parent-company-only financial statements and the annual consolidated financial statements of the Group audited by CPAs shall meet the contractual terms, including current ratio of 100% or more, debt ratio of 180% or less, and interest protection multiples of 5 times or more. For any items that fail to meet contractual terms and unable to improve in 9 months after the end of the fiscal year, the interest shall be increased by 0.125% from the immediate interest payment date as notified by the managing bank to the interest payment date immediately after the issue has been improved.

(12)Finance lease commitments

The Group has finance leases for various items of machinery. Theses leases contain purchase options. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2014.12.31		2013.12.31	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Not later than one year	$15,562	$15,562	$21,480	$21,480
Later than one year and not later than five years	2,708	2,708	18,920	18,920
Total minimum lease payments	18,270	18,270	40,400	40,400
Less: finance charges on finance lease	-	-	-	-
Present value of minimum lease payments	$18,270	$18,270	$40,400	$40,400
Current	$15,562	$15,562	$21,480	$21,480
Non-current	2,708	2,708	18,920	18,920

(13)Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

Subsidiaries located in the People’s Republic of China will contribute social welfare benefits based on a certain percentage of employees’ salaries or wages to the employees’ individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2014 and 2013 are NT$23,589 thousand and NT$24,012 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT$655 thousand for both years of 2014 and 2013.

Defined benefits plan

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group and its domestic subsidiaries contribute an amount equivalent to 2% of the employees’ total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

Pension costs recognized in profit or loss for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Current period service costs	$1,150	$1,437
Interest cost	1,083	1,111
Expected return on plan assets	(1,484)	(1,282)
Total	$749	$1,266

The benefit expense under the defined benefits plan recognized in the statement of comprehensive income:

	2014	2013
Operating costs	$559	$373
Operating expenses	190	893
Total	$749	$1,266

The cumulative amount of actuarial gains and losses recognized in other comprehensive income are as follows:

	2014	2013
Balance as of January 1	$16,867	$1,712
Actuarial gains and losses for the period	4,741	15,155
Balance as of December 31	$21,608	$16,867

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	2014.12.31	2013.12.31
Defined benefit obligation	$46,192	$54,130
Plan assets at fair value	(76,276)	(74,188)
Funded status	(30,084)	(20,058)
Prepaid pension cost	30,084	20,058
accrued pension liabilities for executives	1,310	655
Accrued pension liabilities	$1,310	$655

Changes in present value of the defined benefit obligation are as follows:

	2014	2013
Defined benefit obligation at January 1	$54,130	$74,086
Current service cost	1,150	1,437
Interest cost	1,083	1,111
Benefits paid	(5,710)	(6,972)
Actuarial losses (gains)	(4,461)	(15,532)
Defined benefit obligation at December 31	$46,192	$54,130

Changes in fair value of plan assets are as follows:

	2014	2013
Plan assets, at fair value at January 1	$74,188	$73,283
Expected return on plan assets	1,484	1,282
Actuarial gains (losses)	280	(377)
Contributions by employer	6,034	6,970
Benefits paid	(5,710)	(6,970)
Plan assets, at fair value at December 31	$76,276	$74,188

The Group expects to contribute NT$5,710 thousand to its defined benefit plan during the 12-months period after December 31, 2014.

The major categories as a percentage of the fair value of total plan assets are as follows:

	Pension plan (%) as at	
	2014.12.31	2013.12.31
Cash	100.00%	100.00%

The actual return on plan assets of the Group for the years ended December 31, 2014 and 2013 were NT$1,764 thousand and NT$905 thousand, respectively.

Employee pension fund is deposited under a trust administered by the Bank of Taiwan. The overall expected rate of return on assets is determined based on historical trend and analyst’s expectation on the asset’s return in its market over the obligation period. Furthermore, the utilization of the fund by the labor pension fund supervisory committee and the fact that the minimum earnings are guaranteed to be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks are also taken into consideration in determining the expected rate of return on assets.

The actuarial assumptions used for the Group’s defined benefit plan are shown below:

	2014.12.31	2013.12.31
Discount rate	2.25%	2.00%
Expected rate of return on plan assets	2.25%	2.00%
Expected rate of salary increases	1.00%	1.00%

Sensitivity analysis of discount rate on defined benefit obligation is shown as below:

	2014		2013	
	Discount rate Increase By 0.5%	Discount rate Decrease By 0.5%	Discount rate Increase By 0.5%	Discount rate Decrease By 0.5%
Effect on the defined benefit obligation	$(2,300)	$2,630	$(3,385)	$3,867

Other information on the defined benefit plan is as follows:

	2014	2013
Defined benefit obligation at present value	$46,192	$54,130
Plan assets at fair value	(76,276)	(74,188)
Deficit in plan (surplus)	(30,084)	(20,058)
Experience adjustments on plan liabilities	(4,461)	(15,532)
Experience adjustments on plan assets	280	(377)

(14) Equities

(a) Common stock

The Company’s authorized and issued capital was NT$4,000,000 thousand an NT$2,935,594 thousand as of January 1, 2013 divided into 400,000,000 shares an 293,559,335 shares, respectively, each share at par value of NT$10.

The Company resolved to cancel the treasury stock in of NT$60,000 thousand at Ma 10, 2013, with the measurement date at June 19, 2013. The cancellation of treasur stock, reduced the issued shares to 287,559,335 shares. The authorized capita remained unchanged at 400,000,000 shares.

The Company further resolved to cancel the treasury stock of NT$15,000 thousand a November 7, 2013, with the measurement date at December 8, 2013. The cancellation o treasury stock further reduced the issued shares to 286,059,335 shares. The authorize capital remained unchanged at 400,000,000 shares.

(b) Capital surplus

	2014.12.31	2013.12.31
Additional paid-in capital	$1,006,608	$1,006,608
Treasury share transactions	13,697	13,697
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	15,531	15,531
Gain on sale of assets	155	155
Employee stock option	5,249	5,249
Share options	19,710	19,710
Total	$1,060,950	$1,060,950

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of share dividend to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury stock

As of December 31, 2014 and 2013, the Company did not hold any treasury stock.

On February 6, 2013, the Board of Directors resolved to buy back Company’s shares from the public markets. The related information on the treasury stock transactions was as follows:

Reason to reacquire	Number of shares, Beginning of Year	Addition	Reduction	Number of shares, End of Year
2013				
To maintain the Company’s credibility and stockholders’ interest (in thousand shares)	1,500	6,000	7,500	-

According to the Securities and Exchange Law of the R.O.C., the total shares of treasury stock shall not exceed 10% of the Company’s issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital.

According to the Securities and Exchange Law of the R.O.C., the Company shall neither pledge treasury shares nor exercise shareholders’ rights on these shares, such as rights to dividends and to vote.

(d) Retained earnings and dividend policies

(1) According to the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

i. Payment of all taxes and dues;
ii. Offset prior years’ operation losses;
iii. Set aside 10% of the remaining amount after deducting items (i) and (ii) as legal reserve;
iv. Set aside or reverse special reserve in accordance with law and regulations; and
v. After deducting items (i), (ii), (iii), and (iv) above from the current year’s earnings, no higher than 3% of the remaining amount is to be allocated as remuneration to directors, 10% to 18% of the remaining amount is to be allocated as employee bonuses.
vi. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting.

(2) Dividend policy

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, financial structures and earnings etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders’ meeting. The Company’s Articles of Incorporation further provide that no more than 90% of the dividends to shareholders, if any, could be paid in the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

Employees of the Company’s subsidiaries, meeting certain requirements by the Board of Directors, are also eligible for the employee bonuses.

(3) According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by shareholders.

(4) Before distributing earnings, the Company shall also set aside special reserve, for other net deductions from shareholders’ equity of the period.

For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed is reclassified to earnings and may be distributed.

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company’s adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$349,310 thousand. Furthermore, the Company has reversed special reserve in the amount of NT$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal or reclassification of related assets. As of December 31, 2014 and 2013, special reserve set aside for the first-time adoption of T-IFRS reduced to NT$299,666 thousand accordingly.

(5) For the years ended December 31, 2014 and 2013, the Company incurred accumulated loss and, therefore did not intend to accrue the bonuses to employees and remuneration to directors. The estimates were based on post-tax net income of the period and the Company’s Articles of Incorporation, and considered factors such as appropriation to legal reserve etc. The estimated employee bonuses and remuneration to directors are recognized as operating costs or operating expense for the period. If the Board modified the estimates significantly in the subsequent periods, the Company will recognize the change as an adjustment to current income. The difference between the estimation and the resolution of shareholders’ meeting will be recognized in profit or loss of the subsequent year. The number of shares distributed as share dividends was calculated based on the closing price one day earlier than the date of shareholders’ meeting and considered the impacts of ex-right/ex-dividend.

(6)There was no earnings distribution for the years ended December 31, 2013 and 2012.

Information regarding the employee bonuses and remuneration to directors proposed by the Board of Directors and approved by shareholders’ meeting has been made publicly available at the “Market Observation Post System”.

(e) Non-controlling interests

	2014	2013
Beginning balance	$50,500	$52,404
Loss attributable to non-controlling interests	(4,727)	(2,757)
Share-based payment trading attributable to non-controlling interests	639	853
Others	(369)	-
Ending balance	$46,043	$50,500

(15) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Share-based payment plan for employees of the parent entity

On July 25, 2007, the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 850,000 units. Each unit entitles a grantee to subscribe for 10 shares of the Company’s common shares. The grantee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

Date of grant	Total number of options granted	Total number of options outstanding	Exercise price (NT$)
December 28, 2007	850,000	497,650	$21.17

①The following table contains further details on the aforementioned share-based payment plan:

	2014		2013	
	Number of share options outstanding	Weighted average exercise price of share options	Number of share options outstanding	Weighted average exercise price of share options
Outstanding at beginning of period	497,650	$21.17	497,650	$21.17
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	497,650	21.17	497,650	21.17
Exercisable at end of period	497,650		497,650	
For share options granted during the period, weighted average fair value of those options at the measurement date		-		-

②Included in these balances are options that have not been recognized in accordance with IFRS 2 Share-based Payment subject to the first-time adoption exemption as the options were granted and vested before 1 January 2012. The number of options outstanding was as follows:

As of December 31, 2014: 2,851,500 units
As of December 31, 2013: 2,851,500 units

③The information on the outstanding share options as of December 31, 2014 and 2013 is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2014, share options outstanding at the end of the period	$21.17	-
As of December 31, 2013, share options outstanding at the end of the period	$21.17	1

Share-based payment plan for employees of the subsidiary

On August 24, 2011, the subsidiary issued its employee share options with a total number of 1,000 units. Each unit entitles a grantee to subscribe for 1,000 share of the subsidiary’s common share. Settlement upon the exercise of the option will be made through the issuance of new shares by the subsidiary. The grantee may exercise the options in accordance with certain schedules as prescribed by the plan starting 1 year from the grant date. The contractual term of each option granted is 4 years.

Date of grant	Total number of options granted	Total number of options outstanding	Exercise price (NT$)
August 24, 2011	1,000	787	$15.00

①The following table contains further details on the aforementioned share-based payment plan:

	2014		2013	
	Number of share options outstanding	Weighted average exercise price of share options (NT$)	Number of share options outstanding	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	761	$15	787	$15
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(84)	-	(26)	-
Expired	-	-	-	-
Outstanding at end of period	677	15	761	15
Exercisable at end of period	677		380.5	
For share options granted during the period, weighted average fair value of those options at the measurement date		-		-

②The information on the outstanding share options as of December 31, 2014 and 2013 is as follow:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2014, share options outstanding at the end of the period	$15	0.75
As of December 31, 2013, share options outstanding at the end of the period	$15	1.75

The expense recognized for employee services received during the years ended December 31, 2014 and 2013 is shown in the following table:

	2014	2013
Total expense arising from equity-settled share-based payment transactions	$639	$853

(16) Operating revenue

	2014	2013
Sale of goods	$10,858,882	$10,310,712
Less: Sales returns, discounts and allowances	(103,568)	(170,189)
Total	$10,755,314	$10,140,523

(17) Operating leases

The Group as a lessee

The Group has entered into commercial leases on certain motor vehicles and items of land and buildings. These leases have an average life of three years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2014 and 2013 are as follows:

	2014.12.31	2013.12.31
Within one year	$-	$644
Above one year to five years	430	430
Total	$430	$1,074

Operating lease expenses recognized are as follows:

	2014	2013
Minimum lease payments	$18,925	$25,928

(18) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2014 and 2013 is as follows:

	2014			2013		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$1,516,011	$338,134	$1,854,145	$1,406,010	$315,568	$1,721,578
Labor and health insurance	36,653	11,718	48,371	44,231	11,509	55,740
Pension	15,649	9,344	24,993	15,964	9,969	25,933
Other employee benefits expense	158,121	56,453	214,574	174,286	40,763	215,049
Depreciation	804,982	38,110	843,092	867,022	33,329	900,351
Amortization	1,232	3,528	4,760	1,601	1,557	3,158

Note: The headcounts of the Group amounted to 6,617 and 6,199 respectively on December 31, 2014 and 2013.

