Fortune Electric Co., Ltd. and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2014 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 "Consolidated and Separate Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

FORTUNE ELECTRIC CO., LTD.

By

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March 20, 2015

Deloitte.
勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan, R.O.C.

Tel : +886 (2) 2545-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Fortune Electric Co., Ltd.

We have audited the accompanying consolidated balance sheets of Fortune Electric Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. Moreover, the financial statements of equity-method investee Hitachi Fortune Transformer, Inc. were audited by other auditors. As of December 31, 2014, the carrying values of this investment was 8.10% ($17,090 thousand) of the consolidated total assets. The shares in this investee's net losses was (9.23%) ($756 thousand) of the consolidated comprehensive income in 2014. Our opinion, insofar as it relates to this investment, is based solely on the reports of the other auditors.

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

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

Member of Deloitte Touche Tohmatsu Limited

We have also audited the parent company only financial statements of Fortune Electric Co., Ltd., as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified opinion modified report and unqualified opinion report, respectively.

Deloitte & Touche

March 20, 2015

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

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands)

	2014		2013
ASSETS	**NT$**	**US$ (Note)**	**NT$**
CURRENT ASSETS			
Cash and cash equivalents (Notes 4 and 6)	$ 406,531	$ 12,844	$ 503,048
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	10,758	340	363
Derivative financial assets for hedging - current (Notes 4, 9 and 30)	366	12	-
Debt investments with no active market - current (Notes 4, 11 and 32)	12,451	393	7,886
Notes receivable	19,196	607	33,506
Trade receivables from unrelated parties (Notes 4, 5, 12, 13 and 23)	1,999,102	63,163	1,509,850
Trade receivables from related parties (Note 31)	76,908	2,430	11
Amounts due from customers for construction contracts (Notes 4, 13, 23 and 31)	269,342	8,510	80,310
Current tax assets (Notes 4, 5 and 26)	8,410	266	10,523
Inventories, net (Notes 4, 5 and 14)	1,469,972	46,445	1,521,766
Prepayments	106,094	3,352	99,297
Other current assets (Notes 4, 18, 23 and 32)	54,483	1,721	71,102
Total current assets	4,433,613	140,083	3,837,662
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	882	28	-
Available-for-sale financial assets - non-current (Notes 4, 8 and 30)	82,825	2,617	93,025
Financial assets measured at cost - non-current (Notes 4, 10 and 30)	27,000	853	-
Investments accounted for using equity method (Notes 4 and 15)	540,884	17,090	84,720
Property, plant and equipment (Notes 4, 16 and 32)	1,488,148	47,019	1,479,672
Intangible assets (Notes 4 and 17)	11,217	354	5,497
Deferred tax assets (Notes 4, 5 and 26)	62,536	1,976	62,842
Prepayments for equipment	1,000	31	2,728
Refundable deposits (Note 23)	4,505	142	3,717
Long-term prepayment for lease (Notes 4, 18 and 32)	28,853	912	28,013
Total non-current assets	2,247,850	71,022	1,760,214
TOTAL	$ 6,681,463	$ 211,105	$ 5,597,876
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings (Notes 19 and 32)	$ 473,312	$ 14,955	$ 408,426
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 30)	5,803	183	-
Notes payable	-	-	6,739
Trade payables (Notes 13, 20 and 23)	1,226,336	38,747	1,032,513
Amounts due to customers for construction contracts (Notes 4, 13 and 23)	8,908	282	17,241
Other payables (Note 21)	216,847	6,852	141,918
Current tax liabilities (Notes 4, 5 and 26)	41,505	1,311	10,228
Advance receipts	533,691	16,862	510,313
Other current liabilities	96,640	3,053	74,709
Total current liabilities	2,603,042	82,245	2,202,087
NON-CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 30)	3,186	101	348
Long-term borrowings (Notes 19, 30 and 32)	591,800	18,698	84,720
Deferred tax liabilities (Notes 4, 5 and 26)	56,459	1,784	49,724
Accrued pension liabilities (Notes 4, 5 and 22)	271,864	8,590	256,997
Other non-current liabilities	3,624	114	27,949
Total non-current liabilities	926,933	29,287	419,738
Total liabilities	3,529,975	111,532	2,621,825
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital			
Ordinary shares	2,610,585	82,483	2,610,585
Capital surplus	1,033	33	1,033
Retained earnings			
Legal reserve	271,477	8,577	260,029
Special reserve	2,118	67	46,837
Unappropriated earnings	252,774	7,987	54,443
Total retained earnings	526,369	16,631	361,309
Other equity			
Exchange differences on translating foreign operations	23,533	743	4,255
Unrealized loss on available-for-sale financial assets	(16,575)	(524)	(6,375)
Unrealized gain on cash flow hedges	366	12	-
Total other equity	7,324	231	(2,120)
Total equity attributable to owners of the Company	3,145,311	99,378	2,970,807
NON-CONTROLLING INTERESTS	6,177	195	5,244
Total equity	3,151,488	99,573	2,976,051
TOTAL	$ 6,681,463	$ 211,105	$ 5,597,876

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$31.65 to US$1.00 at December 31, 2014, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

(With Deloitte and Touche auditors' report dated March 20, 2015)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	2014		2013
	NT$	US$ (Note)	NT$
OPERATING REVENUES (Notes 4, 13, 31, 33 and 36)			
Sales	$ 4,707,413	$ 148,733	$ 4,285,406
Construction revenue	415,958	13,143	164,943
Total operating revenues	5,123,371	161,876	4,450,349
OPERATING COSTS (Notes 4, 14, 22, 25 and 31)			
Cost of goods sold	3,733,311	117,956	3,571,640
Construction cost	411,331	12,996	179,006
Total operating costs	4,144,642	130,952	3,750,646
GROSS PROFIT	978,729	30,924	699,703
OPERATING EXPENSES (Notes 22, 25, 31, 33 and 36)			
Selling and marketing expenses	442,990	13,997	387,588
General and administrative expenses	117,869	3,724	101,877
Research and development expenses	90,505	2,860	90,161
Total operating expenses	651,364	20,581	579,626
PROFIT FROM OPERATIONS	327,365	10,343	120,077
NON-OPERATING INCOME AND EXPENSES			
Government grants	8,750	276	5,761
Other gains and losses (Note 25)	15,971	505	19,307
Share of the loss of associates (Note 15)	(23,916)	(756)	-
Other income (Notes 25 and 31)	5,117	162	10,571
Net income on financial assets at fair value through profit	10,224	323	6,560
Interest expenses	(17,851)	(564)	(17,923)
Total non-operating income and expenses	(1,705)	(54)	24,276
PROFIT BEFORE INCOME TAX	325,660	10,289	144,353
INCOME TAX EXPENSE (Notes 4 and 26)	64,198	2,028	28,909
NET PROFIT FOR THE YEAR	261,462	8,261	115,444

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	2014		2013
	NT$	US$ (Note)	NT$
OTHER COMPREHENSIVE INCOME AND LOSS			
Exchange differences on translating foreign operations	$ 18,661	$ 590	$ 11,921
Unrealized (loss) gain on available-for-sale financial assets	(10,200)	(323)	11,100
Cash flow hedges	366	12	-
Actuarial (loss) gain arising from defined benefit plans	(13,630)	(431)	10,551
Income tax relating to the components of other comprehensive income	2,317	73	(1,794)
Total other comprehensive income and loss	(2,486)	(79)	31,778
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 258,976	$ 8,182	$ 147,222
NET PROFIT ATTRIBUTABLE TO:			
Owners of the Company	$ 259,912	$ 8,212	$ 114,480
Non-controlling interests	1,550	49	964
	$ 261,462	$ 8,261	$ 115,444
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	$ 258,043	$ 8,153	$ 145,901
Non-controlling interests	933	29	1,321
	$ 258,976	$ 8,182	$ 147,222
EARNINGS PER SHARE (Note 27)			
From continuing operations			
Basic	$1.00	$0.03	$0.44
Diluted	$0.99	$0.03	$0.44

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

(With Deloitte and Touche auditors' report dated March 20, 2015) (Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands, Except Amount Per Share)

