Advanced Semiconductor Engineering, Inc. and Subsidiaries

Consolidated Financial Statements as of December 31, 2013 and 2014 and for the Years Ended December 31, 2012, 2013 and 2014 and Report of Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Advanced Semiconductor Engineering, Inc.

We have audited the accompanying consolidated balance sheets of Advanced Semiconductor Engineering, Inc. (a corporation incorporated under the laws of the Republic of China) and its subsidiaries (collectively, the "Group") as of December 31, 2013 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2014, all expressed in New Taiwan dollars. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2013 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Our audits also comprehended the translation of New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 4 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of the readers.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2015 expressed an unqualified opinion on the Group's internal control over financial reporting.

/s/ Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2015

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

ASSETS	December 31, 2013 NT$	December 31, 2014 NT$	December 31, 2014 US$ (Note 4)
CURRENT ASSETS			
Cash and cash equivalents (Notes 4 and 6)	$ 45,026,371	$ 51,694,410	$ 1,635,899
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	2,764,269	4,988,843	157,875
Available-for-sale financial assets - current (Notes 4 and 8)	2,376,970	1,533,265	48,521
Trade receivables, net (Notes 4 and 10)	43,235,573	52,920,810	1,674,709
Other receivables (Note 4)	422,345	537,122	16,997
Current tax assets (Notes 4 and 24)	150,596	65,312	2,067
Inventories (Notes 4, 5 and 11)	16,281,236	20,163,093	638,072
Inventories related to real estate business (Notes 4, 5, 12, 23 and 34)	18,589,255	23,986,478	759,066
Other financial assets - current (Notes 4 and 34)	278,375	638,592	20,209
Other current assets	3,051,492	3,427,265	108,458
Total current assets	132,176,482	159,955,190	5,061,873
NON-CURRENT ASSETS			
Available-for-sale financial assets - non-current (Notes 4 and 8)	1,140,329	941,105	29,782
Investments accounted for using the equity method (Notes 4 and 13)	1,205,158	1,468,242	46,463
Property, plant and equipment (Notes 4, 5, 14, 23, 34 and 35)	131,497,331	151,587,115	4,797,061
Goodwill (Notes 4, 5 and 15)	10,347,820	10,445,415	330,551
Other intangible assets (Notes 4, 5, 16 and 23)	1,605,824	1,467,871	46,452
Deferred tax assets (Notes 4, 5 and 24)	3,684,702	4,265,220	134,975
Other financial assets - non-current (Notes 4 and 34)	354,993	367,345	11,625
Long-term prepayments for lease (Note 17)	4,072,281	2,585,964	81,834
Other non-current assets	637,163	635,350	20,106
Total non-current assets	154,545,601	173,763,627	5,498,849
TOTAL	$ 286,722,083	$ 333,718,817	$ 10,560,722

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	December 31, 2013	December 31, 2014	
LIABILITIES AND EQUITY	**NT$**	**NT$**	**US$ (Note 4)**
CURRENT LIABILITIES			
Short-term borrowings (Note 18)	$ 44,618,195	$ 41,176,033	$ 1,303,039
Financial liabilities at fair value through profit or loss - current (Notes 4, 5 and 7)	1,853,304	2,651,352	83,903
Derivative financial liabilities for hedging - current (Notes 4, 5 and 9)	3,310	-	-
Trade payables	28,988,976	35,411,281	1,120,610
Other payables (Note 20)	14,758,553	22,364,516	707,738
Current tax liabilities (Notes 4 and 24)	4,225,390	6,630,696	209,832
Advance real estate receipts (Note 4)	19,248	480,325	15,200
Current portion of bonds payable (Notes 4 and 19)	731,438	-	-
Current portion of long-term borrowings (Notes 18 and 34)	5,276,206	2,831,007	89,589
Other current liabilities	1,585,177	2,134,917	67,561
Total current liabilities	102,059,797	113,680,127	3,597,472
NON-CURRENT LIABILITIES			
Bonds payable (Notes 4 and 19)	20,582,567	31,270,131	989,561
Long-term borrowings (Notes 18 and 34)	29,580,659	24,104,424	762,798
Deferred tax liabilities (Notes 4, 5 and 24)	2,663,767	3,932,819	124,456
Long-term payables (Note 20)	894,150	-	-
Accrued pension liabilities (Notes 4, 5 and 21)	4,545,960	4,382,530	138,688
Other non-current liabilities	651,171	657,392	20,804
Total non-current liabilities	58,918,274	64,347,296	2,036,307
Total liabilities	160,978,071	178,027,423	5,633,779
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)			
Share capital	78,180,258	78,715,179	2,490,987
Capital surplus	7,921,375	16,013,980	506,772
Retained earnings			
Legal reserve	8,720,971	10,289,878	325,629
Special reserve	3,663,930	3,353,938	106,137
Unappropriated earnings	25,190,778	36,000,026	1,139,241
Total retained earnings	37,575,679	49,643,842	1,571,007
Other equity	(102,554)	5,067,640	160,368
Treasury shares	(1,959,107)	(1,959,107)	(61,997)
Equity attributable to owners of the Company	121,615,651	147,481,534	4,667,137

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	December 31, 2013	December 31, 2014	
	NT$	NT$	US$ (Note 4)
NON-CONTROLLING INTERESTS (Notes 4 and 22)	$ 4,128,361	$ 8,209,860	$ 259,806
Total equity	125,744,012	155,691,394	4,926,943
TOTAL	$ 286,722,083	$ 333,718,817	$ 10,560,722

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands Except Earnings Per Share)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
OPERATING REVENUES (Note 4)	$ 193,972,392	$ 219,862,446	$ 256,591,447	$ 8,119,983
OPERATING COSTS (Notes 11, 21 and 23)	157,342,744	177,040,435	203,002,918	6,424,143
GROSS PROFIT	36,629,648	42,822,011	53,588,529	1,695,840
OPERATING EXPENSES (Notes 21 and 23)				
Selling and marketing expenses	2,766,880	2,982,789	3,438,166	108,803
General and administrative expenses	8,283,264	8,712,862	10,214,810	323,254
Research and development expenses	7,872,422	9,064,712	10,289,684	325,623
Total operating expenses	18,922,566	20,760,363	23,942,660	757,680
Other income and expenses (Notes 20 and 23)	83,192	(1,348,246)	228,615	7,235
PROFIT FROM OPERATIONS	17,790,274	20,713,402	29,874,484	945,395
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 23)	553,088	493,884	529,251	16,749
Other gains and losses (Note 23)	244,830	447,886	607,299	19,218
Finance costs (Note 23)	(2,042,544)	(2,307,455)	(2,354,097)	(74,497)
Share of the profit or loss of associates (Note 4)	63,076	22,039	(121,882)	(3,857)
Total non-operating income and expenses	(1,181,550)	(1,343,646)	(1,339,429)	(42,387)
PROFIT BEFORE INCOME TAX	16,608,724	19,369,756	28,535,055	903,008
INCOME TAX EXPENSE (Notes 4, 5 and 24)	2,960,426	3,499,595	5,665,954	179,302
PROFIT FOR THE YEAR	13,648,298	15,870,161	22,869,101	723,706
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	(818,546)	412,225	(28,145)	(891)
Share of other comprehensive income of associates	-	-	(1,031)	(32)

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands Except Earnings Per Share)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Income tax relating to items that will not be reclassified subsequently	$ 140,880	$ (66,706)	$ 23,885	$ 756
	(677,666)	345,519	(5,291)	(167)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(3,269,623)	2,817,268	5,405,008	171,044
Unrealized gain (loss) on available-for-sale financial assets	16,539	14,839	(133,714)	(4,232)
Cash flow hedges	53,755	1,245	3,279	104
Share of other comprehensive income of associates	55,401	55,183	235,156	7,442
Income tax relating to items that may be reclassified subsequently	(9,138)	(769)	-	-
	(3,153,066)	2,887,766	5,509,729	174,358
Other comprehensive income (loss) for the year, net of income tax	(3,830,732)	3,233,285	5,504,438	174,191
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 9,817,566	$ 19,103,446	$ 28,373,539	$ 897,897
PROFIT FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the Company	$ 13,191,617	$ 15,404,505	$ 22,228,602	$ 703,437
Non-controlling interests	456,681	465,656	640,499	20,269
	$ 13,648,298	$ 15,870,161	$ 22,869,101	$ 723,706
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the Company	$ 9,420,363	$ 18,509,604	$ 27,394,362	$ 866,910
Non-controlling interests	397,203	593,842	979,177	30,987
	$ 9,817,566	$ 19,103,446	$ 28,373,539	$ 897,897
EARNINGS PER SHARE (Note 25)				
Basic	$ 1.77	$ 2.05	$ 2.89	$ 0.09
Diluted	$ 1.73	$ 1.99	$ 2.79	$ 0.09
EARNINGS PER AMERICAN DEPOSIT SHARE ("ADS")				
Basic	$ 8.86	$ 10.26	$ 14.46	$ 0.46
Diluted	$ 8.65	$ 9.96	$ 13.93	$ 0.44

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Equity Attributable to Owners of the Company													Non-controlling Interests	Total Equity
	Share Capital			Retained Earnings				Other Equity							
	Shares (In Thousands)	Amounts	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Cash Flow Hedges	Total	Treasury Shares	Total		
BALANCE AT JANUARY 1, 2012	6,755,707	$ 67,571,325	$ 3,976,014	$ 6,039,239	$ 1,272,417	$ 23,915,690	$ 31,227,346	$ -	$ 283,460	$ (48,372)	$ 235,088	$ (4,731,741)	$ 98,278,032	$ 1,512,947	$ 99,790,979
Profit for the year ended December 31, 2012	-	-	-	-	-	13,191,617	13,191,617	-	-	-	-	-	13,191,617	456,681	13,648,298
Other comprehensive income (loss) for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(677,417)	(677,417)	(3,210,248)	71,794	44,617	(3,093,837)	-	(3,771,254)	(59,478)	(3,830,732)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	-	12,514,200	12,514,200	(3,210,248)	71,794	44,617	(3,093,837)	-	9,420,363	397,203	9,817,566
Appropriation of 2011 earnings															
Legal reserve	-	-	-	1,372,596	-	(1,372,596)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(1,272,417)	1,272,417	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(4,325,284)	(4,325,284)	-	-	-	-	-	(4,325,284)	-	(4,325,284)
Share dividends distributed by the Company	931,600	9,315,995	-	-	-	(9,315,995)	(9,315,995)	-	-	-	-	-	-	-	-
	931,600	9,315,995	-	1,372,596	(1,272,417)	(13,741,458)	(13,641,279)	-	-	-	-	-	(4,325,284)	-	(4,325,284)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,799)	(22,799)
Cancel of treasury shares	(105,475)	(1,054,750)	(1,427,861)	-	-	(290,023)	(290,023)	-	-	-	-	2,772,634	-	-	-
Issue of dividends received by subsidiaries from the parent company	-	-	83,117	-	-	-	-	-	-	-	-	-	83,117	-	83,117
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	1,790	-	-	-	-	-	-	-	-	-	1,790	-	1,790
Partial disposal of interests in subsidiaries and additional acquisition of partially-owned subsidiaries (Notes 22 and 28)	-	-	2,178,714	-	-	-	-	-	-	-	-	-	2,178,714	1,443,198	3,621,912
Issue of ordinary shares under employee share options	20,460	215,097	462,860	-	-	-	-	-	-	-	-	-	677,957	175,194	853,151
BALANCE AT DECEMBER 31, 2012	7,602,292	76,047,667	5,274,634	7,411,835	-	22,398,409	29,810,244	(3,210,248)	355,254	(3,755)	(2,858,749)	(1,959,107)	106,314,689	3,505,743	109,820,432
Special reserve under Rule No. 1010012865 issued by the Financial Supervisory Commission (Note 22)	-	-	-	-	3,353,938	(3,353,938)	-	-	-	-	-	-	-	-	-
Profit for the year ended December 31, 2013	-	-	-	-	-	15,404,505	15,404,505	-	-	-	-	-	15,404,505	465,656	15,870,161
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	348,904	348,904	2,684,727	70,992	476	2,756,195	-	3,105,099	128,186	3,233,285
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	15,753,409	15,753,409	2,684,727	70,992	476	2,756,195	-	18,509,604	593,842	19,103,446
Issue of ordinary shares for cash (Note 22)	130,000	1,300,000	2,093,000	-	-	-	-	-	-	-	-	-	3,393,000	-	3,393,000
Appropriation of 2012 earnings															
Legal reserve	-	-	-	1,309,136	-	(1,309,136)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	309,992	(309,992)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(7,987,974)	(7,987,974)	-	-	-	-	-	(7,987,974)	-	(7,987,974)
	-	-	-	1,309,136	309,992	(9,607,102)	(7,987,974)	-	-	-	-	-	(7,987,974)	-	(7,987,974)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(99,597)	(99,597)
Issue of dividends received by subsidiaries from the parent company	-	-	153,097	-	-	-	-	-	-	-	-	-	153,097	-	153,097
Partial disposal of interests in subsidiaries and additional acquisition of partially-owned subsidiaries (Notes 22 and 28)	-	-	(330)	-	-	-	-	-	-	-	-	-	(330)	27,826	27,496
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	1,457	-	-	-	-	-	-	-	-	-	1,457	-	1,457
Issue of ordinary shares under employee share options	55,535	832,591	399,517	-	-	-	-	-	-	-	-	-	1,232,108	100,547	1,332,655
BALANCE AT DECEMBER 31, 2013	7,787,827	78,180,258	7,921,375	8,720,971	3,663,930	25,190,778	37,575,679	(525,521)	426,246	(3,279)	(102,554)	(1,959,107)	121,615,651	4,128,361	125,744,012
Profit for the year ended December 31, 2014	-	-	-	-	-	22,228,602	22,228,602	-	-	-	-	-	22,228,602	640,499	22,869,101
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	(4,434)	(4,434)	5,066,383	100,532	3,279	5,170,194	-	5,165,760	338,678	5,504,438

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ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Equity Attributable to Owners of the Company														
	Share Capital			Retained Earnings				Other Equity							
	Shares (In Thousands)	Amounts	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Cash Flow Hedges	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
Total comprehensive income for the year ended December 31, 2014	-	$ -	$ -	$ -	$ -	$ 22,224,168	$ 22,224,168	$ 5,066,383	$ 100,532	$ 3,279	$ 5,170,194	$ -	$ 27,394,362	$ 979,177	$ 28,373,539
Appropriation of 2013 earnings															
Legal reserve	-	-	-	1,568,907	-	(1,568,907)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(309,992)	309,992	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(10,156,005)	(10,156,005)	-	-	-	-	-	(10,156,005)	-	(10,156,005)
	-	-	-	1,568,907	(309,992)	(11,414,920)	(10,156,005)	-	-	-	-	-	(10,156,005)	-	(10,156,005)
Issue of dividends received by subsidiaries from the parent company	-	-	188,790	-	-	-	-	-	-	-	-	-	188,790	-	188,790
Partial disposal of interests in subsidiaries and additional acquisition of partially-owned subsidiaries (Notes 22 and 28)	-	-	6,876,866	-	-	-	-	-	-	-	-	-	6,876,866	3,067,712	9,944,578
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	26,884	-	-	-	-	-	-	-	-	-	26,884	-	26,884
Issue of ordinary shares under employee share options	73,898	534,921	1,000,065	-	-	-	-	-	-	-	-	-	1,534,986	120,376	1,655,362
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(85,766)	(85,766)
BALANCE AT DECEMBER 31, 2014	7,861,725	$ 78,715,179	$ 16,013,980	$ 10,289,878	$ 3,353,938	$ 36,000,026	$ 49,643,842	$ 4,540,862	$ 526,778	$ -	$ 5,067,640	$ (1,959,107)	$ 147,481,534	$ 8,209,860	$ 155,691,394
US. DOLLARS (Note 4) BALANCE AT DECEMBER 31, 2014	7,861,725	$ 2,490,987	$ 506,772	$ 325,629	$ 106,137	$ 1,139,241	$ 1,571,007	$ 143,698	$ 16,670	$ -	$ 160,368	$ (61,997)	$ 4,667,137	$ 259,806	$ 4,926,943

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	$ 16,608,724	$ 19,369,756	$ 28,535,055	$ 903,008
Adjustments for:				
Depreciation expense	22,473,857	24,696,607	25,805,042	816,615
Amortization expense	962,022	774,304	545,734	17,270
Net (gains) losses on fair value change of financial assets and liabilities at fair value through profit or loss	717,664	(795,359)	(1,838,840)	(58,191)
Interest expense	2,004,315	2,257,144	2,324,426	73,558
Interest income	(322,197)	(212,801)	(243,474)	(7,705)
Dividend income	(66,129)	(131,449)	(101,252)	(3,204)
Compensation cost of employee share options	537,461	260,801	110,157	3,486
Share of loss (profit) of associates	(63,076)	(22,039)	121,882	3,857
Impairment loss recognized on financial assets	23,693	196,325	28,421	899
Impairment loss recognized on non-financial assets	592,972	949,015	899,480	28,465
(Reversal of) compensation cost for the settlement of legal claims	-	894,150	(91,305)	(2,889)
Others	(263,456)	451,240	1,808,677	57,236
Changes in operating assets and liabilities				
Financial assets held for trading	871,970	1,122,280	823,313	26,054
Trade receivables	(6,683,680)	(5,767,254)	(9,703,070)	(307,059)
Other receivables	252,044	(6,540)	(8,625)	(273)
Inventories	(2,434,715)	(3,241,115)	(8,208,824)	(259,773)
Other current assets	(543,304)	(108,425)	102,353	3,239
Financial liabilities held for trading	(805,635)	(1,011,975)	(835,779)	(26,449)
Trade payables	2,992,599	4,722,462	6,422,305	203,238
Other payables	(96,222)	1,068,223	3,045,452	96,375
Other current liabilities	738,146	2,796	703,764	22,271
Other operating activities items	(695,839)	(191,631)	(187,727)	(5,941)
	36,801,214	45,276,515	50,057,165	1,584,087
Interest received	337,819	182,164	233,457	7,388
Dividend received	121,033	176,058	101,252	3,204
Interest paid	(2,140,357)	(2,200,143)	(2,065,244)	(65,356)
Income tax paid	(2,081,690)	(2,138,639)	(2,463,153)	(77,947)
Net cash generated from operating activities	33,038,019	41,295,955	45,863,477	1,451,376

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets designated as at fair value through profit or loss	$ (11,624,529)	$ (53,135,894)	$ (108,958,658)	$ (3,448,059)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	7,788,016	55,032,536	109,825,159	3,475,480
Purchase of available-for-sale financial assets	(891,233)	(3,474,152)	(3,565,428)	(112,830)
Proceeds on sale of available-for-sale financial assets	824,343	1,093,408	4,388,130	138,865
Cash received from return of capital by available-for-sale financial assets	34,598	27,368	20,411	646
Purchase of held-to-maturity financial assets	-	(88,169)	-	-
Proceeds on sale of held-to-maturity financial assets	-	73,716	-	-
Purchase of Investments accounted for using the equity method	-	-	(100,000)	(3,165)
Net cash outflow on acquisition of subsidiaries	(261,607)	(250,387)	-	-
Payments for property, plant and equipment	(39,029,496)	(29,142,719)	(39,598,964)	(1,253,132)
Proceeds from disposal of property, plant and equipment	484,800	351,546	421,207	13,329
Payments for intangible assets	(445,951)	(313,110)	(396,466)	(12,546)
Proceeds from disposal of intangible assets	4,309	-	-	-
Decrease in other financial assets	217,468	4,513	(372,569)	(11,790)
Increase in other non-current assets	(918,566)	(104,499)	(480,711)	(15,212)
Net cash used in investing activities	(43,817,848)	(29,925,843)	(38,817,889)	(1,228,414)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from (repayment of) short-term borrowings	13,919,793	7,051,874	(3,442,162)	(108,929)
Proceeds from issue of bonds	-	11,900,051	8,888,562	281,284
Repayment of bonds	-	-	(729,790)	(23,095)
Proceeds from long-term borrowings	13,840,778	28,715,694	32,030,868	1,013,635
Repayment of long-term borrowings	(18,969,491)	(31,382,333)	(40,978,403)	(1,296,785)
Dividends paid	(4,242,167)	(7,834,877)	(9,967,215)	(315,418)
Proceeds from issue of ordinary shares	-	3,393,000	-	-
Proceeds from exercise of employee share options	315,690	1,071,854	1,498,343	47,416
Increase (decrease) in non-controlling interests	3,602,439	(72,101)	9,905,673	313,470
Other financing activities items	(11,287)	(48,291)	(2,879)	(91)

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Net cash generated from (used in) financing activities	$ 8,455,755	$ 12,794,871	$ (2,797,003)	$ (88,513)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(1,649,455)	867,872	2,419,454	76,565
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,973,529)	25,032,855	6,668,039	211,014
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	23,967,045	19,993,516	45,026,371	1,424,885
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 19,993,516	$ 45,026,371	$ 51,694,410	$ 1,635,899

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

1. GENERAL INFORMATION

Advanced Semiconductor Engineering, Inc. (the "Company"), a corporation incorporated under the laws of Republic of China (the "ROC"), and its subsidiaries (collectively referred to as the "Group") offer a comprehensive range of semiconductors packaging, testing, and electronic manufacturing services ("EMS").