(19) Non-operating incomes and expenses

(a) Other incomes

	2014	2013
Interest income	$5,038	$9,273
Other income－reversal of bad debt	1,599	5,000
Other income－gain on reversal of fire loss	-	117,967
Other income－others	32,102	16,874
Total	$38,739	$149,114

(b) Other gains and losses

	2014	2013
Net gain (loss) of financial assets and liabilities at fair value through profit or loss	$-	$90
Gain (loss) on disposal of property, plant and equipment	(2,015)	24,298
Gain (loss) on disposal of investments	-	(1,926)
Foreign exchange gains (losses), net	73,084	19,145
Gain on reversal of impairment	1,219	-
Impairment losses		
Property, plant and equipment	-	(21,939)
Others losses－loss on buying-back convertible bonds payable	-	(270)
Others losses－others	(30,960)	(9,157)
Total	$41,328	$10,241

(c) Finance costs

	2014	2013
Interest on borrowings from bank	$71,659	$95,766
Interest on convertible bonds payable	-	5,510
Interest on amortizing discount of convertible bonds payable	-	3,700
Total	$71,659	$104,976

(20) Components of other comprehensive income

For the year ended December 31, 2014

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other compreher income, n tax
Exchange differences resulting from translating the financial statements of a foreign operation	$181,885	$-	$181,885	$(30,921)	$150,9
Actuarial gains or losses on defined benefits plan	4,741	-	4,741	-	4,7
Total of other comprehensive income	$186,626	$-	$186,626	$(30,921)	$155,7

For the year ended December 31, 2013

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other compreher income, n tax
Exchange differences resulting from translating the financial statements of a foreign operation	$169,662	$-	$169,662	$(28,406)	$141,2
Actuarial gains or losses on defined benefits plan	15,155	-	15,155	-	15,1
Equity relate to non-current assets held for sale	-	(8,607)	(8,607)	-	(8,6
Total of other comprehensive income	$184,817	$(8,607)	$176,210	$(28,406)	$147,8

(21) Income tax

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

Income tax expense (income) recognized in profit or loss

	2014	2013
Current income tax expense (income):		
Current income tax charge	$-	$-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	54,786	-
Adjustments in respect of current income tax of prior periods	644	-
Total income tax expense (income)	$55,430	$-

Income tax relating to components of other comprehensive income

	2014	2013
Deferred tax expense (income):		
Exchange differences resulting from translating the financial statements of a foreign operation	$30,921	$28,406

(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	2014	2013
Accounting profit (loss) before tax from continuing operations	$294,630	$(258,140)
Tax payable at the enacted tax rates	$85,459	$6,481
Tax effect of expenses not deductible for tax purposes	1,479	1,133
Tax effect of deferred tax assets/liabilities	(32,152)	(7,614)
Prior years’ tax adjustments	644	-
Total income tax expense (income) recognized in profit or loss	$55,430	$-

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2014

	Beginning balance as of January 1, 2014	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2014
Temporary differences				
Unrealized loss on inventory valuation	$8,913	$(1,771)	$-	$7,142
Investments accounted for using the equity method	(127,985)	(108,146)	(30,921)	(267,052)
Allowance for doubtful debts	1,961	(690)	-	1,271
Over 2 years payables	73	-	-	73
Gain on disposal of property, plant and equipment	1,670	(290)	-	1,380
Unrealized exchange loss (gain)	225	(6,331)	-	(6,106)
impairment losses of assets	2,730	(2,730)	-	-
Sales returns and allowances	11,300	(4,086)	-	7,214
Commission expense	21,989	8,145	-	30,134
Unused tax losses	7,948	61,113	-	69,061
Employee benefits	1,844	-	-	1,844
Deferred tax income/ (expense)		$(54,786)	$(30,921)	
Net deferred tax assets/(liabilities)	$(69,332)			$(155,039)
Reflected in balance sheet as follows:				
Deferred tax assets	$58,653			$118,119
Deferred tax liabilities	$(127,985)			$(273,158)

For the year ended December 31, 2013

	Beginning balance as of January 1, 2013	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2013
Temporary differences				
Unrealized loss on inventory valuation	$12,596	$(3,683)	$-	$8,913
Investments accounted for using the equity method	(66,736)	(32,843)	(28,406)	(127,985)
Allowance for doubtful debts	-	1,961	-	1,961
Over 2 years payables	-	73	-	73
Gain on disposal of property, plant and equipment	-	1,670	-	1,670
Unrealized exchange loss (gain)	-	225	-	225
impairment losses of assets	-	2,730	-	2,730
Sales return and allowances	-	11,300	-	11,300
Commission expense	13,214	8,775	-	21,989
Unused tax losses	-	7,948	-	7,948
Employee benefits	-	1,844	-	1,844
Deferred tax income/ (expense)		$-	$(28,406)	
Net deferred tax assets/(liabilities)	$(40,926)			$(69,332)
Reflected in balance sheet as follows:				
Deferred tax assets	$25,810			$58,653
Deferred tax liabilities	$(66,736)			$(127,985)

(d) Unrecognized deferred tax assets

As of December 31, 2014 and 2013, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$211,444 thousand and NT$288,590 thousand, respectively.

(e) Imputation credit information

	2014.12.31	2013.12.31
Balances of imputation credit amounts	$238,854	$236,471

The expected creditable ratio for 2014 and actual creditable ratio for 2013 were both 0%.

(f) The following tables contain information of the net operating losses of the Company and certain subsidiaries, Abon Touch Systems Inc. and Dynamic Electronics (Kunshan) Co., Ltd.:

The Company:

Year incurred	Net Operating Loss	Expiration year
2013	$441,122	2023
2014 (estimated)	374,760	2024
Total	$815,882	

Abon Touch Systems Inc.:

Year incurred	Net Operating Loss	Expiration year
2006	$22,603	2016
2007	36,794	2017
2008	64,792	2018
2009	92,204	2019
2010	75,173	2020
2011	59,507	2021
2012	49,320	2022
2013	3,812	2023
2014 (estimated)	6,223	2024
Total	$410,428	

Dynamic Electronics (Kunshan) Co., Ltd.:

Year incurred	Net Operating Loss	Expiration year
2012	$182,482	2017

(g) Under the Statute for Upgrading Industries, the Company was granted exemption from corporate income tax (tax holiday) for as follows:

Item To be Exempted from Corporate Income Tax	Tax holiday period
Manufacturing and Selling of PCB	2011.01.01~2015.12.31

(h) The assessment of income tax returns

As of December 31, 2014, the status of tax authority's assessment of the Company and its domestic subsidiaries' income tax filings are as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2011
Subsidiary- Abon Touch Systems Inc.	Assessed and approved up to 2012

(22) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2014	2013
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$243,927	$(255,383)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	286,059	282,280
Basic earnings per share (in NT$)	$0.85	$(0.90)

(b) Diluted earnings per share

Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$243,927	$(255,383)
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$243,927	$(255,383)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	286,059	282,280
Effect of dilution:		
Employee bonus－stock (in thousand shares)	-	-
Employee stock options (in thousand shares)	-	(Note)
Convertible bonds (in thousand shares)	-	(Note)
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	286,059	282,280
Diluted earnings per share (in NT$)	$0.85	$(0.90)

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

Note: It is not applicable due to anti-dilutive effect.

7. Related party transactions

(a) Purchases

	2014	2013
Other related parties	$1,686	$2,774

As the specifications of merchandise purchased from related parties are different from those from other third-party companies, the purchasing prices to related parties were not comparable. Payment terms for related parties were 120~130 days after monthly closing, and 60~120 days after monthly closing for general suppliers.

(b) Lease

Related Parties	Lease	Period	Rental per month	Rental Expenses	Depos
2014					
None					

Related Parties	Lease	Period	Rental per month	Rental Expenses	Depos
2013					
Key management personnel (Note)	No.115, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)	2013.01.01-2013.12.31	$64	$256	$-
Key management personnel (Note)	No.115-2, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)	2013.01.01-2013.12.31	83	331	-
Key management personnel (Note)	3F, No.115-2, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)	2013.01.01-2013.12.31	30	120	-

Note: The key management personnel resigned from the Company’s board on May 23, 2013. The rental expenses disclosed above as the related party transactions therefore were accounted for the period from January 2013 to April 2013.

(c) Notes payable to related parties

	2014.12.31	2013.12.31
Other related parties	$154	$177

(d) Account payable to related parties

	2014.12.31	2013.12.31
Other related parties	$199	$278

(g) Other payables to related parties

	2014.12.31	2013.12.31
Other related parties	$2,665	$40

(h) Other payables to related parties (capital finance)

	2014.12.31	2013.12.31
Other related parties	$50,000	$70,000

The Group has acquired unsecured loans of NT$50,000 thousand and NT$70,000 thousand from related parties in 2014 and 2013 respectively. Interest rates for both loans are 2.5%. As of December 31, 2014 and 2013, outstanding loans amounted to NT$50,000 thousand and NT$70,000 thousand. Interest expenses incurred by the Group for unsecured loans acquired from related parties in 2014 and 2013 amounted to NT$1,473 thousand and NT$1,631 thousand respectively.

(g) Key management personnel compensation

	2014	2013
Short-term employee benefits	$27,830	$27,034
Post-employment benefits	744	2,266
Total	$28,574	$29,300

8. Assets pledged as collateral

As of December 31, 2014 and 2013, the assets pledged for the Group’s loans consist of the following:

Assets	Book value	Financial institutions	Purpos
2014.12.31			
Bond investments for which no active market exists-current	$3,875	Shanghai Commercial & Saving Bank, Ltd.	Secured lo
Bond investments for which no active market exists-current	1,131	HwaTai Bank	Secured lo
Bond investments for which no active market exists-current	2,689	Bank of Panhsin	Secured lo
Bond investments for which no active market exists-current	801	Shin Kong Bank	Secured loa
Bond investments for which no active market exists-current	3,003	Taishin International Bank	Secured loa
Bond investments for which no active market exists-current	613	First Commercial Bank	Secured loa
Bond investments for which no active market exists-current	49,138	Bank of Communications	Guarantee
Property, plant and equipment – land	137,171	Mega International Commercial Bank	Secured loa
		JihSun Bank	Secured loa
Property, plant and equipment – land	90,000	Mega International Commercial Bank	Secured loa
Property, plant and equipment – buildings	107,982	Mega International Commercial Bank	Secured loa
		JihSun Bank	Secured loa
Property, plant and equipment – buildings	146,419	Mega International Commercial Bank	Secured loa
Property, plant and equipment – buildings	937,691	Bank of Communications	Secured loa
Property, plant and equipment – machinery and equipment	646,987	China Construction Bank	Secured loa
Property, plant and equipment – machinery and equipment	79,019	JihSun Bank	Secured loa
Property, plant and equipment – machinery and equipment	55,238	Shanghai Commercial & Saving Bank, Ltd.	Secured loa
Long-term prepaid rent	44,052	Bank of Communications	Secured loa
Total	$2,305,809		
2013.12.31			
Bond investments for which no active marker exists-current	$1	Citi Bank	Secured loa
Bond investments for which no active marker exists-current	2,006	Shanghai Commercial & Saving Bank, Ltd.	Secured loa
Bond investments for which no active marker exists-current	961	First Commercial Bank	Secured loa
Bond investments for which no active marker exists-current	3,845	Bank of Panhsin	Secured loa
Bond investments for which no active marker exists-current	500	Shin Kong Bank	Secured loa
Property, plant and equipment – land	137,171	Mega International Commercial Bank	Secured loa
Property, plant and equipment – land	90,000	Mega International Commercial Bank	Secured loa
Property, plant and equipment – buildings	114,764	Mega International Commercial Bank	Secured loa
Property, plant and equipment – buildings	153,779	Mega International Commercial Bank	Secured loa
Property, plant and equipment – buildings	929,889	Bank of Communications	Secured loa
Property, plant and equipment – machinery and equipment	692,227	China Construction Bank	Secured loa
Property, plant and equipment – machinery and equipment	128,548	JihSun Bank	Secured loa
Property, plant and equipment – machinery and equipment	75,329	Shanghai Commercial & Saving Bank, Ltd.	Secured loa
Property, plant and equipment – machinery and equipment	589	JihSun Bank	Secured loa
Long-term prepaid rents	43,265	Bank of Communications	Secured loa
Total	$2,372,874		

9. Significant contingencies and unrecognized contract commitments

(a) As of December 31, 2014, unused letter of credit of the Group was as follows:

Currency	Amount (thousand dollars)	Deposit
JPY	JPY 235,078	$-
USD	USD 1,696	-

(b) As of December 31, 2014, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid	Amount unpaid
Machinery and construction contracts	$646,087	$239,619	$406,468

(c) Regarding Hans Ulrich Decker's personally using the cash of Dynamic Electronics Europe GmbH, the Company has commissioned an attorney to initiate the litigations. As of the date this report has been released, the case was under review by German courts. 100% provision for potential losses has been recognized in the Dynamic Electronics Europe GmbH report.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	2014.12.31	2013.12.31
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand)	$918,027	$1,438,538
Bond investments for which no active market exists	62,642	7,313
Notes receivable, net	273,805	176,457
Accounts receivable, net	3,098,865	2,950,301
Other receivables	132,350	80,823
Total	$4,485,689	$4,653,432

Financial liabilities

	2014.12.31	2013.12.31
Financial liabilities at amortized cost:		
Short-term loans	$1,542,941	$1,691,947
Payables	3,117,978	2,715,683
Long-term loans (including current portion)	1,175,398	1,511,774
Lease payable (including current portion)	18,270	40,400
Total	$5,854,587	$5,959,804

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before the Group enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2014 and 2013 is decreased/increased by NT$4,606 thousand and NT$8,975 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended December 31, 2014 and 2013 is decreased/increased by NT$1,904 thousand and NT$7,067 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2014 and 2013 to decrease/increase by NT$1,867 thousand and NT$2,029 thousand, respectively.

Equity price risk

As of December 31, 2014 and 2013, the Group does not hold equity securities at fair value; therefore the Group is not subject to equity price risk.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2014 and 2013, accounts receivable from top ten customers represent 51.97% and 61.15% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2014.12.31					
Loans	$1,847,637	$743,475	$169,076	$33,122	$2,793,310
Payables	3,117,978	-	-	-	3,117,978
Lease payable	15,562	2,708	-	-	18,270
2013.12.31					
Loans	$1,979,015	$981,739	$260,793	$81,269	$3,302,816
Payables	2,715,683	-	-	-	2,715,683
Lease payable	21,480	18,920	-	-	40,400

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value.

ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

iii. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

iv. The fair value of other financial assets and liabilities is determined using discounted cash flow analysis. The interest rate and discount rate are selected with reference to those of similar financial instruments.

