TAIWAN STOCK EXCHANGE CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2014 AND 2013

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Taiwan Stock Exchange Corporationp

We have audited the accompanying consolidated balance sheets of Taiwan Stock Exchange Corporation and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of consolidated subsidiaries, which statements reflect total assets (including investments accounted for using equity method) of NT$21,077,700 thousand and NT$20,232,015 thousand, constituting 29 and 24 percent of the consolidated total assets as of December 31, 2014 and 2013, respectively, and total revenues of NT$3,274,267 thousand and NT$2,885,326 thousand, both constituting 43 percent of consolidated total revenues for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein insofar as it relates to those consolidated subsidiaries and investee accounted for using equity method, is based solely on the audit reports of the other independent accountants.

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

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Taiwan Stock Exchange Corporation and subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended, in conformity with the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchanges" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Taiwan Stock Exchange Corporation (not presented herein) as of and for the years ended December 31, 2014 and 2013, on which we have expressed an unqualified opinion on those consolidated financial statements.

PricewaterhouseCoopers, Taiwan

March 17, 2015

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAIWAN STOCK EXCHANGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%
Current Assets					
Cash and cash equivalents	6(1)	$ 8,932,138	12	$ 8,878,389	11
Financial assets at fair value through profit or loss - current	6(2)	1,789,243	3	1,530,185	2
Available-for-sale financial assets - current	6(3)	3,600,356	5	3,108,103	4
Held-to-maturity financial assets - current	6(4)	4,259,347	6	2,753,121	3
Accounts receivable - net	6(5) and 7	568,612	1	480,975	-
Other receivables		175,943	-	210,851	-
Other current financial assets	6(1)	12,427,664	17	19,463,406	24
Other current assets	6(6)	222,877	-	494,857	-
Total Current Assets		31,976,180	44	36,919,887	44
Non-current Assets					
Available-for-sale financial assets – non-current	6(3)	4,214,731	6	3,288,637	4
Held-to-maturity financial assets – non-current	6(4)	14,514,144	20	17,885,634	21
Default damages fund	6(7)	10,658,598	15	10,424,857	13
Investments accounted for using equity method	6(9)	61,742	-	58,474	-
Property and equipment	6(10)	3,181,256	4	2,595,954	3
Investment property – net	6(11)	273,222	-	276,785	-
Intangible assets	6(12)	705,016	1	591,976	1
Other non-current assets	6(13)	767,889	1	866,987	1
Total Non-current Assets		34,376,598	47	35,989,304	43
Securities Settlement Debit	6(8)	6,344,772	9	10,860,630	13
TOTAL ASSETS		$ 72,697,550	100	$ 83,769,821	100

(Continued)

TAIWAN STOCK EXCHANGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	2014 AMOUNT	2014 %	2013 AMOUNT	2013 %
Current Liabilities					
Securities lending and borrowing collateral payable	6(14)	$ 5,176,954	7	$ 13,669,186	16
Accrued expenses		1,436,484	2	1,284,549	1
Current income tax liabilities		211,293	-	195,262	-
Other current liabilities	6(15)	643,690	1	1,380,671	2
Total Current Liabilities		7,468,421	10	16,529,668	19
Non-current Liabilities					
Deferred income tax liabilities	6(25)	84,510	-	1,704,861	2
Accrued pension liabilities	6(16)	508,425	1	470,741	1
Guarantee deposits received		92,748	-	90,247	-
Total Non-current Liabilities		685,683	1	2,265,849	3
Securities Settlement Credit	6(8)	6,344,772	9	10,860,630	13
Total Liabilities		14,498,876	20	29,656,147	35
Equity Attributable to Owners of the Parent					
Share Capital	6(17)				
Share capital - common stock		6,443,266	9	6,286,113	7
Capital Surplus	6(18)				
Capital surplus		578	-	578	-
Retained Earnings					
Legal reserve	6(19)	4,728,691	7	4,596,560	5
Special reserve	6(19)	32,182,134	44	30,586,547	37
Unappropriated earnings	6(20)	1,919,366	3	1,321,304	2
Other Equity Interest	6(21)				
Other equity interest		3,166,348	4	2,203,277	3
Equity Attributable to Owners of the Parent		48,440,383	67	44,994,379	54
Non-controlling Interest		9,758,291	13	9,119,295	11
Total Equity		58,198,674	80	54,113,674	65
TOTAL LIABILITIES AND EQUITY		$ 72,697,550	100	$ 83,769,821	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 17, 2015.