	Equity Attributable to Owners of the Company												
			Retained Earnings (Note 24)				Other Equity (Notes 4 and 9)						
	Share Capital (Note 24)	Capital Surplus (Note 24)	Legal Reserve	Special Reserve	Unappropri-ated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Total	Controlling Interests	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2013	$ 2,610,585	$ 27,138	$ 253,109	$ 14,690	$ 9,432	$ 277,231	$ (7,309)	$ (17,475)	$ -	$ (24,784)	$ 2,890,170	$ -	$ 2,890,170
Appropriation of 2012 earnings													
Legal reserve	-	-	6,920	-	(6,920)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	32,147	(32,147)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(39,159)	(39,159)	-	-	-	-	(39,159)	-	(39,159)
	-	-	6,920	32,147	(78,226)	(39,159)	-	-	-	-	(39,159)	-	(39,159)
Other changes in capital surplus	-	(26,105)	-	-	-	-	-	-	-	-	(26,105)	-	(26,105)
Additional acquisition of partially-owned subsidiaries (Note 26)	-	-	-	-	-	-	-	-	-	-	-	3,923	3,923
Net profit for the year ended December 31, 2013	-	-	-	-	114,480	114,480	-	-	-	-	114,480	964	115,444
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	8,757	8,757	11,564	11,100	-	22,664	31,421	357	31,778
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	123,237	123,237	11,564	11,100	-	22,664	145,901	1,321	147,222
BALANCE AT DECEMBER 31, 2013	2,610,585	1,033	260,029	46,837	54,443	361,309	4,255	(6,375)	-	(2,120)	2,970,807	5,244	2,976,051
Appropriation of 2013 earnings													
Legal reserve	-	-	11,448	-	(11,448)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(44,719)	44,719	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(83,539)	(83,539)	-	-	-	-	(83,539)	-	(83,539)
	-	-	11,448	(44,719)	(50,268)	(83,539)	-	-	-	-	(83,539)	-	(83,539)
Net profit for the year ended December 31, 2014	-	-	-	-	259,912	259,912	-	-	-	-	259,912	1,550	261,462
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(11,313)	(11,313)	19,278	(10,200)	366	9,444	(1,869)	(617)	(2,486)
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	248,599	248,599	19,278	(10,200)	366	9,444	258,043	933	258,976
BALANCE AT DECEMBER 31, 2014	$ 2,610,585	$ 1,033	$ 271,477	$ 2,118	$ 252,774	$ 526,369	$ 23,533	$ (16,575)	$ 366	$ 7,324	$ 3,145,311	$ 6,177	$ 3,151,488
BALANCE AT DECEMBER 31, 2014 (IN U.S. DOLLARS)	$ 82,483	$ 33	$ 8,577	$ 67	$ 7,987	$ 16,631	$ 743	$ (524)	$ 12	$ 231	$ 99,378	$ 195	$ 99,573

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$31.65 to US$1.00 at December 31, 2014, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

(With Deloitte and Touche auditors' report dated March 20, 2015)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	2014		2013
	NT$	**US$ (Note)**	**NT$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	$ 325,660	$ 10,289	$ 144,353
Adjustments for:			
Depreciation expenses	85,703	2,708	89,404
Amortization expenses	3,946	125	2,801
Impairment loss recognized on trade receivables	7,029	222	5,351
Net gain on financial assets at fair value through profit or loss	(2,650)	(84)	(15)
Interest expenses	17,851	564	17,923
Interest income	(1,353)	(43)	(1,854)
Dividend income	(1,150)	(36)	(1,750)
Share of loss of associates	23,916	756	-
(Gain) loss on disposal of property, plant and equipment	(573)	(18)	371
Reversal of write-down of inventories	(8,786)	(278)	(13,535)
Unrealized net gain on foreign currency exchange	(3,014)	(95)	(1,537)
Prepayment for lease	754	24	733
Changes in operating assets and liabilities			
Financial assets at fair value through profit or loss	14	1	898
Notes receivable	14,479	457	23,847
Trade receivables	(482,033)	(15,230)	252,419
Trade receivables from related parties	(73,543)	(2,324)	724
Amounts due from customers for construction contracts	(189,032)	(5,973)	123,112
Inventories	30,321	958	168,583
Prepayments	(3,855)	(122)	(42,779)
Other current assets	17,340	548	(2,578)
Notes payable	(6,739)	(213)	(8,700)
Trade payables	185,748	5,869	(108,799)
Amounts due to customers for construction contracts	(8,333)	(263)	17,241
Other payables	74,791	2,363	12,895
Receipts in advance	22,334	706	192,723
Other current liabilities	20,693	654	32,662
Accrued pension liabilities	1,237	39	748
Other non-current liabilities	(23,293)	(736)	(23,207)
Cash generated from operations	27,462	868	882,034
Interest received	1,353	43	1,854
Dividend received	1,150	36	1,750

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	2014		2013
	NT$	**US$ (Note)**	**NT$**
Interest paid	$ (17,353)	$ (549)	$ (18,603)
Income tax paid	(21,611)	(683)	(10,619)
Net cash (used in) generated from operating activities	(8,999)	(285)	856,416
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of debt investments with no active market	(4,565)	(144)	(210)
Purchase of financial assets measured at cost	(27,000)	(853)	-
Acquisition of associates	(480,080)	(15,168)	(84,720)
Net cash outflow on acquisition of subsidiaries	-	-	(3,525)
Payments for property, plant and equipment	(49,433)	(1,562)	(27,988)
Proceeds from disposal of property, plant and equipment	1,971	62	70
Increase in refundable deposits	(762)	(24)	(3,152)
Payments for intangible assets	(9,662)	(305)	(3,992)
Decrease (increase) in prepayments for business facilities	1,728	54	(2,591)
Net cash used in investing activities	(567,803)	(17,940)	(126,108)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	50,935	1,609	(341,139)
Proceeds from long-term borrowings	507,080	16,022	84,720
(Refund of) proceeds from guarantee deposits received	(1,032)	(33)	3,197
Issue of cash dividends	(83,539)	(2,639)	(39,159)
Issue of share dividends from capital surplus	-	-	(26,105)
Net cash generated from (used in) financing activities	473,444	14,959	(318,486)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	6,841	216	3,849

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

	2014		2013
	NT$	US$ (Note)	NT$
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (96,517)	$ (3,050)	$ 415,671
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	503,048	15,894	87,377
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 406,531	$ 12,844	$ 503,048

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$31.65 to US$1.00 at December 31, 2014, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

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

(With Deloitte and Touche auditors' report dated March 20, 2015) (Concluded)

(In Thousands of U.S. Dollars)

1. GENERAL INFORMATION

Fortune Electric Co., Ltd. (the "Company") was incorporated in the Republic of China ("ROC") in August 1969. The Company mainly manufactures, processes and trades transformers, distribution panels, low voltage switch and substation equipment.

The Company's shares have been listed on the Taiwan Stock Exchange ("TSE") since April 1997.

For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company's stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and authorized for issue on March 20, 2015.

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

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

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

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

Except for the following, the initial application of the above 2013 IFRSs version has not had any material impact on the Group's accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

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

2) Revision to IAS 28 "Investments in Associates and Joint Ventures"

   Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

3) IFRS 12 "Disclosure of Interests in Other Entities"

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

4) IFRS 13 "Fair Value Measurement"

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

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

5) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

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

The Group will apply the above amendments in presenting the consolidated statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of (associates/joint ventures) accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (loss) arising from defined benefit plans) of (associates/joint ventures) accounted for using the equity method.

6) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the interest cost and expected return on plan assets are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

7) Amendments to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

8) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 "First-time Adoption of International Financial Reporting Standards", IAS 1 "Presentation of Financial Statements", IAS 16 "Property, Plant and Equipment", IAS 32 "Financial Instruments: Presentation" and IAS 34 "Interim Financial Reporting" were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version in 2015 is expected to have material effect on the consolidated balance sheet as of January 1, 2014. In preparing the consolidated financial statements for the year ended December 31, 2015, the Group would present the consolidated balance sheet as of January 1, 2014 in accordance of the above amendments to IAS 1 and disclose related information in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, but not required to make disclosures about the line items of the balance sheet as of January 1, 2014.

b. New IFRSs in issue but not yet endorsed by FSC

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016 (Note 4)
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

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

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs has not had any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

Under IFRS 9, the requirement for the classification of financial assets is stated below.

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

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

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

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

The impairment of financial assets

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

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

<u>Hedge accounting</u>

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.

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

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

IFRS 8 "Operating Segments" was amended in this annual improvement.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

IFRS 13 was amended in this annual improvement.

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

5) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IAS 34 were amended in this annual improvement.