The Company's ordinary shares have been listed on the Taiwan Stock Exchange (the "TSE") under the symbol "2311". Since September 2000, the ordinary shares of the Company have been traded on the New York Stock Exchange (the "NYSE") under the symbol "ASX" in the form of American Depositary Shares ("ADS"). Its subsidiary, Universal Scientific Industrial (Shanghai) Co., Ltd (the "USISH"), has been listed on the Shanghai Stock Exchange (the "SSE") under the symbol "601231".

The functional currency of the Company and the reporting currency of the consolidated financial statements are both New Taiwan dollar (NT$).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the management on March 11, 2015.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD

Starting from 2013, the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by International Accounting Standards Board ("IASB") (collectively referred to as the "IFRSs"). The date of transition to IFRSs is January 1, 2012.

a. Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs and a new interpretation issued by IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

The Group has applied the amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 "Fair Value Measurements".

Refer to Note 14 for the disclosures in the Group's consolidated financial statements for the application of these amendments.

b. New and revised or amended standards and interpretations in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

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

Note: The aforementioned new, revised or amended standards or interpretations are effective for annual period beginning on or after the effective dates, unless specified otherwise.

b. Significant changes in accounting policy resulted from new, revised and amended standards and interpretations in issue but not yet effective

Except for the following, the Group believes that the adoption of aforementioned new, revised and amended standards or interpretations will not have a material effect on the Group’s accounting policies. As of the date that the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the below standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

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

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

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

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

The impairment of financial assets

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

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

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

IFRS 15 "Revenue from Contracts with Customers"

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

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

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

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

Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

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

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

Amendment to IAS 1 “Disclosure Initiative”

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRSs as issued by IASB.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c. Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the balance sheet date, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the balance sheet date. Property, plant and equipment, intangible assets, other than assets classified as current are classified as non-current. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the balance sheet date and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the balance sheet date. Liabilities that are not classified as current are classified as non-current.

For the Group's real estate business, whose operating cycle is longer than one year, the length of the operating cycle is the basis for classifying the Group's real estate related assets and liabilities as current or non-current.

d. Basis of Consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control over a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2) Subsidiaries included in the consolidated financial statements

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2013	Percentage of Ownership (%) December 31 2014
A.S.E. Holding Limited	Holding company	Bermuda	100.0	100.0
J & R Holding Limited (J&R Holding)	Holding company	Bermuda	100.0	100.0
Innosource Limited	Holding company	British Virgin Islands	100.0	100.0
Omniquest Industrial Limited	Holding company	British Virgin Islands	100.0	100.0
ASE Marketing & Service Japan Co., Ltd.	Engaged in marketing and sales services	Japan	100.0	100.0
ASE Test, Inc.	Engaged in the testing of semiconductors	Kaohsiung, ROC	100.0	100.0
Universal Scientific Industrial Co., Ltd. (USI)	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories.	Nantou, ROC	99.2	99.2
Luchu Development Corporation	Engaged in the development of real estate properties	Taipei, ROC	86.1	86.1
Alto Enterprises Limited	Holding company	British Virgin Islands	100.0	100.0

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2013	Percentage of Ownership (%) December 31 2014
Super Zone Holdings Limited	Holding company	Hong Kong	100.0	100.0
ASE (Kun Shan) Inc.	Engaged in the packaging and testing of semiconductors	Kun Shan, China	100.0	100.0
ASE Investment (Kun Shan) Limited	Holding company	Kun Shan, China	100.0	100.0
Advanced Semiconductor Engineering (China) Ltd.	Will engage in the packaging and testing of semiconductors	Shanghai, China	100.0	100.0
ASE Investment (Labuan) Inc.	Holding company	Malaysia	100.0	100.0
ASE Test Limited (ASE Test)	Holding company	Singapore	100.0	100.0
ASE (Korea) Inc. (ASE Korea)	Engaged in the packaging and testing of semiconductors	Korea	100.0	100.0
J&R Industrial Inc.	Engaged in leasing equipment and investing activity	Kaohsiung, ROC	100.0	100.0
ASE Japan Co., Ltd. (ASE Japan)	Engaged in the packaging and testing of semiconductors	Japan	100.0	100.0
ASE (U.S.) Inc. (ASE US)	After-sales service and sales support	U.S.A.	100.0	100.0
Global Advanced Packaging Technology Limited, Cayman Islands	Holding company	British Cayman Islands	100.0	100.0
ASE WeiHai Inc.	Engaged in the packaging and testing of semiconductors	Shandong, China	100.0	100.0
Suzhou ASEN Semiconductors Co., Ltd.	Engaged in the packaging and testing of semiconductors	Suzhou, China	60.0	60.0
Anstock Limited	Engaged in financing activity	British Cayman Islands	100.0	100.0
Anstock II Limited	Engaged in financing activity and established in July 2014	British Cayman Islands	-	100.0
ASE Module (Shanghai) Inc.	Will engage in the production and sale of electronic components and printed circuit boards	Shanghai, China	100.0	100.0
ASE (Shanghai) Inc.	Engaged in the production of substrates	Shanghai, China	100.0	100.0
ASE Corporation	Holding company	British Cayman Islands	100.0	100.0
ASE Mauritius Inc.	Holding company	Mauritius	100.0	100.0
ASE Labuan Inc.	Holding company	Malaysia	100.0	100.0
ASE Module (Kunshan) Inc.	Merged into ASE (Kun Shan) Inc. in September 2014	Kun Shan, China	100.0	-

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2013	2014
Shanghai Ding Hui Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	Shanghai, China	100.0	100.0
Advanced Semiconductor Engineering (HK) Limited	Engaged in the trading of substrates	Hong Kong	100.0	100.0
Shanghai Ding Wei Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Shanghai, China	100.0	100.0
Shanghai Ding Yu Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Shanghai, China	100.0	100.0
Kun Shan Ding Yue Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Kun Shan, China	100.0	100.0
Kun Shan Ding Hong Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Kun Shan, China	100.0	100.0
ASE Electronics Inc.	Engaged in the production of substrates	Kaohsiung, ROC	100.0	100.0
ASE Test Holdings, Ltd.	Holding company	British Cayman Islands	100.0	100.0
ASE Holdings (Singapore) Pte Ltd	Holding company	Singapore	100.0	100.0
ASE Test Finance Limited	Engaged in financing activity	Mauritius	100.0	100.0
ASE Singapore Pte. Ltd.	Engaged in the packaging and testing of semiconductors	Singapore	100.0	100.0
ISE Labs, Inc.	Engaged in the testing of semiconductors	U.S.A.	100.0	100.0
ASE Electronics (M) Sdn. Bhd.	Engaged in the packaging and testing of semiconductors	Malaysia	100.0	100.0
ASE Assembly & Test (Shanghai) Limited	Engaged in the packaging and testing of semiconductors	Shanghai, China	100.0	100.0
Wuxi Tongzhi Microelectronics Co., Ltd. (Wuxi Tongzhi)	Engaged in the packaging and testing of semiconductors	Wuxi, China	100.0	100.0
Huntington Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2
Senetex Investment Co., Ltd.	In the process of liquidation	Nantou, ROC	99.2	99.2
Unitech Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2
Real Tech Holdings Limited	Holding company	British Virgin Islands	99.2	99.2
Universal ABIT Holding Co., Ltd.	Holding company	British Cayman Islands	99.2	99.2
Rising Capital Investment Limited	Holding company	British Virgin Islands	99.2	99.2

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2013	2014
Rise Accord Limited	Holding company	British Virgin Islands	99.2	99.2
Cubuy Corporation	Engaged in the trading of computer systems	Shanghai, China	99.2	99.2
Universal Scientific Industrial (Kunshan) Co., Ltd.	Engaged in the manufacturing and sale of computer assistance system and related peripherals	Kun Shan, China	99.2	99.2
USI Enterprise Limited ("USIE")	Engaged in the services of investment advisory and warehousing management	Hong Kong	99.1	98.7
Universal Scientific Industrial (Shanghai) Co., Ltd. ("USISH")	Engaged in the designing, manufacturing and sale of electronic components	Shanghai, China	88.6	82.1
Universal Global Technology Co., Limited	Holding company	Hong Kong	88.6	82.1
Universal Global Technology (Kunshan) Co., Ltd.	Engaged in the designing and manufacturing of electronic components	Kun Shan, China	88.6	82.1
Universal Global Technology (Shanghai) Co., Ltd.	Engaged in theprocessing and sales of computer and communication peripherals as well as business in import and export of goods and technology	Shanghai, China	88.6	82.1
Universal Global Electronics (Shanghai) Co., Ltd.	Engaged in the sale of electronic components and telecommunications equipment and established in May 2014	Shanghai, China	-	82.1
Universal Global Technology (Shenzhen) Co., Ltd.	Liquidated in March 2014	Shenzhen, China	88.6	-
Universal Global Industrial Co., Limited	Engaged in manufacturing, trading and investing activity	Hong Kong	88.6	82.1
Universal Global Scientific Industrial Co., Ltd.	Engaged in the manufacturing of components of telecomm and cars and provision of related R&D services	Nantou, ROC	88.6	82.1
USI Manufacturing Service, Inc.	Engaged in the manufacturing and processing of motherboards and wireless network communication and provision of related technical service	U.S.A.	88.6	82.1

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2013	2014
Universal Scientific Industrial De Mexico S.A. De C.V.	Engaged in the assembling of motherboards and computer components	Mexico	88.6	82.1
USI Japan Co., Ltd.	Engaged in the manufacturing and sale of computer peripherals, integrated chip and other related accessories	Japan	88.6	82.1
USI@Work, Inc.	After-sale service	U.S.A.	88.6	82.1
USI Electronics (Shenzhen) Co., Ltd.	Engaged in the design, manufacturing and sale of motherboards and computer peripherals	Shenzhen, China	88.6	82.1

(Concluded)

e. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The Group does not apply the acquisition method to account for business combinations involving entities under common control.

f. Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Exchange differences arising on the retranslation of non-monetary assets (such as equity instruments) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the balance sheet date except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

In relation to a partial disposal of a subsidiary that includes a foreign operation does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests of the subsidiary and are not recognized in profit or loss.

g. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

h. Inventories and Inventories Related to Real Estate Business

Inventories, including raw materials (materials received from customers for processing, mainly semiconductor wafers, are excluded from inventories as title and risk of loss remain with the customers), supplies, work in process, finished goods, and materials and supplies in transit are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling prices of inventories less all estimated costs of completion and estimated costs necessary to make the sale. Raw materials and supplies are recorded at moving average cost while work in process and finished goods are recorded at standard cost.

Inventories related to real estate business include land and buildings held for sale, land held for construction, construction in progress and prepayment for land use rights. Land held for development is recorded as land held for construction upon obtaining the title of ownership. The prepayment is recorded as prepayments for land use rights before obtaining the title of ownership. Prior to the completion, the borrowing costs directly attributable to construction in progress are capitalized as part of the cost of the asset. Construction in progress is transferred to land and buildings held for sale upon completion. Land and buildings held for sale, construction in progress and land held for construction are stated at the lower of cost or net realizable value and related write-downs are made by item. The amounts received in advance for real estate properties are first recorded as advance receipts and then recognized as revenue when the construction is completed and the title and significant risk of the real estate properties are transferred to customers. Cost of sales of land and buildings held for sale are recognized based on the ratio of property sold to the total property developed.

i. Investments Accounted for Using the Equity Method

Investments accounted for using the equity method include investments in associates. An associate is an entity over which the Group has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control over those policies.

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

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

When a group entity transacts with its associate, unrealized profits and losses resulting from the transactions with the associate are eliminated.

j. Property, Plant and Equipment

Except for land which is stated at cost, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

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

Depreciation is recognized using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognized in profit or loss.

k. Goodwill

Goodwill arising from an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss, if any.

Goodwill is not amortized but is tested for impairment annually, or more frequently when there is an indication that the cash-generating unit may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of business combinations.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the cash-generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. A reversal of an impairment loss recognized for goodwill is prohibited in subsequent periods.

l. Other Intangible Assets

Other intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. Other intangible assets are amortized based on the pattern in which the economic benefits are consumed or using the straight-line method over their estimated useful lives. The estimated useful lives, residual value and amortization methods are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis.

Other intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, other intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment, on the same basis as intangible assets acquired separately.

m. Impairment of Tangible and Intangible Assets Other than Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill (see above), to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

n. Financial Instruments

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

1) Financial assets

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

a) Measurement category

The classification of financial assets held by the Group depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

i. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial assets are either held for trading or they are designated as at FVTPL.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

ii. Available-for-sale financial assets

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

Available-for-sale financial assets are stated at fair value at each balance sheet date. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of unrealized gain (loss) on available-for-sale financial assets. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the unrealized gain (loss) on available-for-sale financial assets is reclassified to profit or loss.

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

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

iv. Loans and receivables

Loans and receivables including cash and cash equivalents, trade receivables, other receivables, other financial assets and debt investments with no active market are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

b) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are, further, assessed for impairment on a collective basis. The Group assesses the collectability of receivables based on the Group's past experience of collecting payments and observable changes that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the assets' carrying amounts and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rates. If, in a subsequent period, the amount of the impairment loss decreases and the decreases can be objectively related to an event occurring after the impairment loss recognized, the previously recognized impairment loss is reversed either directly or by adjusting an allowance account through profit or loss. The reversal shall not result in carrying amounts of financial assets that exceed what the amortized cost would have been at the date the impairment is reversed.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of unrealized gain (loss) on available-for-sale financial assets.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

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

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

3) Financial liabilities

Financial liabilities are measured either at amortized cost using the effective interest method or at FVTPL. Financial liabilities measured at FVTPL are held for trading.

Financial liabilities at FVTPL are stated at fair value with any gains or losses, including dividends or interest paid, arising on remeasurement recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4) Derivative Financial Instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. When the fair value of derivative instruments is positive, they are recognized as financial assets; when the fair value of derivative instruments is negative, they are recognized as financial liabilities.

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

5) Convertible Bonds

Convertible bonds issued by the Company that contain liability, conversion option, redemption option and put option (collectively the "Bonds Options") components are classified separately into respective items on initial recognition. The conversion option that will be settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Company's own equity instruments is classified as a conversion option derivative. At the date of offering, both the liability and the Bonds Options components are recognized at fair value.

In subsequent periods, the liability component of the convertible bonds is measured at amortized cost using the effective interest method. The Bonds Options are measured at fair value and the changes in fair value are recognized in profit or loss.

Transaction costs that relate to the offering of the convertible bonds are allocated to the liability and the Bonds Options components in proportion to their relative fair values. Transaction costs relating to the Bonds Options are recognized immediately in profit or loss. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortized using the effective interest method.

o. Hedge Accounting

The Group designates certain hedging instruments as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedges. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The cumulative gains or losses on the hedging instruments that were previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When the forecast transaction is ultimately recognized in profit or loss, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss or are included in the initial cost as non-financial assets or non-financial liabilities. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

p. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable take into account of estimated customer returns, rebates and other similar allowances.

1) Sale of goods and real estate properties

Revenue from the sale of goods and real estate properties is recognized when the goods and real estate properties are delivered and titles have passed, at the time all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods and real estate properties;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and real estate properties sold;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

2) Rendering of services

Service income is recognized when services are rendered.

3) Dividend and interest income

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

q. Leasing

<u>The Group as lessor</u>

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

<u>The Group as lessee</u>

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

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

r. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assists that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grants

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

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

t. Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line items, employee benefit expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated balance sheets represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

u. Share-based Payment Arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimate of equity instruments that will eventually vest, with a corresponding increase in capital surplus - employee share options.

At each balance sheet date, the Group reviews its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

v. Taxation

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

1) Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year the earnings arise and adjusted to the extent that distributions are approved by the shareholders in the following year.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry-forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which assets are realized or the liabilities are settled. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

w. U.S. Dollar Amounts

A translation of the consolidated financial statements into U.S. dollars is included solely for the convenience of the readers, and has been translated from New Taiwan dollar (NT$) at the exchange rate as set forth in the statistical release by the U.S. Federal Reserve Board of the United States, which was NT$31.60 to US$1.00 as of December 31, 2014. The translation should not be construed as a representation that the NT$ amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate its present value. When the actual future cash flows are less than expected, a material impairment loss may arise.

Impairment of Tangible and Intangible Assets Other than Goodwill

In evaluating the impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of its usage patterns and the nature of semiconductor industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges in future periods.

Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value and the net realizable value of inventory at balance sheet date is determined based on Group's judgments and estimates.

Due to the rapid technology changes, the Group estimates the net realizable value of inventory for obsolescent and unmarketable items at balance sheet date and then writes down the cost of inventories to net realizable value. There may be significant changes in the net realizable value of inventories due to assumptions of future demand within a specific time period.

Income Taxes

The realizability of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

Recognition and Measurement of Defined Benefit Plans

Accrued pension liabilities and the resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise discount rates and expected rates of salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

Fair value of Derivatives and Other Financial Instruments

As disclosed in Note 32, the Group's management uses its judgments applying appropriate valuation techniques commonly applied by market practitioners. The assumptions applied are based on observable quoted market prices, foreign exchange rates and interest rates to the extent it is available. The fair value of unquoted equity instruments is estimated based on the assumptions supported by unobservable market prices and interest rates which are disclosed in Note 32. The Group's management believes that the valuation techniques and the assumptions applied are appropriate in determining the fair value of financial instruments.