TAIWAN STOCK EXCHANGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Items	2014 AMOUNT	2014 %	2013 AMOUNT	2013 %
Operating revenue (Notes 6(22) and 7)				
Trading fees	$ 2,393,431	31	$ 2,038,100	30
Listing fees	1,038,074	14	931,400	14
Securities recording service fees	800,046	10	632,841	9
Securities settlement service fees	798,629	10	721,763	11
Transfer process fees	443,909	6	372,291	6
Account maintenance service fees	357,018	5	331,732	5
Market data fees	346,369	5	349,062	5
Data processing fees	203,033	3	129,541	2
Securities settlement service fees	176,353	2	112,316	2
Future settlement service fees	135,718	2	199,180	3
Others	983,435	12	910,020	13
Total Operating Revenue	7,676,015	100	6,728,246	100
Operating costs (Note 6(23))	(109,106)	(1)	(107,030)	(1)
Operating gross profit	7,566,909	99	6,621,216	99
Operating expenses (Note 6(23))				
Personnel	(2,487,600)	(33)	(2,366,838)	(35)
General and administrative expenses (Note 7)	(2,794,375)	(36)	(2,527,750)	(38)
Total Operating Expenses	(5,281,975)	(69)	(4,894,588)	(73)
Operating income	2,284,934	30	1,726,628	26
Non-operating income and expenses				
Interest income	701,851	9	837,231	12
Gain on disposal of investments	148,019	2	59,340	1
Share of profit of associates accounted for using equity method	22,076	-	18,320	-
Other income	176,153	2	104,745	2
Finance costs (Note 6(24))	(10,204)	-	(12,551)	-
Other expenses	(90,164)	(1)	(75,226)	(1)
Total non-operating income and expenses	947,731	12	931,859	14
Profit before income tax	3,232,665	42	2,658,487	40
Income tax expense (Note 6(25))	(588,270)	(8)	(449,712)	(7)
Profit for the year	2,644,395	34	2,208,775	33
Other comprehensive income				
Unrealized gain on valuation of available-for-sale financial assets (Note 6(3))	1,002,407	13	480,491	7
Actuarial gain on defined benefit plan (Note 6(16))	37,500	1	288,871	4
Share of other comprehensive (loss) income of associates accounted for using equity method	(1,193)	-	1,174	-
Income tax relating to the components of other comprehensive income	42	-	(14)	-
Total comprehensive income for the year	$ 3,683,151	48	$ 2,979,297	44
Profit attributable to:				
Owners of the parent	$ 1,843,904	24	$ 1,541,424	23
Non-controlling interest	800,491	10	667,351	10
	$ 2,644,395	34	$ 2,208,775	33
Comprehensive income attributable to:				
Owners of the parent	$ 2,834,376	37	$ 2,214,929	33
Non-controlling interest	848,775	11	764,368	11
	$ 3,683,151	48	$ 2,979,297	44
Earnings per share (Note 6(26))				
Basic earnings per share	$	2.86	$	2.39

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 17, 2015.