IAS 34 was amended to clarify that other disclosure information required by IAS 34 should be included in interim financial statements. If the Group includes the information in other statements (such as management commentary or risk report) issued at the same time, it is not required to repeat the disclosure in the interim financial statements. However, it is required to include a cross-reference from the interim financial statements to that issued statements that is available to users on the same terms and at the same time as the interim financial statements.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of preparation

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

For electrical equipment works contracting business, which has an operating cycle of over one year, the length of the operating cycle is the basis for classifying the engineering contract assets and liabilities as current or noncurrent.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

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

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

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

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

<u>Attribution of total comprehensive income to non-controlling interests</u>

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.

2) Subsidiary included in consolidated financial statements

			% of Ownership		
			December 31		
Investor	**Investee**	**Main Business**	**2014**	**2013**	**Remark**
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Investment Holding	100	100	-
	Fortune Electric America Inc.	Agents business	100	100	Note 1
Power Energy International Ltd.	Fortune Electric (Wuhan) Ltd.	Transformers, capacitors, power distribution equipment manufacturing	100	100	-
Fortune Electric (Wuhan) Ltd.	Wuhan Huarong Co., Ltd.	Production and sale of transformer tank, machining, mechanical and electrical products, metal surface corrosion treatment	60	60	Note 2
	Wuhan Fortune Trade Co., Ltd.	Trade business	100	-	Note 3

Note 1: Established on January 2, 2013; included as consolidation entity on that day.

Note 2: Invested on January 2, 2013; included as consolidation entity on that day.

Note 3: Invested on October 20, 2014; included as consolidation entity on that day.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally 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 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, the excess are recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

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

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

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

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

g. Inventories

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

h. Investment in associates

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

Investment in associate is accounted for in these 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 its share of changes in equity of associate.

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

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

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

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

Any retained investment is measured at fair value at the date on which the Group ceases to have significant influence. The difference between the previous carrying amount and fair value of the retained interest in the associate is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

i. Property, plant and equipment

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

Freehold land is not depreciated.

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

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

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

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

l. 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 the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate 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 loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

<u>Financial liabilities at fair value through profit or loss</u>

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to price volatility risk of raw materials and futures contracts.

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

m. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

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. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

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 meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

n. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

1) Sale of goods

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

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

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

c) The amount of revenue can be measured reliably;

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

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

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

Revenue from sales of goods is recognized when the rewards of ownership of the goods, primarily upon shipment.

2) Rendering of services

Service income is recognized when service is provided.

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

3) Dividend and interest income

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

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

o. Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as advance receipts. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

p. Leasing

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

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

3) Leasehold land for own use

Lease interest of land under operating leases is land use rights in China that amortized over the lease term on a straight-line basis.

q. Retirement benefit costs

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

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

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

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

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group's 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 and research and development 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 where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Income taxes

As of December 31, 2014 and 2013, the carrying amount of deferred tax assets in relation to unused tax losses was $1,976 thousand and $2,108 thousand, respectively. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. 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.

b. Estimated impairment of trade receivables

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

c. Fair value of financial instruments

The Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Debt instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of listed equity instruments traded in emerging market and unlisted equity instruments was based on the analysis in relation to the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities, including assumptions (based/not based) on unobservable market prices or rates. As of December 31, 2014, the carrying amount of these equity instruments was $853 thousand, respectively. The Group's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

d. Inventory evaluation

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

e. The calculation of accrued pension liabilities

Calculating the present value of the defined benefit obligation, the parent company must exercise judgment and estimates to determine the financial reporting period end date of the relevant actuarial assumptions, including discount rates and expected return on plan assets and so on. Any changes in actuarial assumptions are likely to materially affect the amount of the defined benefit obligation parent.

6. CASH AND CASH EQUIVALENTS

	December 31 2014	December 31 2013
Cash on hand	$ 22	$ 24
Checking accounts and demand deposits	10,930	16,854
Cash equivalent		
Repurchase agreements collateralized by bonds	1,892	-
	$ 12,844	$ 16,878

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

	December 31 2014	December 31 2013
Bank balance	0.001%-1.35%	0.01%-1.35%
Repurchase agreement collateralized by bonds	0.59%-0.62%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2014	December 31 2013
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 368	$ 12
Current	$ 340	$ 12
Non-current	28	-
	$ 368	$ 12
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 284	$ 12
Current	$ 183	$ -
Non-current	101	12
	$ 284	$ 12

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2014			
Buy	NTD/USD	2015.01.02-2016.08.03	NTD244,802/USD8,102
Buy	NTD/JPY	2015.01.06-2016.10.02	NTD123,364/JPY433,611
Sell	USD/NTD	2015.01.20-2015.03.31	USD729/NTD22,816
December 31, 2013			
Buy	NTD/USD	2014.01.14-2015.04.02	NTD214,461/USD7,232
Sell	USD/NTD	2014.02.07	USD71/NTD2,133

The Group entered into foreign exchange forward contracts during 2014 and 2013 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for by using hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NON-CURRENT

	December 31	
	2014	2013
Domestic investments		
Listed shares and emerging market shares	$ 2,617	$ 3,121

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING - CURRENT

	December 31	
	2014	2013
Derivative financial assets under hedge accounting		
Cash flow hedges - foreign exchange forward contracts	$ 12	$ -

The Group's hedge strategy is to enter foreign exchange forward contracts to manage its foreign currency exposure to certain foreign currency receipts and payments. When forecast sales and purchases actually take place, the carrying amounts of the non-financial hedged items will be adjusted accordingly.

The terms of the foreign exchange forward contracts were negotiated to match the terms of the respective designated hedged items. The outstanding foreign exchange forward contracts at the end of the reporting period were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2014			
Buy	NTD/USD	2015.06.12-2015.07.08	NTD21,396/USD688

The Group sold transformers to clients in the United States and signed foreign exchange forward contracts (with terms no more than three months) to avoid its exchange rate exposure to forecast sales. Those foreign exchange forward contracts were designated as cash flow hedges. During 2014, fair value gain of $12 thousand was recognized in other comprehensive income due to the exchange rate exposure related to forecast sales. The forecast sales were expected to occur during the first 12 months in next period, by that time the amounts originally deferred and recognized in equity will be reclassified to profit or loss.

10. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2014	**2013**
Domestic unlisted common shares	$ 853	$ -
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 853	$ -

The Group acquired 2,700 shares of Raynergy Tek Incorporation for $853 thousand in August 2014. The proportion of ownership was 11.06%. The company is mainly engaged in the development of high-efficiency organic solar cell active layer materials. The Group does not have much influence in the company's operating and financial decision-making. Therefore, the investment was reported as financial assets measured at cost.

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

11. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	December 31	
	2014	**2013**
Pledged time deposits	$ 393	$ 265

The market interest rates of the pledged time deposits were both 1.345%-1.37% per annum respectively as of December 31, 2014 and 2013.

Refer to Note 32 for information relating to bond investments with no active market pledged as security.

12. TRADE RECEIVABLES

	December 31	
	2014	**2013**
Trade receivables	$ 63,896	$ 51,195
Less: Allowance for impairment loss	(733)	(537)
	$ 63,163	$ 50,658

The average credit period for sales of goods was 90-180 days. Impairment of trade receivables was assessed by reference to the collectability of receivables on individual account basis, and by account aging analysis, historical experience and current financial condition of customers.

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 20	$ 347	$ 367
Add: Amounts recovered from prior year write-off	-	(98)	(98)
Add: Impairment losses recognized on receivables	278	-	278
Foreign exchange translation gains and losses	(1)	(9)	(10)
Balance at December 31, 2013	297	240	537
Add: Impairment losses recognized on receivables	41	181	222
Foreign exchange translation gains and losses	(17)	(9)	(26)
Balance at December 31, 2014	$ 321	$ 412	$ 733

Age of individually impaired trade receivables was as follow:

	December 31	
	2014	2013
91-150 days	$ 5,184	$ 4,056
151-180 days	4,501	987
181-365 days	5,574	836
366-730 days	1,412	3,336
More than 730 days	3,323	4,889
	$ 19,994	$ 14,104

The above aging of trade receivables was presented based on the invoice date.

Included in the trade receivables were retentions receivable from construction contracts, in the amount of $10,003 thousand and $7,206 thousand as of December 31, 2014 and 2013, respectively. Retentions receivable from construction contracts bear no interest and were expected remain as receivables until the satisfaction of conditions specified in each contract for the payment of such amounts during the retention periods, which were within the normal operating cycle of the Group, usually more than twelve months after the reporting period. Refer to Note 13 for details on construction contracts.

13. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	December 31	
	2014	2013
Amount due from customers for construction contracts		
Construction costs incurred plus recognized profits less recognized losses to date	$ 28,578	$ 99,659
Less: Progress billings	(20,068)	(96,964)
Amount due from customers for construction contracts	$ 8,510	$ 2,695

(Continued)

	December 31	
	2014	2013
Amount due to customers for construction contracts		
Construction costs incurred plus recognized profits less recognized losses to date	$ 2,756	$ 811
Less: Progress billings	(3,038)	(1,389)
Amount due to customers for construction contracts	$ (282)	$ (578)
Retentions receivable (included in trade receivables)	$ 10,003	$ 7,206
Retentions payable (included in trade payables)	$ 9,068	$ 4,234

(Concluded)

The contract revenue recognized as revenue in the years ended December 31, 2014 and 2013 was $13,142 thousand and $5,534 thousand, respectively.

14. INVENTORIES

	December 31	
	2014	2013
Finished goods	$ 5,796	$ 12,002
Work in progress	27,511	27,660
Raw materials	13,138	11,395
	$ 46,445	$ 51,057

The cost of inventories recognized as cost of goods sold and part of construction cost for the years ended December 31, 2014 and 2013 was $119,069 thousand and $118,844 thousand, respectively.

The cost of goods sold for the years ended December 31, 2014 and 2013 included reversal of inventory write-downs of $278 thousand and $454 thousand, respectively. Previous write-downs were reversed as a result of disposal of devalued inventories.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2014	2013
Unlisted companies		
Hitachi Fortune Transformer, Inc.	$ 17,090	$ 2,843

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

	December 31	
Name of Associate	2014	2013
Hitachi Fortune Transformer, Inc.	40%	40%

The Group and Hitachi, Ltd. jointly established Hitachi Fortune Transformer, Inc. (Hitachi Fortune Company) with authorized shares in the amount of $44,613 thousand. As of December 31 2014, the authorized shares were $44,613 thousand. The Group invested $17,845 thousand and acquired 40% ownership.

Hitachi Fortune Company completed the establishment registration on December 17, 2013 and built the factory at Taichung port. The company expects to get orders and produce 200MVA or 500KV extra high voltage power transformers for delivery to foreign countries in order to strengthen the competitiveness of export.

From December 17, 2013 to the end of 2013, Hitachi Fortune Company was at the stage of start-up. It had not formally operated and there were no revenues and costs; therefore, there was no share of gain or loss of associates as well. The company's annual financial statements for 2013 had not been audited, but the management believed that the consolidated financial statements would not be affected.

The share of the gain or loss of associates for 2014 was recognized according to the financial report audited by another CPA during the same period.

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

	December 31, 2014
Total assets	$ 43,020
Total liabilities	$ 296

	For the Year Ended December 31, 2014
Revenue	$ -
Net loss for the year	$ 1,889

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	**Buildings**	**Equipment**	**Photovoltaic Solar Equipment**	**Other Equipment**	**Total**
Cost						
Balance at January 1, 2013	$ 23,000	$ 24,052	$ 37,829	$ 5,063	$ 5,106	$ 95,050
Additions	-	74	524	72	269	939
Disposals	-	-	(1,190)	-	(735)	(1,925)
Transfer	-	-	(12)	-	-	(12)
Acquisitions through business combinations	-	66	397	-	27	490
Effect of foreign currency exchange differences	(590)	(514)	(808)	(130)	(110)	(2,152)
Balance at December 31, 2013	$ 22,410	$ 23,678	$ 36,740	$ 5,005	$ 4,557	$ 92,390

(Continued)

	Freehold Land	Buildings	Equipment	Photovoltaic Solar Equipment	Other Equipment	Total
Accumulated depreciation						
Balance at January 1, 2013	$ -	$ 9,533	$ 29,465	$ 250	$ 2,989	$ 42,237
Depreciation expense	-	643	1,796	248	312	2,999
Disposals	-	-	(1,185)	-	(725)	(1,910)
Transfer	-	-	-	-	-	-
Acquisitions through business combinations	-	27	280	-	19	326
Effect of foreign currency exchange differences	-	(192)	(643)	(6)	(66)	(907)
Balance at December 31, 2013	$ -	$ 10,011	$ 29,713	$ 492	$ 2,529	$ 42,745
Carrying amounts at January 1, 2013	$ 23,000	$ 14,519	$ 8,364	$ 4,813	$ 2,117	$ 52,813
Carrying amounts at December 31, 2013	$ 22,410	$ 13,667	$ 7,027	$ 4,513	$ 2,028	$ 49,645
Cost						
Balance at January 1, 2014	$ 22,410	$ 23,678	$ 36,740	$ 5,005	$ 4,557	$ 92,390
Additions	-	85	1,134	11	332	1,562
Disposals	-	(7)	(806)	-	(191)	(1,004)
Transfer (Note)	-	-	1,336	-	-	1,336
Effect of foreign currency exchange differences	(1,307)	(1,296)	(1,945)	(292)	(242)	(5,082)
Balance at December 31, 2014	$ 21,103	$ 22,460	$ 36,459	$ 4,724	$ 4,456	$ 89,202
Accumulated depreciation						
Balance at January 1, 2014	$ -	$ 10,011	$ 29,713	$ 492	$ 2,529	$ 42,745
Depreciation expense	-	610	1,592	239	267	2,708
Disposals	-	(7)	(768)	-	(185)	(960)
Effect of foreign currency exchange differences	-	(545)	(1,603)	(29)	(133)	(2,310)
Balance at December 31, 2014	$ -	$ 10,069	$ 28,934	$ 702	$ 2,478	$ 42,183
Carrying amounts at January 1, 2014	$ 22,410	$ 13,667	$ 7,027	$ 4,513	$ 2,028	$ 49,645
Carrying amounts at December 31, 2014	$ 21,103	$ 12,391	$ 7,525	$ 4,022	$ 1,978	$ 47,019

(Concluded)

Note: Transfer from inventories to equipment.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Main buildings	55 years
Electromechanical power equipment	3 years
Equipment	3-15 years
Photovoltaic solar equipment	10-20 years
Other equipment	3-15 years

Refer to Note 32 for the carrying amount of property, plant and equipment pledged by the group to secure borrowings granted to the Group.

17. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2013	$ 271
Additions	134
Net exchange differences	(7)
Balance at December 31, 2013	$ 398
Accumulated depreciation	
Balance at January 1, 2013	$ (123)
Depreciation expenses	(94)
Net exchange differences	3
Balance at December 31, 2013	$ (214)
Carrying amounts at January 1, 2013	$ 148
Carrying amounts at December 31, 2013	$ 184
Cost	
Balance at January 1, 2014	$ 398
Additions	305
Net exchange differences	(23)
Balance at December 31, 2014	$ 680
Accumulated depreciation	
Balance at January 1, 2014	$ (214)
Depreciation expenses	(125)
Net exchange differences	13
Balance at December 31, 2014	$ (326)
Carrying amounts at January 1, 2014	$ 184
Carrying amounts at December 31, 2014	$ 354

The above item of intangible asset is depreciated on a straight-line basis over three years, the estimated useful life of the asset.

18. REPAYMENTS FOR LEASE OBLIGATIONS

	December 31	
	2014	2013
Current asset (included in other current assets)	$ 24	$ 25
Non-current asset	912	940
	$ 936	$ 965

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

Refer to Note 32 for the carrying amount of repayments for lease that had been pledged by the Group to secure borrowings granted to the Group.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2014	2013
Secured borrowings (Note 32)		
Bank loans	$ 6,634	$ 4,500
Usance letter of credit	3,395	2,225
	10,029	6,725
Unsecured borrowings		
Line of credit borrowings	2,285	5,264
Usance letter of credit	2,641	1,714
	4,926	6,978
	$ 14,955	$ 13,703

The range of weighted average effective interest rate on bank loans was 0.69%-6.72% and 0.61%-6.72%. per annum as of December 31, 2014 and 2013, respectively.

b. Long-term borrowings

	December 31	
	2014	2013
Secured borrowings (Note 32)		
Bank of Taiwan	$ 11,058	$ 2,842
Mega International Commercial Bank	7,640	-
	$ 18,698	$ 2,842

The borrowings from Bank of Taiwan are due from December 4, 2013 to March 1, 2016, and the weighted average effective interest rate of the borrowings was 1.36% per annum. The borrowings from Mega International Commercial Bank are due from October 7, 2014 to October 7, 2017, and the weighted average effective interest rate of the borrowings was 1.75% per annum. Both borrowings will be paid back on the maturity day.

