GCS HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2014 AND 2013

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR14000191

To the Board of Directors and Stockholders of GCS Holdings, Inc.

We have audited the accompanying consolidated balance sheets of GCS Holdings, Inc. and its subsidiary (the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of income, of changes in equity and of cash flows for the years ended December 31, 2014 and 2013, expressed in thousands of 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 "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing principles in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GCS Holdings, Inc. and its subsidiary as of December 31, 2014 and 2013, and the results of their financial performance and their cash flows for the years ended December 31, 2014 and 2013 in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission of the Republic of China.

February 25, 2015 PricewaterhouseCoopers, Taiwan

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GCS HOLDINGS INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2014	December 31, 2013
Current assets			
Cash and cash equivalents	6(1)	$ 527,385	$ 291,914
Accounts receivable - net	6(2)	190,655	112,594
Accounts receivable - related parties	6(2) and 7	-	19,437
Other receivables		7,611	14,828
Current income tax assets		2,163	2,664
Inventories	6(3)	271,490	132,018
Prepayments		3,611	3,522
Other current assets		1,616	1,077
Total current assets		1,004,531	578,054
Non-current assets			
Property, plant and equipment	6(4)	179,670	159,957
Intangible assets		27,159	29,769
Deferred income tax assets		196,651	185,187
Other non-current assets	8	35,229	12,472
Total non-current assets		438,709	387,385
Total assets		$ 1,443,240	$ 965,439

(Continued)

GCS HOLDINGS INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	December 31, 2014	December 31, 2013
Current liabilities			
Accounts payable		$26,851	$28,406
Other payables	6(5)	97,745	87,359
Current income tax liabilities		1,477	914
Other current liabilities	6(6)	12,012	12,067
Total current liabilities		138,085	128,746
Non-current liabilities			
Deferred income tax liabilities		54,230	45,860
Other non-current liabilities	6(6)	37,076	23,684
Total non-current liabilities		91,306	69,544
Total liabilities		229,391	198,290
Equity attributable to owners of parent			
Share capital	6(9)		
Common stock		453,042	369,736
Capital surplus	6(10)	371,002	209,042
Retained earnings	6(11)		
Special reserve		6,821	6,821
Unappropriated retained earnings		310,565	180,684
Other equity items	6(12)	72,419	866
Equity attributable to owners of the parent		1,213,849	767,149
Total equity		1,213,849	767,149
Significant contingent liabilities and unrecognised contract commitments	9		
Significant events after the balance sheet date	11		
TOTAL LIABILITIES AND EQUITY		$ 1,443,240	$ 965,439

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

GCS HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	Items	Note	2014 Amount	2014 %	2013 Amount	2013 %
4000	Sales	6(13) and 7	$ 1,352,899	100	$ 1,047,931	100
5000	Cost of goods sold	6(3)(14)	(810,561)	(60)	(627,288)	(60)
5900	Net operating margin		542,338	40	420,643	40
	Operating expenses	6(14)(15)				
6100	Sales and marketing expenses		(21,650)	(2)	(20,690)	(2)
6200	General and administrative expenses		(179,022)	(13)	(174,965)	(16)
6300	Research and development expenses		(163,977)	(12)	(124,602)	(12)
6000	Total Operating Expenses		(364,649)	(27)	(320,357)	(30)
6900	Operating profit		177,689	13	100,386	10
	Non-operating income and expenses					
7010	Other income		169	-	73	-
7020	Other expenses and losses		123	-	2,328	-
7050	Finance cost		(1,141)	-	(353)	-
7000	Total non-operating income and expenses		(849)	-	2,048	-
7900	Profit before income tax		176,840	13	102,434	10
7950	Income tax (expense) benefit	6(16)	(9,986)	(1)	9,083	1
8200	Profit for the year		$ 166,854	12	$ 111,517	11
	Other comprehensive income					
8310	Currency translation differences of foreign operations	6(12)	$ 65,553	5	$ 17,032	1
8500	Total comprehensive income for the year		$ 232,407	17	$ 128,549	12
	Profit attributable to:					
8610	Owners of the parent		$ 166,854	12	$ 111,517	11
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 232,407	17	$ 128,549	12
	Basic earnings per share					
9750	Total basic earnings per share (in dollars)	6(17)	$	4.01	$	3.06
	Diluted earnings per share					
9850	Total diluted earnings per share (in dollars)	6(17)	$	3.86	$	3.04

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

GCS HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent						
				Retained Earnings		Other Equity		
	Note	Common Stock	Capital Surplus	Reserve	Unappropriated Retained Earnings	Currency Translation Differences of Foreign Operations	Other equity - others	Total
2013								
Balance at January 1, 2013		$ 364,906	$ 196,174	$ 6,821	$ 69,167	($ 8,589)	$ -	$ 628,479
Compensation cost of employee stock options	6(8)(10)(12)	-	7,213	-	-	-	2,908	10,121
Consolidated net income for 2013	6(11)	-	-	-	111,517	-	-	111,517
Other comprehensive income	6(12)	-	-	-	-	17,032		17,032
Issuance of restricted stocks to employees	6(12)	4,830	5,655	-	-	-	(10,485)	-
Balance at December 31, 2013		$ 369,736	$ 209,042	$ 6,821	$ 180,684	$ 8,443	($ 7,577)	$ 767,149
2014								
Balance at January 1, 2014		$ 369,736	$ 209,042	$ 6,821	$ 180,684	$ 8, 443	($ 7,577)	$ 767,149
Appropriation of 2013 earnings					-			
Cash dividends	6(11)	-	-	-	(3,697)	-	-	(3,697)
Stock dividends	6(11)	33,276	-	-	(33,276)	-	-	-
Compensation cost of employee stock option	6(8)(10)(12)	-	7,111	-	-	-	6,000	13,111
Consolidated net income for 2014	6(11)	-		-	166,854	-	-	166,854
Issuance of stock from exercise of employee stock options	6(10)	200	499	-	-	-	-	699
Other comprehensive income	6(12)	-	-	-	-	65,553	-	65,553
Issuance of common stock for cash	6(9)(10)	49,830	154,350	-	-	-	-	204,180
Balance at December 31, 2014		$ 453,042	$ 371,002	$ 6,821	$ 310,565	$ 73,996	($ 1,577)	$ 1,213,849