TAIWAN STOCK EXCHANGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent								
				Retained Earnings						
	Notes	Share Capital - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity Interest	Total	Non-Controlling Interest	Total Equity
2013										
Balance at January 1, 2013		$ 6,132,793	$ 578	$ 4,443,834	$ 30,128,367	$ 1,082,389	$ 1,758,088	$ 43,546,049	$ 8,544,181	$ 52,090,230
Appropriations of 2012 earnings:	6(20)									
Legal reserve		-	-	152,726	-	(152,726)	-	-	-	-
Special reserve		-	-	-	458,180	(458,180)	-	-	-	-
Cash dividends		-	-	-	-	(766,599)	-	(766,599)	-	(766,599)
Stock dividends		153,320	-	-	-	(153,320)	-	-	-	-
Changes in non-controlling interests		-	-	-	-	-	-	-	(189,254)	(189,254)
Net income for 2013		-	-	-	-	1,541,424	-	1,541,424	667,351	2,208,775
Other comprehensive income for 2013	6(21)	-	-	-	-	228,316	445,189	673,505	97,017	770,522
Balance at December 31, 2013		$ 6,286,113	$ 578	$ 4,596,560	$ 30,586,547	$ 1,321,304	$ 2,203,277	$ 44,994,379	$ 9,119,295	$ 54,113,674
2014										
Balance at January 1, 2014		$ 6,286,113	$ 578	$ 4,596,560	$ 30,586,547	$ 1,321,304	$ 2,203,277	$ 44,994,379	$ 9,119,295	$ 54,113,674
Appropriations of 2013 earnings:	6(20)									
Legal reserve		-	-	132,131	-	(132,131)	-	-	-	-
Special reserve		-	-	-	198,195	(198,195)	-	-	-	-
Cash dividends		-	-	-	-	(785,764)	-	(785,764)	-	(785,764)
Stock dividends		157,153	-	-	-	(157,153)	-	-	-	-
Recognised special reserve		-	-	-	1,397,392	-	-	1,397,392	-	1,397,392
Changes in non-controlling interests		-	-	-	-	-	-	-	(209,779)	(209,779)
Net income for 2014		-	-	-	-	1,843,904	-	1,843,904	800,491	2,644,395
Other comprehensive income for 2014	6(21)	-	-	-	-	27,401	963,071	990,472	48,284	1,038,756
Balance at December 31, 2014		$ 6,443,266	$ 578	$ 4,728,691	$ 32,182,134	$ 1,919,366	$ 3,166,348	$ 48,440,383	$ 9,758,291	$ 58,198,674

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 17, 2015.

TAIWAN STOCK EXCHANGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 3,232,665	$ 2,658,487
Adjustments			
Income and expenses having no effect on cash flows			
Interest income		(701,851)	(837,231)
Dividend income		(91,524)	(62,473)
Finance costs	6(24)	10,204	12,551
Provision for bad debts		1,422	-
Amortization of discount or premium of debt investment		34,864	39,157
Depreciation (including investment property)	6(23)	547,485	525,088
Amortization		179,647	122,843
(Gain) loss on disposal of property and equipment		(47)	305
Gain on disposal of investments		(148,019)	(59,340)
Share of profit of associates accounted for using equity method		(4,462)	(849)
(Loss) gain on financial assets at fair value through profit or loss		28	(108)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(259,086)	(146,059)
Accounts receivable		(89,059)	(6,581)
Other receivables		(23,276)	(53,267)
Other current assets		271,993	(260,291)
Default damages fund		(233,741)	(196,617)
Other non-current assets		(7,300)	(9,141)
Net changes in liabilities relating to operating activities			
Securities lending and borrowing collateral payable		(8,492,232)	(7,319,615)
Accrued expenses		154,862	(116,186)
Other current liabilities		(736,990)	437,015
Accrued pension liabilities		75,226	69,385
Cash used in operations		(6,279,191)	(5,202,927)
Interest received		752,896	890,024
Interest paid		(10,183)	(16,887)
Income tax paid		(788,452)	(336,141)
Net cash used in operating activities		(6,324,930)	(4,665,931)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in available-for-sale financial assets-net		(267,921)	(138,869)
Decrease in held-to-maturity financial assets-net		1,830,400	2,376,121
Decrease (increase) in other current financial assets		7,036,043	(10,913,389)
Acquisition of property and equipment	6(28)	(746,475)	(649,277)
Proceeds from disposal of property and equipment		286	1,105
Increase in intangible assets		(104,361)	(141,451)
Cash arising from consolidation	6(27)	(70,435)	-
Increase in prepayments for equipment		(394,581)	(650,991)
(Increase) decrease in refundable deposits-net		(2,759)	176
Dividends received		91,524	62,473
Net cash provided by (used in) investing activities		7,371,721	(10,054,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid		(785,764)	(766,599)
Increase in guarantee deposits received		2,501	2,839
Changes in non-controlling interests		(209,779)	(189,254)
Net cash used in financing activities		(993,042)	(953,014)
Increase (decrease) in cash and cash equivalents		53,749	(15,673,047)
Cash and cash equivalents at beginning of year		8,878,389	24,551,436
Cash and cash equivalents at end of year		$ 8,932,138	$ 8,878,389

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 17, 2015.