20. TRADE PAYABLES

	December 31	
	2014	2013
Trade payables		
Operating	$ 38,747	$ 34,642

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Retentions payable on construction contracts which are included in trade payables are in the amounts of $9,068 thousand and $4,234 thousand as of December 31, 2014 and 2013, respectively. Retentions payable on construction contracts bear no interest and are expected to be paid until the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which are within the normal operating cycle of the Group, usually more than twelve months after the reporting period. Refer to Note 13 for details on construction contracts.

21. OTHER PAYABLES

	December 31	
	2014	2013
Accrued payroll	$ 2,359	$ 2,125
Interest payable	88	47
Employee bonus payable	438	248
Export payable	1,639	398
Others	2,328	1,944
	$ 6,852	$ 4,762

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The Group’s subsidiary in the United States and China are members of a state-managed retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 4.85% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

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

	December 31	
	2014	**2013**
Discount rate	1.85%	1.85%
Expected return on plan assets	1.85%	1.85%
Expected rate of salary increase	1.50%	1.50%

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

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31	
	2014	**2013**
Current service cost	$ 206	$ 231
Interest cost	186	162
Expected return on plan assets	(38)	(30)
	$ 354	$ 363
An analysis by function		
Operating cost	$ 230	$ 234
Marketing expenses	47	49
Administration expenses	48	50
Research and development expenses	29	30
	$ 354	$ 363

Actuarial (losses) and gains recognized in other comprehensive income for the years ended December 31, 2014 and 2013 was $(431) thousand and $354 thousand, respectively. The cumulative amount of actuarial losses recognized in other comprehensive income as of December 31, 2014 and 2013 was $772 thousand and $363 thousand, respectively.

The amount included in the consolidated balance sheet arising from the Group’s obligation in respect of its defined benefit plans was as follows:

	December 31	
	2014	**2013**
Present value of funded defined benefit obligation	$ 10,708	$ 10,825
Fair value of plan assets	(2,118)	(2,202)
Accrued pension liabilities	$ 8,590	$ 8,623

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

	For the Year Ended December 31	
	2014	**2013**
Opening defined benefit obligation	$ 10,825	$ 11,073
Current service cost	206	231
Interest cost	186	162
Actuarial losses/(gains)	438	(358)
Benefits paid	(316)	-
Exchange differences	(631)	(283)
Closing defined benefit obligation	$ 10,708	$ 10,825

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

	For the Year Ended December 31	
	2014	**2013**
Opening fair value of plan assets	$ 2,202	$ 1,885
Expected return on plan assets	38	30
Actuarial gains/(losses)	8	(4)
Contributions from the employer	315	339
Benefits paid	(316)	-
Exchange differences	(129)	(48)
Closing fair value of plan assets	$ 2,118	$ 2,202

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $46 thousand and $27 thousand, respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31	
	2014	**2013**
Cash	18.82	22.86
Short-term bills	2.50	4.10
Bonds	11.53	9.37
Fixed income	14.68	18.11
Equity instruments	48.46	44.77
Currency funds	1.04	-
Others	2.97	0.79
	100.00	100.00

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

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$(10,708)	$(10,825)	$(11,073)	$(10,806)
Fair value of plan assets	$ 2,118	$ 2,202	$ 1,885	$ 2,746
Deficit	$ 8,590	$ 8,623	$ 9,188	$ 8,060
Experience adjustments on plan liabilities	$ 438	$ (358)	$ 443	$ -
Experience adjustments on plan assets	$ (8)	$ 4	$ 22	$ -

The Group expects to make contributions of $313 thousand and $339 thousand, to the defined benefit plans for the years ended December 31, 2014 and 2013, respectively.

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current and non-current classification of the Group's assets and liabilities relating to construction business were based on its operating cycle. The amount expected to be recovered or settled within one year after reporting period and more than one year after reporting period for related assets and liabilities are as follows:

	December 31, 2014		
	Within 1 Year	More Than 1 Year	Total
Assets			
Refundable deposit (current part included in other current assets)	$ 60	$ 133	$ 193
Amounts due from customers for construction contracts	$ 6,261	$ 2,249	$ 8,510
Retentions receivable (included in trade receivables)	$ 10,003	$ -	$ 10,003
Liabilities			
Amounts due to customers for construction contracts	$ -	$ 282	$ 282
Retentions payable (included in trade payables)	$ 9,068	$ -	$ 9,068

	December 31, 2013		
	Within 1 Year	More Than 1 Year	Total
Assets			
Refundable deposit (current part included in other current assets)	$ 650	$ 116	$ 766
Amounts due from customers for construction contracts	$ 2,695	$ -	$ 2,695
Retentions receivable (included in trade receivables)	$ 7,206	$ -	$ 7,206

(Continued)

	December 31, 2013		
	Within 1 Year	More Than 1 Year	Total
Liabilities			
Amounts due to customers for construction contracts	$ -	$ 578	$ 578
Retentions payable (included in trade payables)	$ 4,234	$ -	$ 4,234

(Concluded)

24. EQUITY

a. Share capital - ordinary shares

	December 31	
	2014	2013
Numbers of shares authorized (in thousands)	275,000	275,000
Shares authorized	$ 86,888	$ 92,266
Number of shares issued and fully paid (in thousands)	261,059	261,059
Shares issued	$ 82,483	$ 87,589

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

b. Capital surplus

	December 31	
	2014	2013
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from treasury share transactions	$ 33	$ 35

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, subject to a limit within a certain percentage of the Company's capital surplus per year.

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, if there is positive earnings after income tax, the Company should give first priority to make up for losses in previous years and appropriate 10% as legal reserve. However, the appropriation to legal reserve is not continued when the legal reserve equals the Company's paid-in capital. In addition, according to security market regulation, the Company should appropriate same amount of net debit balance in shareholders' equity as special reserve. The Company shall take into account future business operation for future reserve and then distribute the remaining earnings as follows:

1) 90.5% as shareholders' bonus;
2) 8% as bonus to employees;
3) 1.5% as remuneration to directors and supervisors.

The Company is currently at the growing stage. The Company distributes stock dividend and cash dividend after taking into account its future business needs and long term financial plan. In addition, the appropriation of cash dividend should not be less than 25% of the annual dividend distributed.

For the years ended December 31, 2014 and 2013, the bonus to employees was $437 thousand and $248 thousand, respectively, and the remuneration to directors and supervisors was $82 thousand and $46 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 8% and 1.5%, respectively, of net of the bonus and remuneration. 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 fair value of the shares. For the calculation of the number of shares, the fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

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

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

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

The appropriations of earnings, the bonus to employees and the remuneration to directors and supervisors for 2013 and 2012 which had been approved in the shareholders' meetings on June 23, 2014 and June 17, 2013, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share**	
	For Year 2013	**For Year 2012**	**For Year 2013**	**For Year 2012**
Legal reserve	$ 384	$ 238		
Reverse (appropriate) special reserve	1,500	(1,107)		
Cash dividends	2,803	1,348	$ 0.01	$ 0.005

	For the Year Ended 2013		**For the Year Ended 2012**	
	Cash Dividends	**Stock Dividends**	**Cash Dividends**	**Stock Dividends**
Bonus to employees	$ 248	$ -	$ 119	$ -
Remuneration of directors and supervisors	46	-	22	-

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 23, 2014 and June 17, 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012, respectively.

In addition, in the shareholders' meeting on June 17, 2013, the Company decided to distribute $876 thousand in cash from additional paid-in capital in excess of par- treasury stock and additional paid-in capital in excess of par- common stock in the amounts of $758 thousand and $118 thousand, respectively, for the value of $0.003 per share.

The appropriations of earnings for 2014 had been proposed by the Company's board of directors on March 20, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share**
Legal reserve	$ 821	
Reverse special reserve	67	
Cash dividends	4,949	$0.02

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2014 are subject to the resolution of the shareholders' meeting to be held on June 15, 2015.