(b) Fair value of financial instruments measured at amortized cost

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

(c) Assets measured at fair value

The following table contains the fair value of financial instruments after initial recognition and the details of the three levels of fair value hierarchy:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

2014.12.31

	Level 1	Level 2	Level 3	Total
Financial assets:				
None				
Financial liabilities:				
None				

2013.12.31

	Level 1	Level 2	Level 3	Total
Financial assets:				
None				
Financial liabilities:				
None				

During the years ended December 31, 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliations for fair value measurement in Level 3 fair value hierarchy were as follow: None.

(7) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

	2014.12.31			2013.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$103,667	31.60	$3,276,571	$114,762	29.827	$3,422,9
RMB	$201,690	5.1724	$1,043,222	$192,817	4.947	$953,9
Financial liabilities						
Monetary items:						
USD	$88,916	31.65	$2,814,068	$83,714	30.136	$2,522,8
RMB	$238,502	5.1724	$1,233,629	$335,662	4.947	$1,660,5

(8) Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

a. Financing provided to others for the year ended December 31, 2014: Please refer to Attachment 1.

b. Endorsement/Guarantee provided to others for the year ended December 31, 2014: Please refer to Attachment 2.

c. Securities held as of December 31, 2014 (excluding subsidiaries, associates and joint ventures): None.

d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

f. Disposal of individual real estate with amount exceeding the lower of NT$300 million s or 20% of capital stock for the year ended December 31, 2014: None.

g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of capital stock for the year ended December 31, 2014: Please refer to Attachment 3.

h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of December 31, 2014: None.

i. Financial instruments and derivative transactions: None.

j. Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 7.

(2) Information on investees :

A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

B. An investor controls operating, investing and financial decisions of an investee, the related information for the investee shall be disclosed as below:

(a) Financing provided to others for the year ended December 31, 2014: None.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2014: None.

(c) Securities held as of December 31, 2014 (excluding subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million s or 20% of capital stock for the year ended December 31, 2014: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of capital stock for the year ended December 31, 2014: Please refer to Attachment 5.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of December 31, 2014: Please refer to Attachment 6.

(i) Financial instruments and derivative transactions: None.

(3) Information on investments in Mainland China:

a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co. Ltd.	Manufacturing and selling of PCB	$2,528,000 (Note 2, 3, 6)	(Note 1)	$2,260,265	$-	$-	$2,260,265	$657,971 (Note 2)	100%	$659,801 (Note 2, 4, 5, 7)	$4,003,761 (Note 2, 4, 5, 7)	$774,200 (Note 2)	$2,260,265	$2,260,265	$2,867,126

Note 1: The Company indirectly invested 100% in Dynamic Electronics (Kunshan) Co. Ltd.

Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

Note 3: Total Amount of Paid-in Capital is USD 80,000 thousand.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: Recognized investment income and carrying value by WINTEK (MAURITIUS) CO., LTD.

Note 6: The difference between investments remitted from Taiwan in amount of USD 69,500 thousand and the received paid-in capital of USD 80,000 thousand was a capital injection of USD 10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.

Note 7: Transactions between consolidated entities are eliminated in the consolidated financial statements.

b. Purchase and accounts payable with the related parties:

	Purchase		Accounts payable	
	Amount	%	Amount	%
Dynamic PCB Electronics Co., Ltd.	$6,575,356	88.94%	$1,768,670	83.32%

As the specifications of merchandise purchased from the subsidiaries are different from those from other third-party companies, the purchasing prices to subsidiaries were not comparable. Payment terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general suppliers.

c. Sales and accounts receivable with the related parties:

	Sales		Accounts receivable	
	Amount	%	Amount	%
Dynamic Electronics (Kunshan) Co. Ltd.	$2,654	0.03%	$-	-%

As the specifications of merchandise sold to the subsidiaries are different from those to other third-party companies, the selling prices to subsidiaries were not comparable. Collection terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general customers.

d. The profit and loss produced by transaction of the property:

Type of Assets	Related Parties	Purchase price	Price reference
2014			
Machinery	Dynamic Electronics (Kunshan) Co. Ltd.	$2,158	Negotiated

Type of Assets	Name of Related Parties	Book Value	Selling price	Gain	Price reference
2014					
Machinery	Dynamic Electronics (Kunshan) Co. Ltd.	$11,680	$14,352	$2,672 (Note)	Negotiated

Note: the gain was recorded as unrealized profit.

e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure:

As of December 31, 2014, the Company provided Endorsement/Guarantee to Dynamic Electronics (Kunshan) Co. Ltd. amounted to NT$2,828,369 thousand.

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: None.

g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service:

The Company recognized operating revenue of processing performed for Dynamic Electronics (Kunshan) Co. Ltd. amounted to NT$3,713 thousand for the year ended December 31, 2014. As of December 31, 2014, accounts receivable amounted to NT$2,868 thousand.

As of December 31, 2014, other receivable from Dynamic Electronics (Kunshan) Co. Ltd. amounted to NT$15,887 thousand.

h. The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 7.

14. Segment information

(1) For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

Taiwan PCB segment: The segment is primarily responsible for the manufacturing of PCBs and selling them to electronic producers.

China (Kunshan) PCB segment: This segment is primarily responsible for the manufacturing of PCBs and selling them to the parent company as well as electronic producers.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

Reportable segment information for the years ended December 31, 2014 and 2013 were as follows:

	Taiwan PCB segment	China (Kunshan) PCB segment	Sub-total	Other segments (Note1)	Adjustments and eliminations (Note2)	Consolida
2014						
Revenues						
External customers	$8,880,050	$1,511,431	$10,391,481	$363,833	$-	$10,755,3
Inter-segment	6,407	6,575,356	6,581,763	-	(6,581,763)	
Interest revenue	1,649	3,803	5,452	78	(492)	5,0
Total	$8,888,106	$8,090,590	$16,978,696	$363,911	$(6,582,255)	10,760,3
Segment income (loss)	$(386,851)	$635,725	$248,874	$(9,674)	$-	$239,2
2013						
Revenues						
External customers	$8,320,114	$1,437,433	$9,757,547	$382,976	$-	$10,140,5
Inter-segment	5,083	5,659,060	5,664,143	-	(5,664,143)	
Interest revenue	5,869	3,910	9,779	59	(565)	9,2
Total	$8,331,066	$7,100,403	$15,431,469	$383,035	$(5,664,708)	$10,149,7
Segment income (loss)	$(482,124)	$229,625	$(252,499)	$(5,641)	$-	$(258,1

Note 1: Revenues come from other operating segments that did not exceed the quantitative threshold for separate reporting.

Note 2: Inter-segment revenues are eliminated upon consolidation and recorded under the "adjustments and eliminations" column.

	Taiwan PCB segment	China (Kunshan) PCB segment	Sub-total	Other segments	Adjustments and eliminations	Consolid
2014.12.31						
Segment assets	$6,316,027	$7,762,324	$14,078,351	$563,602	$(3,624,372)	$11,017,
2013.12.31						
Segment assets	$6,030,124	$7,223,582	$13,253,706	$654,690	$(3,301,710)	$10,606,

(2) Geographical information

(a) Revenues from external customers (Note)

	2014	2013
Taiwan	$1,285,503	$1,498,103
China	5,405,000	4,590,934
Singapore	25,418	674,806
Germany	853,295	559,281
Korea	1,204,509	1,168,528
Other countries	1,981,589	1,648,871
Total	$10,755,314	$10,140,523

Note: The revenue information above is based on the location of the customer.

(b) Non-current assets

	2014.12.31	2013.12.31
Taiwan	$1,186,802	$1,122,759
China	3,913,607	3,665,598
Total	$5,100,409	$4,788,357

(3) Information about major customers

Additional discourses for the years ended December 31, 2014 and 2013 due to individual customer accounted for at least 10% of operating revenues for the years:

Customer	2014	2013
Customer A	$1,128,179	$1,255,114
Customer B	1,146,797	Note
Total	$2,274,976	$1,255,114

Note: As the revenue generated from sales to Customer B for the year 2013 did not achieve 10% of the operating revenue of the Group, it was not disclosed.

ATTACHMENT 1 (Financing provided to others for the year ended December 31, 2014)

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

		Receiving party											Collateral			
No. (Note1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note2)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Item	Value	Limit of financing amount for individual counter-party (Note3)	Limit of total financing amount (Note3)
0	Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	Other receivables - related parties	Yes	$32,000	$25,000	$25,000 (Note4)	1.54%	2	$-	Business turnover	$-	-	$-	$955,709	$1,911,418

Note1: Dynamic Electronics Co., Ltd. is coded "0".

Note2: Nature of financing is coded as follows:

1.Need for operating is coded "1".

2.Need for short term financing is coded "2".

Note3: Limit of total financing amount shall not exceed 40% of the lender's net assets of value as of December 31, 2014.

Limit of financing amount for individual counter-party shall not exceed 20% of the lender's net assets value as of December 31, 2014.

Note4: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 2（Endorsement/Guarantee provided to others for the year ended December 31, 2014）
（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

No. (Note1)	Endorser/Guarantor	Receiving party: Company name	Receiving party: Relationship (Note2)	Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
0	Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	2	$4,778,544	$396,753	$390,253	$300,560	$-	8.17%	$4,778,544	Y	N	N
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Inc.	3	$4,778,544	$2,828,369	$2,828,369	$948,000	$-	59.19%	$4,778,544	Y	N	Y

Note1: Dynamic Electronics Co., Ltd. is coded "0".
Note2: The six categories of between the Company and endorsees as follows:
1.An investee company that has a business relationship with the Company.
2.A subsidiary in which the Company holds directly over 50% of equity interest.
3.An investee in which the Company invests and its subsidiaries hold over 50% of equity interest.
4.An investee in which the Company holds direct or indirect over 50% of equity method.
5.An investee that has provided guarantees to the Company, and vice versa, due to contractual requirements.
6.An investee in which the Company conjunctionally invests with other shareholders, and for which the Company has provided endorsement/guarantee in proportion to its shareholding percentage.
Note3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed the current net value of Company.

ATTACHMENT 3（Related party transactions for purchases and sales amounts exceeding the lower of 100 million dollars or 20% of capital stock for the year ended December 31, 2014）
（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Company	Related party	Relationship	Transactions: Purchases (Sales)	Transactions: Amount	Transactions: Percentage of total purchases (sales) (%)	Transactions: Term	Details of non-arm's length transaction: Unit Price	Details of non-arm's length transaction: Term	Notes and accounts receivables (payable): Balance	Notes and accounts receivables (payable): Percentage of total balances (%)	Note
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	$6,575,356	88.94%	90~100 days after monthly closing	Not comparable	Non relative parties are 60~120 days after monthly closing	Accounts payable $1,768,670	83.32%	Note1

Note1: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 4（If an investor has the ability to exercise significant influence on investee or has material controlling power on investee）（Not including investment in Mainland China）
（All the currencies are denominated in Thousands of New Taiwan Dollars, HKD, and USD unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

				Initial Investment		Investments as of December 31, 2014					
Investor Company	Investee Company	Address	Main businesses and products	Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value	Net income (loss) of investee company	Investment income (loss) recognized	Note
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Suite 802, St James Court, St Denis Street, Port Louis, Mauritius	The business of PCB	$2,272,166	$2,272,166	6,950,000	100.00%	$3,978,025	$632,504	$635,707 (Note1)	Note2
Dynamic Electronics Co., Ltd.	Dynamic Electronics Europe GmbH	Moraenenhoehe 45 47533 Kleve Germany	PCB and business which relates to import and export	873	873	-	100.00%	(67,041)	-	-	Note2
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	1,555	1,555	50,000	100.00%	1,963	448	448	Note2
Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	No.9, Dexing 4th Rd., Dongshan Township, Yilan County, Taiwan (R.O.C.)	Electronic component manufacturing	195,419	195,419	9,763,005	51.13%	42,998	(9,674)	(4,947)	Note2

Note1: Including investment gain recognized under equity method amounted to 632,504 thousand dollars, realized profit on transaction between subsidiaries amounted to 36,643 thousand dollars and unrealized profit on transaction between subsidiaries amounted to 33,440 thousand dollars.
Note2: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 5（Related party transactions for purchases and sales amount exceeding the lower of 100 million dollars or 20% of capital stock for the year ended December 31, 2014）
（All the currencies are denominated in Thousands of RMB and USD unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

			Transactions				Details of non-arm's length transaction		Notes and accounts receivables (payable)		
Purchase (sales) company	Related party	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total balances (%)	Note
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,344,387	81.96%	90 days after monthly closing	Not comparable	Non relative parties are 60~150 days after monthly closing	Accounts receivable RMB 341,404	67.88%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Inc.	Subsidiary	Purchases	USD 218,627	100.00%	90~100 days after monthly closing	Not comparable	Not comparable	Accounts payable USD 55,794	100.00%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 218,627	100.00%	90~100 days after monthly closing	Not comparable	Not comparable	Accounts receivable USD 55,794	100.00%	Note1

Note1: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 6（Receivables from related parties with amounts exceeding the lower of 100 million dollars or 20% of capital stock as of December 31, 2014）
（All the currencies are denominated in Thousands of RMB and USD unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Company	Related party	Relationship with the Company	Ending Balance	Turnover rate (times)	Overdue receivables		Amounts received in subsequent period	Allowance for doubtful accounts
					Amount	Collection status		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Accounts receivable RMB 341,404 (Note1)	4.21	$-	-	$-	$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Accounts receivable USD 55,794 (Note1)	4.18	$-	-	$-	$-

Note1: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 7（Intercompany relationships and significant intercompany transactions）
（All the currencies are denominated in Thousands of New Taiwan Dollars and USD unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

No (Note1)	Company name	Counter party	Nature of relationship (Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Terms	Percentage of consolidated total gross sales or total assets (Note3)
	2014						
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Europe GmbH	1	Accounts receivable	$65,376	90 days after monthly closing	0.59%
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Purchases	6,575,356	90~100 days after monthly closing	61.14%
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Accounts payable	1,768,670	90~100 days after monthly closing	16.05%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	1	Accounts receivable	2,868	90~100 days after monthly closing	0.03%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	1	Other receivables	15,887	-	0.14%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	1	Processing revenue	3,713	90~100 days after monthly closing	0.03%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	1	Sales	2,654	90~100 days after monthly closing	0.02%
0	Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	1	Interest revenue	492	-	-%
0	Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	1	Other receivables	25,000	-	0.23%
0	Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	1	Sales	40	-	-%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Other income	USD 17	-	-%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 218,627	90~100 days after monthly closing	64.34%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 55,794	90~100 days after monthly closing	16.03%

Note 1: Dynamic Electronics Co., Ltd. and subsidiaries are coded as follows:
1. Dynamic Electronics Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows：
1. Investor to investee
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

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English Translation of a Report Originally Issued in Chinese

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

To: the Board of Directors
Dynamic Electronics Co., LTD.