6. CASH AND CASH EQUIVALENTS

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Cash on hand	$ 40,392	$ 9,953	$ 315
Checking accounts and demand deposits	38,090,014	43,059,911	1,362,655
Cash equivalent	6,895,965	8,624,546	272,929
	$ 45,026,371	$ 51,694,410	$ 1,635,899

Cash equivalents include time deposits that are of a short maturity of three months or less from the date of acquisitions, and are highly liquid, readily convertible to known amounts in cash and the risk of changes in values is insignificant. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Financial assets designated as at FVTPL			
Structured time deposits	$ 2,228,643	$ 2,376,050	$ 75,192
Private-placement convertible bonds (Note 13)	100,500	100,500	3,180
	2,329,143	2,476,550	78,372

(Continued)

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Financial assets held for trading			
Swap contracts	$ 219,324	$ 1,907,705	$ 60,370
Open-end mutual funds	172,000	533,425	16,881
Quoted shares	33,624	43,352	1,372
Forward exchange contracts	10,178	27,811	880
	435,126	2,512,293	79,503
	$ 2,764,269	$ 4,988,843	$ 157,875
Financial liabilities held for trading			
Conversion option, redemption option and put option of convertible bonds (Note 19)	$ 1,742,996	$ 2,520,606	$ 79,766
Swap contracts	74,170	99,165	3,138
Forward exchange contracts	31,315	31,581	999
Cross currency swap contracts	4,180	-	-
Foreign currency option contracts	643	-	-
	$ 1,853,304	$ 2,651,352	$ 83,903

(Concluded)

The Group entered into investment portfolios consisting of structured time deposits and invested in private-placement convertible bonds, and all included embedded derivative instruments which are not closely related to the host contracts. The Group designated the entire contracts as financial assets at FVTPL on initial recognition.

At each balance sheet date, the outstanding swap contracts not accounted for hedge accounting were as follows:

Currency	Maturity Period	Notional Amount (In Thousands)
December 31, 2013		
Sell NT$/Buy US$	2014.01-2014.12	NT$31,707,176/US$1,075,000
Sell US$/Buy NT$	2014.01-2014.02	US$46,500/NT$1,377,874
Sell US$/Buy JPY	2014.02	US$53,965/JPY5,550,000
Sell US$/Buy CNY	2014.01-2014.06	US$60,000/CNY368,148
December 31, 2014		
Sell NT$/Buy US$	2015.01-2015.12	NT$36,199,735/US$1,209,000
Sell US$/Buy NT$	2015.01-2015.02	US$132,100/NT$4,149,958
Sell US$/Buy JPY	2015.01	US$72,248/JPY8,450,000
Sell US$/Buy CNY	2015.01-2015.06	US$80,000/CNY503,452
Sell CNY/Buy US$	2015.03	CNY217,288/US$35,000

At each balance sheet date, the outstanding forward exchange contracts not accounted for hedge accounting were as follow:

Currency	Maturity Period	Notional Amount (In Thousands)
December 31, 2013		
Sell US$/Buy NT$	2014.01-2014.02	US$51,000/NT$1,521,484
Sell US$/Buy CNY	2014.01-2014.04	US$88,220/CNY537,100
Sell US$/Buy MYR	2014.01-2014.02	US$8,500/MYR27,508
Sell US$/Buy KRW	2014.01	US$4,000/KRW4,253,000
Sell US$/Buy SGD	2014.01-2014.02	US$9,500/SGD11,870
Sell US$/Buy JPY	2014.01-2014.03	US$28,950/JPY3,003,944
Sell NT$/Buy US$	2014.03	NT$294,370/US$10,000
December 31, 2014		
Sell US$/Buy NT$	2015.01	US$14,000/NT$438,434
Sell US$/Buy CNY	2015.01-2015.03	US$127,000/CNY785,683
Sell US$/Buy MYR	2015.01-2015.02	US$6,000/MYR20,860
Sell US$/Buy SGD	2015.01-2015.02	US11,700/SGD15,211
Sell US$/Buy JPY	2015.01-2015.04	US$18,385/JPY2,177,800

(Concluded)

At each balance sheet date, the outstanding cross currency swap contracts not accounted for hedge accounting were as follows:

Notional Amount (In Thousands)	Maturity Period	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2013			
NT$598,600/US$20,000	2014.07	(0.19)	0.16

At each balance sheet date, the outstanding foreign currency option contracts not accounted for hedge accounting were as follows:

Currency	Maturity Period	Notional Amount (In Thousands)
December 31, 2013		
Sell US$ Put/NT$ Call	2016.03 (Note)	US$4,000/NT$113,400
Buy US$ Call/NT$ Put	2016.03 (Note)	US$2,000/NT$56,700

Note : The contracts will be settled once a month and the counterparty has the right to early terminate the contracts. The aforementioned outstanding contracts as of December 31, 2013 were all early settled in 2014.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Open-end mutual funds	$ 2,321,826	$ 1,500,434	$ 47,482
Limited partnership	583,441	555,361	17,575
Unquoted ordinary shares	199,051	211,726	6,700
Quoted ordinary shares	328,656	195,070	6,173
Unquoted preferred shares	14,670	11,779	373
Private-placement ordinary shares	69,655	-	-
	3,517,299	2,474,370	78,303
Current	2,376,970	1,533,265	48,521
Non-current	$ 1,140,329	$ 941,105	$ 29,782

In 2012, 2013 and 2014, the Group assessed its investees' financial conditions as well as future operating performance and charged an impairment loss of NT$23,693 thousand, NT$106,916 thousand and NT$10,390 thousand (US$329 thousand), respectively, to the carrying amounts of a portion of the aforementioned investments and debt investments with no active market.

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

The Group entered into interest rate swap contracts as cash flow hedge to mitigate exposures to future cash flow fluctuations resulting from interest rate changes from the Group's borrowings.

At each balance sheet date, the outstanding interest rate swap contracts of the Group were as follows:

Maturity Period	Notional Amount (In Thousands)	Interest Rates Paid (%)	Interest Rates Received (%)	Expected Period for Future Cash Flow	Expected Period for the Recognition of Gains or Losses from Hedging
December 31, 2013					
2014.04	CNY 240,000	2.00	1.05-2.80	2014	2014

All interest rate swap contracts exchanging floating interest rates for fixed interest rates were designated as cash flow hedges in order to reduce the Group's cash flow exposure to floating interest rates on borrowings. The interest rate swaps and the interest payments on the borrowings occur simultaneously and the amounts accumulated in equity are reclassified to profit or loss over the period that the floating rate interest payments on the borrowings affect profit or loss. (Note 22e)

10. TRADE RECEIVABLES, NET

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Trade receivables	$ 43,303,693	$ 53,004,955	$ 1,677,372
Less: Allowance for doubtful debts	68,120	84,145	2,663
Trade receivables, net	$ 43,235,573	$ 52,920,810	$ 1,674,709

a. Trade receivables

The Group's average credit terms were during 30 to 90 days. Allowance for doubtful debts is assessed by reference to the collectability of receivables by evaluating the account aging, historical experience and current financial condition of customers.

As of December 31, 2013 and 2014, except that the Group's five largest customers accounted for 21% and 30% of accounts receivable, respectively, the concentration of credit risk is insignificant for the remaining accounts receivable.

Age of receivables that are past due but not impaired

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Less than 30 days	$ 4,090,787	$ 5,191,521	$ 164,289
31 to 90 days	195,741	131,247	4,153
More than 91 days	1,585	1,407	45
Total	$ 4,288,113	$ 5,324,175	$ 168,487

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

Except for those impaired, the Group had not provided an allowance for doubtful debts on trade receivables at each balance sheet date since there has not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to offset against any amounts owed by the Group to counterparties.

Movement in the allowance for impairment loss recognized on trade receivables

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
	NT$	NT$	NT$
Balance at January 1, 2012	$ 70,750	$ 58,119	$128,869
Impairment losses reversed	(34,893)	(9,202)	(44,095)
Amount written off during the period as uncollectible	(1,132)	(990)	(2,122)
Effect of foreign currency exchange	(500)	(2,015)	(2,515)
Balance at December 31, 2012	$ 34,225	$ 45,912	$ 80,137
Balance at January 1, 2013	$ 34,225	$ 45,912	$ 80,137
Impairment losses reversed	(5,860)	(4,033)	(9,893)
Amount written off during the period as uncollectible	-	(757)	(757)
Effect of foreign currency exchange	(1,480)	113	(1,367)
Balance at December 31, 2013	$ 26,885	$ 41,235	$ 68,120

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
	NT$	NT$	NT$
Balance at January 1, 2014	$ 26,885	$ 41,235	$ 68,120
Impairment losses recognized	2,875	15,156	18,031
Amount written off during the period as uncollectible	(891)	(917)	(1,808)
Effect of foreign currency exchange	(564)	366	(198)
Balance at December 31, 2014	$ 28,305	$ 55,840	$ 84,145

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Balance at January 1, 2014	$ 851	$ 1,305	$ 2,156
Impairment losses recognized	91	479	570
Amount written off during the period as uncollectible	(28)	(29)	(57)
Effect of foreign currency exchange	(18)	12	(6)
Balance at December 31, 2014	$ 896	$ 1,767	$ 2,663

Age of impaired trade receivables

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Not past due	$ -	$ 2,701	$ 85
Less than 30 days	11,501	31,422	994
31 to 90 days	109,376	174,805	5,532
More than 91 days	115,203	86,665	2,743
Total	$ 236,080	$ 295,593	$ 9,354

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

b. Transfers of financial assets

Factored trade receivables of the Group were as follows:

Counterparties	Receivables Sold (In Thousands)	Amounts Collected (In Thousands)	Advances Received At Year-end (In Thousands)	Interest Rates on Advances Received (%)	Credit Line (In Thousands)
Year ended December 31, 2013					
Citi bank	US$258,660	US$202,532	US$ 56,128	1.06	US$ 92,000
Year ended December 31, 2014					
Citi bank	US$103,744	US$103,744	-	-	US$ 92,000

Pursuant to the factoring agreement, losses from commercial disputes (such as sales returns and discounts) should be borne by the Group, while losses from credit risk should be borne by the banks. In the commencement of the factoring agreement in 2010, the Company also issued promissory notes to the banks for commercial disputes which remained undrawn since. The promissory notes amounted to US$27,000 thousand and US$5,000 thousand in 2013 and 2014, respectively. There were no significant losses from commercial disputes in the past and the Group does not expect any significant commercial dispute losses in the foreseeable future.

11. INVENTORIES

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Finished goods	$ 4,863,676	$ 6,568,459	$ 207,862
Work in process	1,701,257	2,064,377	65,328
Raw materials	8,766,638	10,155,006	321,361
Supplies	573,588	797,353	25,233
Raw materials and supplies in transit	376,077	577,898	18,288
	$ 16,281,236	$ 20,163,093	$ 638,072

The cost of inventories recognized as operating costs for the years ended December 31, 2012, 2013 and 2014 were NT$156,785,228 thousand, NT$176,637,295 thousand and NT$202,960,428 thousand (US$6,422,798 thousand), respectively, which included write-downs of inventories at NT$519,431 thousand, NT$453,468 thousand and NT$601,726 thousand (US$19,042 thousand), respectively.

12. INVENTORIES RELATED TO REAL ESTATE BUSINESS

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Land and buildings held for sale	$ 16,764	$ 5,558	$ 176
Construction in progress	13,676,668	22,242,065	703,863
Land held for construction	1,682,735	1,738,855	55,027
Prepayments for land use rights	3,213,088	-	-
	$ 18,589,255	$ 23,986,478	$ 759,066

Land and buildings held for sale located in Shanghai Zhangjiang was successively completed and sold. Construction in progress is mainly located on Caobao Road and Hutai Road in Shanghai and Lidu Road and Xinhong Road in Kunshan, China. The capitalized borrowing costs for the years ended December 31, 2012, 2013 and 2014 are disclosed in Note 23d.

As of December 31, 2013 and 2014, inventories related to real estate business of NT$18,572,491 thousand and NT$23,697,339 thousand (US$749,916 thousand), respectively, are expected to be recovered longer than twelve months.

Refer to Note 34 for the carrying amount of inventories related to real estate business that had been pledged by the Group to secure bank borrowings.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates accounted for using the equity method consisted of the following:

Name of Associate	Main Business	Establishment and Operating Location	Carrying Amount as of December 31 2013 NT$	2014 NT$	2014 US$ (Note 4)
Listed company					
Hung Ching Development & Construction Co. ("HC")	Engaged in the development, construction and leasing of real estate properties	ROC	$ 1,152,153	$ 1,327,201	$ 42,000
Advanced Microeletronic Products, Inc. ("AMPI")	Engaged in integrated circuit	ROC	-	99,052	3,134
Unlisted companies					
Hung Ching Kwan Co. ("HCK")	Engaged in the leasing of real estate properties	ROC	353,154	342,138	10,827
StarChips Technology Inc. ("SCT")	Engaged in design, manufacturing and sale of LED driver IC	ROC	47,856	-	-
			1,553,163	1,768,391	55,961
	Less: Deferred gain on transfer of land		300,149	300,149	9,498
	Accumulated impairment - SCT		47,856	-	-
			$ 1,205,158	$1,468,242	$ 46,463

a. The percentage of ownership held by the Group was as follow:

Name of Associate	December 31 2013	December 31 2014
HC	26.2%	26.2%
AMPI	-	18.2%
HCK	27.3%	27.3%
SCT	33.3%	-

b. In January 2014, the Company subscribed for 20,000 thousand private-placement ordinary shares of AMPI in NT$100,000 thousand (US$3,165 thousand). The Company obtained significant influence over AMPI since the percentage of ownership was increased to 27.4% after taking into account the shares previously held which were recognized as available-for-sale financial assets. The private-placement ordinary shares were restricted for disposal during a 3-year lock-up period. In addition, the Company did not join AMPI's cash capital increase in February and April 2014 and, as the result, the percentage of ownership decreased from 27.4% to 18.2%. After the consideration of potential voting rights that are currently convertible, the Company still has significant influence over AMPI.

c. The Company did not subscribe for SCT's cash capital increase in May 2014 and, therefore, the percentage of ownership decreased from 33.3% to 5.6%. As the result, the Company had no significant influence over SCT and the investment in SCT was reclassified to available-for-sale financial assets.

d. Fair values of investments in associates for which there are published price quotation are summarized as follows, based on the closing price, which is a level 1 input in terms of IFRS 13, of those investments at the balance sheet date,:

	December 31		
	2013	2014	
Name of Associate	NT$	NT$	US$ (Note 4)
HC	$ 1,242,199	$ 1,427,499	$ 45,174
AMPI	$ -	$ 184,862	$ 5,850

e. Aggregate information of associates that are not individually material was summarized as follows:

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
The Group's share of profits (Note)	$ 78,947	$ 76,783	$ 133,927	$ 4,238
The Group's share of other comprehensive income, net of income tax	55,401	56,485	234,125	7,409
The Group's share of total comprehensive income	$ 134,348	$ 133,268	$ 368,052	$ 11,647

Note: Unrealized profits and losses were excluded.

The Group's share of profit and other comprehensive income of associates for the years ended December 31, 2012, 2013 and 2014 were based on the associates' financial statements prepared in accordance with IFRSs as issued by the IASB.

14. PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of each class of property, plant and equipment were as follows:

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Land	$ 3,295,758	$ 3,348,018	$ 105,950
Buildings and improvements	44,766,601	56,395,710	1,784,674
Machinery and equipment	75,085,182	84,171,647	2,663,660
Transportation equipment	82,228	88,119	2,788
Furniture and fixtures	1,243,556	1,310,703	41,478
Leased assets and leasehold improvement	14,304	417,865	13,224
Construction in progress and machinery in transit	7,009,702	5,855,053	185,287
	$ 131,497,331	$ 151,587,115	$ 4,797,061

For the year ended December 31, 2012

	Land	Buildings and improvements	Machinery and equipment	Transportation equipment	Furniture and fixtures	Leased assets and leasehold improvement	Construction in progress and machinery in transit	Total
	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$
Cost								
Balance at January 1, 2012	$ 3,309,074	$ 57,156,997	$ 178,376,359	$ 291,694	$ 5,360,029	$ 540,841	$ 8,472,341	$ 253,507,335
Additions	-	5,668,397	24,602,273	25,344	366,786	56,612	8,257,413	38,976,825
Disposals	-	(91,760)	(12,721,889)	(21,695)	(264,301)	(16,166)	(248,402)	(13,364,213)
Reclassification	-	1,744,929	6,558,800	6,184	197,816	(355,518)	(8,141,020)	11,191
Acquisitions through business combinations	-	67,194	319,175	-	-	-	-	386,369
Effect of foreign currency exchange differences	(34,988)	(1,063,018)	(3,160,750)	(7,150)	(224,617)	(14,292)	(161,505)	(4,666,320)
Balance at December 31, 2012	$ 3,274,086	$ 63,482,739	$ 193,973,968	$ 294,377	$ 5,435,713	$ 211,477	$ 8,178,827	$ 274,851,187
Accumulated depreciation and impairment								
Balance at January 1, 2012	$ -	$ 19,443,081	$ 116,397,207	$ 197,510	$ 4,078,287	$ 395,194	$ -	$ 140,511,279
Depreciation expense	-	3,340,498	18,500,676	29,379	519,168	84,136	-	22,473,857
Impairment losses recognized	-	27,974	45,567	-	-	-	-	73,541
Disposals	-	(183,311)	(12,564,694)	(15,514)	(162,264)	(13,878)	-	(12,939,661)
Reclassification	-	(10,317)	360,098	(123)	(20,884)	(326,297)	-	2,477
Acquisitions through business combinations	-	2,540	117,927	-	-	-	-	120,467
Effect of foreign currency exchange differences	-	(313,319)	(2,081,330)	(4,235)	(178,694)	(10,969)	-	(2,588,547)
Balance at December 31, 2012	$ -	$ 22,307,146	$ 120,775,451	$ 207,017	$ 4,235,613	$ 128,186	$ -	$ 147,653,413

For the year ended December 31, 2013

	Land	Buildings and improvements	Machinery and equipment	Transportation equipment	Furniture and fixtures	Leased assets and leasehold improvement	Construction in progress and machinery in transit	Total
	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$
Cost								
Balance at January 1,2013	$ 3,274,086	$ 63,482,739	$ 193,973,968	$ 294,377	$ 5,435,713	$ 211,477	$ 8,178,827	$ 274,851,187
Additions	-	5,447,913	14,484,611	22,920	285,276	10,645	6,792,707	27,044,072
Disposals	-	(412,648)	(9,479,630)	(42,581)	(154,622)	-	(38,565)	(10,128,046)
Reclassification	-	758,850	7,661,570	4,935	241,193	(103,337)	(8,638,840)	(75,629)
Acquisitions through business combinations	-	5,106	278,862	114	121,994	-	-	406,076
Effect of foreign currency exchange differences	21,672	1,311,577	1,432,524	8,806	43,747	3,932	715,573	3,537,831
Balance at December 31,2013	$ 3,295,758	$ 70,593,537	$ 208,351,905	$ 288,571	$ 5,973,301	$ 122,717	$ 7,009,702	$ 295,635,491
Accumulated depreciation and impairment								
Balance at January 1,2013	$ -	$ 22,307,146	$ 120,775,451	$ 207,017	$ 4,235,613	$ 128,186	$ -	$ 147,653,413
Depreciation expense	-	3,555,865	20,486,896	26,766	566,575	60,505	-	24,696,607
Impairment losses recognized (reversed)	-	(15,754)	508,894	-	2,407	-	-	495,547
Disposals	-	(368,707)	(9,285,927)	(34,810)	(131,561)	-	-	(9,821,005)
Reclassification	-	(24,797)	58,448	2,016	35,491	(83,242)	-	(12,084)
Acquisitions through business combinations	-	2,473	108,365	4	36,814	-	-	147,656
Effect of foreign currency exchange differences	-	370,710	614,596	5,350	(15,594)	2,964	-	978,026
Balance at December 31,2013	$ -	$ 25,826,936	$ 133,266,723	$ 206,343	$ 4,729,745	$ 108,413	$ -	$ 164,138,160