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

25. NET PROFIT

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

a. Other gains and losses

	December 31	
	2014	**2013**
Net foreign exchange gains/(losses)	$ 97	$ (174)
Gain/(loss) on disposal of property, plant and equipment	18	(12)
Others	390	834
	$ 505	$ 648

b. Other income

	For the Year Ended December 31	
	2014	**2013**
Claims income	$ 27	$ 131
Dividends	37	59
Interest income	43	62
Rental income	55	103
	$ 162	$ 355

c. Depreciation, amortization and employee benefits expense

	2014			2013		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit expenses						
Defined contribution plans	$ 435	$ 211	$ 646	$ 397	$ 244	$ 641
Defined benefit plans	230	124	354	234	129	363
Other employee benefits	10,370	6,374	16,744	9,932	6,200	16,132
	$ 11,035	$ 6,709	$ 17,744	$ 10,563	$ 6,573	$ 17,136
Depreciation expense	$ 2,288	$ 420	$ 2,708	$ 2,606	$ 394	$ 3,000
Amortization expense	$ 26	$ 99	$ 125	$ 16	$ 78	$ 94

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2014	2013
Foreign exchange gains	$ 888	$ 995
Foreign exchange losses	(791)	(1,169)
Net profit (loss)	$ 97	$ (174)

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 1,757	$ 819
Adjustments for prior periods	(24)	(9)
	1,733	810
Deferred tax		
In respect of the current year	295	160
Income tax expense recognized in profit or loss	$ 2,028	$ 970

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

	For the Year Ended December 31	
	2014	2013
Profit before tax from continuing operations	$ 10,289	$ 4,843
Income tax expense calculated at the statutory rate	$ 2,062	$ 1,075
Nondeductible expenses in determining taxable income	(184)	(168)
Deductible investment credits of current period	(59)	(75)
Tax-exempt income	(62)	(13)
Unrecognized deductible temporary differences	295	160
Adjustments to prior years' tax	(24)	(9)
Income tax expense recognized in profit or loss	$ 2,028	$ 970

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2015 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Tax refund receivable	$ 266	$ 353
Current tax liabilities		
Income tax payable	$ 1,311	$ 343

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Com-prehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impaired receivables	$ 128	$ (11)	$ -	$ (7)	$ 110
Inventory write-downs	174	(37)	-	(11)	126
Impairment loss of financial assets	284	-	-	(17)	267
Defined benefit plans	929	-	73	(53)	949
Provisions over limit	547	7	-	(32)	522
Annual leave payable	61	(57)	-	(4)	-
Others	(15)	16	-	1	2
	$ 2,108	$ (82)	$ 73	$ (123)	$ 1,976
Deferred tax liabilities					
Unrealized exchange gains	$ 3	$ 7	$ -	$ (1)	$ 9
Share of profit of associates	507	192	-	(29)	670
Land value increment tax	1,158	-	-	(67)	1,091
Others	-	14	-	-	14
	$ 1,668	$ 213	$ -	$ (97)	$ 1,784

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Com-prehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impaired receivables	$ 68	$ 61	$ -	$ (1)	$ 128
Inventory write-downs	253	(78)	-	(1)	174
Impairment loss of financial assets	292	-	-	(8)	284
Defined benefit plans	1,016	-	(60)	(27)	929
Provisions over limit	557	4	-	(14)	547
Annual leave payable	84	(20)	-	(3)	61
Others	1	(15)	-	(1)	(15)
	2,271	(48)	(60)	(55)	2,108
Loss deduction	4	(5)	-	1	-
	$ 2,275	$ (53)	$ (60)	$ (54)	$ 2,108
Deferred tax liabilities					
Unrealized exchange gains	$ 39	$ (35)	$ -	$ (1)	$ 3
Share of profit of associates	369	147	-	(9)	507
Land value increment tax	1,189	-	-	(31)	1,158
Others	5	(5)	-	-	-
	$ 1,602	$ 107	$ -	$ (41)	$ 1,668

d. Information about unused tax-exemption

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

Expansion of Construction Project	Tax-exemption Period
Expansion of Construction Project of 2008	2011.01.01-2015.12.31

e. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings		
Generated on and after January 1, 1998	$ 7,987	$ 1,827
Imputation credits accounts	$ 335	$ 253

	For the Year Ended December 31	
	2014 (Expected)	2013 (Actual)
Creditable ratio for distribution of earning	4.19%	20.48%

f. Income tax assessments

The Company's tax returns through 2011 have been assessed by the tax authorities. The tax returns of Fortune Wuhan and Wuhan Huarong Co., Ltd. through 2013 have been assessed by the tax authorities. Wuhan Fortune Trade Co., Ltd. was established on October 20, 2014 and has not been assessed by the tax authorities.

27. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2014	2013
Profit for the period attributable to owners of the Company	$ 8,212	$ 3,841

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

	For the Year Ended December 31	
	2014	2013
Weighted average number of ordinary shares in computation of basic earnings per share	261,059	261,059
Effect of potentially dilutive ordinary shares:		
Bonus issue to employee	1,189	609
Weighted average number of ordinary shares used in the computation of diluted earnings per share	262,248	261,668

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

28. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Wuhan Huarong Co., Ltd.	Production and sale of transformer tank, matching, mechanical and electrical products metal surface corrosion treatment	January 2, 2013	60%	$ 203

Wuhan Huarong Co., Ltd. was acquired in order to expand the scale of the Group's operation.

b. Considerations transferred

	Wuhan Huarong Co., Ltd.
Cash	$ 203

c. Assets acquired and liabilities assumed at the date of acquisition

	Wuhan Huarong Co., Ltd.
Current assets	
Cash and cash equivalents	$ 81
Trade and other receivables	729
Inventories	154
Non-current assets	
Property, plant and equipment	164
Current liabilities	
Trade and other payables	(790)
	$ 338

d. Non-controlling interests

The non-controlling interest (40% ownership interest in Wuhan Huarong Co., Ltd.) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $135 thousand.

e. Net cash outflow on acquisition of subsidiaries

	For the Year Ended December 31, 2013
Consideration paid in cash	$ 203
Less: Cash and cash equivalent balances acquired	(81)
	$ 122

29. CAPITAL MANAGEMENT

The Group's capital management strategy is to maintain adequate capital to be able to operate according to the industrial scale, the industry's future growth and development prospects of the Group's business, in order to set the appropriate market share and make a plan of the required capacity and the requirement of the plant and equipment to achieve this production and the corresponding capital expenditure. Then calculates the required working capital and cash in the long-term development of the required asset size of the Group, and make overall planning according to the industry characteristics.

The Group's management regularly reviews the capital structure, and considers the costs and risks of different capital structure. In general, the Group adopted a prudent risk management strategy.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

2) Fair value measurements recognized in the consolidated balance sheets

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

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

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

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

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Held for trading	$ -	$ 368	$ -	$ 368
Available-for-sale financial assets				
Securities listed in ROC	$ 2,617	$ -	$ -	$ 2,617
Financial assets measured at cost	-	-	853	853
	$ 2,617	$ -	$ 853	$ 3,470
Derivative financial assets for hedging				
Derivatives	$ -	$ 12	$ -	$ 12
Financial liabilities at FVTPL				
Held for trading	$ -	$ 284	$ -	$ 284

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Held for trading	$ -	$ 12	$ -	$ 12
Available-for-sale financial assets				
Securities listed in ROC	$ 3,121	$ -	$ -	$ 3,121
Financial liabilities at FVTPL				
Held for trading	$ -	$ 12	$ -	$ 12

There was no transfer between Level 1 and Level 3 in the current and prior period.

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

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

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

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;

c) The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	December 31	
	2014	**2013**
Financial assets		
Held for trading	$ 368	$ 12
Loans and receivables (Note 1)	80,817	70,642
Available-for-sale financial assets (Note 2)	3,470	3,121
Derivative instruments in designated hedge accounting relationships	12	-
Financial liabilities		
Held for trading	284	12
Amortized cost (Note 3)	79,364	56,330

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market trade, trade receivables, other receivables and refundable deposits.

Note 2: The balances included the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, trade and other payables, long-term loans and guarantee deposit received.

c. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, held for trading, equity investments, trade receivable, trade payables, and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

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 risk

Management of the Group's exchange rate risk, for hedging purposes, does not trade financial instruments for speculative purposes. Foreign currency risk management strategy is to regularly review the net site of assets and liabilities from various currency, and to manage it. The choice of the tools to avoid exchange rate risk is for the sake of the costs and duration of the hedge, mainly use the exchange contract to manage risks.