We have audited the accompanying parent-company-only balance sheets of Dynamic Electronics Co., LTD. (the "Company") as of December 31, 2014 and 2013, the related statements of comprehensive income, statements of changes in equity and cash flows for the years then ended. These parent-company-only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent-company-only financial statements based on our audits.

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

In our opinion, based on our audits, the parent-company-only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of its operations and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Ernst & Young

Ernst & Young
March 3, 2015
Taipei, Taiwan, Republic of China

Notice to Readers

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD

PARENT-COMPANY-ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2014 and 2013

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

	Notes	For the year ended December 31, 2014	2013
Operating revenues	4,6(16),7	$8,886,457	$8,325,196
Operating costs	6(5),7	(8,458,091)	(8,144,973)
Gross profit		428,366	180,223
Operating expenses			
Sales and marketing expenses		(510,150)	(447,486)
General and administrative expenses		(171,704)	(166,397)
Research and development expenses		(137,844)	(64,993)
Operating expenses total		(819,698)	(678,876)
Operating loss		(391,332)	(498,653)
Non-operating income and expense	6(19),7		
Other income		19,148	19,681
Other gains and losses		55,811	55,860
Finance costs		(15,478)	(22,582)
Share of profit or loss of subsidiaries, associates and joint ventures	4,6(6)	631,208	190,311
Non-operating income and expense total		690,689	243,270
Income (loss) from continuing operations before income tax		299,357	(255,383)
Income tax expense	4,6(21)	(55,430)	-
Net income (loss)		243,927	(255,383)
Other comprehensive income (loss)	6(20)		
Actuarial gain (loss) on defined benefit plains		4,741	15,155
Equity relate to non-current assets held for sale		-	(8,607)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		181,885	169,662
Income tax related to components of other comprehensive income		(30,921)	(28,406)
Total other comprehensive income (loss), net of tax		155,705	147,804
Total comprehensive income (loss)		$399,632	$(107,579)
Earnings per share-basic(NTD)	4,6(22)	$0.85	$(0.90)
Earnings per share-diluted(NTD)	4,6(22)	$0.85	$(0.90)

The accompanying notes are an integral part of the parent-company-only financial statements.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2014 and 2013

(Amounts Expressed in Thousands of New Taiwan Dollar)

				Retained Earnings			Other Components of equity			
	Notes	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Accumulated profit or loss	Exchange Differences on Translation of Foreign Operations	Equity relate to Non-current assets held for sale	Treasury Stock	Total Equity
Balance as of January 1, 2013		$2,935,594	$1,073,644	$531,385	$349,310	$(234,968)	$(89,387)	$8,607	$(28,912)	$4,545,273
Net loss in 2013						(255,383)				(255,383)
Other comprehensive income (loss) in 2013	6(20)					15,155	141,256	(8,607)		147,804
Total comprehensive income (loss)		-	-	-	-	(240,228)	141,256	(8,607)	-	(107,579)
Acquired treasury stock	4,6(14)								(58,782)	(58,782)
Cancelled treasury stock	4,6(14)	(75,000)	(12,694)						87,694	-
Reversal of special reserve	6(14)				(49,644)	49,644				-
Balance as of December 31, 2013		$2,860,594	$1,060,950	$531,385	$299,666	$(425,552)	$51,869	$-	$-	$4,378,912
Balance as of January 1, 2014		$2,860,594	$1,060,950	$531,385	$299,666	$(425,552)	$51,869	$-	$-	$4,378,912
Net income in 2014						243,927				243,927
Other comprehensive income (loss) in 2014	6(20)					4,741	150,964			155,705
Total comprehensive income (loss)		-	-	-	-	248,668	150,964	-	-	399,632
Balance as of December 31, 2014		$2,860,594	$1,060,950	$531,385	$299,666	$(176,884)	$202,833	$-	$-	$4,778,544

The accompanying notes are an integral part of the parent-company-only financial statements.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD.
PARENT-COMPANY-ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2014 and 2013
(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2014	2013
Cash flows from operating activities:		
Net income (loss) before tax	$299,357	$(255,383)
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:		
Bad debt expenses (reversal)	(1,599)	(5,000)
Depreciation	188,030	218,264
Amortization	3,091	2,139
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	-	(90)
Interest expense	15,478	22,582
Interest revenue	(1,616)	(5,301)
Share of profit or loss of subsidiaries, associates and joint ven	(631,208)	(190,311)
Gain on disposal of property, plant and equipment	(15,015)	(13,375)
Loss on buying convertible bonds payable	-	270
Impairment loss on non-financial assets	-	1,982
Changes in operating assets and liabilities:		
Notes receivable	59	23,928
Accounts receivable	(310,004)	625,736
Accounts receivable-related parties	(1,549)	(1,319)
Other receivables	614	14,462
Other receivables-related parties	12,878	(28,765)
Inventories	(113,469)	116,046
Prepayments	(7,548)	(18,767)
Other current assets	(43)	(592)
Notes payable	(434)	(136,940)
Accounts payable	57,473	(224,321)
Accounts payable-related parties	312,942	109,728
Accrued expenses	162,266	92,004
Other payables-related parties	-	(782)
Other current liabilities	567	1,203
Accrued pension liabilities	5,396	6,703
Cash generated from operations	(24,334)	354,101
Interest received	1,616	5,301
Interest paid	(15,518)	(39,326)
Income tax paid	(2,383)	(21,866)
Net cash provided by (used in) operating activities	(40,619)	298,210

	For the year ended December 31,	
	2014	2013
Cash flows from investing activities:		
Other receivables-related parties	(25,000)	34,000
Acquisition of property, plant and equipment	(215,780)	(103,809)
Proceeds from disposal of property, plant and equipment	46,156	20,108
Acquisition of bond investments for which no active market exists	1	-
Proceeds from disposal of non-current assets held for sale	-	412,303
Acquisition of intangible assets	(5,954)	(2,066)
Decrease (Increase) in refundable deposits	1,627	1,656
Net cash provided by (used in) investing activities	(198,950)	362,192
Cash flows from financing activities:		
Increase (Decrease) in short-term loans	(19,349)	31,347
Increase in long-term loans	161,000	300,000
Decrease in long-term loans	(198,436)	(111,617)
Acquired treasury stock	-	(58,782)
Decrease in convertible bonds payable	-	(876,638)
Net cash provided by (used in) financing activities	(56,785)	(715,690)
Net increase (decrease) in cash and cash equivalents	(296,354)	(55,288)
Cash and cash equivalents at beginning of period	731,579	786,867
Cash and cash equivalents at end of period	$435,225	$731,579

The accompanying notes are an integral part of the parent-company-only financial statements.

1. History and organization

Dynamic Electronics Co., Ltd. (“the Company”) was incorporated in August 18, 1988. The main activities of the Company are engaged in the design, development, and manufacture of multi-layers PCB boards and electronics components. The Company’s common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in March 18, 2009. The Company’s registered office and the main business location is at No. 356, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)

2. Date and procedures of authorization of financial statements for issue

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on March 3, 2015.

3. Newly issued or revised standards and interpretations

(1)International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission (“FSC”) and would be applicable for annual periods beginning on or after January 1, 2015, but not yet adopted by the Company at the date of issuance of the Company’s financial statements are listed below.

(a)*Improvements to International Financial Reporting Standards (issued in 2010):*

IFRS 1 “First-time Adoption of International Financial Reporting Standards”

The annual improvements to International Financial Reporting Standards (“IFRS”) issued in 2010 made the following amendments to IFRS 1: If a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report, it needs to explain those changes and update the reconciliations between previous GAAP and IFRS in accordance with paragraph 23 of IFRS 1.

Furthermore, the amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. The amendment also expands the scope of ‘deemed cost’ for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The amendment allows entities with rate-regulated activities to use the carrying amount of their property, plant and equipment and intangible balances from their previous GAAP as its deemed cost upon transition to IFRS. These amendments became effective for annual periods beginning on or after January 1, 2011.

IFRS 3 “Business Combinations”

Under the amendment, IFRS 3 (as revised in 2008) do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Furthermore, the amendment limits the scope of the measurement choices for non-controlling interest. Only the components of non-controlling interests that are present ownership interests that entitle their holders to a proportionate share of the entity’s net assets, in the event of liquidation could be measured at either fair value or at the present ownership instruments’ proportionate share of the acquiree’s identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value.

The amendment also requires an entity in a business combination to account for the replacement of the acquiree’s share-based payment transactions (when the acquirer is not obliged to do so) as new share-based payment awards in the post-combination financial statements.

Outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions: if vested－they are part of non-controlling interest; if unvested－they are measured at market based value as if granted at acquisition date, and allocated between NCI and post-combination expense.

These amendments became effective for annual periods beginning on or after July 1, 2010.

IFRS 7 “Financial Instruments: Disclosures”

The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment became effective for annual periods beginning on or after January 1, 2011.

IAS 1 “Presentation of Financial Statements”

The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment became effective for annual periods beginning on or after January 1, 2011.

IAS 34 "Interim Financial Reporting"

The amendment clarifies that if a user of an entity's interim financial report have access to the most recent annual financial report of that entity, it is unnecessary for the notes to an interim financial report to provide relatively insignificant updates to the information that was reported in the notes in the most recent annual financial report. Furthermore the amendment adds disclosure requirements around disclosures of financial instruments and contingent liabilities/assets. The amendment is effective for annual periods beginning on or after January 1, 2011.

IFRIC 13 "Customer Loyalty Programmes"

The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account. The amendment is effective for annual periods beginning on or after January 1, 2011.

(b)*IFRS 1 "First-time Adoption of International Financial Reporting Standards" — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*

IFRS 1 has been amended to allow first-time adopters to utilize the transitional provisions of IFRS 7 *Financial Instruments: Disclosures*. These provisions give relief from providing comparative information in the disclosures required by amendments to IFRS 1 in the first year of application. The amendment is effective for annual periods beginning on or after July 1, 2010.

(c)*IFRS 1 "First-time Adoption of International Financial Reporting Standards" — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

The amendment has provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. The amendment also removes the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions. The amended standard has these dates coinciding with the date of transition to IFRS. The amendment is effective for annual periods beginning on or after July 1, 2011.

(d)*IFRS 7 "Financial Instruments: Disclosures" (Amendment)*

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, when financial assets are derecognised in their entirety, but the entity has a continuing involvement in them, or financial assets are not derecognised in their entirety. The amendment is effective for annual periods beginning on or after July 1, 2011.

(e)*IAS 12 "Income Taxes" —Deferred Taxes: Recovery of Underlying Assets*

The amendment to IAS 12 introduce a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognized on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. The amendment also introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in IAS 16 should always be measured on a sale basis. As a result of this amendment, SIC 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* has been withdrawn. The amendment is effective for annual periods beginning on or after January 1, 2012.

(f)*IFRS 10 "Consolidated Financial Statements"*

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements and SIC-12. The changes introduced by IFRS 10 primarily relate to the elimination of the perceived inconsistency between IAS 27 and SIC-12 by introducing a new integrated control model. That is, IFRS 10 primarily relates to whether to consolidate another entity, but does not change how an entity is consolidated. The standard is effective for annual periods beginning on or after January 1, 2013.

(g)*IFRS 11 "Joint Arrangements"*

IFRS 11 replaces IAS 31 and SIC-13. The changes introduced by IFRS 11 primarily relate to increase comparability within IFRS by removing the choice for jointly controlled entities to use proportionate consolidation, so that the structure of the arrangement is no longer the most important factor when determining the classification as a joint operation or a joint venture, which then determines the accounting. The standard is effective for annual periods beginning on or after January 1, 2013.

(h)*IFRS 12 "Disclosures of Interests in Other Entities"*

IFRS 12 primarily integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities and presents those requirements in a single IFRS. The standard is effective for annual periods beginning on or after January 1, 2013.

(i)*IFRS 13"Fair Value Measurement"*

IFRS 13 primarily relates to defining fair value, setting out in a single IFRS a framework for measuring fair value and requiring disclosures about fair value measurements to reduce complexity and improve consistency in application when measuring fair value. However, IFRS 13 does not change existing requirements in other IFRS as to when the fair value measurement or related disclosure is required. The standard is effective for annual periods beginning on or after January 1, 2013.

(j)*IAS 1 "Presentation of Financial Statements" — Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that would be reclassified (or recycled) to profit or loss in the future would be presented separately from items that will never be reclassified. The amendment is effective for annual periods beginning on or after July 1, 2012.

(k)*IAS 19 "Employee Benefits" (Revised)*

The revision includes: (1) For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. Actuarial gains and losses are now recognized in Other Comprehensive Income. (2) Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). (3) New disclosures include quantitative information about the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption. (4) Termination benefits will be recognized at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognized under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, etc.. The revised standard is effective for annual periods beginning on or after January 1, 2013.

(l)*IFRS 1 "First-time Adoption of International Financial Reporting Standards" — Government Loans*

The IASB has added an exception to the retrospective application of IFRS 9 (or IAS 39) and IAS 20. These amendments require first-time adopters to apply the requirements of IAS 20 prospectively to government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. The amendment is effective for annual periods beginning on or after January 1, 2013.

(m)*IFRS 7 "Financial Instruments: Disclosures" —Disclosures —Offsetting Financial Assets and Financial Liabilities*

These amendments require an entity to disclose information about rights of set-off and related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement'. The amendment is effective for annual periods beginning on or after January 1, 2013.