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

GCS HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPERSSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		176,840	$ 102,434
Adjustments to reconcile income before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Allowance for doubtful accounts		-	46,922
Depreciation	6(14)	36,696	24,674
Amortization	6(14)	7,890	5,068
Interest expense		1,141	353
Interest income		(165)	(73)
Gain on disposal of property, plant and equipment		-	(2,339)
Compensation cost of stock options	6(8)	13,111	10,121
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		(68,071)	(68,583)
Accounts receivable – related parties		19,763	12,434
Other receivables		7,789	2,306
Inventories		(125,723)	(13,169)
Prepaid expenses		124	(638)
Net changes in liabilities relating to operating activities			
Accounts payable		(3,173)	7,731
Other payables		5,123	30,185
Other current liabilities		(4,989)	10,604
Cash provided by operations		66,356	168,030
Interest received		165	72
Interest paid		(1,141)	(353)
Income tax paid		(3,824)	(3,797)
Net cash provided by operating activities		61,556	163,953
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(19)	($ 50,233)	($ 38,274)
Proceeds from disposal of property, plant and equipment		-	2,375
Acquisition of intangible assets		(3,627)	(17,509)
Increase (decrease) in other non-current assets		(19)	666
Increase in refundable deposits		(452)	(271)
Net cash used in investing activities		(54,331)	(53,013)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends		(3,697)	-
Proceeds from issuance of common stock		204,180	-
Proceeds from exercise of employee stock options		699	-
Net cash provided by financing activities		201,182	-
Effect of changes in exchange rates		27,064	(280)
Increase in cash and cash equivalents		235,471	110,660
Cash and cash equivalents at beginning of year	6(1)	291,914	181,254
Cash and cash equivalents at end of year	6(1)	$ 527,385	$ 291,914

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

1. HISTORY AND ORGANIZATION

GCS Holdings Inc. (the "Company") was incorporated in Cayman Islands on November 30, 2010, as a holding company for the purpose of registering its shares with the Taiwan GreTai Securities Market. The Company issued new shares in exchange for 100% of Global Communication Semiconductors, Inc.'s outstanding shares at the exchange ratio of 1: 5 on December 28, 2010. After the reorganization, the Company became the parent company of Global Communication Semiconductors, LLC (GCS LLC). The name of Global Communication Semiconductors, Inc. was changed to Global Communication Semiconductors, LLC. in January 2011. The Company was approved by the Financial Supervisory Commission to be listed on the Taiwan GreTai Securities Market. The Company's common shares have been traded on the Taiwan GreTai Securities Market since September 15, 2014.

The Company and its subsidiary (the "Group") engage in the manufacturing of GaAs wafer and provide GaAs foundry related services.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on February 25, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs) as endorsed by the Financial Supervisory Commission ("FSC")

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers " effective January 1, 2015 (collectively referred herein as the "2013 version of IFRS") in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below：

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures - Transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures - Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11, 'Joint arrangements'	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	January 1, 2012
IAS 19 revised, 'Employee benefits'	January 1, 2013
IAS 27,'Separate financial statements'	January 1, 2013
IAS 28,'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendments to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009-2011	January 1, 2013

Based on the Group's assessments, the adoption of 2013 version of IFRSs has no significant impact on the consolidated financial statements of the Group, except for the following:

A. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

B. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. And, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. And, the standard requires disclosures about fair value measurements. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC：

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRIC 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main Business Activities	Ownership	
			December 31, 2014	December 31, 2013
The Company	Global Communication Semiconductors, LLC.	GaAs wafer and foundry service	100%	100%

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is United States dollars; however, the consolidated financial statements are presented in New Taiwan dollars under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

(7) Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, since the short-term accounts receivable bear no interest, considering the discounting effects would not be significant, the Group subsequently measures those receivables at the invoice amount.

(8) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) It becomes probable that the borrower will enter bankruptcy or other financial reorganization.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying mount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(9) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each significant part of an item of property, plant and equipment is required to be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	7 years
Computer and communication equipment	5 years
Research equipment	7 years
Office equipment	7 ~10 years
Leased asset	7 years
Leasehold improvements	6 years

(12) Leased assets/leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. An operating lease is a lease other than a finance lease. Payments made under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

(13) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss.

(15) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method. However, since the short-term accounts payable bear no interest, considering the discounting effects would not be significant, the Group subsequently measures those payables at the invoice amount.

(16) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(17) Offsetting financial instruments

Financial assets and liabilities are offset and reported at net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share estimated using a valuation technique specified in IFRS 2, "Share-based Payment", after taking into account the effects of ex-rights and ex-dividends.

(19) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks

(a)Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b)For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(20) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(22) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares and share premium on the effective date of new shares issuance.

(23) Revenue recognition

A. Sales of goods

The Group engages in manufacturing of GaAs wafer and provide GaAs foundry related services. Revenue is measured at the fair value of the consideration received or receivable taking into account of returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Service revenue and royalty income

Service revenue and royalty income are recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. The revenue is accounted for under the accrual basis.

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Realizability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

As of December 31, 2014, the Group recognised deferred income tax assets amounting to $196,651.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2014, the carrying amount of inventories was $271,490.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand and petty cash	$ 63	$ 59
Checking accounts and demand deposits	133,525	193,233
Cash equivalents – money market	393,797	98,622
Total	$ 527,385	$ 291,914

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Group has no cash and cash equivalents pledged to others.