The carrying amounts of the Group's nonfunctional currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD, AUD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD Impact		AUD Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013	2014	2013
Profit or loss (Note i)	$ (50)	$ 61	$ (15)	$ (12)	$ 21	$ 2

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

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

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

	December 31	
	2014	**2013**
Fair value interest rate risk		
Financial assets	$ 2,286	$ 265
Financial liabilities	24,734	6,781
Cash flow interest rate risk		
Financial assets	8,514	16,405
Financial liabilities	8,919	9,765

Sensitivity analysis

The sensitivity analysis below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2014 would decrease/increase by $4 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank cash and borrowings.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2013 would increase/decrease by $66 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank cash and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic emerging market shares. The Group does not actively trade these investments. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the year ended December 31, 2014 would increase by $26 thousand as a result of the changes in fair value of available-for-sale shares. If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the year ended December 31, 2013 would increase by $31 thousand as a result of the changes in fair value of available-for-sale shares.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and where appropriate.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2014 and 2013, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $204,699 thousand and $229,680 thousand, respectively.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks 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 amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2014

	Weighted Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities					
Non-interest bearing		$ 14,265	$ 29,048	$ 1,670	$ -
Variable interest rate liabilities	2.77	822	2,768	5,360	-
Fixed interest rate liabilities	1.45	199	2,119	3,731	18,754
		$ 15,286	$ 33,935	$ 10,761	$ 18,754

December 31, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities					
Non-interest bearing		$ 5,295	$ 27,733	$ 4,687	$ -
Variable interest rate liabilities	4.21	2,030	1,673	6,099	-
Fixed interest rate liabilities	1.41	639	1,183	2,127	2,845
		$ 7,964	$ 30,589	$ 12,913	$ 2,845

Bank loans with a repayment on demand clause were included in the "on demand or less than 1 month" time band in the above maturity analysis. As of December 31, 2014 and 2013, the aggregate undiscounted principal amounts of these bank loans amounted to $1,014 thousand and $2,654 thousand respectively.

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

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

December 31, 2014

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Net settled				
Foreign exchange forward contracts	$ 21	$ 172	$ (36)	$ (73)

December 31, 2013

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Net settled				
Foreign exchange forward contracts	$ 3	$ 3	$ 6	$ (12)

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Trading transactions

Line Items	Related Party Categories	For the Year Ended December 31 2014	2013
Sales	Associates	$ 2,250	$ -
	Others	64	43
		$ 2,314	$ 43
Construction revenue	Associates	$ 3,332	$ -
Manufacturing expense	Others	$ 1	$ -
Operating expense	Others	$ 4	$ 6
Rental income	Associates	$ 3	$ -
	Others	2	2
		$ 5	$ 2
Other income	Associates	$ 17	$ -

The Company's lease contracts with related parties are based on contract prices and payment terms agreed by the parties. For other transactions with related parties, the prices and collection terms were similar to those transactions with third parties.

b. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories	For the Year Ended December 31 2014	2013
Accounts receivables	Associates	$ 2,363	$ -
	Others	67	-
		$ 2,430	$ -

The outstanding trade receivables from related parties are unsecured.

c. Construction contract

The Group and Hitachi Fortune Company signed the contract of mechanical and electrical engineering and test equipment of the factory at the Taichung port on May 26, 2014, the total contract price (without tax) was $7,048 thousand, including mechanical and electrical engineering and test equipment in the amounts of $4,564 thousand and $2,484 thousand, respectively, and the mechanical and electrical engineering is expected to be completed on March 31, 2015. The billing on contract is $779 thousand for the year ended December 31, 2014. By the end of the year, after netting the amount of cumulative costs incurred and the recognized profit of $3,332 thousand, the remaining amount of $2,553 thousand is included in amount due from customers for construction contracts.

d. Compensation of key management personnel

	For the Year Ended December 31	
	2014	**2013**
Short-term employee benefits	$ 1,092	$ 1,066
Termination benefits	17	17
	$ 1,109	$ 1,083

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bid bond of sales, performance bond and bank borrowings:

	December 31	
	2014	**2013**
Refundable deposits (included in other current assets)	$ 52	$ 106
Pledge deposits (classified as debt investments with no active market)	393	265
Property, plant and equipment	32,372	36,618
Prepayment for lease	937	965
	$ 33,754	$ 37,954

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2014 were as follows:

a. As of December 31, 2014, unused letters of credit for purchases of raw materials and machinery and equipment amounted to $1,077 thousand and ￥31,411 thousand.

b. As of December 31, 2014, promissory note of $91,808 thousand was made for bank financing, endorsements and the investee company’s sales performance guarantee.

c. The Company signed a technical cooperation agreement with SIEMENS AG, with effective term from February 2014 to February 24, 2019. According to the contract, the Company will design, produce and sell goods in the Republic of China. On the Company's production and marketing of products covered by the technical cooperation agreement, the Company agreed to pay €55 for each unit of product sold as technical remuneration. The remuneration paid was $9 thousand for the year ended December 31, 2014, included in operating expenses.

d. The Company signed a technical cooperation agreement with LANDIS+GYR Inc., with effective term from June 2013 to June 17, 2019. According to the contract, the Company will design, produce and sell goods only in the Republic of China. On the Company's production and marketing of products covered by the technical cooperation agreement, the Company agreed to pay 6% of net sales as technical remuneration. The remuneration paid was $29 thousand for the year ended December 31, 2014, included in operating expenses.

e. The Company signed a technical cooperation agreement with Japanese firm, Meidensha, with effective term from July 2002 to July 2007. As of March 20, 2015, both parties still maintained the technical cooperation relationship, thus both parties agreed to extend the contract until July 2017. According to the contract, the Company will design, produce and sell goods in the Republic of China. The Company may also export the goods but a written agreement from Japanese Meidensha is required for every export before the exporting of the goods can be made. The Company has paid ￥32,000 thousand to obtain this technical cooperation agreement. From 2005, the Company agreed to pay 3% of net sales as technical remuneration. As of December 31, 2014 and 2013, technical remuneration paid was $36 thousand and $60 thousand, respectively, which was recognized as operating expense.

f. The Ministry of Economic Affairs offered government grant for establishing solar power system at the land subsidence in Pingtung County and Morakot disaster area. The Company completed the solar power system construction as of December 31, 2011 at Pingtung County Linbian Township area which met the requirement for government grant. Regarding the solar energy project, Taiwan Power Company has signed a purchase and sale of electricity contract with the Company. The contract stated that Taiwan Power Company will purchase electricity from the Company for 20 years based on the ground-based solar power purchase rates announced by the Ministry of Economic Affairs. The power selling revenue for the years ended December 31, 2014 and 2013 was $442 thousand and $453 thousand, respectively. The rent of the land used for solar power plant is based on 9.7%, 11.5%, 12.3% of the sales of electricity for the first to tenth years, eleventh to fifteenth years, and sixteenth to twentieth years, respectively.

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

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

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount (NTD)
Financial assets			
Monetary items			
USD	$ 12,366	31.6500 (USD:NTD)	$ 391,384
USD	2,624	6.1525 (USD:CNY)	83,050
AUD	1,985	25.9050 (AUD:NTD)	51,421
JPY	1,517	0.2642 (JPY:NTD)	401

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount (NTD)
Financial liabilities			
Monetary items			
USD	$ 9,546	31.6500 (USD:NTD)	$ 302,131
USD	398	6.1525 (USD:CNY)	12,597
AUD	178	25.9050 (AUD:NTD)	4,611
JPY	256,639	0.2642 (JPY:NTD)	67,804
			(Concluded)

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount (NTD)
Financial assets			
Monetary items			
USD	$ 2,602	29.81 (USD:NTD)	$ 77,566
USD	3,302	6.10 (USD:CNY)	98,433
AUD	1,536	26.59 (AUD:NTD)	40,842
JPY	3,362	0.28 (JPY:NTD)	941
Financial liabilities			
Monetary items			
USD	7,538	29.81 (USD:NTD)	224,708
USD	4,502	6.10 (USD:CNY)	134,205
AUD	234	26.59 (AUD:NTD)	6,222
JPY	19,822	0.28 (JPY:NTD)	5,550

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (Table 1)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 2)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (Table 3)

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

9) Trading in derivative instruments. (Note 9)

10) Intercompany relationships and significant intercompany transactions. (Table 7)

11) Information on investees. (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 1, 4-7)

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

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

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

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

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

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

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods and services delivered or provided. The Group has disclosed its electrical department and turnkey department as its reporting segments. The electrical department manufactures, processes and trades transformers, distributors, low pressure switches and substation equipment; and the turnkey department mainly engages in engineering contracts.

a. Segment revenues and results

The following was an analysis of the Group’s revenue and results from continuing operations by reportable segment.