(n)*IAS 32 "Financial Instruments: Presentation" —Offsetting Financial Assets and Financial Liabilities*

The amendment clarifies the meaning of "currently has a legally enforceable right to set-off" in IAS 32. The amendment is effective for annual periods beginning on or after January 1, 2014.

(o)*IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"*

This Interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity recognizes these costs as a non-current asset ("stripping activity asset"), only if certain criteria are met. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. The interpretation is effective for annual periods beginning on or after January 1, 2013.

(p) *Improvements to International Financial Reporting Standards (2009-2011 cycle):*

IFRS 1 “First-time Adoption of International Financial Reporting Standards”

The amendment clarifies that an entity that has stopped applying IFRS may choose to either: Re-apply IFRS 1, even if the entity applied IFRS 1 in a previous reporting period; or Apply IFRS retrospectively in accordance with IAS 8 (i.e., as if it had never stopped applying IFRS) in order to resume reporting under IFRS. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 1 “Presentation of Financial Statements”

The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. The opening statement of financial position (known as 'the third balance sheet') must be presented when an entity changes its accounting policies (making retrospective restatements or reclassifications) and those changes have a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. However, unlike the voluntary comparative information, the related notes are not required to include comparatives as of the date of the third balance sheet. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 16 “Property, Plant and Equipment” (Amendment)

The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 32 “Financial Instruments: Presentation” (Amendment)

The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 34 “Interim Financial Reporting” (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Besides, total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment. The amendment is effective for annual periods beginning on or after January 1, 2013.

(q) *IFRS 10 “Consolidated Financial Statements” (Amendment)*

The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. The amendment is effective for annual periods beginning on or after January 1, 2014.

The abovementioned standards and interpretations issued by IASB and recognized by FSC so that they are applicable for annual periods beginning on or after January 1, 2015. As the Company is still currently determining the potential impact of the standards and interpretations listed under (a)~(b), (d)~(k), (m)~(n),(p), it is not practicable to estimate their impact on the Company at this point in time. All other standards and interpretations have no material impact on the Company.

(2) Standards or interpretations issued by IASB but not yet recognized by FSC at the date of issuance of the Company’s financial statements are listed below.

(a) *IAS 36 “Impairment of Assets” (Amendment)*

This amendment relates to the amendment issued in May 2011 and requires entities to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit when an impairment loss has been recognized or reversed during the period. The amendment also requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed, including valuation techniques used, level of fair value hierarchy of assets and key assumptions used in measurement. The amendment is effective for annual periods beginning on or after January 1, 2014.

(b) *IFRIC 21 “Levies”*

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government (both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain). The interpretation is effective for annual periods beginning on or after January 1, 2014.

(c) *IAS 39 “Financial Instruments: Recognition and Measurement” (Amendment)*

Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The interpretation is effective for annual periods beginning on or after January 1, 2014.

(d) *IAS 19 “Employee Benefits” (Defined benefit plans: employee contributions)*

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to provide a policy choice for a simplified accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is effective for annual periods beginning on or after July 1, 2014.

(e) *Improvements to International Financial Reporting Standards (2010-2012 cycle):*

IFRS 2 “Share-based Payment”

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment prospectively applies to share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 3 “Business Combinations”

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

IFRS 8 “Operating Segments”

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

IFRS 13 “Fair Value Measurement”

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

IAS 16 “Property, Plant and Equipment”

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

IAS 24 “Related Party Disclosures”

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 38 "Intangible Assets"

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

(f)*Improvements to International Financial Reporting Standards (2011-2013 cycle):*

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application.

IFRS 3 "Business Combinations"

This amendment clarifies that paragraph 2(a) of IFRS 3 *Business Combinations* excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendment is effective for annual periods beginning on or after July 1, 2014.

IFRS 13 "Fair Value Measurement"

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

IAS 40 "Investment Property"

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

(g)*IFRS 14 "Regulatory Deferral Accounts"*

IFRS 14 permits first-time adopters to continue to recognize amounts related to r regulation in accordance with their previous GAAP requirements when they adopt IFI However, to enhance comparability with entities that already apply IFRS and do recognize such amounts, the Standard requires that the effect of rate regulation must presented separately from other items. IFRS 14 is effective for annual periods beginning or after January 1, 2016.

(h)*IFRS 11 "Joint Arrangements" (Accounting for Acquisitions of Interests in Jo Operations)*

The amendments provide new guidance on how to account for the acquisition of an inter in a joint operation that constitutes a business. The amendments require the entity to ap all of the principles on business combinations accounting in IFRS 3 "Busin Combinations", and other IFRS (that do not conflict with the guidance in IFRS 11), to extent of its share in a joint operation acquired. The amendment also requires cert disclosure. The amendment is effective for annual periods beginning on or after Januar 2016.

(i)*IAS 16"Property, Plant and Equipment and IAS 38 "Intangible Assets" — Clarificatio Acceptable Methods of Depreciation and Amortization*

The amendment clarified that the use of revenue-based methods to calculate depreciatio an asset is not appropriate because revenue generated by an activity that includes the use an asset generally reflects factors other than the consumption of the economic bene embodied in the asset, such as selling activities and change in sales volumes or prices. ' amendment also clarified that revenue is generally presumed to be an inappropriate basis measuring the consumption of the economic benefits embodied in an intangible asset. T presumption, however, can be rebutted in certain limited circumstances. The amendmen effective for annual periods beginning on or after January 1, 2016.

(j)*IFRS 15 "Revenue from Contracts with Customers"*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The Standard is effective for annual periods beginning on or after January 1, 2017.

(k)*IAS 16"Property, Plant and Equipment and IAS 41 "Agriculture"* — Agriculture: Bearer Plants

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendment is effective for annual periods beginning on or after January 1, 2016.

(l)*IFRS 9"Financial Instruments"*

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after January 1, 2018.

(m)*IAS 27"Separate Financial Statements" — Equity Method in Separate Financial Statements*

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. In 2003, the equity method was removed from the options. This amendment removes the only difference between the separate financial statements prepared in accordance with IFRS and those prepared in accordance with the local regulations in certain jurisdictions.

The amendment is effective for annual periods beginning on or after January 1, 2016.

(n)*IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The amendment is effective for annual periods beginning on or after January 1, 2016.

(o)*Improvements to International Financial Reporting Standards (2012-2014 cycle):*

IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”

The amendment clarifies that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also requires identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendment is effective for annual periods beginning on or after January 1, 2016.

IFRS 7 “Financial Instruments: Disclosures”

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

IAS 19 “Employee Benefits”

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

IAS 34 “Interim Financial Reporting”

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

(p)*IAS 1 “Presentation of Financial Statements” (Amendment):*

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2016.

(q)*IFRS 10“Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities”, and IAS 28“Investments in Associates and Joint Ventures” — Investment Entities: Applying the Consolidation Exception*

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendment is effective for annual periods beginning on or after January 1, 2016.

The abovementioned standards and interpretations issued by IASB have not yet recognized by FSC at the date of issuance of the Company’s financial statements, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (a)~(f), (h)~(j), (l)~(q), it is not practicable to estimate their impact on the Company at this point in time. All other standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1)Statement of Compliance

The Company’s parent-company-only financial statements as of and for the years ended December 31, 2014 and 2013 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations).

(2)Basis of Preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The parent-company-only financial statements are expressed in Thousands of New Taiwan Dollars unless otherwise stated.

(3)Foreign Currency Transactions

The Company’s parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a)Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b)Foreign currency derivatives within the scope of IAS 39 are accounted for based on the accounting policy for financial instruments.

(c)Exchange differences arising on a monetary item that is part of a reporting entity’s net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4)Translation of Financial Statements in Foreign Currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5)Current and Non-Current Distinction

An asset is classified as current when:

(a) the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
(b) the Company holds the asset primarily for the purpose of trading;
(c) the Company expects to realize the asset within twelve months after the reporting period; or
(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) the Company expects to settle the liability in normal operating cycle;
(b) the Company holds the liability primarily for the purpose of trading;
(c) the liability is due to be settled within twelve months after the reporting period; or
(d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6)Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(7)Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a)Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Company are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Company determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a set of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment). If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or bond investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

i significant financial difficulty of the issuer or obligor; or
ii. a breach of contract, such as a default or delinquency in interest or principal payments; or
iii. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
iv. the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(b)Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IAS 39 Financial Instruments: Recognition and Measurement.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

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

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a Company of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c)Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(d)Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm’s length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

(8)Derivative financial instrument

The Company uses derivative financial instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

(9)Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – By actual purchase cost with weighted average method.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10)Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IAS 27 "Consolidated and Separate Financial Statements" and the different IFRSs adopted from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the stateme of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining t value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generat by the associate, including the cash flows form the operations of the associate and t proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate i not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recogniz any retaining investment at its fair value. Any difference between the carrying amount of t associate upon loss of significant influence and the fair value of the retaining investment a proceeds from disposal is recognized in profit or loss.

The Company recognizes its interest in the jointly controlled entities using the equity meth other than those that meet the criteria to be classified as held for sale. A jointly controll entity is a joint venture that involves the establishment of a corporation, partnership or oth entity.

(11)Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation a accumulated impairment losses, if any. Such cost includes the cost of dismantling a removing the item and restoring the site on which it is located and borrowing costs f construction in progress if the recognition criteria are met. Each part of an item of propert plant and equipment with a cost that is significant in relation to the total cost of the item depreciated separately. When significant parts of property, plant and equipment are required be replaced in intervals, the Company recognized such parts as individual assets with speci useful lives and depreciation, respectively. The carrying amount of those parts that a

Depreciation is calculated on a straight-line basis over the estimated economic lives of t following assets:

Buildings	20～40 years
Machinery and equipment	3~10 years
Transportation equipment	3~6 years
Office equipment	3~6 years
Other equipment	1~6 years

An item of property, plant and equipment and any significant part initially recognized derecognized upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or los

The assets' residual values, useful lives and methods of depreciation are reviewed at ea financial year end and adjusted prospectively, if appropriate.

(12)Leases

<u>Company as a lessee</u>

Finance leases which transfer to the Company substantially all the risks and benefits inciden to ownership of the leased item, are capitalized at the commencement of the lease at the f value of the leased property or, if lower, at the present value of the minimum lease paymen Lease payments are apportioned between finance charges and reduction of the lease liability as to achieve a constant rate of interest on the remaining balance of the liability. Finan charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasona certainty that the Company will obtain ownership by the end of the lease term, the asset depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lea term.

(13)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost intangible assets acquired in a business combination is its fair value as at the date acquisition. Following initial recognition, intangible assets are carried at cost less a accumulated amortization and accumulated impairment losses, if any. Internally g intangible assets, excluding capitalized development costs, are not capitalized and exp is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and asse impairment whenever there is an indication that the intangible asset may be impair amortization period and the amortization method for an intangible asset with a finite us is reviewed at least at the end of each financial year. Changes in the expected useful li expected pattern of consumption of future economic benefits embodied in the accounted for by changing the amortization period or method, as appropriate, and are tr changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for imp annually, either individually or at the cash-generating unit level. The assessment of in life is reviewed annually to determine whether the indefinite life continues to be supp If not, the change in useful life from indefinite to finite is made on a prospective basis

Gains or losses arising from derecognition of an intangible asset are measured as the di between the net disposal proceeds and the carrying amount of the asset and are recog profit or loss when the asset is derecognized.

A summary of the policies applied to the Company’s intangible assets is as follows:

	Computer software	Technology expertise
Useful lives	3~5 years	5~6 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line over the estimated useful life
Internally generated or acquired	Acquired	Acquired

determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash-generating unit, or Companys of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15)Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(16)Treasury Stock

The Company’s own equity instruments repurchased (treasury shares) are recognized at repurchase cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17)Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

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

(a)the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Company’s right to receive the payment is established.

(18)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19)Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Company’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations. Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. The Company recognizes all actuarial gains and losses in the period in which they occur in other comprehensive income. Actuarial gains and losses recognized in other comprehensive income are recognized immediately in retained earnings.

(20)Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRS. As such, IFRS 2 *Share-based Payment* has not been applied to equity instruments in share-based payment transactions that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2012 (the date of transition to TIFRS). For cash-settled share-based payment transactions, the Company has not applied IFRS 2 to liabilities that were settled before January 1, 2012.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. Each unit or Company of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's parent company only financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) The Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6.(13) for details.

(c) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.(15).

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6.(21) for more details on unrecognized deferred tax assets.

6. Contents of significant accounts

(1) Cash and cash equivalents

	2014.12.31	2013.12.31
Cash on hand	$200	$200
Checking and savings	372,385	615,334
Fixed-term deposits	62,640	116,045
Total	$435,225	$731,579

(2) Bond investments for which no active market exists

	2014.12.31	2013.12.31
Restricted cash－Current	$-	$1

Please refer to Note 8 for more details on Bond investments for which no active market exists under pledge.

(3) Notes receivable, net

	2014.12.31	2013.12.31
Notes receivables arising from operating activities	$15,551	$15,610
Less: allowance for doubtful debts	-	-
Total	$15,551	$15,610

Notes receivables were not pledged.

(4) Accounts receivable and Accounts receivable from related parties

(a) Accounts receivable, net consist of the follow:

	2014.12.31	2013.12.31
Accounts receivable from operating activities	$2,541,245	$2,255,278
Less: allowance for doubtful debts	(31,995)	(33,594)
Less: sales returns and allowance	(42,434)	(66,471)
Accounts receivable, net	2,466,816	2,155,213
Accounts receivable from related parties	68,244	66,695
Less: allowance for doubtful debts	-	-
Less: negative in long term investments	(65,376)	(65,376)
Accounts receivable from related parties, net	2,868	1,319
Total	$2,469,684	$2,156,532

(b) A provision has been recognized for sales returns and allowances based on past experience and other known factors. The provision is recognized and the corresponding entry is made against operating revenue at the time of sales.