(2) Accounts receivable, net

	December 31, 2014	December 31, 2013
Accounts receivable - third parties	$ 194,406	$ 162,133
Less: Allowance for doubtful accounts	-	(48,635)
Allowance for sales discount and allowance	(3,751)	(904)
	190,655	112,594
Accounts receivable - related parties	-	19,437
	$ 190,655	$ 132,031

A. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2014	December 31, 2013
Group 1	$ 68,638	$ 67,703
Group 2	91,391	41,820
Group 3	4,353	4,297
	$ 164,382	$ 113,820

Group 1：Annual sales transactions exceed US$ 2.5 million.

Group 2：Annual sales transactions exceed US$ 100 thousands, but less than US$ 2.5 million.

Group 3：Annual sales transactions below US$ 100 thousands

B. The aging analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2014	December 31, 2013
Up to 30 days	$ 21,105	$ 15,965
31 to 60 days	4,009	2,138
61 to 90 days	1,159	108
Over 90 days	-	-
	$ 26,273	$ 18,211

C. Analysis of movement of impaired accounts receivable:

(a) As of December 31, 2014 and 2013, the Group's accounts receivable that were impaired amounted to $0 and $48,635, respectively.

(b) Movements on the Group provision for impairment of accounts receivable are as follows:

	2014	2013
At January 1,	$ 48,635	$ 1,490
Reversal of impairment	(49,452)	-
Provision for impairment	-	46,922
Exchange effects	817	223
At December 31,	$ -	$ 48,635

D. The maximum exposure to credit risk at December 31, 2014 and 2013 was the carrying amount of each class of accounts receivable.

E. The Group does not hold any collateral as security.

(3) Inventories

	December 31, 2014		
	Cost	Allowance	Book Value
Raw materials	$ 104,122	($ 12,751)	$ 91,371
Work in process	174,600	(12,947)	161,653
Finished goods	20,523	(2,057)	18,466
	$ 299,245	($ 27,755)	$ 271,490

	December 31, 2013		
	Cost	Allowance	Book Value
Raw materials	$ 78,075	($ 13,857)	$ 64,218
Work in process	77,562	(17,216)	60,346
Finished goods	7,454	-	7,454
	$ 163,091	($ 31,073)	$ 132,018

Expense and cost incurred on inventories for the years ended December 31, 2014 and 2013 were as follows:

	For the years ended December 31,	
	2014	2013
Cost of inventories sold	$ 855,942	$ 664,700
(Recovery of) loss on market price decline	(1,270)	8,198
Revenue from sale of scraps	(44,090)	(45,671)
(Gain) loss on physical inventory count	(21)	61
	$ 810,561	$ 627,288

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold for the year ended December 31, 2014 because part of the inventories were sold.

(4) Property, plant and equipment

	Machinery and equipment	Computer and communication equipment	Research equipment	Office equipment	Leased asset	Leasehold improvements	Total
At January 1, 2014							
Cost	$ 572,384	$ 7,113	$ 24,720	$ 5,838	$ 30,904	$ 199,023	$ 839,982
Accumulated depreciation and impairment	(506,622)	(4,102)	(22,797)	(4,970)	(1,059)	(140,475)	(680,025)
	$ 65,762	$ 3,011	$ 1,923	$ 868	$ 29,845	$ 58,548	$ 159,957
2014							
Opening net book amount	$ 65,762	$ 3,011	$ 1,923	$ 868	$ 29,845	$ 58,548	$ 159,957
Additions	42,968	936	-	1,829	-	356	46,089
Disposals	(125)	(688)	-	(3,000)	-	-	(3,813)
Depreciation charge	(17,376)	(1,068)	(378)	(351)	(4,490)	(13,033)	(36,696)
Net exchange differences	5,331	869	103	3,118	1,644	3,068	14,133
Closing net book amount	$ 96,560	$ 3,060	$ 1,648	$ 2,464	$ 26,999	$ 48,939	$ 179,670
At December 31, 2014							
Cost	$ 652,560	$ 7,813	$ 26,250	$ 4,976	$ 32,817	$ 211,715	$ 936,131
Accumulated depreciation and impairment	(556,000)	(4,753)	(24,602)	(2,512)	(5,818)	(162,776)	(756,461)
	$ 96,560	$ 3,060	$ 1,648	$ 2,464	$ 26,999	$ 48,939	$ 179,670

	Machinery and equipment	Computer and communication equipment	Research equipment	Office equipment	Leased asset	Leasehold improvements	Total
At January 1, 2013							
Cost	$ 574,332	$ 5,453	$ 23,953	$ 5,688	$ -	$ 171,598	$ 781,024
Accumulated depreciation and impairment	(509,409)	(3,182)	(21,795)	(4,628)	-	(128,205)	(667,219)
	$ 64,923	$ 2,271	$ 2,158	$ 1,060	$ -	$ 43,393	$ 113,805
2013							
Opening net book amount	$ 64,923	$ 2,271	$ 2,158	$ 1,060	$ -	$ 43,393	$ 113,805
Additions	12,331	1,510	136	-	30,904	22,816	67,697
Disposals	(36)	-	-	-	-	-	(36)
Depreciation charge	(13,825)	(833)	(426)	(219)	(1,059)	(8,852)	(24,674)
Net exchange differences	1,829	63	55	(27)	-	1,191	3,165
Closing net book amount	$ 65,762	$ 3,011	$ 1,923	$ 868	$ 29,845	$ 58,548	$ 159,957
At December 31, 2013							
Cost	$ 572,384	$ 7,113	$ 24,720	$ 5,838	$ 30,904	$ 199,023	$ 839,982
Accumulated depreciation and impairment	(506,622)	(4,102)	(22,797)	(4,970)	(1,059)	(140,475)	(680,025)
	$ 65,762	$ 3,011	$ 1,923	$ 868	$ 29,845	$ 58,548	$ 159,957