For the year ended December 31, 2014

	Land	Buildings and improvements	Machinery and equipment	Transportation equipment	Furniture and fixtures	Leased assets and leasehold improvement	Construction in progress and machinery in transit	Total
	NT$	NT$	NT$	NT$	NT$	NT$	NT$	NT$
Cost								
Balance at January 1,2014	$ 3,295,758	$ 70,593,537	$ 208,351,905	$ 288,571	$ 5,973,301	$ 122,717	$ 7,009,702	$ 295,635,491
Additions	-	1,246,123	1,140,822	8,603	87,903	476,260	40,488,876	43,448,587
Disposals	-	(299,515)	(8,188,532)	(26,982)	(312,774)	(107,291)	(56,209)	(8,991,303)
Reclassification	-	12,683,476	27,935,525	26,832	378,928	(10,645)	(41,044,364)	(30,248)
Effect of foreign currency exchange differences	52,260	2,501,633	4,429,907	11,103	263,949	2,099	(535,788)	6,725,163
Balance at December 31,2014	$ 3,348,018	$ 86,725,254	$ 233,669,627	$ 308,127	$ 6,391,307	$ 483,140	$ 5,862,217	$ 336,787,690
Accumulated depreciation and impairment								
Balance at January 1,2014	$ -	$ 25,826,936	$ 133,266,723	$ 206,343	$ 4,729,745	$ 108,413	$ -	$ 164,138,160
Depreciation expense	-	3,980,337	21,180,214	30,152	550,126	64,213	-	25,805,042
Impairment losses recognized	-	79,124	211,466	-	-	-	7,164	297,754
Disposals	-	(248,477)	(7,786,216)	(24,199)	(302,373)	(107,291)	-	(8,468,556)
Reclassification	-	7,459	(7,122)	-	(6,133)	(1,774)	-	(7,570)
Effect of foreign currency exchange differences	-	684,165	2,632,915	7,712	109,239	1,714	-	3,435,745
Balance at December 31,2014	$ -	$ 30,329,544	$ 149,497,980	$ 220,008	$ 5,080,604	$ 65,275	$ 7,164	$ 185,200,575

	Land	Buildings and improvements	Machinery and equipment	Transportation equipment	Furniture and fixtures	Leased assets and leasehold improvement	Construction in progress and machinery in transit	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Cost								
Balance at January 1,2014	$ 104,296	$ 2,233,973	$ 6,593,415	$ 9,132	$ 189,029	$ 3,883	$ 221,826	$ 9,355,554
Additions	-	39,434	36,102	272	2,782	15,072	1,281,294	1,374,956
Disposals	-	(9,478)	(259,131)	(854)	(9,898)	(3,395)	(1,779)	(284,535)
Reclassification	-	401,376	884,036	849	11,991	(337)	(1,298,872)	(957)
Effect of foreign currency exchange differences	1,654	79,165	140,187	351	8,352	67	(16,955)	212,821
Balance at December 31,2014	$ 105,950	$ 2,744,470	$ 7,394,609	$ 9,750	$ 202,256	$ 15,290	$ 185,514	$ 10,657,839
Accumulated depreciation and impairment								
Balance at January 1,2014	$ -	$ 817,308	$ 4,217,301	$ 6,530	$ 149,675	$ 3,431	$ -	$ 5,194,245
Depreciation expense	-	125,960	670,260	954	17,409	2,032	-	816,615
Impairment losses recognized	-	2,504	6,692	-	-	-	227	9,423
Disposals	-	(7,863)	(246,399)	(766)	(9,569)	(3,395)	-	(267,992)
Reclassification	-	236	(225)	-	(194)	(56)	-	(239)
Effect of foreign currency exchange differences	-	21,651	83,320	244	3,457	54	-	108,726
Balance at December 31,2014	$ --	$ 959,796	$ 4,730,949	$ 6,962	$ 160,778	$ 2,066	$ 227	$ 5,860,778

A portion of property, plant and equipment used in packaging segment, testing segment, EMS segment and other segment was unable to be used for the Group's production due to operation plans and production demands. After carrying out individual assessment, the Group recognized an impairment loss of NT$73,541 thousand, NT$495,547 thousand and NT$297,754 thousand (US$9,423 thousand) under the line item of other income and expenses in the consolidated statements of comprehensive income for the years ended December 31, 2012, 2013 and 2014, respectively. The recoverable amount of a portion of impaired property, plant and equipment is determined through a fair value less cost to sell calculation which is based on the recent quoted prices of assets with similar age and obsolescence that provided by the vendors in secondary market. The recent quoted prices of assets are a level 2 input in terms of IFRS 13 because the secondary market is not very active. The other portion of impaired property, plant and equipment is determined on the basis of their value in use which the discount rates were 8.47%~10.78%, 12.40% and 9.70%~11.50% per annum for 2012, 2013 and 2014, respectively.

Each class of property, plant and equipment was depreciated on a straight-line basis over the following useful lives:

Buildings and improvements	
Main plant buildings	10-40 years
Cleanrooms	10-20 years
Others	3-20 years
Machinery and equipment	2-10 years
Transportation equipment	2-7 years
Furniture and fixtures	2-20 years
Leased assets and leasehold improvements	2-10 years

The capitalized borrowing costs for the years ended December 31, 2012, 2013 and 2014 are disclosed in Note 23d.

Refer to Note 34 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure bank borrowings.

15. GOODWILL

	2013	2014	
	NT$	NT$	US$ (Note 4)
Cost			
Balance at January 1	$ 12,295,819	$ 12,336,816	$ 390,406
Effect of foreign currency exchange differences	40,997	97,595	3,088
Balance at December 31	$ 12,336,816	$ 12,434,411	$ 393,494
Accumulated impairment			
Balance at January 1 and December 31	$ (1,988,996)	$ (1,988,996)	$ (62,943)

a. Allocating goodwill to cash-generating units

Goodwill had been allocated for impairment testing purposes to the following cash-generating units: packaging segment, testing segment, EMS segment and other segment. The carrying amount of goodwill allocated to cash-generating units was as follows:

	December 31		
	2013	2014	
Cash-generating units	NT$	NT$	US$ (Note 4)
Testing segment	$ 7,777,268	$ 7,846,460	$ 248,306
Others	2,570,552	2,598,955	82,245
	$ 10,347,820	$ 10,445,415	$ 330,551

b. Impairment assessment

At the end of each year, the Group performs impairment assessment by reviewing the recoverable amounts based on value in use. In assessing value in use, the estimated 5-year future cash flows are discounted to their present value using annual discount rates of 8.47%-10.78%, 9.56%-11.80% and 9.70%-11.50% as of December 31, 2012, 2013 and 2014, respectively, that reflect the risks specific to each cash-generating unit.

Cash flow projection is based on the expected operating revenue, gross profit, capital expenditure and the growth of other operating costs. The Group's capital expenditure is based on the forecast of market demands, capacity strategy and improvement of manufacturing process.

For the years ended December 31, 2012, 2013 and 2014, the Group did not recognize impairment loss on goodwill.

16. OTHER INTANGIBLE ASSETS

The carrying amounts of each class of other intangible assets were as follows:

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Patents	$ 35,751	$ 15,768	$ 499
Acquired specific technology	88,674	5,116	162
Customer relationships	654,821	501,501	15,870
Computer software and others	826,578	945,486	29,921
	$ 1,605,824	$ 1,467,871	$ 46,452

For the year ended December 31, 2012

	Patents	Acquired Specific Technology	Customer Relationships	Computer Software and Others	Total
	NT$	NT$	NT$	NT$	NT$
Cost					
Balance at January 1, 2012	$ 1,029,944	$ 1,113,947	$ 1,579,015	$ 3,146,432	$ 6,869,338
Additions	3,611	-	-	442,340	445,951
Disposals	-	-	-	(33,149)	(33,149)
Reclassification	235	-	-	4,035	4,270
Acquisitions through business combinations	-	-	-	1,721	1,721
Effect of foreign currency exchange differences	(15,257)	-	-	(39,067)	(54,324)
Balance at December 31, 2012	$ 1,018,533	$ 1,113,947	$ 1,579,015	$ 3,522,312	$ 7,233,807
Accumulated amortization					
Balance at January 1, 2012	$ 542,189	$ 657,249	$ 596,252	$ 2,514,155	$ 4,309,845
Amortization expense	245,477	225,376	180,348	310,821	962,022
Disposals	-	-	-	(28,840)	(28,840)
Reclassification	16	-	-	13,466	13,482
Acquisitions through business combinations	-	-	-	1,112	1,112
Effect of foreign currency exchange differences	(13,523)	-	-	(64,737)	(78,260)
Balance at December 31, 2012	$ 774,159	$ 882,625	$ 776,600	$ 2,745,977	$ 5,179,361

For the year ended December 31, 2013

	Patents	Acquired Specific Technology	Customer Relationships	Computer Software and Others	Total
	NT$	NT$	NT$	NT$	NT$
Cost					
Balance at January 1, 2013	$ 1,018,533	$ 1,113,947	$ 1,579,015	$ 3,522,312	$ 7,233,807
Additions	-	-	-	313,110	313,110
Disposals	-	-	-	(11,294)	(11,294)
Reclassification	-	-	-	(8,684)	(8,684)
Acquisitions through business combinations	-	-	-	3,508	3,508
Effect of foreign currency exchange differences	3,217	-	-	29,841	33,058
Balance at December 31, 2013	$ 1,021,750	$ 1,113,947	$ 1,579,015	$ 3,848,793	$ 7,563,505
Accumulated amortization					
Balance at January 1, 2013	$ 774,159	$ 882,625	$ 776,600	$ 2,745,977	$ 5,179,361
Amortization expense	210,900	142,648	147,594	273,162	774,304
Disposals	-	-	-	(11,294)	(11,294)
Reclassification	-	-	-	25	25
Acquisitions through business combinations	-	-	-	688	688
Effect of foreign currency exchange differences	940	-	-	13,657	14,597
Balance at December 31, 2013	$ 985,999	$ 1,025,273	$ 924,194	$ 3,022,215	$ 5,957,681

For the year ended December 31, 2014

	Patents	Acquired Specific Technology	Customer Relationships	Computer Software and Others	Total
	NT$	NT$	NT$	NT$	NT$
Cost					
Balance at January 1, 2014	$ 1,021,750	$ 1,113,947	$ 1,579,015	$ 3,848,793	$ 7,563,505
Additions	-	-	-	396,466	396,466
Disposals or derecognization	-	-	-	(1,239,163)	(1,239,163)
Reclassification	-	-	-	6,228	6,228
Effect of foreign currency exchange differences	3,441	-	-	55,017	58,458
Balance at December 31, 2014	$ 1,025,191	$ 1,113,947	$ 1,579,015	$ 3,067,341	$ 6,785,494

(Continued)

	Patents	Acquired Specific Technology	Customer Relationships	Computer Software and Others	Total
	NT$	NT$	NT$	NT$	NT$
Accumulated amortization					
Balance at January 1, 2014	$ 985,999	$ 1,025,273	$ 924,194	$ 3,022,215	$ 5,957,681
Amortization expense	21,958	83,558	153,320	286,898	545,734
Disposals or derecognization	-	-	-	(1,227,346)	(1,227,346)
Reclassification	-	-	-	2,516	2,516
Effect of foreign currency exchange differences	1,466	-	-	37,572	39,038
Balance at December 31, 2014	$ 1,009,423	$ 1,108,831	$ 1,077,514	$ 2,121,855	$ 5,317,623

(Concluded)

	Patents	Acquired Specific Technology	Customer Relationships	Computer Software and Others	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Cost					
Balance at January 1, 2014	$ 32,334	$ 35,251	$ 49,969	$ 121,797	$ 239,351
Additions	-	-	-	12,546	12,546
Disposals or derecognization	-	-	-	(39,214)	(39,214)
Reclassification	-	-	-	197	197
Effect of foreign currency exchange differences	109	-	-	1,743	1,852
Balance at December 31, 2014	$ 32,443	$ 35,251	$ 49,969	$ 97,069	$ 214,732
Accumulated amortization					
Balance at January 1, 2014	$ 31,203	$ 32,445	$ 29,247	$ 95,640	$ 188,535
Amortization expense	695	2,644	4,852	9,079	17,270
Disposals or derecognization	-	-	-	(38,840)	(38,840)
Reclassification	-	-	-	80	80
Effect of foreign currency exchange differences	46	-	-	1,189	1,235
Balance at December 31, 2014	$ 31,944	$ 35,089	$ 34,099	$ 67,148	$ 168,280

Each class of other intangible assets, except a portion of customer relationships amortized based on the pattern in which the economic benefits are consumed, were amortized on the straight-line basis over the following useful lives:

Patents	5-15 years
Acquired specific technology	5 years
Customer relationships	11 years
Computer software and others	2-32 years

17. LONG-TERM PREPAYMENTS FOR LEASE

Long-term prepayments for lease mainly represent land use right located in China with period for use from 50 to 60 years. As of December 31, 2013 and 2014, the carrying amount of the land use right which the Group was in the process of obtaining the certificates was NT$1,541,453 thousand and NT$17,594 thousand (US$557 thousand), respectively.

18. BORROWINGS

a. Short-term borrowings

Short-term borrowings mainly represented unsecured revolving bank loans with annual interest rates at 0.80%-6.30% and 0.81%-6.00% as of December 31, 2013 and 2014, respectively.

b. Long-term borrowings

As of December 31, 2013 and 2014, the long-term borrowings with fixed interest rates were NT$706,562 thousand and NT$1,192,975 thousand (US$37,752 thousand), respectively, with annual interest rates at 2.50%-6.15% and 1.10%-6.15%, respectively, and all repayable through May 2015 to November 2016. As of December 31, 2013 and 2014, the current portion of long-term borrowings with fixed interest rates were zero and NT$116,876 thousand (US$3,699 thousand). The others were floating interest rate borrowings and consisted of the followings:

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Specified purpose loans			
Repaid in March 2014, annual interest rate was 6.15% as of December 31, 2013	$ 16,080	$ -	$ -
Working capital bank loans			
Syndicated bank loans - repayable through April 2015 to July 2018, annual interest rates were 0.90%-2.28% and 0.90%-1.83% as of December 31, 2013 and 2014, respectively	11,537,135	10,760,548	340,524
Others - repayable through January 2016 to August 2019, annual interest rates were 1.04%-4.43% and 1.03%-3.74% as of December 31, 2013 and 2014, respectively	22,260,633	12,479,650	394,926
Mortgage loans			
Repayable through December 2015 to June 2023, annual interest rates were 1.40%-7.20% and 6.77% as of December 31, 2013 and 2014, respectively	395,177	2,534,483	80,205
	34,209,025	25,774,681	815,655

(Continued)

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Less: unamortized arrangement fee	$ 58,722	$ 32,225	$ 1,020
	34,150,303	25,742,456	814,635
Less: current portion	5,276,206	2,714,131	85,890
Long-term borrowings	$ 28,874,097	$ 23,028,325	$ 728,745

(Concluded)

Pursuant to the above loan agreements, the Group should maintain certain financial covenants including current ratio, leverage ratio, tangible net assets and interest coverage ratio. Such financial ratios are calculated based on the Group's annual audited consolidated financial statements or semi-annual reviewed consolidated financial statements or subsidiaries' annual audited financial statements under local GAAP. As of December 31, 2013 and 2014, the Group was in compliance with all of the loan covenants.

The Group had sufficient long term credit facility obtained before December 31, 2013 to refinance some portion of the loans on a long-term basis. Therefore, NT$5,962,343 thousand were not classified as current portion of long-term borrowings as of December 31, 2013.

19. BONDS PAYABLE

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Secured domestic bonds - secured by banks			
Repayable at maturity in August 2016; interest due annually with annual interest rate 1.45%	$ 8,000,000	$ 8,000,000	$ 253,164
Unsecured convertible overseas bonds	11,922,000	12,660,000	400,633
Secured overseas bonds - secured by the Company			
US$300,000 thousand, repayable at maturity in July 2017; interest due semi-annually with annual interest rate 2.125%	-	9,495,000	300,475
CNY500,000 thousand, repayable at maturity in September 2016; interest due semi-annually with annual interest rate 4.25%	2,444,275	2,586,207	81,842
CNY150,000 thousand with annual interest rate 3.13% and repaid in September 2014	733,282	-	-
	23,099,557	32,741,207	1,036,114
Less: discounts on bonds payable	1,785,552	1,471,076	46,553
	21,314,005	31,270,131	989,561
Less: current portion	731,438	-	-
	$ 20,582,567	$ 31,270,131	$ 989,561

In September 2013, the Company offered the third unsecured convertible overseas bonds (the "Bonds") in US$400,000 thousand. The Bonds is zero coupon bonds with the maturity of 5 years, in denominations of US$200 thousand or in any integral multiples thereof. Each holder of the Bonds has the right at any time on or after October 16, 2013 and up to (and including) August 26, 2018, except during legal lock-up period, to convert Bonds into newly issued listed common shares at the conversion price NT$33.085, determined on the basis of a fixed exchange rate of US$1 to NT$29.956. The conversion price will be adjusted in accordance with the conversion provisions due to anti-dilution clause. As of December 31, 2014, the conversion price was NT$31.93 (US$1.01).

The Bonds may be redeemed at the option of the Company, in whole or in part, at any time on or after the third anniversary of the offering date provided that (1) the closing price, translated into U.S. dollars, of the common shares for a period of 20 consecutive trading days is at least 130% of the conversion price, (2) at least 90% in aggregate principal amount of the Bonds originally outstanding has been redeemed, repurchased and canceled or converted, or (3) the Company is required to pay additional taxes on the Bonds as a result of certain changes in tax laws in the ROC.

Each holder shall have the right to request the Company repurchase all or any portion of the principal amount thereof of a holder's Bonds (1) on or after the third anniversary of the offering date, (2) in the event of a change of control, or (3) in the event of delisting.

The Bonds contained a debt host contract, recognized as bonds payable, and the Bonds Options aggregately recognized as financial liabilities at FVTPL. The effective interest rate of the debt host contract was 3.16% and the aggregate fair value of the Bonds Options was NT$1,667,950 thousand on initial recognition. As a result of changes in fair value, we recognized a loss of NT$75,046 thousand and NT$777,610 thousand (US$24,608 thousand) for the years ended December 31, 2013 and 2014, respectively, in other gains and losses.

To focus on corporate sustainability and to carry out the commitment to environmental protection and energy conservation, Anstock II Limited, the Company's 100% owned and newly established subsidiary, offered overseas bonds in US$300,000 thousand with the maturity of 3 years and annual interest rate of 2.125% (the "Green Bonds") in July 2014. The Green Bonds are unconditionally and irrevocably guaranteed by the Company and the proceeds will be used to fund certain eligible projects to promote the Group's transition to low-carbon and climate resilient growth.