TAIWAN STOCK EXCHANGE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Taiwan Stock Exchange Corporation (the Company) was established in December 1961. The main activities of the Company and its subsidiaries are providing location and facilities for trading and settlement of securities, and other services as approved by the Competent Authority.

On October 11, 2011, the Competent Authority authorized the Company to continue existing in its current corporate form for the next ten years until a change into a membership-type organization is approved.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIALSTATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized by the Board of Directors on March 17, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, the Company and its subsidiaries shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchanges" effective January 1, 2015 (collectively referred herein as the “2013 version of IFRSs”) in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendments to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendments to IFRS 1)	July 1, 2011
Government loans (amendments to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendments to IFRS 7)	July 1, 2011

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

Based on the Company and its subsidiaries' assessment, the adoption of the 2013 version of IFRSs has no significant impact on the consolidated financial statements of the Company and its subsidiaries, except the following:

A. IAS 19 (revised), 'Employee benefits'

Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows.

B. IAS 1, 'Presentation of financial statements'

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

The Company and its subsidiaries which are subject to the above amendments will revise its comprehensive statements of income in 2015, whereby items that are not reclassified to profit or loss will include actuarial gains and losses on defined benefit plan. Items that might be reclassified to profit or loss will include unrealised gain (loss) on available-for-sale financial assets.

C. IFRS 12, ‘Disclosure of interests in other entities’

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

D. IFRS 13, ‘Fair value measurement’

The standard provides guides for fair value measurements. The standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. Also, the standard requires more additional disclosures than the current standards. For example, the current standard requires that the fair value measurements of financial instruments must use 3 levels of disclosures. IFRS 13 requires that all assets and liabilities that are applicable shall be disclosed.

The measurement requirements in IFRS 13, ‘Fair value measurement’ are applied prospectively starting from 2015.

For the above items, the Company and its subsidiaries have assessed their impact on the consolidated financial statements and the affected amounts were not significant.

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

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

New Standards, Interpretations and Amendments	International Accounting Standards Board
IFRS 9, ‘Financial instruments’	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, ‘Regulatory deferral accounts’	January 1, 2016
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016

New Standards, Interpretations and Amendments	International Accounting Standards Board
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchange" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs"). However, the Company and its subsidiaries comply with orders with different regulations issued by Financial Supervisory Commission (FSC).

(2) Basis of preparation

Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

A. Financial assets at fair value through profit or loss.

B. Available-for-sale financial assets measured at fair value.

C. Accrued pension liabilities calculated by actuarial valuation.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Company and its subsidiaries' consolidated financial statements. Subsidiaries are all entities over which the Company and its subsidiaries have the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity, or owns substantive control.

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

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Taiwan Depository & Clearing Corporation (TDCC) and Taiwan-Ca Inc. (TWCA) were consolidated subsidiaries in 2014 and 2013. The details of consolidated subsidiaries are as follows:

(a) TDCC:

i. TDCC was established in October 1989. It provides the following services: (a) custody of securities certificates; (b) maintenance of records of securities settled or pledged; (c) electronic processing of records for securities; (d) service in connection with book-entry distribution of securities; (e) book-entry registration of non-certificated securities; (f) depository and clearing of short-term bills; and (g) other services approved by the Competent Authority.

ii. The Company’s ownership percentage as of December 31, 2014 and 2013 was 50.43%.