(5) Accrued expenses

	December 31, 2014	December 31, 2013
Accrued salary and bonus	$ 36,756	$ 32,157
Accrued unused leave	12,625	10,281
Accrued rent fee	6,775	6,698
Accrued service fee	4,536	5,549
Accrued miscellaneous expenses	2,810	6,153
Accrued employees' bonuses and directors remuneration	8,356	1,679
Accrued utilities	2,015	1,604
Others	23,872	23,238
	$ 97,745	$ 87,359

(6) Finance lease liabilities

The Group leases machinery and equipment assets under finance lease. Based on the terms of the lease contracts, the Group has the option to purchase the leased machinery and equipment at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable when the leases expire. Future minimum lease payments are as follows:

	December 31, 2014		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year (shown as 'other current liabilities')	$ 12,224	($ 1,722)	$ 10,502
Non-current			
Later than one year but not later than five years (shown as 'other non-current liabilities')	39,685	(2,609)	37,076
	$ 51,909	($ 4,331)	$ 47,578

	December 31, 2013		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year (shown as 'other current liabilities')	$ 6,861	($ 1,122)	$ 5,739
Non-current			
Later than one year but not later than five years (shown as 'other non-current liabilities')	25,630	(1,946)	23,684
	$ 32,491	($ 3,068)	$ 29,423

(7) Pension plan

The Company's subsidiary has established a 401(K) pension plan ("the Plan") covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the Internal Revenue Code, as well as discretionary matching contributions below 15% of employees' salary determined annually by its Board of Directors from the Company's subsidiary to its employees' individual pension accounts. The Company's subsidiary started to adopt the Plan in accordance with IRC 401K from August 2010.

The pension costs under the defined contribution pension plan for the years ended December 31, 2014 and 2013 were $10,471 and $8,462, respectively.

(8) Share-based payment-employee compensation plan

A. As of December 31, 2014 and 2013, the Group's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract Period	Vesting Condition
Employee stock options	January to October 2011	2,463,498 shares	10 years	(Note 1)
Employee stock options	April 2013	1,538,000 shares	10 years	(Note 2)
Employee stock options	August 2013	7,830 shares	10 years	(Note 2)
Employee stock options	October 2013	538,000 shares	10 years	(Note 2)
Employee stock options	February 2014	60,000 shares	10 years	(Note 2)
Employee stock options	November 2014	75,000 shares	10 years	(Note 2)
Restricted stocks to employees (Note 4)	August 2013	377,000 shares	2 years	(Note 3)
Restricted stocks to employees (Note 4)	October 2013	106,000 shares	2 years	(Note 3)

Note 1: Some employee stock options shall be vested and become exercisable as to 50% of the shares immediately, and the remaining 50% of such shares to be vested in the following year. Some options shall be vested and become exercisable as to 25% of the shares covered on the first anniversary of the vesting commencement date, and the remaining 75% of such shares ratably in equal installments as of the last day of each of the succeeding 36 months.

Note 2: Some employee stock options shall be vested and become exercisable as to 50% of the shares after fulfilling two years of service, and in accordance with the agreement, the remaining 50% of such options will be ratably in equal installments as of the last day of each of the succeeding 24 months.

Note 3: Some restricted stocks to employees shall be vested and become exercisable as to 50% of the shares after one year of service, and the remaining 50% of such shares to be vested after fulfilling two years of service.

Note 4: The restricted stocks to employees are restricted from transferring within vesting period, but are allowed for voting rights and rights to receive dividends. The Company will recover limited new employee stock options at no consideration and cancel registration if employees resign or die not due to occupational hazards. However, employees do not need to return dividends already received.

B. Details of the employee stock options are set forth below:

	For the year ended December 31, 2014		
	No. of options	Currency / Unit	Weighted average exercise price
			(in dollars)
Options outstanding at beginning of the year	2,436,800	NTD	$ 23.16
Options granted	135,000	NTD	39.41
Options exercised	(20,000)	USD	1.17
Options forfeited	(98,000)	NTD	26.71
Options outstanding at end of the year	2,453,800	NTD	22.58
Options exercisable at end of the year	350,970	USD	1.17

	For the year ended December 31, 2013		
	No. of options	Currency / Unit	Weighted average exercise price
			(in dollars)
Options outstanding at beginning of the year	2,207,498	USD	$ 1.17
Option granted	2,083,830	NTD	20.72
Options forfeited	(1,854,528)	NTD	34.33
Options outstanding at end of the year	2,436,800	NTD	23.16
Options exercisable at end of the year	392,970	USD	1.17

C. As of December 31, 2014 and 2013, the range of exercise prices of stock options outstanding are as follows:

		December 31, 2014		
Grant date	Expiration	No. of Shares	Currency	Stock options exercise price
				(in dollars)
From January 2011 to October 2011	From January 2021 to October 2021	$ 350,970	USD	$ 1.17
April 2013	April 2023	1,445,000	NTD	16.77
August 2013	August 2023	7,830	NTD	25.67
October 2013	October 2023	515,000	NTD	26.05
February 2014	February 2024	60,000	NTD	28.37
November 2014	November 2024	75,000	NTD	48.25
		$ 2,453,800		

		December 31, 2013		
Grant date	Expiration	No. of Shares	Currency	Stock options exercise price
				(in dollars)
From January 2011 to October 2011	From January 2021 to October 2021	$ 392,970	USD	$ 1.17
April 2013	April 2023	1,498,000	NTD	18.10
August 2013	August 2023	7,830	NTD	27.71
October 3013	October 2023	538,000	NTD	28.11
		$ 2,436,800		

D. Details of the restricted stocks options to employees are set forth below:

Employee restricted stocks options	For the years ended December 31, 2014	2013
	No. of Shares	No. of Shares
Options outstanding at beginning of the year	483,000	-
Options granted	-	483,000
Options vested	(241,500)	-
Options outstanding at end of the year	241,500	483,000