20. OTHER PAYABLES

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Payables for property, plant and equipment	$ 3,408,603	$ 7,097,129	$ 224,593
Accrued salary and bonus	4,414,581	5,550,040	175,634
Accrued bonus to employees and remuneration to directors and supervisors	1,778,422	2,602,796	82,367
Accrued legal settlement fee	-	814,185	25,765
Accrued employee insurance	473,575	572,259	18,110
Accrued utilities	450,506	495,404	15,677
Others	4,232,866	5,232,703	165,592
	$ 14,758,553	$ 22,364,516	$ 707,738

The Company and its subsidiary, ASE US, reached the final settlement agreement with Tessera Inc. ("Tessera") in October 2014 to resolve the patent infringement lawsuit, and Tessera has dismissed all claims against the Company and ASE US. The Company recognized the originally agreed settlement amount of NT$894,150 thousand (US$30,000 thousand as resolved in the term sheet agreement in February

2014) in the fourth quarter of 2013 under the line item of long-term payables. The final settlement amount was reduced to NT$814,185 (US$27,000 thousand as resolved in the final settlement agreement in October 2014) and reclassified from long-term payables to other payables which was paid in January 2015.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

1) The pension plan under the ROC Labor Pension Act ("LPA") for the Group's ROC resident employees is a government-managed defined contribution plan. Based on the LPA, the Company and its subsidiaries in Taiwan makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

2) The subsidiaries located in China, U.S.A., Malaysia, Singapore and Mexico also make contributions at various ranges according to relevant local regulations.

b. Defined benefit plans

1) The Company and its subsidiaries in Taiwan joined the defined benefit pension plan under the ROC Labor Standards Law ("LS Law"). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the last six months before retirement. The Company and its subsidiaries in Taiwan make contributions based on a certain percentage of their domestic employees monthly salaries to a pension fund administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committees in the Bank of Taiwan.

2) ASE Japan has a pension plan under which eligible employees with more than ten years of service are entitled to receive pension benefits based on their length of service and salaries at the time of termination of employment. ASE Japan makes contributions based on a certain amount of pension cost to employees.

   ASE Korea also has a pension plan under which eligible employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with ASE Korea, based on their length of service and salaries at the time of termination. ASE Korea makes contributions based on a certain percentage of pension cost to an external financial institution administered by the management and in the names of employees.

3) ASE Inc., ASE Test, Inc. and ASE Electronics Inc. maintain pension plans for executive managers. Pension costs under the plans were NT$34,571 thousand, NT$4,950 thousand and NT$ 16,645 thousand (US$527 thousand) for the years ended December 31, 2012, 2013 and 2014, respectively. Pension payments were NT$37,642 thousand, NT$2,666 thousand and NT$ 25,315 thousand (US$801 thousand) for the years ended December 31, 2012, 2013 and 2014, respectively. As of December 31, 2013 and 2014, accrued pension liabilities for executive managers were NT$208,512 thousand and NT$199,842 thousand (US$6,324 thousand), respectively.

4) The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

   Except the pension plans for executive managers, the key assumptions used for the actuarial valuations were as follow:

	December 31, 2013	December 31, 2014
Discount rates	0.20%-4.94%	0.12%-4.03%
Expected rates of salary increase	0.00%-5.05%	2.00%-4.70%

5) Amounts recognized in consolidated statements of comprehensive income in respect of the defined benefit plans excluding those for executive managers were as follows:

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Service cost				
Current service cost	$ 297,861	$ 347,629	$ 327,707	$ 10,370
Net interest expense	97,574	77,799	79,407	2,513
Past service cost	-	-	22,036	698
Components of defined benefit costs recognized in profit or loss	395,435	425,428	429,150	13,581
Remeasurement on the net defined benefit liability				
Return on plan assets (excluding amounts included in net interest expense)	8,212	16,983	29,338	928
Actuarial losses (gains) arising from changes in financial assumptions	360,188	(465,360)	(46,913)	(1,484)
Actuarial losses arising from experience adjustments	365,389	35,839	38,516	1,219
Actuarial losses arising from changes in demographic assumptions	84,757	313	7,204	228
Components of defined benefit costs recognized in other comprehensive (income) loss	818,546	(412,225)	28,145	891
Total	$1,213,981	$ 13,203	$ 457,295	$ 14,472

The pension costs for the years ended December 31, 2012, 2013 and 2014 were as follows:

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Operating cost	$ 314,219	$ 337,069	$ 345,309	$ 10,928
Selling and marketing expenses	10,555	10,181	11,448	362
General and administrative expenses	36,502	43,381	35,867	1,135

(Continued)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Research and development expenses	$ 34,159	$ 34,797	$ 36,526	$ 1,156
	$ 395,435	$ 425,428	$ 429,150	$ 13,581

(Concluded)

6) For the years ended December 31, 2012, 2013 and 2014, the Group recognized actuarial loss of NT$677,666 thousand, actuarial gain of NT$345,519 thousand and actuarial loss of NT$4,260 thousand (US$135 thousand) in other comprehensive income (loss), respectively. As of December 31, 2013 and 2014, the accumulated actuarial loss of NT$328,513 thousand and NT$332,947 thousand (US$10,536 thousand) were recognized in other comprehensive income (loss) and NT$3,634 thousand and NT$4,491 thousand (US$142 thousand) were recognized in non-controlling interests, respectively.

7) The amounts included in the consolidated balance sheets arising from the Group's obligation in respect of its defined benefit plans excluding those for executive managers were as follows:

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Present value of funded defined benefit obligation	$ 7,472,145	$ 7,674,293	$ 242,858
Fair value of plan assets	(3,118,804)	(3,502,487)	(110,838)
Present value of unfunded defined benefit obligation	4,353,341	4,171,806	132,020
Recorded under others payables	(15,893)	(1,028)	(33)
Recorded under prepaid pension cost	-	11,910	377
Accrued pension liability	$ 4,337,448	$ 4,182,688	$ 132,364

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

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 6,664,941	$ 7,751,862	$ 7,472,145	$ 236,460
Current service cost	297,861	347,629	327,707	10,370
Interest cost	153,044	156,157	189,043	5,982
Past service cost	-	-	22,036	698
Remeasurement loss (gain)				
Actuarial losses (gains) arising from changes in financial assumptions	360,188	(465,360)	(46,913)	(1,484)

(Continued)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Actuarial losses arising from experience adjustments	$ 365,389	$ 35,839	$ 38,516	$ 1,219
Actuarial losses arising from changes in demographic assumptions	84,757	313	7,204	228
Benefits paid from the pension fund	(96,901)	(154,608)	(292,996)	(9,272)
Benefits paid from the Group	(29,365)	(99,025)	(16,237)	(514)
Exchange differences on foreign plans	(48,052)	(100,662)	(26,212)	(829)
Balance at December 31	$ 7,751,862	$ 7,472,145	$ 7,674,293	$ 242,858

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

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 1,961,355	$ 2,682,803	$ 3,118,804	$ 98,696
Interest income	55,470	78,358	109,636	3,469
Return on plan assets (excluding amounts included in net interest expense)	(8,212)	(16,983)	(29,338)	(928)
Contributions from plan by employer	734,864	470,592	556,555	17,613
Benefits paid	(96,901)	(154,608)	(292,996)	(9,272)
Exchange differences on foreign plans	36,227	58,642	39,826	1,260
Balance at December 31	$ 2,682,803	$ 3,118,804	$ 3,502,487	$ 110,838

8) The fair value of the plan assets by major categories at each balance sheet date was as follows:

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Cash and cash equivalents	$ 1,140,149	$ 1,854,926	$ 58,700
Debt instruments	1,031,863	691,720	21,890
Equity instruments	802,066	869,752	27,524
Others	144,726	86,089	2,724
Total	$ 3,118,804	$ 3,502,487	$ 110,838

Under the ROC LS Law, the government is responsible for the administration of the funds and determination of the investment strategies and policies. Furthermore, the rate of return on assets shall not be less than the average interest rate on a 2-year time deposit published by the local banks. The government is responsible for any shortfall in the event that the rate of return is less than the required rate of return. Since the plan assets are held in a commingled fund which is operated and managed by the government's designated authorities, the Group does not have any right to intervene in the fund's investment.

The management of ASE Korea is responsible for the administration of the fund and determination of the investment strategies according to related regulations. ASE Korea is responsible for the shortfall between the fund and the defined benefit obligation. All of the plan assets are invested in the certificates of deposits.

9) Significant actuarial assumptions for the determination of the defined obligation excluding those for executive managers are discount rates and expected rates of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at each balance sheet date, while holding all other assumptions constant.

   If the discount rate is 0.5% higher or lower, the defined benefit obligation would decrease by NT$440,350 thousand (US$13,935 thousand) or increase by NT$503,593 thousand (US$15,936 thousand), respectively. If the expected rates of salary increase increases or decreases by 0.5%, the defined benefit obligation would increase by NT$493,722 thousand (US$15,624 thousand) or decrease by NT$430,706 thousand (US$13,630 thousand), respectively.

   The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

   Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at each balance sheet date, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated balance sheets.

As of December 31, 2014, the average duration of the defined benefit obligation excluding those for executive managers of the Group was 9 to 18 years, respectively.

Maturity profile of defined benefit obligation was as follows:

	Expected Benefit Payments	
Fiscal Year Ending	**NT$**	**US$ (Note 4)**
December 31, 2015	$ 249,000	$ 7,880
December 31, 2016	267,368	8,461
December 31, 2017	329,118	10,415
December 31, 2018	376,489	11,914
December 31, 2019	489,095	15,478
December 31, 2020 and thereafter	14,468,022	457,849

The Group expects to make contributions of NT$510,434 thousand (US$16,153 thousand) to the defined benefit plans excluding those for executive managers in the next year starting from January 1, 2015.

22. EQUITY

a. Share capital

Ordinary shares

	December 31, 2013	December 31, 2014
Numbers of shares authorized (in thousands)	9,600,000	10,000,000
Numbers of shares reserved (in thousands)		
Employee share options	800,000	800,000
Numbers of shares registered (in thousands)	7,756,004	7,852,538
Numbers of shares subscribed in advance (in thousands)	31,823	9,187
Number of shares issued and fully paid (in thousands)	7,787,827	7,861,725

	December 31, 2013	December 31, 2014	
	NT$	NT$	US$ (Note 4)
Shares authorized	$ 96,000,000	$ 100,000,000	$ 3,164,557
Shares reserved			
Employee share options	$ 8,000,000	$ 8,000,000	$ 253,165
Shares registered	$ 77,560,040	$ 78,525,378	$ 2,484,980
Shares subscribed in advance	620,218	189,801	6,007
Shares issued	$ 78,180,258	$ 78,715,179	$ 2,490,987

The holders of issued ordinary shares with a par value at $10 per share are entitled the right to vote and receive dividends, except the shares held by the Group's subsidiaries which are not entitled the right to vote. As of December 31, 2013 and 2014, there were 100,000 thousand and 500,000 thousand ordinary shares, respectively, included in the authorized shares had not completed the share registration process.

In July 2013, the board of directors approved the issue of 130,000 thousand ordinary shares for cash capital increase at NT$26.1 per share. The aforementioned cash capital increase has been approved by the Financial Supervisory Commission in the ROC and effectively registered on August 15, 2013. The record date of the cash capital increase was October 2, 2013 and the Company has completed the registration formalities.

American Depositary Receipts

The Company issued ADSs and each ADS represents five ordinary shares. As of December 31, 2013 and 2014, 96,649 thousand and 125,731 thousand ADSs were outstanding and represented approximately 483,243 thousand and 628,657 thousand ordinary shares of the Company, respectively.

b. Capital surplus

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Arising from the excess of the consideration received over the carrying amounts of the subsidiaries' net assets	$ 2,178,384	$ 9,055,250	$ 286,559
Arising from issuance of ordinary shares	4,134,295	5,325,382	168,525
Arising from employee share options	1,369,232	1,178,210	37,285
Arising from treasury share transactions	236,214	425,004	13,449
Arising from share of changes in capital surplus of associates	3,250	30,134	954
	$ 7,921,375	$ 16,013,980	$ 506,772

As of December 31, 2013 and 2014, capital surplus arising from issuance of ordinary shares of NT$3,626 thousand represented the reclassification arising from the unexercised portion for employees' subscription on cash capital increase of the Company in 2013 (Note 26c).

The premium from ordinary shares issued in excess of par, including the premium from issuance of ordinary shares, treasury share transactions and carrying amount of expired options, may be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital up to a certain percentage of the Company's capital surplus each year.

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

c. Retained earnings and dividend policy

The Articles of Incorporation of ASE Inc. (the "Articles") provides that annual net income shall be distributed in the following order:

1) Replenishment of deficits;

2) 10.0% as legal reserve;

3) Special reserve appropriated or reversed in accordance with laws or regulations set forth by the authorities concerned;

4) An amount equal to the excess of the income from investments accounted for using the equity method over cash dividends as special reserve;

5) Addition or deduction of realized gains or losses on equity instruments at fair value through other comprehensive income;

6) Not more than 1.0% of the remainder, from 1) to 5), as compensation to directors and supervisors;

7) Between 7.0% to 11.0% of the remainder, from 1) to 5), as bonus to employees, of which 7.0% shall be distributed in accordance with the employee bonus plan and the excess shall be distributed to specified employees at the board of directors' discretion; and

8) Any remainder from above as dividends to shareholders.

Employees to whom referred in 7) above include employees of subsidiaries that meet certain conditions, which are to be determined by the board of directors.

The Company is currently in the mature growth stage. To meet the capital needs for business development now and in the future and satisfy the shareholders' demand for cash inflows, the Company shall use residual dividend policy to distribute dividends, of which the cash dividend is not lower than 30% of the total dividend distribution, with the remainder to be distributed in stock. A distribution plan is also to be made by the board of directors and passed for resolution in the shareholders' meeting.

As of December 31, 2013 and 2014, the accrued bonus to employees of the Company was NT$1,586,672 thousand and NT$2,335,786 thousand (US$73,917 thousand), respectively, and the accrued remuneration to directors and supervisors of the Company was NT$144,243 thousand and NT$212,344 thousand (US$6,720 thousand), respectively. The accrued bonus to employees and remuneration to directors and supervisors represented 11% and 1%, respectively, of net income (net of the bonus and remuneration) for the years ended December 31, 2013 and 2014. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

Pursuant to existing regulations, the Company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's adoption of the exemptions under IFRS 1. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed.

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

The appropriations of earnings for 2012 and 2013 resolved at the Company's annual shareholders' meetings in June 2013 and June 2014, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For Year 2012	For Year 2013	For Year 2012	For Year 2013
	NT$	NT$	NT$	NT$
Legal reserve	$ 1,309,136	$ 1,568,907		
Special reserve	309,992	(309,992)		
Cash dividends	7,987,974	10,156,005	$1.05	$1.30
	$ 9,607,102	$ 11,414,920		

The bonus to employees and the remuneration to directors and supervisors for 2012 and 2013 distributed in cash were also approved in the aforementioned shareholders' meetings. The information was as follows:

	For Year 2012	For Year 2013
	NT$	NT$
Bonus to employees	$ 1,147,223	$ 1,587,300
Remuneration to directors and supervisors	228,000	144,000

The differences between the resolved amounts of the bonus to employees and remuneration to directors and supervisors and the accrued amounts reflected in the consolidated financial statements for the years ended December 31, 2012 and 2013 were deemed changes in estimates. The difference was NT$38,644 thousand and NT$385 thousand (US$12 thousand) and had been adjusted in earnings for the years ended December 31, 2013 and 2014, respectively.

As of March 11, 2015, the board of directors has not yet approved the appropriation of 2014 earnings.

Information regarding the bonus to employees and the remuneration to directors and supervisors resolved by the shareholders' meeting is available on the Market Observation Post System website of the TSE.

d. Special reserve

On January 1, 2013, the Company appropriated to the special reserve of NT$3,353,938 thousand relating to the exchange differences on translating foreign operations transferred to retained earnings in accordance with existing regulations.

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ -	$(3,210,248)	$ (525,521)	$ (16,630)
Exchange differences arising on translating foreign operations	(3,210,032)	2,685,647	5,064,616	160,272
Share of exchange difference of associates accounted for using the equity method	(216)	(920)	1,767	56
Balance at December 31	$(3,210,248)	$ (525,521)	$ 4,540,862	$ 143,698

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

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 283,460	$ 355,254	$ 426,246	$ 13,489
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	16,340	14,985	(142,418)	(4,507)

(Continued)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Cumulative losses (gains) reclassified to profit or loss on disposal of available-for-sale financial assets	$ (163)	$ (96)	$ 9,561	$ 302
Share of unrealized gain on available-for-sale financial assets of associates accounted for using the equity method	55,617	56,103	233,389	7,386
Balance at December 31	$ 355,254	$ 426,246	$ 526,778	$ 16,670

(Concluded)

3) Cash flow hedges

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ (48,372)	$ (3,755)	$ (3,279)	$ (104)
Gain (loss) arising on changes in the fair value of hedging instruments - Interest rate swap contracts	877	(2,597)	795	25
Cumulative gains or losses arising on changes in fair value of hedging instruments reclassified to profit or loss - Interest rate swap contracts	52,878	3,842	2,484	79
Income tax related to cash flow hedges	(9,138)	(769)	-	-
Balance at December 31	$ (3,755)	$ (3,279)	$ -	$ -

f. Treasury shares

There was no change in the Company's shares held by subsidiaries in 2013 and 2014. The Company's shares held by its subsidiaries at each balance sheet date were as follows:

	Shares Held By Subsidiaries (in thousand shares)	Carrying amount NT$	Carrying amount US$ (Note 4)	Fair Value (Level 1) NT$	Fair Value (Level 1) US$ (Note 4)
December 31, 2013					
ASE Test	88,200	$ 1,380,721		$ 2,443,153	
J&R Holding	46,704	381,709		1,293,694	
ASE Test, Inc.	10,979	196,677		304,112	
	145,883	$ 1,959,107		$ 4,040,959	
December 31, 2014					
ASE Test	88,200	$ 1,380,721	$ 43,694	$ 3,360,438	$ 106,343
J&R Holding	46,704	381,709	12,079	1,779,413	56,311
ASE Test, Inc.	10,979	196,677	6,224	418,291	13,237
	145,883	$ 1,959,107	$ 61,997	$ 5,558,142	$ 175,891

The Company issued ordinary shares in connection with its merger with its subsidiaries. The shares held by its subsidiaries were reclassified from investments accounted for using the equity method to treasury shares on the proportion owned by the Company.

Under the Securities and Exchange Act in the ROC, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and voting. The subsidiaries holding treasury shares, however, retain shareholders' rights except the rights to participate in any share issuance for cash and voting.