	Segment Revenue for the Year Ended December 31		Segment Profit for the Year Ended December 31	
	2014	2013	2014	2013
Electrical department	$ 148,733	$ 143,782	$ 13,921	$ 8,557
Turnkey department	13,143	5,534	146	(1,110)
Segment revenues	$ 161,876	$ 149,316	14,067	7,447
Government grant			276	193
Other income			162	354
Net income on financial assets at fair value through profit or loss			323	220
Share of the loss of associates			(756)	-
Other gains and losses			505	648
Interest expense			(564)	(601)
General and administrative expense			(3,724)	(3,418)
Profit before tax (continuing operations)			$ 10,289	$ 4,843

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

Segment profit represented the profit before tax earned by each segment without allocation of general and administrative expense, other income, net income on financial assets at fair value through profit or loss, share of the loss of associates, other gains and losses, interest expense and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group's measure of assets and liabilities were not provided to the chief operating decision maker. Therefore, no assets and liabilities were presented under operating segments.

c. Other segment information

	Depreciations and Amortizations	
	2014	2013
Electrical department	$ 2,832	$ 3,093
Turnkey department	1	1
	$ 2,833	$ 3,094

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2014	2013
Transformers	$ 113,123	$ 106,688
Distribution panels	13,960	14,476

(Continued)

	For the Year Ended December 31	
	2014	**2013**
Distribution equipments	$ 1,852	$ 3,959
Engineering contract	13,143	5,534
Others	19,798	18,659
	$ 161,876	$ 149,316

(Concluded)

e. Information about major customers

Included in the total revenues of electrical and turnkey departments of $161,876 thousand and $149,316 thousand in 2014 and 2013, respectively, are revenues of $31,268 thousand and $44,316 thousand which are sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue for both 2014 and 2013.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Fortune Electric Co., Ltd. (the "Company")	Fortune Electric (Wuhan) Co., Ltd.	Subsidiary	$ 49,689	$ 13,000	$ 13,000	$ 7,700	$ -	13.07%	$ 59,627	Y	N	Y	

Note 1: The limit on the total maximum endorsement for each guaranteed party is equal to 50% of the Company's net equity: $99,378 x 50% = $49,689

Note 2: The maximum limit is equal to 60% of the Company's net equity: $99,378 x 60% = $59,626

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Fortune Electric Co., Ltd.	Stock							
	Taiwan High Speed	-	Available-for-sale financial assets - non current	10,000	$ 1,239	0.15	$ 1,239	Note 1
	Asia Pacific Telecom	-	Available-for-sale financial assets - non current	2,500	1,378	0.08	1,378	Note 2
	Raynergy Tek Incorporation	-	Financial assets measured at cost - non current	2,700	853	11.06	853	Note 3

Note 1: The price of emerging company's stocks was calculated by the average strike price at end of December 2014.

Note 2: The prices of listed stocks were calculated by the closing price at end of December 2014.

Note 3: There was no active market price and the fair value cannot be reliably measured, therefore, measured at cost.

Note 4: The information of investments in subsidiaries and associates is provided in Tables 5 and 6.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Fortune Electric Co., Ltd.	Common stock Hitachi Fortune Transformer, Inc.	Investments accounted for using equity method	Hitachi Fortune Transformer, Inc.	Associates	8,472,000	$ 2,842	48,008,000	$ 15,168	-	$ -	$ -	$ -	56,480,000	$ 17,090

Note: The share of the loss for the year was $756 thousand.

TABLE 4

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Fortune Electric Co., Ltd	Fortune Electric (Wuhan) Ltd.	Subsidiaries	Purchase	$ 3,683	4.06	90 days	-	-	$ (1,836)	5.12	Note 1
	Hitachi Fortune Transformer, Inc.	Associates	Sales	5,582	3.73	90 days	-	-	2,363	3.88	Note 2

Note 1: The amount was eliminated upon consolidation.

Note 2: The amount includes $2,250 thousand of sales and $3,332 thousand of construction revenue.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2014			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note
				December 31, 2014	December 31, 2013	Shares (Thousand)	%	Carrying Value			
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Level 2, Lotemay Centre, Vaea Street Apia, Samoa	Investment holding	$ 3,998	$ 3,998	3,800	100.00	$ 8,958	$ 1,115	$ 1,115	Investee is a subsidiary
	Fortune Electric America Inc.	23133 Hawthorne Blvd. Suite 200 Torrance, CA 90505	Agents business	93	93	1	100.00	122	15	15	Investee is a subsidiary
	Hitachi Fortune Transformer, Inc.	13F.-1, No.767, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan	Transformers manufacturing, machining and trading	17,845	2,842	56,480	40.00	17,090	(1,889)	(756)	Associates
Power Energy International Ltd.	Fortune Electric (Wuhan) Ltd.	Wuhan, China	Transformers, capacitors, power distribution equipment manufacturing	6,000	6,000	-	100.00	8,824	1,159	1,159	Investee is a subsidiary
Fortune Electric (Wuhan) Ltd.	Wuhan Huarong Co., Ltd.	Wuhan, China	Production and sale of transformer tank, machining, mechanical and electrical products, metal surface corrosion treatment	RMB 1,274 thousand	RMB 1,274 thousand	-	60.00	RMB 1,791 thousand	RMB 790 thousand	RMB 474 thousand	Investee is a subsidiary
	Wuhan Fortune Trade Co., Ltd.	Wuhan, China	Trade business	RMB 500 thousand	-	-	100.00	RMB 516 thousand	RMB 13 thousand	RMB 13 thousand	Investee is a subsidiary

Note 1: Net asset values were based on audited financial statements of the investees and calculated at the investor's holding proportion.

Note 2: The amount was eliminated upon consolidation.

TABLE 6

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2014	Accumulated Repatriation of Investment Income as of December 31, 2014	Note
					Outward	Inward							
Fortune Electric (Wuhan) Ltd.	Transformers, capacitors, power distribution equipment manufacturing	$ 6,000	Indirect	$ 6,000	$ -	$ -	$ 6,000	$ 1,159	100	$ 1,159	$ 8,824	$ -	Note1

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$6,000	$6,000	$59,626

Note 1: Net asset values were based on audited financial statements of the investees and calculated at the investor's holding proportion.

Note 2: The investment income/loss was recognized based on average exchange rate from January 1, 2014 to December 31, 2014; the other accounts were all based on prevailing exchange rate as of December 31, 2014.

Note 3: The amount was eliminated upon consolidation.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2014
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

No	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% to Total Sales or Assets
0	Fortune Electric Co., Ltd.	Fortune Electric (Wuhan) Co., Ltd.	a	Account payables	$ 1,836	With non-related parties	0.87
		Fortune Electric (Wuhan) Co., Ltd.	a	Sales	285	With non-related parties	0.18
		Fortune Electric (Wuhan) Co., Ltd.	a	Purchases	3,683	With non-related parties	2.28
		Fortune Electric (Wuhan) Co., Ltd.	a	Rental revenue	7	With non-related parties	-
		Fortune Electric (Wuhan) Co., Ltd.	a	Other revenue	19	With non-related parties	0.01
		Fortune Electric America Inc.	a	Commissions expense	283	Under arm's length terms	0.17
		Fortune Electric America Inc.	a	Other payables	34	With non-related parties	0.02
		Wuhan Fortune Trade Co., Ltd.	a	Purchases	59	With non-related parties	0.04
1	Fortune Electric (Wuhan) Co., Ltd.	Wuhan Huarong Co., Ltd.	c	Purchases	1,004	With non-related parties	0.62
		Wuhan Huarong Co., Ltd.	c	Rental revenue	144	Under arm's length terms	0.09
		Wuhan Huarong Co., Ltd.	c	Account payables	511	With non-related parties	0.24
		Wuhan Fortune Trade Co., Ltd.	c	Sales	47	With non-related parties	0.03
		Wuhan Fortune Trade Co., Ltd.	c	Account receivables	57	With non-related parties	0.03

Note 1: The kinds of relationship between the transaction parties are as follows:

a. The Company to the consolidated subsidiary.
b. The consolidated subsidiary to the Company.
c. The consolidated subsidiary to another consolidated subsidiary.

Note 2: The amount was eliminated upon consolidation.