E. For the stock options and restricted stocks granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model and discounted cash flow valuation. The parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant day	Currency/ Unit	Fair value	Exercise price	Expected price volatility	Expected option period (Years)	Expected dividend yield rate	Risk-free interest rate	Fair value
			(in dollars)	(in dollars)					(in dollars)
Employee stock options	January 2011	USD	$1.31	$ 1.17	76.33%	1.48~ 6.05	-	4.83%	$ 0.52~ 0.90
Employee stock options	January 2011	USD	1.31	1.17	76.33%	5.75~ 6.25	-	4.83%	0.89~ 0.92
Employee stock options	May 2011	USD	1.22	1.17	63.00%	6.08	-	2.51%	0.74
Employee stock options	July 2011	USD	1.22	1.17	63.00%	6.08	-	1.94%	0.73
Employee stock options	October 2011	USD	1.22	1.17	64.00%	6.08	-	1.16%	0.72
Employee stock options	April 2013	NTD	18.28	16.77	51.47%	6.26	1.16%	1.07%	8.18
Employee stock options	August 2013	NTD	27.40	25.67	51.47%	6.26	1.16%	1.47%	12.29
Employee stock options	October 2013	NTD	27.94	26.05	51.47%	6.26	1.16%	1.44%	12.55
Employee stock options	February 2014	NTD	35.97	28.37	51.47%	6.26	1.16%	1.2%	17.48
Employee stock options	November 2014	NTD	50.22	48.25	47.00%	6.3	1.10%	1.75%	28.00
Restricted stocks to employees	August 2013	NTD	27.55	-	43.40%	1.00	1.16%	0.82%	22.82
Restricted stocks to employees	August 2013	NTD	27.55	-	47.49%	2.00	1.16%	0.99%	20.41
Restricted stocks to employees	October 2013	NTD	28.10	-	43.40%	1.00	1.16%	0.78%	23.27
Restricted stocks to employees	October 2013	NTD	28.10	-	47.49%	2.00	1.16%	0.95%	20.81

F. Expenses incurred on share-based payment transactions are shown below:

	For the years ended December 31,	
	2014	2013
Equity-settled	$ 13,112	$ 10,121

(9) Common stock

A. As of December 31, 2014, the Company's paid-in capital was $453,042, consisting of 45,304,209 shares with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: Numbers of shares

	2014	2013
At January 1,	36,973,587	36,490,587
Issuance of common stock	4,983,000	-
Stock dividends	3,327,622	-
Exercise of employee stock options	20,000	-
Employee restricted shares	-	483,000
At December 31,	45,304,209	36,973,587

B. On June 18, 2014, the Board of Directors adopted a resolution to issue 4,983,000 ordinary shares with par value of $10 (in dollars) per share at an issuance price of $42 per share, with the effective date on September 11, 2014. The total value of shares issued was $209,286. The capital increase has been completed.

C. On June 5, 2014, the stockholders adopted a resolution to appropriate $33,276 of Year 2013 retained earnings as stock dividends by issuing 3,327,622 shares. Pursuant to the resolution adopted at the Board of Directors on September 15, 2014, the Record date for stock dividend distribution was set on October 19, 2014. The capital increase has been filed completed.

D. On June 28, 2013, the stockholders adopted a resolution to issue 1,824,529 employee restricted ordinary shares with par value of $10 (in dollars) per share, with the effective date set on July 24, 2013. The subscription price is $0 (in dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

E. On August 2, 2013, the Board of Directors adopted a resolution to issue employee restricted ordinary shares (see Note 6(8)) with the effective date set on August 2, 2013. The subscription price is $0 (in dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

F. On October 24, 2013, the Board of Directors adopted a resolution to issue employee restricted ordinary shares (see Note 6(8)) with the effective date set on October 24, 2013. The subscription price is $0 (in dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(10) Capital surplus

Capital surplus can be used to cover accumulated deficit or distributed as dividend as proposed by the Board of Directors and resolved by the stockholders.

	2014				
	Share Premium	Employee stock options	Employee Restricted shares	Others	Total
At January 1, 2014	$ 143,814	$ 34,652	$ 5,655	$ 24,921	$ 209,042
Issuance of common stock	154,350	-	-	-	154,350
Compensation cost of share-based payment	-	7,111	-	-	7,111
Exercise of employee stock options	499	-	-	-	499
Cancellation of employee stock options	-	(2,068)	-	2,068	-
At December 31, 2014	$ 298,663	$ 39,695	$ 5,655	$ 26,989	$ 371,002

	2013				
	Share Premium	Employee stock options	Employee Restricted shares	Others	Total
At January 1, 2013	$ 143,814	$ 52,360	$ -	$ -	$ 196,174
Employee restricted shares	-	-	5,655	-	5,655
Compensation cost of share-based payment	-	7,213	-	-	7,213
Cancellation of employee stock options	-	(24,921)	-	24,921	-
At December 31, 2013	$ 143,814	$ 34,652	$ 5,655	$ 24,921	$ 209,042

(11) Retained earnings

	2014	2013
At January 1,	$ 180,684	$ 69,167
Net income for the year	166,854	111,517
Profit distribution	(36,973)	-
At December 31,	$ 310,565	$ 180,684

A.Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset losses incurred in previous years and then a special surplus reserve as required by the applicable securities authority under the applicable public company rules in Taiwan. After combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board of Directors may from time to time think fit, subject to the compliance with the Law, the Company shall distribute no less than 10% of the remaining profit in the following sequence:

(a) no more than 15% and no less than 5% as employees' bonus;

(b) no more than 2% as directors' remuneration; and

(c) the balance as dividends to the stockholders.

B. The Company's dividends policy is as follow: As the Company operates in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's operation scale, cash flow demand and future expansion plans, and cash dividends shall account for at least 10% of the total dividends distributed. Dividends are distributed by stock and by cash. The individuals who are entitled to employee stock dividends may include the employees of the Company's affiliates who meet certain criteria.