(c) Sale terms are generally on 60~120 days. The movements of the provision for impairment of accounts receivable are as follows (please refer to Note 12 for credit risk disclosure):

	Individually impaired	Collectively impaired	Total
2014.01.01	$-	$33,594	$33,594
Charge (reversal) for the current period	-	(1,599)	(1,599)
Write off	-	-	-
2014.12.31	$-	$31,995	$31,995
2013.01.01	$-	$38,594	$38,594
Charge (reversal) for the current period	-	(5,000)	(5,000)
Write off	-	-	-
2013.12.31	$-	$33,594	$33,594

(d) Aging analysis of accounts receivable and accounts receivable from related parties that are past due as at the end of the reporting period but not impaired is as follows:

		Past due but not impaired					
	Neither past due nor impaired	Less than 30 days	31~60 days	61~90 days	91~120 days	More than 121 days	Total
2014.12.31	$2,418,535	$51,149	$-	$-	$-	$-	$2,469,684
2013.12.31	2,077,791	78,741	-	-	-	-	2,156,532

(e) Accounts receivable were not pledged.

(5) Inventories

(a) Details of inventories are as below:

	2014.12.31	2013.12.31
Raw materials	$18,249	$16,064
Supplies & parts	4,358	2,247
Work in progress	63,483	73,206
Finished goods	522,828	414,351
Total	608,918	505,868
Less: allowance for inventory valuation losses	(42,011)	(52,430)
Net	$566,907	$453,438

(b) The cost of inventories recognized in expenses amounts to NT$8,458,091 thousand for the year ended December 31, 2014 while NT$8,144,973 thousand for the year ended December 31, 2013. The following losses were included in cost of sale:

	2014	2013
Inventory valuation losses	$20,836	$68,341
Physical inventory losses	5,468	481
Total	$26,304	$68,822

(c) Inventories were not pledged.

(6) Investments Accounted For Under the Equity Method

	2014.12.31		2013.12.31	
Investee companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
WINTEK (MAURITIUS) CO., LTD.	$3,978,025	100.00%	$3,165,540	100.00%
Dynamic Electronics Europe GmbH	(67,041)	100.00%	(72,048)	100.00%
Dynamic PCB Electronics Co., Ltd.	1,963	100.00%	1,415	100.00%
Abon Touchsystems Inc.	42,998	51.13%	47,945	51.13%
Plus: Accounts receivable from related parties	65,376		65,376	
Minus: Unrealized Profit	(8,120)		(9,821)	
Total	$4,013,201		$3,198,407	

(a) The Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary valuations and adjustments.

(b) No investment accounted for under the equity method was pledged as collerals.

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be examined	Total
Cost:								
2014.01.01	$152,433	$181,302	$1,364,237	$4,693	$10,701	$140,029	$53,933	$1,907,328
Additions	-	-	-	-	-	-	305,493	305,493
Disposals	(15,262)	(8,595)	(227,652)	(539)	-	(37,943)	-	(289,991)
Transfer	-	-	50,497	-	1,450	35,331	(87,278)	-
2014.12.31	$137,171	$172,707	$1,187,082	$4,154	$12,151	$137,417	$272,148	$1,922,830
2013.01.01	$152,433	$181,302	$1,351,956	$3,157	$11,493	$139,515	$65,558	$1,905,414
Additions	-	-	-	-	-	-	113,728	113,728
Disposals	-	-	(81,788)	(1,533)	(2,311)	(26,182)	-	(111,814)
Transfer	-	-	94,069	3,069	1,519	26,696	(125,353)	-
2013.12.31	$152,433	$181,302	$1,364,237	$4,693	$10,701	$140,029	$53,933	$1,907,328
Depreciation and impairment:								
2014.01.01	$-	$66,538	$971,597	$1,323	$7,285	$113,014	$-	$1,159,757
Depreciation	-	6,782	155,955	807	2,603	21,883	-	188,030
Disposals	-	(8,595)	(210,132)	(485)	-	(37,937)	-	(257,149)
Transfer	-	-	-	-	-	-	-	-
2014.12.31	$-	$64,725	$917,420	$1,645	$9,888	$96,960	$-	$1,090,638
2013.01.01	$-	$59,756	$861,044	$1,718	$5,845	$110,771	$-	$1,039,134
Depreciation	-	6,782	178,786	730	3,751	28,215	-	218,264
Impairment losses	-	-	1,772	-	-	210	-	1,982
Disposals	-	-	(70,005)	(1,125)	(2,311)	(26,182)	-	(99,623)
Transfer	-	-	-	-	-	-	-	-
2013.12.31	$-	$66,538	$971,597	$1,323	$7,285	$113,014	$-	$1,159,757
Net carrying amount as at:								
2014.12.31	$137,171	$107,982	$269,662	$2,509	$2,263	$40,457	$272,148	$832,192
2013.12.31	$152,433	$114,764	$392,640	$3,370	$3,416	$27,015	$53,933	$747,571

In the year ended December 31, 2013, the Company wrote down the carrying value of certain idle property, plant and equipment to NT$0 by recognizing an impairment loss in amount of NT$1,982 thousand in the statement of comprehensive income.

Significant components of building include main building structure and additional expansion construction, which are depreciated over useful lives of 40 years and 20 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(8) Intangible assets

	Computer software	Technology expertise	Total
Cost:			
2014.01.01	$16,766	$750	$17,516
Increase	5,954	-	5,954
Decrease	(16,766)	-	(16,766)
2014.12.31	$5,954	$750	$6,704
2013.01.01	$14,700	$750	$15,450
Increase	2,066	-	2,066
Decrease	-	-	-
2013.12.31	$16,766	$750	$17,516
Amortization:			
2014.01.01	$15,800	$197	$15,997
Amortization	2,972	119	3,091
Decrease	(16,766)	-	(16,766)
2014.12.31	$2,006	$316	$2,322
2013.01.01	$13,779	$79	$13,858
Amortization	2,021	118	2,139
Decrease	-	-	-
2013.12.31	$15,800	$197	$15,997
Net carrying amount as at:			
2014.12.31	$3,948	$434	$4,382
2013.12.31	$966	$553	$1,519

Amortization of intangible assets is as follows:

	2014	2013
Operating costs	$1,232	$1,601
Operating expenses	$1,859	$538

(9) Other non-current assets

	2014.12.31	2013.12.31
Refundable deposits	$1,484	$3,111

(10) Short-term loans

(a) Short-term loans consist of the following:

	Interest Rates (%)	2014.12.31	2013.12.31
Unsecured bank loans	1.2859%~2.4%	$70,216	$89,565

(b) The Company’s unused short-term lines of credits amount to NT$809,382 thousand and NT$843,385 thousand as of December 31, 2014 and 2013, respectively.

(11) Other payables

Other payables consist of the following:	2014.12.31	2013.12.31
Accrued expenses	$492,317	$330,051
Accrued interest payable	521	561
Payables to equipment suppliers	119,529	29,816
Total	$612,367	$360,428

(12) Long-term loans

Details of long-term loans as of December 31, 2014 and 2013 are as follows:

Lenders	2014.12.31	Interest Rate (%) (Note 2)	Maturity and terms of repayment
Mega International Commercial Bank - Taoyuan Branch —Secured bank loans (Note1)	$194,583	Time deposit interest rate plus 0.75% for first two years and the rate plus 0.875% from third year	The loan is at the term from December 3, 2010 to December 3, 2020 and repayable in 37 quarterly installments starting from December 2011.
Mega International Commercial Bank - Taoyuan Branch —Secured bank loans (Note1)	240,000	One-year time deposit interest rate plus 0.875%	The loan is at the term from November 21, 2013 to November 21, 2018, and repayable in 20 quarterly installments starting from December 2013.

JihSun Bank - Bade Branch－Secured bank loans (Note1)	45,000	Individually negotiated	The loan is at the term from May 8, 2012 to May 31, 2015, and repayable in 8 quarterly installments starting from August 2013.
Shanghai Commercial & Saving Bank, Ltd. - Bade Branch－Secured bank loans (Note1)	161,000	Two-year time deposit interest rate plus 0.875%	The loan is at the term from December 12, 2014 to October 15, 2017, and repayable in 13 quarterly installments starting from January 2015.
Shanghai Commercial & Saving Bank, Ltd. - Bade Branch－Secured bank loans (Note1)	48,000	Two-year time deposit interest rate plus 1%	The loan is at the term from October 25, 2012 to October 15, 2017, and repayable in 20 quarterly installments starting from January 2013.
Total	688,583		
Less: Current portion of long-term loans	(207,436)		
Non-current portion of long-term loans	$481,147		

Lenders	2013.12.31	Interest Rate (%) (Note 2)	Maturity date and terms of repayment
Mega International Commercial Bank - Taoyuan Branch－Secured bank loans (Note1)	$227,019	Time deposit interest rate plus 0.75% for first two years and the rate plus 0.875% from third year	The loan is at the term from December 3, 2010 to December 3, 2020, and repayable in 37 quarterly installments starting from December 2011.
Mega International Commercial Bank - Taoyuan Branch－Secured bank loans (Note1)	300,000	One-year time deposit interest rate plus 0.875%	The loan is at the term from November 21, 2013 to November 21, 2018, and repayable in 20 quarterly installments starting from December 2013.
JihSun Bank - Bade Branch－Secured bank loans (Note1)	135,000	Individually negotiated	The loan is at the term from May 8, 2012 to May 31, 2015, and repayable in 8 quarterly installments starting from August 2013.
Shanghai Commercial & Saving Bank, Ltd. - Bade Branch－Secured bank loans (Note1)	64,000	Two-year time deposit interest rate plus 1%	The loan is at the term from October 25, 2012 to October 15, 2017, and repayable in 20 quarterly installments starting from January 2013.
Total	726,019		
Less: Current portion of long-term loans	(198,436)		
Non-current portion of long-term loans	$527,583		

Note1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note2: Interest rates of long-term loans are as follows:

	2014.12.31	2013.12.31
Interest Rates (%)	2.12%~2.375%	2.12%~2.375%

(13) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company has made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2014 and 2013 are NT$18,566 thousand and NT$19,173 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Company amounted to NT$655 thousand for both years of 2014 and 2013.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees’ total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

Pension costs recognized in profit or loss for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Current period service costs	$1,150	$1,437
Interest cost	1,083	1,111
Expected return on plan assets	(1,484)	(1,282)
Total	$749	$1,266

The benefit expense under the defined benefits plan recognized in the statement of comprehensive income:

	2014	2013
Operating costs	$559	$373
Operating expenses	190	893
Total	$749	$1,266

The cumulative amount of actuarial gains and losses recognized in other comprehensive income are as follows:

	2014	2013
Balance as of January 1	$16,867	$1,712
Actuarial gains and losses for the period	4,741	15,155
Balance as of December 31	$21,608	$16,867

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	2014.12.31	2013.12.31
Defined benefit obligation	$46,192	$54,130
Plan assets at fair value	(76,276)	(74,188)
Funded status	(30,084)	(20,058)
Prepaid pension cost	30,084	20,058
accrued pension liabilities for executives	1,310	655
Accrued pension liabilities	$1,310	$655

Changes in present value of the defined benefit obligation are as follows:

	2014	2013
Defined benefit obligation at January 1	$54,130	$74,086
Current service cost	1,150	1,437
Interest cost	1,083	1,111
Benefits paid	(5,710)	(6,972)
Actuarial losses (gains)	(4,461)	(15,532)
Defined benefit obligation at December 31	$46,192	$54,130

Changes in fair value of plan assets are as follows:

	2014	2013
Plan assets, at fair value at January 1	$74,188	$73,283
Expected return on plan assets	1,484	1,282
Actuarial gains (losses)	280	(377)
Contributions by employer	6,034	6,970
Benefits paid	(5,710)	(6,970)
Plan assets, at fair value at December 31	$76,276	$74,188

The Company expects to contribute NT$5,710 thousand to its defined benefit plan during the 12-month period after December 31, 2014.

The major categories as a percentage of the fair value of total plan assets are as follows:

	Pension plan (%) as at	
	2014.12.31	2013.12.31
Cash	100.00%	100.00%

The actual return on plan assets of the Company for the years ended December 31, 2014 and 2013 were NT$1,764 thousand and NT$905 thousand, respectively.

Employee pension fund is deposited under a trust administered by the Bank of Taiwan. The overall expected rate of return on assets is determined based on historical trend and analyst's expectation on the asset's return in its market over the obligation period. Furthermore, the utilization of the fund by the labor pension fund supervisory committee and the fact that the minimum earnings are guaranteed to be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks are also taken into consideration in determining the expected rate of return on assets.

The actuarial assumptions used for the Company's defined benefit plan are shown below:

	2014.12.31	2013.12.31
Discount rate	2.25%	2.00%
Expected rate of return on plan assets	2.25%	2.00%
Expected rate of salary increases	1.00%	1.00%

Sensitivty analysis of discount rate on defined benefit obligation is shown as below:

	2014		2013	
	Discount rate Increase By 0.5%	Discount rate Decrease By 0.5%	Discount rate Increase By 0.5%	Discount rate Decrease By 0.5%
Effect on the defined benefit obligation	$(2,300)	$2,630	$(3,385)	$3,867

Other information on the defined benefit plan is as follows:

	2014	2013
Defined benefit obligation at present value	$46,192	$54,130
Plan assets at fair value	(76,276)	(74,188)
Deficit in plan (surplus)	(30,084)	(20,058)
Experience adjustments on plan liabilities	(4,461)	(15,532)
Experience adjustments on plan assets	280	(377)

(14) Equities

(a) Common stock

The Company's authorized and issued capital was NT$4,000,000 thousand and NT$2,935,594 thousand as of January 1, 2013, divided into 400,000,000 shares and 293,559,335 shares, respectively, each share at par value of NT$10.

The Company resolved to cancel the treasury stock of NT$60,000 thousand at May 10, 2013 with the measurement date at June 19, 2013. The cancellation of treasury stock reduced the issued shares to 287,559,335 shares. The authorized capital remained unchanged at 400,000,000 shares.