In February 2015, the board of directors approved to repurchase up to 120,000 thousand of the Company's ordinary shares which will be used for equity conversion of convertible overseas bonds to be issued in the future. The shares to be repurchased account for 1.53% of our total issued shares, at prices between NT$32.0 (US$1.0) to NT$55.0 (US$1.7) per share during the period from March 2, 2015 to April 30, 2015. The Company will keep buying back if the price is under the lower limit. As of March 11, 2015, we have repurchased 59,508 thousand of the Company's ordinary shares with a total consideration of NT$2,669,265 thousand (US$84,470 thousand).

g. Non-controlling interests

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 1,512,947	$ 3,505,743	$ 4,128,361	$ 130,644
Attributable to non-controlling interests:				
Share of profit for the year	456,681	465,656	640,499	20,269
Exchange difference on translating foreign operations	(59,591)	131,621	340,392	10,772
Unrealized gains (losses) on available-for-sale financial assets	362	(50)	(857)	(27)

(Continued)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Additional non-controlling interests arising from partial disposal of subsidiaries (Note 28)	$ 1,454,165	$ -	$ -	$ -
Purchase of non-controlling interests (Note 28)	(10,967)	-	-	-
Cash capital increase of subsidiary (Note 28)	-	27,826	3,067,712	97,080
Non-controlling interest relating to outstanding vested share options held by the employees of subsidiaries	175,194	100,547	120,376	3,809
Defined benefit plan actuarial losses	(249)	(3,385)	(857)	(27)
Cash dividends to non-controlling interests	(22,799)	(99,597)	(85,766)	(2,714)
Balance at December 31	$ 3,505,743	$ 4,128,361	$ 8,209,860	$ 259,806

(Concluded)

23. PROFIT BEFORE INCOME TAX

a. Other income and expenses

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Rental income	$ 58,552	$ 63,130	$ 59,624	$ 1,887
Gains (losses) on disposal of property, plant and equipment and other assets	18,743	127,375	(45,509)	(1,440)
Impairment loss on property, plant and equipment	(73,541)	(495,547)	(297,754)	(9,423)
Loss on damages and claims	(121,831)	(1,058,810)	(102,101)	(3,231)
Others	201,269	15,606	614,355	19,442
	$ 83,192	$ (1,348,246)	$ 228,615	$ 7,235

b. Other income

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Interest income	$ 322,197	$ 212,801	$ 243,474	$ 7,705
Government subsidy	164,762	149,634	184,525	5,840
Dividends income	66,129	131,449	101,252	3,204
	$ 553,088	$ 493,884	$ 529,251	$ 16,749

c. Other gains and losses

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Net gains (losses) arising on financial instruments held for trading	$ (761,276)	$ 615,207	$ 1,266,653	$ 40,084
Net gains on financial assets designated as at FVTPL	43,612	180,152	572,187	18,107
Foreign exchange gains or losses, net	965,404	(276,201)	(1,221,979)	(38,670)
Impairment loss on financial assets	(23,693)	(196,325)	(10,390)	(329)
Bargain purchase gain	-	28,860	-	-
Others	20,783	96,193	828	26
	$ 244,830	$ 447,886	$ 607,299	$ 19,218

In 2013, the Group assessed the financial condition of its debt investments with no active market - current and wrote off the entire carrying amount of NT$89,409 thousand which was recognized as an impairment loss under the line item of other gains and losses in the consolidated statement of comprehensive income.

d. Finance costs

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Total interest expense for financial liabilities measured at amortized cost	$ 2,200,276	$ 2,433,868	$ 2,548,850	$ 80,660
Less: Amounts included in the cost of qualifying assets				
Inventories related to real estate business	(46,476)	(42,999)	(100,705)	(3,187)
Property, plant and equipment	(202,363)	(137,567)	(126,203)	(3,994)
	1,951,437	2,253,302	2,321,942	73,479
Loss arising on derivatives as designated hedging instruments in cash flow hedge accounting relationship reclassified from equity to profit or loss	52,878	3,842	2,484	79
Other finance costs	38,229	50,311	29,671	939
	$ 2,042,544	$ 2,307,455	$ 2,354,097	$ 74,497

Information relating to the capitalized borrowing costs was as follows:

	For the Years Ended December 31		
	2012	**2013**	**2014**
Annual interest capitalization rates			
Inventories related to real estate business	5.23%-7.22%	5.90%-7.21%	6.00%-7.21%
Property, plant and equipment	1.62%-5.88%	1.54%-6.15%	0.88%-6.15%

e. Depreciation and amortization

	For the Years Ended December 31			
	2012	**2013**	**2014**	
	NT$	**NT$**	**NT$**	**US$ (Note 4)**
Property, plant and equipment	$22,473,857	$24,696,607	$25,805,042	$ 816,615
Intangible assets	962,022	774,304	545,734	17,270
Total	$23,435,879	$25,470,911	$26,350,776	$ 833,885
Summary of depreciation by function				
Operating costs	$20,880,124	$23,025,115	$24,050,546	$ 761,093
Operating expenses	1,593,733	1,671,492	1,754,496	55,522
	$22,473,857	$24,696,607	$25,805,042	$ 816,615
Summary of amortization by function				
Operating costs	$ 508,869	$ 397,976	$ 180,719	$ 5,719
Operating expenses	453,153	376,328	365,015	11,551
	$ 962,022	$ 774,304	$ 545,734	$ 17,270

f. Employee benefits expense

	For the Years Ended December 31			
	2012	**2013**	**2014**	
	NT$	**NT$**	**NT$**	**US$ (Note 4)**
Post-employment benefits (Note 21)				
Defined contribution plans	$ 1,095,039	$ 1,324,178	$ 1,589,505	$ 50,301
Defined benefit plans	430,006	430,378	445,795	14,108
	1,525,045	1,754,556	2,035,300	64,409
Equity-settled share-based payments	537,461	260,801	110,157	3,486
Salary, incentives and bonus	30,139,149	34,032,023	40,475,594	1,280,873
Other employee benefits	4,703,034	5,211,948	5,984,074	189,369
	$36,904,689	$41,259,328	$48,605,125	$ 1,538,137

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Summary of employee benefits expense by function				
Operating costs	$24,802,599	$28,053,492	$33,243,224	$ 1,052,001
Operating expenses	12,102,090	13,205,836	15,361,901	486,136
	$36,904,689	$41,259,328	$48,605,125	$ 1,538,137

24. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of income tax expense were as follows:

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Current income tax				
In respect of the current year	$ 2,595,070	$ 2,594,114	$ 3,524,456	$ 111,533
Income tax expense of unappropriated earnings	33,131	209,616	1,281,877	40,566
In respect of prior years	6,747	(91,633)	72,380	2,290
	2,634,948	2,712,097	4,878,713	154,389
Deferred income tax				
In respect of the current year	453,692	821,592	714,850	22,622
Effect of foreign currency exchange differences	(134,722)	(62,285)	75,305	2,383
Others	6,508	28,191	(2,914)	(92)
	325,478	787,498	787,241	24,913
Income tax expense recognized in profit or loss	$ 2,960,426	$ 3,499,595	$ 5,665,954	$ 179,302

A reconciliation of income tax expense calculated at the statutory rate and income tax expense recognized in profit or loss was as follows:

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Profit before income tax	$ 16,608,724	$ 19,369,756	$ 28,535,055	$ 903,008
Income tax expense calculated at the statutory rate	$ 3,392,253	$ 3,684,109	$ 5,101,984	$ 161,455
Nontaxable income in determining taxable income	(14,379)	(172,322)	128,644	4,071
Tax-exempt income	(312,587)	(373,113)	(623,652)	(19,736)
Additional income tax on unappropriated earnings	33,131	558,042	1,887,845	59,742

(Continued)

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Loss carry-forward and income tax credits currently used	$ (852,351)	$ (684,309)	$ (1,329,753)	$ (42,081)
Remeasurement of deferred income tax assets, net	318,953	341,863	435,143	13,770
Adjustments for prior years' tax	6,747	(91,633)	72,380	2,291
Land value increment tax	388,659	236,958	(6,637)	(210)
Income tax expense recognized in profit or loss	$ 2,960,426	$ 3,499,595	$ 5,665,954	$ 179,302

(Concluded)

For the years ended December 31, 2012, 2013 and 2014, the Group applied a tax rate of 17% for entities subject to the Income Tax Law of the ROC; for the subsidiaries located in China, the applied tax rate was 25%; and for other jurisdictions, the Group measures taxes by using the applicable tax rate for each individual jurisdiction.

b. Income tax recognized directly in equity

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Deferred income tax				
Employee share options	$ -	$ -	$ 4,481	$ 142

c. Income tax expense recognized in other comprehensive income

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Deferred income tax				
Actuarial gains or losses on defined benefit plan	$ 140,880	$ (66,706)	$ 23,885	$ 756
Fair value changes of hedging instruments for cash flow hedges	(9,138)	(769)	-	-
	$ 131,742	$ (67,475)	$ 23,885	$ 756

d. Current tax assets and liabilities

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Current tax assets			
Tax refund receivable	$ 92,430	$ 23,616	$ 747
Prepaid income tax	58,166	41,696	1,320
	$ 150,596	$ 65,312	$ 2,067

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Current tax liabilities			
Income tax payable	$ 4,225,390	$ 6,630,696	$ 209,832

e. Deferred tax assets and liabilities

The Group offset certain deferred tax assets and deferred tax liabilities which met the offset criteria.

The movements of deferred tax assets and deferred tax liabilities were as follows:

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Additions through Business Combinations	Exchange Differences	Balance at December 31
	NT$	NT$	NT$	NT$	NT$	NT$
Year ended December 31, 2012						
Temporary differences						
Property, plant and equipment	$ (476,385)	$ (482,679)	$ -	$ -	$ (18,224)	$ (977,288)
Defined benefit obligation	919,981	(1,192)	140,880	-	(62,151)	997,518
Cash flow hedges	9,907	-	(9,138)	-	-	769
FVTPL financial instruments	(60,846)	122,337	-	-	8	61,499
Others	430,077	59,003	-	95	(43,271)	445,904
	822,734	(302,531)	131,742	95	(123,638)	528,402
Loss carry-forward	203,114	179,909	-	-	(2,329)	380,694
Investment credits	1,234,295	(198,961)	-	2,518	(8,755)	1,029,097
Others	-	(3,895)	-	3,895	-	-
	$ 2,260,143	$ (325,478)	$ 131,742	$ 6,508	$ (134,722)	$ 1,938,193

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at December 31
	NT$	NT$	NT$	NT$	NT$
Year ended December 31, 2013					
Temporary differences					
Property, plant and equipment	$ (977,288)	$ (730,743)	$ -	$ 23,415	$ (1,684,616)
Defined benefit obligation	997,518	(16,526)	(66,706)	(59,746)	854,540
Cash flow hedges	769	-	(769)	-	-
FVTPL financial instruments	61,499	(73,832)	-	4	(12,329)
Others	445,904	336,473	-	(14,633)	767,744
	528,402	(484,628)	(67,475)	(50,960)	(74,661)
Loss carry-forward	380,694	(117,007)	-	6,344	270,031
Investment credits	1,029,097	(185,863)	-	(17,669)	825,565
	$ 1,938,193	$ (787,498)	$ (67,475)	$ (62,285)	$ 1,020,935

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Exchange Differences	Balance at December 31
	NT$	NT$	NT$	NT$	NT$	NT$
Year ended December 31, 2014						
Temporary differences						
Property, plant and equipment	$ (1,684,616)	$(804,082)	$ -	$ -	$ 56,843	$ (2,431,855)
Defined benefit obligation	854,540	(59,807)	23,885	-	(21,976)	796,642
FVTPL financial instruments	(12,329)	(170,722)	-	-	12,992	(170,059)
Others	767,744	372,563	-	4,481	21,509	1,166,297
	(74,661)	(662,048)	23,885	4,481	69,368	(638,975)
Loss carry-forward	270,031	246,334	-	-	3,533	519,898
Investment credits	825,565	(370,674)	-	-	(2,560)	452,331
Others	-	(853)	-	-	-	(853)
	$ 1,020,935	$ (787,241)	$ 23,885	$ 4,481	$ 70,341	$ 332,401

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Exchange Differences	Balance at December 31
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Year ended December 31, 2014						
Temporary differences						
Property, plant and equipment	$ (53,311)	$ (25,446)	$ -	$ -	$ 1,799	$ (76,958)
Defined benefit obligation	27,042	(1,893)	756	-	(695)	25,210
FVTPL financial instruments	(390)	(5,403)	-	-	411	(5,382)
Others	24,296	11,790	-	142	681	36,909
	(2,363)	(20,952)	756	142	2,196	(20,221)
Loss carry-forward	8,545	7,795	-	-	112	16,452
Investment credits	26,125	(11,730)	-	-	(81)	14,314
Other	-	(26)	-	-	-	(26)
	$ 32,307	$ (24,913)	$ 756	$ 142	$ 2,227	$ 10,519

f. Items for which no deferred tax assets have been recognized

Unrecognized deferred tax assets related to loss carry-forward, investment credits and deductible temporary differences were summarized as follows:

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Loss carry-forward	$ 669,410	$ 694,960	$ 21,992
Investment credits	91,536	629,231	19,913
Deductible temporary differences	901,580	957,183	30,291
	$ 1,662,526	$ 2,281,374	$ 72,196

The unrecognized loss carry-forward will expire through 2023 and the unrecognized investment credits will expire through 2017.

g. Information about unused loss carry-forward, unused investment credits, tax-exemption and other tax relief

As of December 31, 2014, the unused loss carry-forward comprised of:

Year of Expiry	NT$	US$ (Note 4)
2015	$ 70,223	$ 2,222
2016	167,001	5,285
2017	352,030	11,140
2018	277,680	8,787
2019 and thereafter	347,924	11,010
	$1,214,858	$ 38,444

As of December 31, 2014, unused investment credits comprised of:

Laws and Statutes	Tax Credit Source	Remaining Creditable Amount NT$	Remaining Creditable Amount US$ (Note 4)	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	$ 1,025,895	$ 32,465	2015 and thereafter
	Others	55,667	1,762	2017
		$ 1,081,562	$ 34,227	

As of December 31, 2014, profits attributable to the following expansion projects were exempted from income tax for a 3-year or 5-year period:

	Tax-exemption Period
Construction and expansion of 2004 by the Company	2012.01-2016.12
Construction and expansion of 2005 by the Company	2012.01-2016.12
Construction and expansion of 2007 by the Company	2013.01-2015.12
Construction and expansion of 2008 by the Company.	2014.01-2018.12
Construction and expansion of 2005 by ASE Test Inc.	2011.01-2015.12
Construction and expansion of 2008 by ASE Test Inc.	2014.01-2018.12
Construction and expansion of 2005 by ASE Electronics Inc.	2012.01-2016.12

In addition, the Group had additional 3 unused construction and expansion projects.

Some China subsidiaries qualify as high technology enterprises which entitle them to a reduced income tax rate of 15% and also make them eligible to deduct certain times of research and development expenses from their taxable income.

h. Unrecognized deferred tax liabilities associated with investments

As of December 31, 2013 and 2014, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were NT$9,326,560 thousand and NT$11,400,826 thousand (US$360,786 thousand), respectively.

i. Integrated income tax

As of December 31, 2013 and 2014, unappropriated earnings were all generated on and after January 1, 1998. As of December 31, 2013 and 2014, the balance of the Imputation Credit Account (“ICA”) was NT$733,341 thousand and NT$934,038 thousand (US$29,558 thousand), respectively.

The creditable ratio for the distribution of earnings of 2013 and 2014 was 6.10% and 6.19% (estimated), respectively.

Under the Integrated Income Tax System, ROC resident shareholders are allowed a tax credit for their proportionate share of the income tax paid in the ROC by the Company on earnings generated after January 1, 1998. Non-resident shareholders are allowed only a tax credit from the 10% income tax on undistributed earnings, which can be used to reduce the withholding income tax on dividends. Starting from 2015, the allowed tax credit is adjusted to 50% of the income tax paid in the ROC by the Company for ROC resident shareholders or 50% of the 10% income tax on undistributed earnings for non-resident shareholders. An ICA is maintained by the Company for such income tax and the tax credit allocated to each shareholder. The maximum credit available for allocation to each shareholder cannot exceed the balance shown in the ICA on the date of dividend distribution. The expected creditable ratio for the 2014 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

j. Income tax returns of ASE Inc. and its subsidiaries in Taiwan have been examined by authorities through 2012 and through 2010 to 2012, respectively. ASE Inc. and some of its subsidiaries in Taiwan disagreed with the result of examinations relating to its income tax returns for 2004 through 2008 and 2010 through 2012 and applied for appeal procedures. The related income tax expenses in the years resulting from the examinations have been accrued in respective tax years.

25. EARNINGS PER SHARE

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

Profit for the year

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Profit for the year attributable to owners of the Company	$ 13,191,617	$ 15,404,505	$ 22,228,602	$ 703,437
Effect of potentially dilutive ordinary shares:				
Employee share options issued by subsidiaries	(102,587)	(131,756)	(260,925)	(8,257)
Convertible bonds	-	156,193	931,344	29,473
Earnings used in the computation of diluted earnings per share	$ 13,089,030	$ 15,428,942	$ 22,899,021	$ 724,653

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

	For the Years Ended December 31		
	2012	2013	2014
Weighted average number of ordinary shares in computation of basic earnings per share	7,445,469	7,508,539	7,687,930
Effect of potentially dilutive ordinary shares:			
Convertible bonds	-	117,085	375,271
Employee share options	70,057	67,081	101,850
Bonus to employees	52,695	54,926	55,643
Weighted average number of ordinary shares in computation of diluted earnings per share	7,568,221	7,747,631	8,220,694

For purposes of the ADS calculation, the denominator represents the above-mentioned weighted average outstanding shares divided by five (one ADS represents five ordinary shares). The numerator was the same.

The Group is able to settle the bonus to employees by cash or shares. The Group presumed that the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders approve the number of shares to be distributed to employees at their meeting in the following year.

26. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plans of the Company and its subsidiaries

In order to attract, retain and reward employees, ASE Inc. has four employee share option plans for full-time employees of the Group. Each unit represents the right to purchase one ordinary share of ASE Inc. when exercised. Under the terms of the plans, share options are granted at an exercise price equal to or not less than the closing price of the ordinary shares listed on the TSE at the grant date. The option rights of these plans are valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date. For any subsequent changes in the Company's capital structure, the exercise price is accordingly adjusted.

In December 2014, the board of directors approved the 5th employee share option plan.

ASE Inc. Option Plans

Information about share options was as follows:

	For the Years Ended December 31					
	2012		2013		2014	
	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (NT$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (NT$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (NT$)
Balance at January 1	371,034	$22.8	344,332	$20.3	285,480	$20.5
Options forfeited	(6,233)	22.6	(3,307)	20.7	(1,515)	20.5
Options expired	(9)	5.5	(10)	7.4	(322)	13.5
Options exercised	(20,460)	15.4	(55,535)	19.3	(73,898)	19.7
Balance at December 31	344,332	20.3	285,480	20.5	209,745	20.7
Options exercisable, end of year	243,930	20.1	228,685	20.4	189,240	20.7

The weighted average share price at exercise dates of share options for the years ended December 31, 2012, 2013 and 2014 was NT$25.2, NT$26.2 and NT$35.1 (US$1.11) , respectively.

Information about the Company's outstanding share options at each balance sheet date was as follows:

	Range of Exercise Price Per Share (NT$)	Weighted Average Remaining Contractual Life (Years)
December 31, 2013	$ 11.1-13.5	0.6
	20.4-22.6	5.4
December 31, 2014	11.1-13.5	0.4
	20.4-22.6	4.4

ASE Mauritius Inc. Option Plan

ASE Mauritius Inc. has an employee share option plan for full-time employees of the Group which granted 30,000 thousand units in December 2007. Under the terms of the plan, each unit represents the right to purchase one ordinary share of ASE Mauritius Inc. when exercised. The option rights of the plan are valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date.

Information about share options was as follows:

	For the Years Ended December 31					
	2012		2013		2014	
	Number of Options (In Thousands)	Exercise Price Per Share (US$)	Number of Options (In Thousands)	Exercise Price Per Share (US$)	Number of Options (In Thousands)	Exercise Price Per Share (US$)
Balance at January 1	28,770	$1.7	28,595	$1.7	28,545	$1.7
Options forfeited	(175)	1.7	(50)	1.7	-	-
Balance at December 31	28,595	1.7	28,545	1.7	28,545	1.7
Options exercisable, end of year	28,575	1.7	28,545	1.7	28,545	1.7

As of December 31, 2013 and 2014, the share options were all vested and the remaining contractual life was 4 years and 3 years, respectively.

USIE Option Plans

The terms of the plans issued by USIE were the same with those of the Company’s option plans.