C. The appropriations of 2014 had been resolved by the Board of Directors on February 25, 2015 and the appropriations of 2013 earnings had been resolved by the shareholders at the annual shareholders' meeting on June 5, 2014. Details are summarized below:

	For the years ended December 31,			
	2014		2013	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Cash dividends	$ 11,326	$ 0.25	$ 3,697	$ 0.01
Stock dividends	101,934	2.25	33,276	0.90
	$ 113,260	$ 2.50	$ 36,973	$ 1.00

The amount of employees' bonus and directors' remuneration recognized by the Company for 2013 were $1,679 and $0, respectively. The amount of employees' bonus and directors' remuneration of 2013 resolved by the Board of Directors were $1,946 and $0, respectively. The difference of employees' bonus and directors' remuneration resolved by the Board of Directors and recognized by the Company for 2013 was $267 which had been adjusted on the statement of comprehensive income for the year ended December 30, 2014. The actual appropriation of 2014 earnings has not been resolved by the shareholders at the annual shareholders' meeting.

D. For the years ended December 31, 2014 and 2013, the distributed amounts were accrued based on 73% and 33% of net income, respectively. The employees' bonus were accrued based on 5% of net income to be distributed, while the directors' remuneration were accrued based on 2% and 0% of net income to be distributed, respectively. For the years ended December 31, 2014 and 2013, employees' bonus was accrued at $6,077 and $1,679, respectively; directors' remuneration was accrued at $2,279 and $0, respectively.

E. Information on the appropriation of the Company's employees' bonus and directors' remuneration as resolved by the Board of directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(12) Other equity items

	2014		
	Unearned employee compensation	Currency translation	Total
At January 1,	($ 7,577)	$ 8,443	$ 866
Currency translation differences	-	65,553	65,553
Compensation cost of share-based payment	6,000	-	6,000
At December 31,	($ 1,577)	$ 73,996	$ 72,419

	2013		
	Unearned employee compensation	Currency translation	Total
At January 1,	$ -	($ 8,589)	($ 8,589)
Currency translation differences	-	17,032	17,032
Compensation cost of share-based payment	2,908	-	2,908
Employee restricted shares	(10,485)	-	(10,485)
At December 31,	($ 7,577)	$ 8,443	$ 866

(13) Operating revenue

	For the years ended December 31,	
	2014	2013
Sale revenue	$ 1,304,582	$ 927,202
Royalty revenue	27,103	7,318
Service revenue	21,214	113,411
Total	$ 1,352,899	$ 1,047,931

(14) Expenses by nature

	For the years ended December 31,	
	2014	2013
Employee benefit expense	$ 445,978	$ 416,704
Depreciation charges on property, plant and equipment	36,696	24,674
Amortisation charges on intangible assets (recognised as cost of goods sold))	7,890	5,068
	$ 490,564	$ 445,446

(15) Employee benefit expense

	For the years ended December 31,	
	2014	2013
Wages and salaries	$ 379,669	$ 360,859
Compensation cost of share-based payment	13,112	10,121
Insurance expense	42,519	36,935
Pension costs	10,471	8,462
Other personnel expenses	207	327
	$ 445,978	$ 416,704

(16) Income tax

A. Income tax expense

Income tax expense (benefit) calculated at the statutory rate (the federal tax rate is 34%; the state tax rate is 8.84%) and income tax (refundable) payable is reconciled as follows:

	For the years ended December 31,	
	2014	2013
Current tax:		
Current tax on profits for the year	$ 13,738	$ 6,980
Tax effect of minimum tax	5,040	5,119
Adjustments in respect of prior years	(5,698)	(1,179)
Total current tax	13,080	10,920
Deferred tax:		
Origination and reversal of temporary differences	8,370	21,785
Tax effect of loss carryforward	(11,464)	(41,788)
Total deferred tax	(3,094)	(20,003)
Income tax expense (benefit)	$ 9,986	($ 9,083)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2014	2013
Tax calculated based on profit before tax and statutory tax rate	$ 79,322	$ 43,883
Tax effect of permanent differences	(57,214)	(15,118)
Tax effect of loss carryforward	(11,464)	(41,788)
Over provision of prior years' income tax	(5,698)	(1,179)
Effect from alternative minimum tax	5,040	5,119
Income tax expense (benefit)	$ 9,986	($ 9,083)

C. Amounts of deferred tax assets or liabilities as a result of temporary difference and loss carryforward are as follows:

	For the year ended December 31, 2014		
	January 1,	Recognised in profit or loss	December 31,
Temporary differences:			
-Deferred tax assets:			
Loss carryforwards - federal tax	$ 185,187	$ 11,464	$ 196,651
- Deferred tax liabilities:			
Depreciation - federal tax	($ 39,143)	($ 7,144)	($ 46,287)
Depreciation - state tax	(6,717)	(1,226)	(7,943)
Subtotal	($ 45,860)	($ 8,370)	($ 54,230)
Total	$ 139,327	$ 3,094	$ 142,421

	For the year ended December 31, 2013		
	January 1,	Recognised in profit or loss	December 31,
Temporary differences:			
-Deferred tax assets:			
Loss carryforwards - federal tax	$ 143,399	$ 41,788	$ 185,187
- Deferred tax liabilities:			
Depreciation - federal tax	($ 23,922)	($ 15,221)	($ 39,143)
Depreciation - state tax	(153)	(6,564)	(6,717)
Subtotal	($ 24,075)	($ 21,785)	($ 45,860)
Total	$ 119,324	($ 20,003)	$ 139,327

D. Expiration dates of unused net operating loss carryfoward and amounts of unrecognised deferred tax assets are as follows:

(a) Federal tax:

December 31, 2014				
Year incurred (fiscal year end of tax returns)	Amount filed	Unused amount	Unrecognised deferred tax assets	Usable until year (fiscal year end of tax returns)
2001.6.30	$ 284,132	$ 296,489	$ -	2020.12.31
2002.6.30	346,585	346,585	64,689	2021.12.31
2003.6.30	279,611	279,611	279,611	2022.12.31
2004.6.30	180,528	180,528	180,528	2023.12.31
2005.6.30	171,938	171,938	171,938	2024.12.31
2006.6.30	159,123	159,123	159,123	2025.12.31
2007.6.30	116,256	116,256	116,256	2026.12.31
2008.6.30	69,060	69,060	69,060	2027.12.31
2011.12.31	6,228	6,228	6,228	2031.12.31
2012.12.31	55,832	55,832	55,832	2032.12.31
	$ 1,633,293	$ 1,681,650	$ 1,103,265	

December 31, 2013				
Year incurred (fiscal year end of tax returns)	Amount filed	Unused amount	Unrecognised deferred tax assets	Usable until year (fiscal year end of tax returns)
2001.6.30	$ 280,000	$ 280,000	$ -	2020.12.31
2002.6.30	326,381	326,381	61,714	2021.12.31
2003.6.30	263,311	263,311	263,311	2022.12.31
2004.6.30	170,004	170,004	170,004	2023.12.31
2005.6.30	161,915	161,915	161,915	2024.12.31
2006.6.30	149,847	149,847	149,847	2025.12.31
2007.6.30	109,479	109,479	109,479	2026.12.31
2008.6.30	65,034	65,034	65,034	2027.12.31
2011.12.31	5,865	5,865	5,865	2031.12.31
2012.12.31	52,577	52,577	52,577	2032.12.31
	$ 1,584,413	$ 1,584,413	$ 1,039,746	

(b) State tax

December 31, 2014				
Year incurred (fiscal year end of tax returns)	Amount filed	Unused amount	Unrecognised deferred tax assets	Usable until year (fiscal year end of tax returns)
2005.6.30	$ 171,904	$ 171,904	$ 171,904	2014.12.31
2006.6.30	159,098	159,098	159,098	2015.12.31
2007.6.30	116,230	116,230	116,230	2016.12.31
2008.6.30	68,883	68,883	68,883	2017.12.31
2013.6.30	14,074	14,074	14,074	2022.12.31
	$ 530,189	$ 530,189	$ 530,189	

December 31, 2013				
Year incurred (fiscal year end of tax returns)	Amount filed	Unused amount	Unrecognised deferred tax assets	Usable until year (fiscal year end of tax returns)
2004.6.30	$ 101,982	$ 101,982	$ 101,982	2013.12.31
2005.6.30	161,883	161,883	161,883	2014.12.31
2006.6.30	149,823	149,823	149,823	2015.12.31
2007.6.30	109,455	109,455	109,455	2016.12.31
2008.6.30	64,868	64,868	64,868	2017.12.31
	$ 588,011	$ 588,011	$ 588,011	

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows：

	December 31, 2014	December 31, 2013
Deductible temporary differences	$ 90,046	$ 173,899

(17) Earnings per share

	For the year ended December 31, 2014		
	Amount after tax	Weighted average outstanding common shares	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 166,854	41,628	$ 4.01
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 166,854	41,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	49	
Employee stock options	-	1,135	
Employee restricted shares	-	388	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 166,854	43,200	$ 3.86

	For the year ended December 31, 2013		
	Amount after tax	Weighted average outstanding common shares	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 111,517	36,491	$ 3.06
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 111,517	36,491	
Assumed conversion of all dilutive potential ordinary shares	-	57	
Employee bonus			
Employee stock options	-	56	
Employee restricted shares	-	73	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 111,517	36,677	$ 3.04

(18) Operating lease commitments

The Company's subsidiary, GCS LLC, entered into operating lease contracts with Hamazawa Investment Company for its office and plant located in Los Angeles, California, USA. The lease period was from January 1, 2013 to April 2022. As of each balance sheet date, the future minimum rental payments based on the above lease agreements are as follows:

	December 31, 2014	December 31, 2013
Not later than one year	$ 12,977	$ 13,096
Later than one year but no later than five years	51,908	52,384
Later than five years	30,280	43,653
	$ 95,165	$ 109,133

(19) Non-cash transaction

Investing activities with partial cash payments:

	For the years ended December 31,	
	2014	2013
Purchase of property, plant and equipment	$ 46,089	$ 67,697
Add: Ending balance of prepayments for equipment	27,641	5,345
Less: Ending balance of accrued lease liability	(47,578)	(29,423)
Less: Beginning balance of prepayments for equipment	(5,345)	(5,868)
Add: Beginning balance of accrued lease liability	29,423	273
Exchange effects	103	250
Cash paid during the year	$ 50,333	$ 38,274

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

None.

(2) Significant transactions and balances with related party

A. Sales of goods and services:

	For the years ended December 31,	
	2014	2013
Sales of goods:		
Other related party	$ 130,987	$ 197,562

There are no significant differences in sale prices between related party and third parties. The collection term was within 45 days from the monthly closing for sales to related party and 30 to 60 days for sales to third parties.

B. Year-end balances arising from sales of goods/services:

	December 31, 2014	December 31, 2013
Receivables from other related party	$ -	$ 19,437

The receivables from related party arise mainly from sale transactions. The receivables are due 45 days from the monthly closing. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related party.

(3) Key management compensation

	For the years ended December 31,	
	2014	2013
Salaries and other short-term employee benefits	$ 64,136	$ 59,357
Post-employment benefits	2,331	2,022
Share-based payments	6,889	3,260
	$ 73,356	$ 64,639

8. PLEDGED ASSETS

As of December 31, 2014 and 2013, the Group's assets pledged as collateral were as follows:

Assets	December 31, 2014	December 31, 2013	Purpose
Other financial assets, non-current	$ 7,588	$ 7,128	Deposit for office rental and wastewater treatment

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED NTRACTCOMMITMENTS

(1) Please refer to Note 6(18) for the operating lease commitments.