(b) TWCA:

i. TWCA was incorporated on December 17, 1999 and is mainly engaged in internet certification, retail and wholesale of information software and related services.

ii. Taiwan-Ca Inc. (TWCA) was 30.25% owned by the Company as of December 31, 2014 and 2013. Although the Company and its subsidiaries does not directly or indirectly hold more than 50% of TWCA’s voting shares, the Company and TDCC together hold more than half of all the Board of Directors’ seats. Therefore, the Company and its subsidiaries exercises significant control over TWCA.

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

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

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

(4) Foreign currency translation

The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss. All foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

(5) Classification of current and non-current items

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

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

(b)Assets held mainly for trading purposes;

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

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

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

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

(b)Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

Cash equivalents including cash on hand, deposits and other short-term investment with high liquidity that will expire within three months since acquisition, can be transferred into fixed amount of cash and the risk of change in value is minor.

(7) Financial assets at fair value through profit or loss

A.Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

B.On a regular way purchase or sale basis, financial assets held for trading are recognised and derecognised using settlement date accounting.

C.Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

A.Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B.On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using settlement date accounting.

C.Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(9) Held-to-maturity financial assets

A.Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Company and its subsidiaries have the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

B.On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using settlement date accounting.

C.Held-to-maturity financial assets are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(10) Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

B.The criteria that the Company and its subsidiaries use to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in interest or principal payments;

(b)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(c)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

(a)Financial assets measured at amortised cost

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 discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the recognised impairment loss will reverse to be recognised in profit or loss by adjusting allowance account. However, the reversal shall not make the book value of the financial assets greater than the amortised cost if no recognition occurred at the reversal date.

(b)Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(12) <u>Derecognition of financial assets</u>

The Company and its subsidiaries derecognise a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) <u>Lease</u>

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) <u>Investments accounted for using the equity method / associates</u>

A.Associates are all entities over which the Company and its subsidiaries have significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B.The Company and its subsidiaries' share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

(15) Property, plant and equipment

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

B.Land is not depreciated. Other property and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis.

(17) Intangible assets

A.Computer software

Computer software is stated at cost and amortised on a straight-line basis.

B.Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. The amount recognised at acquisition date is considered as the cost of goodwill that arises in a business combination, and is then measured based on the amount of cost less accumulated impairment loss.

(18) Impairment of non-financial assets

A.The Company and its subsidiaries assess at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B.The recoverable amounts of goodwill that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or group of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Derecognition of financial liabilities

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

(20) Pensions

A. Defined contribution plans

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

B. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company and its subsidiaries in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method.

(b) Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

(21) Income tax

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

B. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet.

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

(22) Dividends

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

(23) Revenue recognition

Revenue is recognized when the earning process is substantially completed and the payment is realized or realizable. Costs and expenses are recognized as incurred.

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Company and its subsidiaries' accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company and its subsidiaries that are not traded in an active market is determined considering related financial information and reference. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks.

As of December 31, 2014, the carrying amount of unlisted stocks was $4,214,731.

(2) Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company and its subsidiaries must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2014, the carrying amount of accrued pension obligations was $508,425.

(3) Held-to-maturity financial assets

The Company and its subsidiaries have positive intention and ability to hold the financial assets until maturity.

As of December 31, 2014, the carrying amount of held-to-maturity financial assets was $18,773,491.

(4) Impairment assessment of goodwill

For the purpose of impairment testing, the Company and its subsidiaries shall consider the usable value of goodwill that is allocated to each of the cash-generating units. In order to calculate the usable value, the management levels shall estimate the future cash flows generated from the cash-generating units, and shall determine the appropriate discount rate. If actual cash flows are less than expectation, critical impairment loss may occur.

As of December 31, 2014, the carrying amount of goodwill was $237,545.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Checking accounts and demand deposits	$ 1,088,933	$ 765,589
Cash equivalents		
Time deposits which expire within three months from initial date	3,749,216	3,169,215
Commercial papers	4,093,989	4,943,585
	$ 8,932,138	$ 8,878,389

A. As of December 31, 2014 and 2013, the time deposits with maturity of more than three months from initial date were $12,427,664 and $19,463,406, respectively, and were shown as 'other financial assets – current'.