The Company further resolved to cancel the treasury stock of NT$15,000 thousand at November 7, 2013, with the measurement date at December 8, 2013. The cancellation of treasury stock further reduced the issued shares to 286,059,335 shares. The authorized capital remained unchanged at 400,000,000 shares.

(b) Capital surplus

	2014.12.31	2013.12.31
Additional paid-in capital	$1,006,608	$1,006,608
Treasury share transactions	13,697	13,697
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	15,531	15,531
Gain on sale of assets	155	155
Employee stock option	5,249	5,249
Share options	19,710	19,710
Total	$1,060,950	$1,060,950

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of share dividend to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury stock

As of December 31, 2014 and 2013, the Company did not hold any treasury stock.

On February 6, 2013, the Board of directors resolved to buy back the Company's shares from the public markets. The related information on the treasury stock transactions was as follows:

Reason to reacquire	Number of shares, Beginning of Year	Addition	Reduction	Number of shares, End of Year
2013				
To maintain the Company's credibility and stockholders' interest (in thousand shares)	1,500	6,000	7,500	-

According to the Securities and Exchange Law of the R.O.C., the total shares of treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital.

According to the Securities and Exchange Law of the R.O.C., the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

(d) Retained earnings and dividend policies

(1) According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

i. Payment of all taxes and dues;
ii. Offset prior years' operation losses;
iii. Set aside 10% of the remaining amount after deducting items (i) and (ii) as legal reserve;
iv. Set aside or reverse special reserve in accordance with law and regulations; and
v. After deducting items (i), (ii), (iii), and (iv) above from the current year's earnings, no higher than 3% of the remaining amount is to be allocated as remuneration to directors, 10% to 18% of the remaining amount is to be allocated as employee bonuses.
vi. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(2) Dividend policy

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, financial structures and earnings etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide that no more than 90% of the dividends to shareholders, if any, could be paid in the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

Employees of the Company's subsidiaries, meeting certain requirements by the Board of Directors, are also eligible for the employee bonuses.

(3)According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by shareholders.

(4) Before distributing earnings, the Company shall also set aside special reserve, for other net deductions from shareholders' equity of the period.

For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed is reclassified to eranings and may be distributed.

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company’s adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$349,310 thousand. Furthermore, the Company has reversed special reserve in the amount of NT$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal or reclassification of related assets. As of December 31, 2014 and 2013, special reserve set aside for the first-time adoption of T-IFRS reduced to NT$299,666 thousand accordingly.

(5) For the years ended December 31, 2014 and 2013, the Company incurred accumulated loss and, therefore did not intend to accrue the bonuses to employees and remuneration to directors. The estimates were based on post-tax net income of the period and the Company’s Articles of Incorporation, and considered factors such as appropriation to legal reserve etc. The estimated employee bonuses and remuneration to directors are recognized as operating costs or operating expense for the period. If the Board modified the estimates significantly in the subsequent periods, the Company will recognize the change as an adjustment to current income. The difference between the estimation and the resolution of shareholders’ meeting will be recognized in profit or loss of the subsequent year. The number of shares distributed as share dividends was calculated based on the closing price one day earlier than the date of shareholders’ meeting and considered the impacts of ex-right/ex-dividend.

(6)There was no earnings distribution for the years ended December 31, 2013 and 2012.

Information regarding the employee bonuses and remuneration to directors proposed by the Board of Directors and approved by shareholders’ meeting has been made publicly available at the “Market Observation Post System”.

(15) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(a) Share-based payment plan for employees of the parent entity

On July 25, 2007, the Company was authorized by the Securities and Futures Bureau of the FSC, Executive Yuan, to issue employee share options with a total number of 850,000 units. Each unit entitles a grantee to subscribe for 10 shares of the Company’s common shares. The grantee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

Date of grant	Total number of options granted	Total number of options outstanding	Exercise price (NT$)
December 28, 2007	850,000	497,650	$21.17

①The following table contains further details on the aforementioned share-based payment plan:

	2014		2013	
	Number of share options outstanding	Weighted average exercise price of share options	Number of share options outstanding	Weighted average exercise price of share options
Outstanding at beginning of period	497,650	$21.17	497,650	$21.17
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	497,650	21.17	497,650	21.17
Exercisable at end of period	497,650		497,650	
For share options granted during the period, weighted average fair value of those options at the measurement date		-		-

②Included in these balances are options that have not been recognized in accordance with IFRS 2 Share-based Payment subject to the first-time adoption exemption as the options were granted and vested before 1 January 2012. The number of options outstanding was as follows:

As of December 31, 2014: 2,851,500 units
As of December 31, 2013: 2,851,500 units

③The information on the outstanding share options as of December 31, 2014 and 2013 is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2014, share options outstanding at the end of the period	$21.17	-
As of December 31, 2013, share options outstanding at the end of the period	$21.17	1 year

(16) Operating revenue

	2014	2013
Sale of goods	$9,029,955	$8,531,750
Less: Sales returns, discounts and allowances	(143,498)	(206,554)
Total	$8,886,457	$8,325,196

(17) Operating leases

The Company as a lessee

The Company has entered into commercial leases on certain motor vehicles and items of land and buildings. These leases have an average life of three years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2014 and 2013 are as follows:

	2014.12.31	2013.12.31
Within one year	$-	$644
Above one year to five years	430	430
Total	$430	$1,074

Operating lease expenses recognized are as follows:

	2014	2013
Minimum lease payments	$10,683	$19,432

(18) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2014 and 2013 is as follows:

	2014			2013		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$220,516	$118,789	$339,305	$272,178	$117,864	$390,042
Labor and health insurance	29,563	8,707	38,270	37,578	8,437	46,015
Pension	12,377	7,593	19,970	12,876	8,218	21,094
Other employee benefits expense	149,347	52,890	202,237	159,353	38,275	197,628
Depreciation	187,682	348	188,030	218,006	258	218,264
Amortization	1,232	1,859	3,091	1,601	538	2,139

Note: The headcounts of the Company amounted to 783 and 863, respectively, on December 31, 2014 and 2013.

(19)Non-operating income and expenses

(a)Other income

	2014	2013
Interest income	$1,616	$5,301
Other income－reversal of bad debt	1,599	5,000
Other income－others	15,933	9,380
Total	$19,148	$19,681

(b)Other gains and losses

	2014	2013
Net gain (loss) of financial assets and liabilities at fair value through profit or loss	$-	$90
Gain on disposal of property, plant and equipment	15,015	13,375
Foreign exchange gains (losses), net	60,811	47,630
Impairment losses		
Property, plant and equipment	-	(1,982)
Others losses－loss on buying-back convertible bonds payable	-	(270)
Others losses－others	(20,015)	(2,983)
Total	$55,811	$55,860

(c)Finance costs

	2014	2013
Interest on borrowings from bank	$15,478	$13,372
Interest on convertible bonds payable	-	5,510
Interest on amortizing discount of convertible bonds payable	-	3,700
Total	$15,478	$22,582

(20)Components of other comprehensive income

For the year ended December 31, 2014

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Exchange differences resulting from translating the financial statements of a foreign operation	$181,885	$-	$181,885	$(30,921)	$150,964
Actuarial gains or losses on defined benefits plan	4,741	-	4,741	-	4,741
Total of other comprehensive income	$186,626	$-	$186,626	$(30,921)	$155,705

For the year ended December 31, 2013

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Exchange differences resulting from translating the financial statements of a foreign operation	$169,662	$-	$169,662	$(28,406)	$141,256
Actuarial gains or losses on defined benefits plan	15,155	-	15,155	-	15,155
Equity relate to Non-current assets held for sale	-	(8,607)	(8,607)	-	(8,607)
Total of other comprehensive income	$184,817	$(8,607)	$176,210	$(28,406)	$147,804

(21) Income tax

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

Income tax expense (income) recognized in profit or loss

	2014	2013
Current income tax expense (income):		
Current income tax charge	$-	$-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	54,786	-
Adjustments in respect of current income tax of prior periods	644	-
Total income tax expense (income)	$55,430	$-

Income tax relating to components of other comprehensive income

	2014	2013
Deferred tax expense (income):		
Exchange differences resulting from translating the financial statements of a foreign operation	$30,921	$28,406

(b)A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	2014	2013
Accounting profit (loss) before tax from continuing operations	$299,357	$(255,383)
Tax payable at the enacted tax rates	$50,891	$(43,415)
Tax effect of expenses not deductible for tax purposes	1,300	1,133
Tax effect of deferred tax assets/liabilities	2,595	42,282
Prior years tax adjustment	644	-
Total income tax expense (income) recognized in profit or loss	$55,430	$-

(c)Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2014

	Beginning balance as of January 1, 2014	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2014
Temporary differences				
Unrealized loss on inventory valuation	$8,913	$(1,771)	$-	$7,142
Investments accounted for using the equity method	(127,985)	(108,146)	(30,921)	(267,052)
Allowance for doubtful debts	1,961	(801)	-	1,160
Over 2 years payables	73	-	-	73
Gain on disposal of property, plant and equipment	1,670	(290)	-	1,380
Unrealized exchange loss (gain)	225	(6,220)	-	(5,995)
Impairment losses of assets	2,730	(2,730)	-	-
Sales returns and allowances	11,300	(4,086)	-	7,214
Commission expense	21,989	8,145	-	30,134
Unused tax losses	7,948	61,113	-	69,061
Employee benefits	1,584	-	-	1,584
Deferred tax income/ (expense)		$(54,786)	$(30,921)	
Net deferred tax assets/(liabilities)	$(69,592)			$(155,299)
Reflected in balance sheet as follows:				
Deferred tax assets	$58,393			$117,748
Deferred tax liabilities	$(127,985)			$(273,047)

For the year ended December 31, 2013

	Beginning balance as of January 1, 2013	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2013
Temporary differences				
Unrealized loss on inventory valuation	$12,596	$(3,683)	$-	$8,913
Investments accounted for using the equity method	(66,736)	(32,843)	(28,406)	(127,985)
Allowance for doubtful debts	-	1,961	-	1,961
Over 2 years payables	-	73	-	73
Gains on disposal of property, plant and equipment	-	1,670	-	1,670
Unrealized exchange loss (gain)	-	225	-	225
Impairment losses of assets	-	2,730	-	2,730
Sales return and allowances	-	11,300	-	11,300
Commission expense	12,954	9,035	-	21,989
Unused tax losses	-	7,948	-	7,948
Employee benefits	-	1,584	-	1,584
Deferred tax income/ (expense)		$-	$(28,406)	
Net deferred tax assets/(liabilities)	$(41,186)			$(69,592)
Reflected in balance sheet as follows:				
Deferred tax assets	$25,550			$58,393
Deferred tax liabilities	$(66,736)			$(127,985)

(d) Unrecognized deferred tax assets

As of December 31, 2014 and 2013, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$70,684 thousand and NT$71,327 thousand, respectively.

(e) Imputation credit information

	2014.12.31	2013.12.31
Balances of imputation credit amounts	$238,854	$236,471

The expected creditable ratio for 2014 and actual creditable ratio for 2013 were both 0%.

(f) The following table contains information of the net operating loss of the Company:

Year incurred	Net operating loss	Expiration year
2013	$441,122	2023
2014(estimated)	374,760	2024
Total	$815,882	

(g) Under the Statute for Upgrading Industries, the Company was granted exemption from corporate income tax (tax holiday) for as follows:

Item to be Exempt from Corporate Income Tax	Tax holiday period
Manufacturing and Selling of PCB	2011.01.01~2015.12.31

(h) The assessment of income tax returns

As of December 31, 2014, the tax assessments on the Company’s tax filings have been approved up to the year of 2011.

(22) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2014	2013
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$243,927	$(255,383)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	286,059	282,280
Basic earnings per share (in NT$)	$0.85	$(0.90)
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$243,927	$(255,383)
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$243,927	$(255,383)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	286,059	282,280
Effect of dilution:		
Employee bonus－stock (in thousand shares)	-	-
Employee stock options (in thousand shares)	-	(Note)
Convertible bonds (in thousand shares)	-	(Note)
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	286,059	282,280
Diluted earnings per share (in NT$)	$0.85	$(0.90)

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

Note: It is not applicable due to anti-dilutive effect.

7. Related party transactions

(a) Sales

	2014	2013
Subsidiaries	$2,694	$-

As the specifications of merchandise sold to the subsidiaries are different from those to other third-party companies, the selling prices to subsidiaries were not comparable. Collection terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general customers.

(b) Purchases

	2014	2013
Subsidiaries	$6,575,356	$5,659,060

As the specifications of merchandise purchased from the subsidiaries are different from those from other third-party companies, the purchasing prices to subsidiaries were not comparable. Payment terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general suppliers.

(c) The Company recognized operating revenue of processing performed for subsidiaries amounted to NT$3,713 thousand and NT$5,083 thousand for the years ended December 31, 2014 and 2013, respectively.

(d) Lease

Related Parties	Lease	Period	Rental per month	Rental Expenses	Deposit
2014					
None					

Related Parties	Lease	Period	Rental per month	Rental Expense	Deposit
2013					
Key management personnel (Note)	No.115, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)	2013.01.01-2013.12.31	$64	$256	$-
Key management personnel (Note)	No.115-2, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)	2013.01.01-2013.12.31	83	331	-
Key management personnel (Note)	3F, No.115-2, Sec. 1, Minsheng N. Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)	2013.01.01-2013.12.31	30	120	-

Note: The key management personnel resigned from the Company’s board on May 23, 2013. The rental expenses disclosed above as the related party transactions therefore were accounted for the period from January 2013 to April 2013.

(e) Transaction of assest

Type of Assets	Related Parties	Purchase price	Price reference
2014			
Machinery	Subsidiary	$2,158	Negotiated
2013			
Machinery	Subsidiary	$1,033	Negotiated

Type of Assets	Related Parties	Book Value	Selling price	Gain (Note)	Price reference
2014					
Machinery	Subsidiary	$11,680	$14,352	$2,672	Negotiated
2013					
Machinery	Subsidiary	$11,117	$13,284	$2,167	Negotiated

Note: The gains were recorded as unrealized profits.