Information about share options was as follows:

	For the Years Ended December 31					
	2012		2013		2014	
	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (US$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (US$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (US$)
Balance at January 1	35,462	$2.1	34,966	$2.1	34,939	$2.1
Options forfeited	(283)	2.1	(27)	2.9	-	-
Options exercised	(213)	1.5	-	-	(780)	1.5
Balance at December 31	34,966	2.1	34,939	2.1	34,159	2.1
Options exercisable, end of year	22,252	1.7	28,281	2.0	30,874	2.0

Information on USIE's outstanding share options at each balance sheet date was as follows:

	Range of Exercise Price Per Share (US$)	Weighted Average Remaining Contractual Life (Years)
December 31, 2013	$ 1.5	4.0
	2.4-2.9	6.8
December 31, 2014	1.5	5.0
	2.4-2.9	5.8

b. Fair value of share options

Share options granted by the Group were measured using the Black-Scholes Option Pricing Model or the Hull & White Model (2004) incorporated with Ritchken's Trinomial Tree Model (1995), and the inputs to the models were as follows:

	ASE Inc.	ASE Mauritius Inc.	USIE
Share price/market price at the grant date	NT$28.60-30.65	US$1.7	US$1.53-2.62
Exercise prices	NT$28.60-30.65	US$1.7	US$1.53-2.94
Expected volatility	28.59%-40.82%	47.21%	32.48%-42.58%
Expected lives	10 years	10 years	10-12 years
Expected dividend yield	3.00%-4.00%	-	-
Risk free interest rates	1.56%-2.51%	3.87%-3.90%	1.63%-4.02%

Expected volatility was based on the historical share price volatility over the past 10 years of ASE Inc. and the comparable companies of ASE Mauritius Inc. and USIE, respectively. Under the Hull & White Model (2004) incorporated with Ritchken's Trinomial Tree Model (1995) to allow for the effects of early exercise, the Group assumed that employees would exercise the options after vesting date when the share price was 1.58-1.69 times the exercise price.

In December 2013 and 2014, USIE had modified the terms of its option plan granted in 2007 to extend the valid period from 10 years to 11 years and 11 years to 12 years, respectively. The incremental fair value of NT$15,497 thousand and NT$10,378 thousand (US$328 thousand) was all recognized as employee benefits expense in 2013 and 2014, respectively, since the options were all vested.

Employee benefits expense recognized on employee share options was NT$537,461 thousand, NT$234,093 thousand and NT$110,157 thousand (US$3,486 thousand) for the years ended December 31, 2012, 2013 and 2014, respectively.

c. New shares issued under cash capital increase reserved for subscription by employees

In July 2013, the board of directors approved the cash capital increase and, as required under the Company Act of the ROC, simultaneously granted options to employees to purchase 15% of such newly issued shares with such options exercisable within 3 days and vested when granted. The grant of the options was treated as employee options, accordingly a share-based compensation, and measured at fair value in accordance with IFRS 2. The Group recognized employee benefits expense and capital surplus of NT$26,708 thousand in full at the grant date (also the vested date).

Information about the Company's employee share options related to the aforementioned newly issued shares was as follows:

	Number of Options (In Thousand)	Fair Value (NT$)
Balance at January 1, 2013	-	$ -
Options granted	14,437	1.85
Options exercised	(12,477)	1.85
Options forfeited	(1,960)	-
Balance at December 31, 2013	-	-

Fair value was measured using the Black-Scholes Option Pricing Model and the inputs to the model were as follows:

Share price at the grant date	NT$27.95 per share
Exercise price	NT$26.10 per share
Expected volatility	17.98%
Expected lives	3 days
Expected dividend yield	-
Risk free interest rate	0.57%

Expected volatility was based on the Company's historical share prices volatility.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired	Cash Consideration NT$
Yang Ting Tech Co., Ltd. ("Yang Ting")	Packaging and testing of semiconductors	January 13, 2012	100%	$ 300,016
Wuxi Tongzhi	Packaging and testing of semiconductors	May 27, 2013	100%	$ 338,021

b. Consideration transferred, fair value of assets acquired and liabilities assumed as well as net cash outflow on acquisition of subsidiaries at the acquisition date were as follows:

1) Yang Ting

	NT$
Current assets	$ 171,015
Non-current assets	
Property, plant and equipment	265,902
Other non-current assets	4,574
Current liabilities	(96,929)
Non-current liabilities	
Long-term borrowings	(44,800)
Other non-current liabilities	(1,200)
	298,562

(Continued)

	NT$
Goodwill	$ 1,454
Total consideration	300,016
Less: Cash and cash equivalent acquired	(38,409)
Net cash outflow on acquisition of Yang Ting	$ 261,607

(Concluded)

Goodwill arising on above acquisition was not expected to be deductible for tax purposes. Yang Ting was merged into the Company in August 2013.

2) Wuxi Tongzhi

	NT$
Current assets	$ 158,100
Non-current assets	
Property, plant and equipment	258,420
Other non-current assets	35,656
Current liabilities	(85,295)
	366,881
Bargain purchase gain - recognized in other gains and losses	(28,860)
Total consideration	338,021
Less: Cash and cash equivalent acquired	(87,634)
Net cash outflow on acquisition of Wuxi Tongzhi	$ 250,387

b. Impact of acquisitions on the operating results of the Group

The operating results of Yang Ting, since the acquisition date to December 31, 2012, included in the consolidated statements of comprehensive income were operating revenue NT$321,748 thousand and loss for the period NT$183,010 thousand.

The operating results of Wuxi Tongzhi, since the acquisition date to December 31, 2013, included in the consolidated statements of comprehensive income were operating revenue NT$316,380 thousand and profit for the period NT$15,762 thousand.

c. Pro-forma information

Had these business combinations been in effect at the beginning of each year, the Group's operating revenues for the years ended December 31, 2012 and 2013 would have been NT$193,972,392 thousand and NT$220,093,736 thousand, respectively, and profit for the years ended December 31, 2012 and 2013 would have been NT$13,648,298 thousand and NT$15,873,615 thousand, respectively.

This pro-forma information is for illustrative purposes only and is not necessarily an indication of operating revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of each year, nor is it intended to be a projection of future results.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group's subsidiary, Power ASE Technology Inc. was merged into the Company in May 2012 and the Company acquired the remaining outstanding 733 thousand shares at the consideration of NT$10,933 thousand.

The Group's subsidiary, Luchu, issued new ordinary shares for cash capital increase of NT$400,000 thousand in August 2013. The Group subscribed for additional new shares at a percentage different from its existing ownership percentage and accordingly the Group's shareholdings of Luchu increased from 84.3% to 86.1%.

The ordinary shares of USISH have been traded on the SSE under the symbol "601231" since February 2012 and USISH issued ordinary shares upon its public offering for CNY773,419 thousand. After the public offering, the Group's shareholdings of USISH decreased from 99.2% to 88.6% since the Group did not subscribe for additional shares of the offering. In November 2014, USISH completed its cash capital increase of CNY2,017,690 thousand and the Group's shareholdings of USISH decreased from 88.6% to 82.1% since the Group did not subscribe for additional new shares.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over these subsidiaries and, as a result, capital surplus was charged a deduction of NT$330 thousand, an addition of NT$2,169,893 thousand and an addition of NT$6,871,062 thousand (US$217,439 thousand) due to Luchu capital increase in 2013 and USISH capital increase in 2012 and 2014, respectively.

29. NON-CASH TRANSACTIONS

For the years ended December 31, 2012, 2013 and 2014, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Payments for property, plant and equipment				
Purchase of property, plant and equipment	$ 38,976,825	$ 27,044,072	$ 43,448,587	$ 1,374,956
Increase (decrease) in prepayments for property, plant and equipment	(153,122)	327,810	(34,894)	(1,104)
Decrease (increase) in payables for property, plant and equipment	408,156	1,908,404	(3,688,526)	(116,726)
Capitalized borrowing costs	(202,363)	(137,567)	(126,203)	(3,994)
	$ 39,029,496	$ 29,142,719	$ 39,598,964	$ 1,253,132
Proceeds from disposal of property, plant and equipment				
Consideration from disposal of property, plant and equipment	$ 442,675	$ 350,873	$ 462,438	$ 14,634
Decrease in other receivables	42,125	673	(41,231)	(1,305)
	$ 484,800	$ 351,546	$ 421,207	$ 13,329

30. OPERATING LEASE ARRANGEMENTS

Except those discussed in Note 17, the Company and its subsidiary, ASE Test, Inc., lease the land on which their buildings are located under various operating lease agreements with the ROC government expiring through January 2023. The agreements grant these entities the option to renew the leases and reserve the right for the lessor to adjust the lease payments upon an increase in the assessed value of the land and to terminate the leases under certain conditions. In addition, the Group leases buildings, machinery and equipment under various operating leases.

The subsidiaries' offices located in U.S.A. and Japan, etc. are leased from other parties and the lease term will expire through 2015 to 2017 with the option to renew the leases upon expiration.

The Group recognized rental expense of NT$1,026,384 thousand, NT$1,301,550 thousand and NT$1,459,835 thousand (US$46,197 thousand) for the years ended December 31, 2012, 2013 and 2014, respectively.

31. CAPITAL MANAGEMENT

The capital structure of the Group consists of debt and equity. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. Key management personnel of the Group periodically reviews the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements except those discussed in Note 18.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value measurements recognized in the consolidated balance sheets

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

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

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

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

<u>Assets and liabilities measured at fair value on a recurring basis</u>

The following table presents the Group's assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2014:

	Level 1	Level 2	Level 3	Total
	NT$	NT$	NT$	NT$
December 31, 2013				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Structured time deposits	$ -	$ 2,228,643	$ -	$ 2,228,643
Private-placement convertible bonds	-	100,500	-	100,500
Derivative financial assets				
Swap contracts	-	219,324	-	219,324
Forward exchange contracts	-	10,178	-	10,178
Non-derivative financial assets held for trading				
Open-end mutual funds	172,000	-	-	172,000
Quoted shares	33,624	-	-	33,624
	$ 205,624	$ 2,558,645	$ -	$ 2,764,269
Available-for-sale financial assets				
Open-end mutual funds	$ 2,321,826	$ -	$ -	$ 2,321,826
Limited partnership	-	-	583,441	583,441
Quoted shares	328,656	-	-	328,656
Unquoted shares	-	-	213,721	213,721
Private-placement shares	-	69,655	-	69,655
	$ 2,650,482	$ 69,655	$ 797,162	$ 3,517,299
Financial liabilities at FVTPL				
Derivative financial liabilities				
Conversion option, redemption option and put option of convertible bonds	$ -	$ 1,742,996	$ -	$ 1,742,996
Swap contracts	-	74,170	-	74,170
Forward exchange contracts	-	31,315	-	31,315
Cross currency swap contracts	-	4,180	-	4,180
Foreign currency option contracts	-	643	-	643
	$ -	$ 1,853,304	$ -	$ 1,853,304

(Continued)

	Level 1 NT$	Level 2 NT$	Level 3 NT$	Total NT$
Derivative financial liabilities for hedging				
Interest rate swap contracts	$ -	$ 3,310	$ -	$ 3,310

	Level 1		Level 2		Level 3		Total	
	NT$	US$ (Note 4)	NT$	US$ (Note 4)	NT$	US$ (Note 4)	NT$	US$ (Note 4)
December 31, 2014								
Financial assets at FVTPL								
Financial assets designated as at FVTPL								
Structured time deposits	$ -	$ -	$2,376,050	$ 75,192	$ -	$ -	$2,376,050	$ 75,192
Private-placement convertible bonds	-	-	100,500	3,180	-	-	100,500	3,180
Derivative financial assets								
Swap contracts	-	-	1,907,705	60,370	-	-	1,907,705	60,370
Forward exchange contracts	-	-	27,811	880	-	-	27,811	880
Non-derivative financial assets held for trading								
Open-end mutual funds	533,425	16,881	-	-	-	-	533,425	16,881
Quoted shares	43,352	1,372	-	-	-	-	43,352	1,372
	$ 576,777	$ 18,253	$4,412,066	$ 139,622	$ -	$ -	$4,988,843	$ 157,875
Available-for-sale financial assets								
Open-end mutual funds	$1,500,434	$ 47,482	$ -	$ -	$ -	$ -	$1,500,434	$ 47,482
Limited partnership	-	-	-	-	555,361	17,575	555,361	17,575
Unquoted shares	-	-	-	-	223,505	7,073	223,505	7,073
Quoted shares	195,070	6,173	-	-	-	-	195,070	6,173
	$1,695,504	$ 53,655	$ -	$ -	$ 778,866	$ 24,648	$2,474,370	$ 78,303
Financial liabilities at FVTPL								
Derivative financial liabilities								
Conversion option, redemption option and put option of convertible bonds	$ -	$ -	$2,520,606	$ 79,766	$ -	$ -	$2,520,606	$ 79,766
Swap contracts	-	-	99,165	3,138	-	-	99,165	3,138
Forward exchange contracts	-	-	31,581	999	-	-	31,581	999
	$ -	$ -	$2,651,352	$ 83,903	$ -	$ -	$2,651,352	$ 83,903

For assets and liabilities held as of December 31, 2013 and 2014 that are measured at fair value on a recurring basis, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

2) Fair value of financial instruments not measured at fair value but for which fair value is disclosed

Except bonds payable measured at amortized cost, the management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

The carrying amounts and fair value of bonds payable as of December 31, 2013 and 2014, respectively, were as follows:

	Carrying Amount		Fair Value (Level 3)	
	NT$	US$ (Note 4)	NT$	US$ (Note 4)
December 31, 2013	$ 21,314,005		$ 21,913,590	
December 31, 2014	31,270,131	$ 989,561	31,702,988	$ 1,003,259

The fair values were determined using discounted cash flow analysis with the applicable yield curve for the duration and recent transaction prices.

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

The financial assets measured at Level 3 fair value were equity investments with no quoted prices classified as available-for-sale financial assets - non-current. Reconciliation for the years ended December 31, 2012, 2013 and 2014 was as follows:

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 893,283	$ 776,683	$ 797,162	$ 25,227
Purchases	52,791	73,358	38,793	1,228
Disposals	(101,938)	(27,368)	(21,012)	(665)
Total gains or losses				
In profit or loss	2,013	(106,916)	(10,390)	(329)
In other comprehensive income	(69,466)	81,405	(25,687)	(813)
Balance at December 31	$ 776,683	$ 797,162	$ 778,866	$ 24,648

As of December 31, 2013 and 2014, unrealized gain of 20,175 thousand and unrealized loss of 21,519 thousand (US$681 thousand), recorded in other comprehensive income under the heading of unrealized gain on available-for-sale financial assets, were included in the carrying amount of the financial assets at fair value on Level 3 fair value measurement and held at each balance sheet date.

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

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

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets were determined with reference to quoted market prices (includes quoted shares and open-end mutual funds). The fair value of private-placement shares was derived using quoted market prices and adjusted for the liquidity discount due to the selling restrictions relating to the lock-up period. The liquidity discount was the option value using the Black-Scholes Model with all observable inputs.

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. These models use market-based observable inputs including interest rate curves, foreign exchange rates, and forward and spot prices for currencies to project fair value. The estimates and assumptions used by the Group were consistent with those that market participants would use in pricing financial instruments.

c) The fair value of the Group’s investments in unquoted shares on Level 3 fair value measurement were measured using market approach based on investees’ recent financing activities, technical development, valuation of investees comparable companies, market conditions and other economic indicators.

The fair values of investments in limited partnership are valued using discounted cash flow technique and a comparable multiple technique. The significant unobservable inputs used in the discounted cash flow technique were discount rate of 9.10% to 12.98% and the terminal growth rate of 2.00% to 2.50%. Any significant increase in discount rate or any decrease of terminal growth rate would result in a decrease in the fair value of limited partnership. The significant unobservable inputs used in the comparable technique was EBITDA multiple of 9.00 to 9.36. A significant decrease in this multiple would result in a decrease in the fair value of limited partnership.

d) Except the aforementioned, the fair values of other financial assets and financial liabilities were measured using the generally accepted pricing models based on a discounted cash flow analysis.

b. Categories of financial instruments

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Financial assets			
FVTPL			
Designated as at FVTPL	$ 2,329,143	$ 2,476,550	$ 78,372
Held for trading	435,126	2,512,293	79,503
Available-for-sale financial assets	3,517,299	2,474,370	78,303
Loans and receivables (Note 1)	89,317,657	106,158,279	3,359,439
Financial liabilities			
FVTPL			
Held for trading	1,853,304	2,651,352	83,903
Derivative instruments in designated hedge accounting relationships	3,310	-	-
Measured at amortized cost (Note 2)	145,430,744	157,157,392	4,973,335

Note 1: The balances included loans and receivables measured at amortized cost which comprise cash and cash equivalents, trade and other receivables and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost which comprise short-term and long-term borrowings, trade and other payables, bonds payable and long-term payables.

c. Financial risk management objectives and policies

The derivative instruments used by the Group are to mitigate risks arising from ordinary business operations. All derivative transactions entered into by the Group are designated as either hedging or trading. Derivative transactions entered into for hedging purposes must hedge risk against fluctuations in foreign exchange rates and interest rates arising from operating activities. The currencies and the amount of derivative instruments held by the Group must match its hedged assets and liabilities denominated in foreign currencies.

The Group's risk management department monitors risks to mitigate risk exposures, reports unsettled position, transaction balances and related gains or losses to the Group’s chief financial officer on monthly basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Gains or losses arising from fluctuations in foreign currency exchange rates of a variety of derivative financial instruments were approximately offset by those of hedged items. Interest rate risk was not significant due to the cost of capital was expected to be fixed.

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

a) Foreign currency exchange rate risk

The Group had sales and purchases as well as financing activities denominated in foreign currency which exposed the Group to foreign currency exchange rate risk. The Group entered into a variety of derivative financial instruments to hedge foreign currency exchange rate risk to minimize the fluctuations of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities (including those eliminated upon consolidation) as well as derivative instruments which exposed the Group to foreign currency exchange rate risk at each balance sheet date are presented in Note 37.

The Group was principally subject to the impact to exchange rate fluctuation in U.S. dollars and Japanese yen against NT$ or Chinese Yuan Renminbi ("CNY"). 1% is the sensitivity rate used when reporting foreign currency exchange rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency exchange rates. The sensitivity analysis included financial assets and liabilities and inter-company receivables and payables within the Group. The changes in profit before income tax due to a 1% change in U.S. dollars and Japanese yen both against NT$ and CNY would be approximately NT$15,000 thousand, NT$15,000 thousand and NT$41,000 thousand (US$1,297 thousand) for the years ended December 31, 2012, 2013 and 2014, respectively. Hedging contracts and hedged items have been taken into account while measuring the changes in profit before income tax. The sensitivity analysis for foreign currency exchange rate risk to which the Group was exposed at the each balance sheet date was unrepresentative of a risk inherent for the years ended December 31, 2012, 2013 and 2014.

b) Interest rate risk

Except a portion of long-term borrowings and bonds payable at fixed interest rates, the Group was exposed to interest rate risk because group entities borrowed funds at floating interest rates. Changes in market interest rates will lead to variances in effective interest rates of borrowings from which the future cash flow fluctuations arise.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at each balance sheet date were as follows:

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Fair value interest rate risk			
Financial liabilities	$ 22,186,535	$ 34,003,038	$ 1,076,046
Cash flow interest rate risk			
Financial assets	46,206,830	51,603,455	1,633,021
Financial liabilities	78,502,073	65,149,698	2,061,699

For assets and liabilities with floating interest rates, a 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel. If interest rates had been 100 basis points (1%) higher or lower and all other variables held constant, the Group's profit before income tax for the years ended December 31, 2012, 2013 and 2014 would have decreased or increased approximately by NT$566,000 thousand, NT$323,000 thousand and NT$135,000 thousand (US$4,272 thousand), respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in financial assets at FVTPL, including private-placement convertible bonds, quoted shares and open-end mutual funds, and available-for-sale financial assets. If equity prices were 1% higher or lower, profit before income tax for the years ended December 31, 2012, 2013 and 2014 would have increased or decreased by NT$1,900 thousand, NT$3,100 thousand and NT$6,800 thousand (US$215 thousand), respectively and other comprehensive income before income tax for the years ended December 31, 2012, 2013 and 2014 would have increased or decreased by NT$12,000 thousand, NT$35,000 thousand and NT$25,000 thousand (US$791 thousand), respectively.