(2) Capital commitments

	December 31, 2014	December 31, 2013
Property, plant and equipment	$ 16,036	$ -

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The appropriations of 2014 had been approved by the Board of Directors on February 25, 2015. Please refer to Note 6(11).

(2) For the purpose of purchase of machinery and equipment, plant, and office, and for the operation need, the Board of Directors approved to issue convertible bonds on February 25, 2015. Total issuance amount approved by the Board of Directors is not more than $600,000, with a par value of $100,000 (in dollars) per unit and with issuance period of 3 years. The Board of Directors has delegated the Chairman to determine the actual issuance details and terms with the underwriter and to submit the application for FSC's approval.

12. OTHERS

(1) Capital risk management

In order to safeguard the Group's ability to adapt to the changes in the industry and to accelerate the new product development, the Group's objectives when managing capital are to maintain the sufficient financial resources to support the operating capital, capital expenditures, research and development activities and dividend paid to shareholders, etc.

(2) Financial instruments

A. The carrying amounts measured at amortised cost approximate to the fair values of the Group's financial instruments, including cash and cash equivalents, accounts receivable, other receivables, other current assets, accounts payable, other payables and accrued lease liabilities (accounted for under 'Other current liabilities' and 'Other non-current liabilities').

B. Financial risk management policies

a) The Group's activities expose it to a variety of financial risks: market risk (including interest risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

- The Group's businesses are mainly conducted in functional currency. Therefore, the foreign exchange risk is deemed minimal.

Price risk

- The Group does not hold any equity securities and therefore, no equity price risk is expected. The Group is also not exposed to commodity price risk.

Interest rate risk

- The Group is not exposed to interest rate risk since it has no borrowings issued at variable rates.

b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

ii. As of December 31, 2014 and 2013, the management does not expect any significant losses from non-performance by these counterparties.

iii. The financial assets that are neither past due nor impaired are accounts receivable. Please refer to Note 6(2).

iv. The financial assets that were past due but not impaired are accounts receivable. Please refer to Note 6(2).

v. The financial assets with impairment are accounts receivable. Please refer to Note 6(2).

c) Liquidity risk

i. Cash flow forecasting is performed by the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
December 31, 2014		
Accounts payable	$ 26,851	$ -
Other payables	97,745	-
Other current liabilities	10,502	-
Other non-current liabilities	-	39,685

	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
December 31, 2013		
Accounts payable	$ 28,406	$ -
Other payables	87,359	-
Other current liabilities	5,739	-
Other non-current liabilities	-	25,630

13. SUPPLEMENTARY DISCLOSURES

(1)Significant transactions information

(a) Loans to others: None.

(b) Provision of endorsements and guarantees to others: None.

(c) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

(d) Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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

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

(g) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more:

For the year ended December 31, 2014:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Global Communication Semiconductors LLC.	RF Micro Devices, Inc. (Note)	Substantial related party	Sales	$ 130,987	10%	45 days	Not applicable	Not applicable	$ -	-	-

Note: As of August 25, 2014, RF Micro Devices, Inc. was no longer the Group's substantial related party.

(h) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(i) Derivative financial instruments undertaken during the year ended December 31, 2014: None.

(j) Significant inter-company transactions during the year ended December 31, 2014: None

(2)Information on investees

The information about investees, location, etc. was as follow (not including investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014	Footnote
				Balance as at December 31, 2014	Balance as at January 1, 2014	Number of shares	Ownership (%)	Book value			
GCS Holdings Inc.	Global Communication Semiconductors LLC.	Los Angeles, USA	GaAs wafer and foundry service	$ 403,975	$ 403,975	-	100	$ 868,281	$ 186,576	$ 186,576	-

(3)Information on investments in Mainland China

None

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2014			
	Cayman Islands	America	Adjustments and elimination	Consolidated amount
Revenue from external customers	$ -	$ 1,352,899	$ -	$ 1,352,899
Inter-segment revenue	-	-	-	-
Total segment revenue	$ -	$ 1,352,899	$ -	$ 1,352,899
Segment profit (loss) (Note)	$ 169,195	$ 196,562	($ 188,917)	$ 176,840
Total assets	$ 1,217,249	$ 1,147,762	($ 921,771)	$ 1,443,240

	For the year ended December 31, 2013			
	Cayman Islands	America	Adjustments and elimination	Consolidated amount
Revenue from external customers	$ -	$ 1,047,931	$ -	$ 1,047,931
Inter-segment revenue	-	-	-	-
Total segment revenue	$ -	$ 1,047,931	$ -	$ 1,047,931
Segment profit (loss) (Note)	$ 111,542	$ 114,088	($ 123,196)	$ 102,434
Total assets	$ 768,049	$ 866,735	($ 669,345)	$ 965,439

Note: Profit (loss) before tax

(3) Reconciliation for segment income (loss)

The Company and its subsidiary engage in a single industry. The chief operating decision-maker assesses performance and allocates resources of the whole group. The Company is regarded as a single operating segment. Therefore, there is no inter-segment revenue. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the income statement. The amount provided to the chief operating decision-maker with respect to total assets is measured in a manner consistent with that in the balance sheet.

(4) Information on product and service

Please refer to Note 6 (13) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2014 and 2013 is as follows:

	For the years ended December 31,							
	2014				2013			
Area	Revenue		Non-current asstes		Revenue		Non-current assets	
United States	$	918,585	$	234,470	$	731,006	$	195,071
China		229,245		-		84,217		-
Taiwan		182,390		-		150,914		-
Canada		1,818		-		60,986		-
Others		20,861		-		20,808		-
Total	$	1,352,899	$	234,470	$	1,047,931	$	195,071

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2014 and 2013 is as follows:

	For the years ended December 31,					
	2014			2013		
	Amount		% of sales	Amount		% of sales
A	$	219,874	16%	$	197,562	19%
C		207,888	15%		115,893	11%
B		132,957	10%		122,447	11%
E		115,448	9%		156,594	15%
	$	676,167	50%	$	592,496	56%