(f) Accounts receivable-related parties

	2014.12.31	2013.12.31
Subsidiaries	$68,244	$66,695
Less: credit balance to long-term investment	(65,376)	(65,376)
Less: allowance for doubtful debt	-	-
Total	$2,868	$1,319

(g) Other receivables from related parties

	2014.12.31	2013.12.31
Subsidiaries	$15,887	$28,765

(h) Accounts payable to related parties

	2014.12.31	2013.12.31
Subsidiaries	$1,768,670	$1,455,728

(i) Loan to related parties

Other receivables	The highest balance (Dr)	Balance at year end (Dr)	Interest rate	Total interest for the year
2014				
Subsidiaries	$32,000	$25,000	1.54%	$492
2013				
Subsidiaries	$32,000	$-	1.5%~2.0169%	$565

(j) As of December 31, 2014 and 2013, the Company provided endorsement/guarantee to its subsidiaries in total of NT$3,218,622 thousand and NT$2,842,942 thousand, respectively.

(k) Key management personnel compensation

	2014	2013
Short-term employee benefits	$21,946	$23,286
Post-employment benefits	744	2,266
Total	$22,690	$25,552

8. Assets pledged as collateral

Assets	Book value 2014.12.31	Book value 2013.12.31	Purpose of pledge
Bond investments for which no active market exists-current	$-	$1	Secured loans
Property, plant and equipment – land	137,171	137,171	Secured loans
Property, plant and equipment – buildings	107,982	114,764	Secured loans
Property, plant and equipment – machinery and equipment	134,256	203,877	Secured loans
Property, plant and equipment – other equipment	-	589	Secured loans
Total	$379,409	$456,402	

9. Significant contingencies and unrecognized contract commitments

(a) As of December 31, 2014, unused letter of credit of the Company was as follows:

Currency	Amount (thousand dollars)	Deposit
JPY	JPY 235,050	$-
USD	USD 1,286	-

(b) As of December 31, 2014, the Company's outstanding contracts relating to purchase of property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid	Amount unpaid
Machinery	$171,380	$52,169	$119,211

(c) Regarding Hans Ulrich Decker's personally using the cash of Dynamic Electronics Europe GmbH, the Company has commissioned an attorney to initiate the litigations. As of the date this report has been released, the case was under review by German courts. 100% provision for potential losses has been recognized in the Dynamic Electronics Europe GmbH report.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	2014.12.31	2013.12.31
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand)	$435,025	$731,379
Bond investments for which no active market exists	-	1
Notes receivable, net	15,551	15,610
Accounts receivable, net (including related parties)	2,469,684	2,156,532
Other receivables (including related parties)	62,417	50,909
Total	$2,982,677	$2,954,431

Financial liabilities

	2014.12.31	2013.12.31
Financial liabilities at amortized cost:		
Short-term loans	$70,216	$89,565
Payables	2,735,094	2,113,174
Long-term loans (including current portion)	688,583	726,019
Total	$3,493,893	$2,928,758

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before the Company enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2014 and 2013 is decreased/increased by NT$7,581 thousand and NT$10,666 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2014 and 2013 to decrease/increase by NT$386 thousand and NT$201 thousand, respectively.

Equity price risk

As of December 31, 2014 and 2013, the Company does not hold equity securities at fair value; therefore the Company is not subject to equity price risk.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2014 and 2013, accounts receivable from top ten customers represent 65.11% and 66.87% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2014.12.31					
Loans	$281,714	$341,489	$129,692	$33,122	$786,017
Payables	2,735,094	-	-	-	2,735,094
2013.12.31					
Loans	304,506	281,293	210,113	66,997	862,909
Payables	2,113,174	-	-	-	2,113,174

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their faire value.

ii. Fair value of equity instruments without market quotations (including unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as recent fund raising activities, valuation of similar companies, individual company's development, market conditions and other economic indicators.

iii. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

iv. The fair value of other financial assets and liabilities is determined using discounted cash flow analysis. The interest rate and discount rate are selected with reference to those of similar financial instruments.

(b) Fair value of financial instruments measured at amortized cost

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

(c) Assets measured at fair value

The following table contains the fair value of financial instruments after initial recognition and the details of the three levels of fair value hierarchy:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

2014.12.31

	Level 1	Level 2	Level 3	Total
Financial assets:				
None				
Financial liabilities:				
None				

2013.12.31

	Level 1	Level 2	Level 3	Total
Financial assets:				
None				
Financial liabilities:				
None				

During the years ended December 31, 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy is as follow: None.

(7) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

	2014.12.31			2013.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary tems:						
USD	$90,625	31.60	$2,863,766	$91,864	29.755	$2,733,428
Financial liabilities						
Monetary tems:						
USD	$65,882	31.69	$2,087,866	$55,831	29.855	$1,666,820

(8) Capital management

The primary objective of the Company capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

a. Financing provided to others for the year ended December 31, 2014: Please refer to Attachment 1.

b. Endorsement/Guarantee provided to others for the year ended December 31, 2014: Please refer to Attachment 2.

c. Securities held as of December 31, 2014 (excluding subsidiaries, associates and joint ventures): None.

d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

f. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of capital stock for the year ended December 31, 2014: Please refer to Attachment 3.

h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of December 31, 2014: None.

i. Financial instruments and derivative transactions: None.

(2) Information on investees :

A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

B. An investor controls operating, investing and financial decisions of an investee. The related information for the investee shall be disclosed as below:

(a) Financing provided to others for the year ended December 31, 2014: None.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2014: None.

(c) Securities held as of December 31, 2014 (excluding subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2014: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of capital stock for the year ended December 31, 2014: Please refer to Attachment 5.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of December 31, 2014: Please refer to Attachment

(i) Financial instruments and derivative transactions: None.

(3) Information on investments in Mainland China:

a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co. Ltd.	Manufacturing and selling of PCB	$2,528,000 (Note 2, 3, 6)	(Note 1)	$2,260,265	$-	$-	$2,260,265	$657,971 (Note 2)	100%	$659,801 (Note 2, 4, 5)	$4,003,761 (Note 2, 4, 5)	$774,200 (Note 2)	$2,260,265	$2,260,265	$2,867,126

Note 1: The Company indirectly invested 100% in Dynamic Electronics (Kunshan) Co. Ltd.
Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.
Note 3: Total Amount of Paid-in Capital is USD80,000 thousand.
Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.
Note 5: Recognized investment income and carrying value by WINTEK (MAURITIUS) CO., LTD.
Note 6: The difference between investmants remitted from Taiwan in amount of USD69,500 thousand and the received paid-in capital of USD80,000 thousand was a result of a capital injection of USD10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.

b. Purchase and accounts payable with the related parties:

	Purchase		Accounts payable	
	Amount	%	Amount	%
Dynamic PCB Electronics Co., Ltd.	$6,575,356	88.94%	$1,768,670	83.32%

As the specifications of merchandise purchased from the subsidiaries are different from those from other third-party companies, the purchasing prices to subsidiaries were not comparable. Payment terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general suppliers.

c. Sales and accounts receivable with the related parties:

	Sales		Accounts receivable	
	Amount	%	Amount	%
Dynamic Electronics (Kunshan) Co. Ltd.	$2,654	0.03%	$-	-%

As the specifications of merchandise sold to the subsidiaries are different from those to other third-party companies, the selling prices to subsidiaries were not comparable. Collection terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general customers.

d. The profit and loss produced by transaction of the property:

Type of Assets	Related Parties	Purchase price	Price reference
2014			
Machinery	Dynamic Electronics (Kunshan) Co. Ltd.	$2,158	Negotiated

Type of Assets	Name of Related Parties	Book Value	Selling price	Gain	Price reference
2014					
Machinery	Dynamic Electronics (Kunshan) Co. Ltd.	$11,680	$14,352	$2,672 (Note)	Negotiated

Note: the gain was recorded as unrealized profit.

e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure:

As of December 31, 2014, the Company provided Endorsement/Guarantee to Dynamic Electronics (Kunshan) Co. Ltd. amounted to NT$2,828,369 thousand.

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: None.

g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service:

The Company recognized operating revenue of processing performed for Dynamic Electronics (Kunshan) Co. Ltd. amounting to NT$3,713 thousand for the year of 2014. As of December 31, 2014, accounts receivable amounted to NT$2,868 thousand.

As of December 31, 2014, other receivable from Dynamic Electronics (Kunshan) Co. Ltd. amounted to NT$15,887 thousand.

14. Segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

ATTACHMENT 1 (Financing provided to others for the year ended December 31, 2014)
（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD.

No. (Note1)	Lender	Receiving party: Counter-party	Receiving party: Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note2)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral: Item	Collateral: Value	Limit of financing amount for individual counter-party (Note3)	Limit of total financing amount (Note3)
0	Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	Other receivables - related parties	Yes	$32,000	$25,000	$25,000	1.54%	2	$-	Business turnover	$-	-	$-	$955,709	$1,911,418

Note1: Dynamic Electronics Co., Ltd. is coded "0".
Note2: Nature of financing is coded as follows:
1.Need for operating is coded "1".
2.Need for short term financing is coded "2".
Note3: Limit of total financing amount shall not exceed 40% of the lender's net assets of value as of December 31, 2014.
Limit of financing amount for individual counter-party shall not exceed 20% of the lender's net assets value as of December 31, 2014.

ATTACHMENT 2（Endorsement/Guarantee provided to others for the year ended December 31, 2014）
（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD.

No. (Note1)	Endorser/Guarantor	Receiving party: Company name	Receiving party: Relationship (Note2)	Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
0	Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	2	$4,778,544	$396,753	$390,253	$300,560	$-	8.17%	$4,778,544	Y	N	N
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Inc.	3	$4,778,544	$2,828,369	$2,828,369	$948,000	$-	59.19%	$4,778,544	Y	N	Y

Note1: Dynamic Electronics Co., Ltd. is coded "0".
Note2: The six categories of between the Company and endorsees as follows:
1.An investee company that has a business relationship with the Company.
2.A subsidiary in which the Company holds directly over 50% of equity interest.
3.An investee in which the Company invests and its subsidiaries hold over 50% of equity interest.
4.An investee in which the Company holds direct or indirect over 50% of equity method.
5.An investee that has provided guarantees to the Company, and vice versa, due to contractual requirements.
6.An investee in which the Company conjunctionally invests with other shareholders, and for which the Company has provided endorsement/guarantee in proportion to its shareholding percentage.
Note3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed the current net value of Company.

ATTACHMENT 3（Related party transactions for purchases and sales amounts exceeding the lower of 100 million dollars or 20% of capital stock for the year ended December 31, 2014）
（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD.

			Transactions				Details of non-arm's length transaction		Notes and accounts receivables (payable)	
Company	Related party	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total balances (%)
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	$6,575,356	88.94%	90~100 days after monthly closing	Not comparable	Non relative parties are 60~120 days after monthly closing	Accounts payable $1,768,670	83.32%

ATTACHMENT 4（If an investor has the ability to exercise significant influence on investee or has material controlling power on investee）（Not including investment in Mainland China）
（All the currencies are denominated in Thousands of New Taiwan Dollars, HKD, and USD unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD.

				Initial Investment		Investments as of December 31, 2014				
Investor Company	Investee Company	Address	Main businesses and products	Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value	Net income (loss) of investee company	Investment income (loss) recognized
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Suite 802, St James Court, St Denis Street, Port Louis, Mauritius	The business of PCB	$2,272,166	$2,272,166	6,950,000	100.00%	$3,978,025	$632,504	$635,707 (Note1)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Europe GmbH	Moraenenhoehe 45 47533 Kleve Germany	PCB and business which relates to import and export	873	873	-	100.00%	(67,041)	-	-
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	1,555	1,555	50,000	100.00%	1,963	448	448
Dynamic Electronics Co., Ltd.	Abon Touchsystems Inc.	No.9, Dexing 4th Rd., Dongshan Township, Yilan County, Taiwan (R.O.C.)	Electronic component manufacturing	195,419	195,419	9,763,005	51.13%	42,998	(9,674)	(4,947)

Note1: Including investment gain recognized under equity method amounted to 632,504 thousand dollars, realized profit on transaction between subsidiaries amounted to 36,643 thousand dollars and unrealized profit on transaction between subsidiaries amounted to 33,440 thousand dollars.

ATTACHMENT 5（Related party transactions for purchases and sales amount exceeding the lower of 100 million dollars or 20% of capital stock for the year ended December 31, 2014）
（All the currencies are denominated in Thousands of RMB and USD unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD.

				Transactions			Details of non-arm's length transaction		Notes and accounts receivables (payable)	
Purchase (sales) company	Related party	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total balances (%)
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,344,387	81.96%	90 days after monthly closing	Not comparable	Non relative parties are 60~150 days after monthly closing	Accounts receivable RMB 341,404	67.88%
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Inc.	Subsidiary	Purchases	USD 218,627	100.00%	90~100 days after monthly closing	Not comparable	Not comparable	Accounts payable USD 55,794	100.00%
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 218,627	100.00%	90~100 days after monthly closing	Not comparable	Not comparable	Accounts receivable USD 55,794	100.00%

ATTACHMENT 6（Receivables from related parties with amounts exceeding the lower of 100 million dollars or 20% of capital stock as of December 31, 2014）
（All the currencies are denominated in Thousands of RMB and USD unless otherwise specified）

DYNAMIC ELECTRONICS CO., LTD.

					Overdue receivables			
Company	Related party	Relationship with the Company	Ending Balance	Turnover rate (times)	Amount	Collection status	Amounts received in subsequent period	Allowance for doubtful accounts
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Accounts receivable RMB 341,404	4.21	$-	-	$-	$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Accounts receivable USD 55,794	4.18	$-	-	$-	$-

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ANNUAL REPORT 2014

Dynamic Electronics Co., Ltd.

Ken Huang, Chairman