In addition, the Group was also exposed to the Company's share price risk through Bonds Options recognized as financial liabilities held for trading. 7% is the sensitivity rate used when reporting price risk internally to key management personnel. If the Company's share price increased or decreased by 7%, profit before income tax for the years ended December 31, 2013 and 2014 would have decreased approximately by NT$353,000 thousand and NT$651,000 thousand (US$20,601 thousand), respectively, or increased approximately by NT$319,000 thousand and NT$608,000 thousand (US19,241 thousand), respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk arises from cash and cash equivalents, receivables and other financial assets. The Group's maximum exposure to credit risk was the carrying amounts of financial assets in the consolidated balance sheets.

The Group dealt with counterparties creditworthy and has a credit policy and trade receivable management procedures to ensure recovery and evaluation of trade receivables. The Group's counterparties consisted of a large number of customers and banks and there was no significant concentration of credit risk exposure.

3) Liquidity risk

The Group manages liquidity risk by maintaining adequate working capital and banking facilities to fulfill the demand for cash flow used in the Group's operation and capital expenditure. The Group also monitors its compliance with all the loan covenants. Liquidity risk is not considered to be significant.

In the table below, financial liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of counter-parties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amounts were derived from the interest rates at each balance sheet date.

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	2 to 5 Years	More than 5 Years
	NT$	NT$	NT$	NT$	NT$
December 31, 2013					
Non-derivative financial liabilities					
Non-interest bearing	$ 16,755,995	$ 18,506,103	$ 2,193,722	$ 979,923	$ -
Floating interest rate liabilities	22,940,649	11,905,684	21,552,430	23,383,218	-
Fixed interest rate liabilities	4,051	169,271	1,105,439	23,523,781	-
	$ 39,700,695	$ 30,581,058	$ 24,851,591	$ 47,886,922	$ -
December 31, 2014					
Non-derivative financial liabilities					
Non-interest bearing	$ 23,660,711	$ 21,370,876	$ 4,606,064	$ 155,599	$ 29,139
Floating interest rate liabilities	21,534,220	9,003,403	12,364,453	23,870,629	175,302
Fixed interest rate liabilities	684,039	838,234	846,899	34,458,859	-
	$ 45,878,970	$ 31,212,513	$ 17,817,416	$ 58,485,087	$ 204,441

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	2 to 5 Years	More than 5 Years
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
December 31, 2014					
Non-derivative financial liabilities					
Non-interest bearing	$ 748,757	$ 676,294	$ 145,762	$ 4,924	$ 922
Floating interest rate liabilities	681,463	284,918	391,280	755,400	5,548
Fixed interest rate liabilities	21,647	26,526	26,801	1,090,470	-
	$ 1,451,867	$ 987,738	$ 563,843	$ 1,850,794	$ 6,470

The amounts included above for floating interest rate instruments for non-derivative financial liabilities was subject to change if changes in floating interest rates differ from those estimates of interest rates determined at each balance sheet date.

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross cash inflows and outflows on those derivatives that require gross settlement. When the amounts payable or receivable are not fixed, the amounts disclosed have been determined by reference to the projected interest rates as illustrated by the yield curves at each balance sheet date.

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year
	NT$	NT$	NT$
December 31, 2013			
Net settled			
Forward exchange contracts	$ 3,520	$ (2,670)	$ -
Foreign currency option contracts	-	2,910	-
	$ 3,520	$ 240	$ -
Gross settled			
Forward exchange contracts			
Inflows	$ 2,703,738	$ 1,540,707	$ 208,348
Outflows	(2,725,667)	(1,541,515)	(208,635)
	(21,929)	(808)	(287)

(Continued)

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year
	NT$	NT$	NT$
Swap contracts			
Inflows	$ 6,565,374	$ 6,384,442	$ 23,843,432
Outflows	(6,524,921)	(6,368,366)	(23,596,540)
	40,453	16,076	246,892
Cross currency swap contracts			
Inflows	175	356	596,801
Outflows	-	-	(598,600)
	175	356	(1,799)
Interest rate swap contracts			
Inflows	3,744	-	3,089
Outflows	(5,995)	-	(5,865)
	(2,251)	-	(2,776)
	$ 16,448	$ 15,624	$ 242,030
December 31, 2014			
Gross settled			
Forward exchange contracts			
Inflows	$ 3,662,813	$ 1,959,573	$ 9,241
Outflows	(3,655,279)	(1,940,145)	(9,331)
	7,534	19,428	(90)
Swap contracts			
Inflows	10,342,259	4,621,200	33,399,031
Outflows	(10,215,834)	(4,461,118)	(31,646,310)
	126,425	160,082	1,752,721
	$ 133,959	$ 179,510	$ 1,752,631

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
December 31, 2014			
Gross settled			
Forward exchange contracts			
Inflows	$ 115,912	$ 62,012	$ 292
Outflows	(115,673)	(61,397)	(295)
	239	615	(3)
Swap contracts			
Inflows	327,287	146,241	1,056,931
Outflows	(323,286)	(141,175)	(1,001,466)
	4,001	5,066	55,465
	$ 4,240	$ 5,681	$ 55,462

(Concluded)

33. RELATED PARTY TRANSACTIONS

Balances and transactions within the Group had been eliminated upon consolidation. Details of transactions between the Group and other related parties were disclosed as follows:

a. The Company and its subsidiary, ASE Test, Inc., acquired real estate from HC in May 2012 at NT$1,429,679 thousand and the Company acquired real estate from HC in December 2013 at NT$1,473,905 thousand, which were all primarily based on independent professional appraisal reports and fully paid before December 31, 2012 and 2013.

   In 2014, the Company acquired real estate from HC at NT$4,540,086 thousand (US$143,674 thousand), which was primarily based on independent professional appraisal reports and fully paid before December, 2014. In addition, the construction of buildings with green design concept and other projects on current leased property for which the Company contracted with Fu Hwa Construction Co., Ltd. has been completed with a total consideration of NT$349,646 thousand (US$11,065 thousand), which was primarily based on independent professional appraisal reports as well as request for quotation and price negotiation, and the payment schedule was based on the agreed acceptance progress.

b. In addition to the donation of NT$15,000 thousand (US$475 thousand) to Social Affairs Bureau of Kaohsiung City Government through ASE Cultural and Educational Foundation (the "ASE Foundation") in August 2014, the Company contributed NT$100,000 thousand (US$3,165 thousand) to ASE Foundation in September 2014 for environmental charity in promoting the related domestic environmental protection and public service activities.

c. Remuneration to key management personnel

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Short-term employee benefits	$ 797,632	$ 741,232	$ 989,720	$ 31,320
Post-employment benefits	5,146	4,766	4,049	128
Share-based payments	114,738	78,701	50,327	1,593
	$ 917,516	$ 824,699	$ 1,044,096	$ 33,041

The remuneration to the Company's key management personnel is determined according to personal performance and market trends.

Except for the aforementioned, the Group had no material transactions with related parties for the years ended December 31, 2012, 2013 and 2014.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

In addition to Note 10, the following assets were provided as collateral for bank borrowings and the tariff guarantees of imported raw materials:

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Inventories related to real estate business	$ 12,239,500	$ 15,164,858	$ 479,901

(Continued)

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Property, plant and equipment			
Land	$ 299,059	$ -	$ -
Buildings and improvements	337,222	-	-
Other financial assets (including current and non-current)	250,656	268,562	8,499
	$ 13,126,437	$ 15,433,420	$ 488,400

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

1) As of December 31, 2013 and 2014, unused letters of credit of the Group were approximately NT$271,000 thousand and NT$137,000 thousand (US$4,335 thousand), respectively.

2) As of December 31, 2013 and 2014, outstanding commitments to purchase property, plant and equipment of the Group were approximately NT$8,249,000 thousand and NT17,498,000 thousand (US$553,734 thousand), respectively, of which NT$1,291,306 thousand and NT$1,516,396 thousand (US$47,987 thousand) had been prepaid, respectively.

3) In consideration of corporate social responsibility for environmental protection, the Company's board of directors, in December 2013, approved contributions to be made in the next 30 years, at a total amount of NT$3,000,000 thousand, at the minimum, to environmental protection efforts in Taiwan. In January 2015, the Company's board of directors approved to contribute NT$100,000 thousand (US$3,165 thousand) to ASE Foundation for continuously implementing environmental effort in promoting the related domestic environmental protection and public service activities.

b. Non-cancellable operating lease commitments

	December 31, 2014	
	NT$	US$ (Note 4)
Less than 1 year	$ 224,600	$ 7,108
1 to 5 years	275,463	8,717
More than 5 years	421,949	13,353
	$ 922,012	$ 29,178

36. SIGNIFICANT SUBSEQUENT EVENTS

To enhance operational flexibility via structural adjustments, the board of directors of the Company's subsidiary, USI, resolved in January 2015 the spin-off of its investment business as well as capital reduction of NT$16,012,966 thousand (US$506,739 thousand) by reducing 1,601,297 thousand shares (a reduction ratio of 97.56%), and will assign its investment business to USI, Inc. ("New USI"), a newly established business entity. As the consideration of the business value to be spun-off by USI, New USI will issue 1,000,000 thousand new ordinary shares to the shareholders of USI. Based on the shareholdings on the record date of the spin-off, the shareholders of USI will receive 609.27 shares of New USI's ordinary share in exchange of each 1,000 shares of USI's ordinary share. The tentative record date of the spin-off is March 6, 2015. After the spin-off, the Group will have control over both USI and New USI, and the spin-off will not have material impact on the financial position and business operation of the Group. As of March 11, 2015, the spin-off transaction is currently being reviewed by the Investment Commission and will be effective upon the approval by the Investment Commission.

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

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

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
December 31, 2013			
Monetary financial assets			
US$	$ 3,381,706	US$1=NT$29.805	$ 100,791,747
JPY	12,302,816	JPY1=NT$0.2839	3,492,769
Monetary financial liabilities			
US$	3,438,847	US$1=NT$29.805	102,494,835
JPY	11,659,321	JPY1=NT$0.2839	3,310,081
December 31, 2014			
Monetary financial assets			
US$	3,761,345	US$1=NT$31.65	119,046,569
JPY	12,543,157	JPY1=NT$0.2646	3,318,919
Monetary financial liabilities			
US$	3,888,563	US$1=NT$31.65	123,073,019
JPY	12,728,820	JPY1=NT$0.2646	3,368,046

38. OTHERS

On December 20, 2013, the Kaohsiung Environmental Protection Bureau ("KEPB") issued an official letter No. Kao-Shih-Huan-Chu-Tu-Tzu 10243758100 and an administrative sanction letter No. Kao-Shih-Huan-Chu-Shui-Chu-Tzu 30-102-120022 ("the Administrative Decision"). The Administrative Decision was to suspend the operation at ASE K7 Plant's wafer-level process where nickel is used and impose a fine of NT$110,065 thousand, which has been recorded under the line item of other income and expenses for the year ended December 31, 2013. On April 7, 2014, the amount of the fine was amended to NT$109,359 thousand (US$3,461 thousand) by the KEPB. On January 17, 2014, the Company retained lawyers to file an administrative appeal to nullify the Administrative Decision with the Kaohsiung City Government, but the administrative appeal was dismissed. The Company next retained lawyers to file an administrative complaint to revoke the part of the Administrative Decision pertaining to the fine, and the case is being heard by the Kaohsiung High Administrative Court. As to the suspended operation at ASE K7 Plant's wafer-level process where nickel is used, the KEPB issued official letter No. Kao-Shih-Huan-Chu-Tu-Tzu 10343171000, on December 15, 2014, to grant the resumption.

Meanwhile, owing to the event above, on January 3, 2014, the Kaohsiung District Prosecutors Office charged the Company with violation of the Waste Disposal Act and the judgment was handed down on October 20, 2014, in which the Company was fined NT$3,000 thousand (US$95 thousand), recorded under the line item of other income and expenses for the year ended December 31, 2014, for violation of Article

47 of the Waste Disposal Act. The Company filed an appeal against the judgment, and the case is being heard by the Taiwan High Court's Kaohsiung Branch Court.

39. OPERATING SEGMENTS INFORMATION

The Group has the following reportable segments: Packaging, Testing and EMS. The Group packages bare semiconductors into finished semiconductors with enhanced electrical and thermal characteristics; provides testing services, including front-end engineering testing, wafer probing and final testing services; provides electronics manufacturing services. Information about other business activities and operating segments that are not reportable are combined and disclosed in "Others." The Group engages in other activities such as substrate production and real estate business.

The accounting policies for segments are the same as those described in Note 4. The measurement basis for resources allocation and performance evaluation are based on profit before income tax.

Segment information for the years ended December 31, 2012, 2013 and 2014 was as follows:

a. Segment revenues and results

	Packaging	Testing	EMS	Others	Total
	NT$	NT$	NT$	NT$	NT$
For the year ended December 31, 2012					
Revenue from external customers	$ 104,298,275	$ 22,657,058	$ 62,747,665	$ 4,269,394	$ 193,972,392
Inter-segment revenues (Note)	303,374	213,210	43,628,905	7,252,285	51,397,774
Segment revenues	104,601,649	22,870,268	106,376,570	11,521,679	245,370,166
Interest income	112,632	9,837	166,105	33,623	322,197
Interest expense	(1,435,831)	(28,039)	(170,781)	(369,664)	(2,004,315)
Depreciation and amortization	(14,526,443)	(6,098,479)	(1,621,899)	(1,189,058)	(23,435,879)
Share of the profit of associates	63,076	-	-	-	63,076
Impairment loss	(55,477)	(12,026)	-	(29,731)	(97,234)
Segment profit before income tax	8,047,189	5,110,442	2,987,544	463,549	16,608,724
Investments accounted for using the equity method	1,171,089	-	-	-	1,171,089
Segment assets	126,562,552	40,390,481	43,750,250	37,019,307	247,722,590
Expenditures for segment assets	28,066,806	7,964,966	2,043,085	901,968	38,976,825
For the year ended December 31, 2013					
Revenue from external customers	112,603,927	24,732,197	78,530,594	3,995,728	219,862,446
Inter-segment revenues (Note)	3,337,074	246,223	42,960,432	8,048,827	54,592,556
Segment revenues	115,941,001	24,978,420	121,491,026	12,044,555	274,455,002
Interest income	74,171	11,958	85,491	41,181	212,801
Interest expense	(1,542,047)	(44,167)	(96,620)	(574,310)	(2,257,144)
Depreciation and amortization	(16,412,763)	(6,293,170)	(1,658,743)	(1,106,235)	(25,470,911)
Share of the profit of associates	22,039	-	-	-	22,039
Impairment loss	(344,150)	(115,966)	(99,843)	(131,913)	(691,872)
Segment profit before income tax	9,975,902	6,321,022	2,928,223	144,609	19,369,756
Investments accounted for using the equity method	1,205,158	-	-	-	1,205,158
Segment assets	146,160,484	44,100,564	55,112,632	41,348,403	286,722,083
Expenditures for segment assets	18,648,304	6,068,085	1,224,698	1,102,985	27,044,072
For the year ended December 31, 2014					
Revenue from external customers	121,336,453	25,874,694	105,784,427	3,595,873	256,591,447
Inter-segment revenues (Note)	9,418,359	177,793	48,596,814	8,437,439	66,630,405
Segment revenues	130,754,812	26,052,487	154,381,241	12,033,312	323,221,852
Interest income	96,737	10,245	116,451	20,041	243,474
Interest expense	(1,566,595)	(15,663)	(155,702)	(586,466)	(2,324,426)
Depreciation and amortization	(17,533,267)	(6,160,378)	(1,435,509)	(1,221,622)	(26,350,776)
Share of the profit of associates	(121,882)	-	-	-	(121,882)
Impairment loss	(231,936)	(4,701)	(10,390)	(61,117)	(308,144)
Segment profit before income tax	17,279,239	6,800,894	3,818,393	636,529	28,535,055
Investments accounted for using the equity method	1,468,242	-	-	-	1,468,242
Segment assets	166,359,949	44,147,813	78,865,897	44,345,158	333,718,817
Expenditures for segment assets	29,863,337	6,157,154	6,562,513	865,583	43,448,587

(Continued)

For the year ended December 31, 2014	Packaging US$ (Note 4)	Testing US$ (Note 4)	EMS US$ (Note 4)	Others US$ (Note 4)	Total US$ (Note 4)
Revenue from external customers	$ 3,839,761	$ 818,820	$ 3,347,609	$ 113,793	$ 8,119,983
Inter-segment revenues (Note)	298,049	5,626	1,537,874	267,008	2,108,557
Segment revenues	4,137,810	824,446	4,885,483	380,801	10,228,540
Interest income	3,061	324	3,685	635	7,705
Interest expense	(49,576)	(496)	(4,927)	(18,559)	(73,558)
Depreciation and amortization	(554,850)	(194,949)	(45,427)	(38,659)	(833,885)
Share of the profit of associates	(3,857)	-	-	-	(3,857)
Impairment loss	(7,340)	(149)	(329)	(1,934)	(9,752)
Segment profit before income tax	546,811	215,218	120,835	20,144	903,008
Investments accounted for using the equity method	46,463	-	-	-	46,463
Segment assets	5,264,555	1,397,083	2,495,756	1,403,328	10,560,722
Expenditures for segment assets	945,042	194,847	207,675	27,392	1,374,956

(Concluded)

Note: Inter-segment revenues were eliminated upon consolidation.

b. Revenue from major products and services

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
Advanced packaging and IC wirebonding service	$ 93,314,688	$ 100,457,184	$ 108,384,405	$ 3,429,887
Wafer probing and final testing service	22,140,124	24,120,370	25,116,026	794,811
Electronic components manufacturing service	61,650,121	77,731,347	104,904,455	3,319,761
Others	16,867,459	17,553,545	18,186,561	575,524
	$ 193,972,392	$ 219,862,446	$ 256,591,447	$ 8,119,983

c. Geographical information

Geographical information about revenue from external customers and noncurrent assets are reported based on the country where the external customers are headquartered and noncurrent assets are located.

1) Net revenues from external customers

	For the Years Ended December 31			
	2012	2013	2014	
	NT$	NT$	NT$	US$ (Note 4)
United States	$ 118,842,871	$ 143,753,891	$ 173,912,974	$ 5,503,575
Taiwan	33,443,120	31,277,147	36,747,699	1,162,902
Asia	22,295,261	23,779,212	24,042,586	760,841
Europe	19,068,043	20,392,268	20,826,125	659,055
Others	323,097	659,928	1,062,063	33,610
	$ 193,972,392	$ 219,862,446	$ 256,591,447	$ 8,119,983

2) Noncurrent assets, excluding financial instruments, post-employment benefit assets and deferred tax assets

	December 31		
	2013	2014	
	NT$	NT$	US$ (Note 4)
Taiwan	$ 82,174,469	$ 97,159,564	$ 3,074,670
China	40,121,292	43,384,186	1,372,917
Others	25,864,658	26,177,965	828,417
	$ 148,160,419	$ 166,721,715	$ 5,276,004

d. Major customers

Except one customer from which the operating revenues generated from packaging and EMS segments was NT$32,588,464 thousand and NT$54,431,222 thousand (US$1,722,507 thousand) in 2013 and 2014, respectively, the Group did not have other single customer to which the operating revenues exceeded 10% of operating revenues for the years ended December 31, 2012, 2013 and 2014.