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

C. Details of the Company and its subsidiaries' cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Financial assets at fair value through profit or loss-current

	December 31, 2014	December 31, 2013
Financial assets held for trading		
Beneficiary certificates	$ 1,789,090	$ 1,530,004
Valuation of financial assets held for trading	153	181
	$ 1,789,243	$ 1,530,185

A. For the years ended December 31, 2014 and 2013, the Company and its subsidiaries recognized net gain of $8,800 and $8,698 (shown as 'other income'), respectively.

B. The Company and its subsidiaries have no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Items	December 31, 2014	December 31, 2013
Current items:		
Beneficiary certificates	$ 3,235,656	$ 2,819,716
Valuation adjustment of available-for-sale financial assets	364,700	288,387
	$ 3,600,356	$ 3,108,103
Non-current items:		
Unlisted stocks	$ 1,068,528	$ 1,068,528
Valuation adjustment of available-for-sale financial assets	3,263,079	2,336,985
Accumulated impairment	(116,876)	(116,876)
	$ 4,214,731	$ 3,288,637

A.The Company and its subsidiaries recognised $1,002,407and $480,491 in other comprehensive income for fair value change for the years ended December 31, 2014 and 2013, respectively.

B.The Company and its subsidiaries have no available-for-sale financial assets pledged to others.

(4) Held-to-maturity financial assets

Items	December 31, 2014	December 31, 2013
Current items:		
Financial bonds	$ 2,601,946	$ 1,500,000
Corporate bonds	1,657,401	799,716
Government bonds	-	453,405
	$ 4,259,347	$ 2,753,121
Non-current items:		
Financial bonds	$ 12,084,299	$ 13,832,287
Corporate bonds	1,559,028	3,175,094
Government bonds	870,817	878,253
	$ 14,514,144	$ 17,885,634

The Company and its subsidiaries have no held-to-maturity financial assets pledged to others.

(5) Accounts receivable

	December 31, 2014	December 31, 2013
Accounts receivable	$ 571,417	$ 482,358
Less: Allowance for doubtful accounts	(2,805)	(1,383)
	$ 568,612	$ 480,975

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

B.The Company and its subsidiaries do not hold any collateral as security.

(6) Other current assets

	December 31, 2014	December 31, 2013
Receipt and payment for offshore mutual funds on behalf of others	$ 124,593	$ 424,910
Others	98,284	69,947
	$ 222,877	$ 494,857

Since August 2006, the Company's subsidiaries began to provide receipt and payment services for offshore mutual funds on behalf of others. Receipts of this business are accounted for as debit to other current assets and credit to receipts under custody upon receipt and are reversed when payment has occurred.

(7) Default damages fund

A.The Company, as required by Securities and Exchange Law and related regulations, makes cash contributions to a default damages fund (DDF) at certain percentages of trading fees within 15 days at the end of each quarter (Dr. default damages fund; Cr. cash), except for the first draft of $50,000. However, the Company stops making cash contributions to the DDF when the accumulated amount of the DDF is equal to or greater than the total amount of the Company's capital. In addition, following the regulations of the Competent Authority No. 00480 bulletin (1986), an equivalent amount of default damages reserve has been recontributed starting from 1986. Additionally, following Article 6 of "Taiwan Stock Exchange Corporation Securities Borrowing and Lending Rules", and the regulations of the Competent Authority No. 0920129756 bulletin (2003), the Company contributes 3% of each loan service fee it receives as default damages fund.

B.As the accumulated amount of the DDF has exceeded the total amount of the Company's capital, the Company has stopped making contributions to the DDF and default damages reserve since November 2006. However, in accordance with the Competent Authority No. 0980026755 bulletin (June 2009), the Company and its subsidiaries have contributed 5% of trading fees to the DDF within 15 days after the end of every quarter since January 1, 2010.

C.Taiwan Depository & Clearing Corporation (TDCC) allocates 5% of revenue from securities settlement services, accounts transferring services, accounts maintenance and other services to default damages fund (Debit: default damages fund, credit: cash) 15 days after the end of each quarter until the accumulated fund balance equals TDCC's paid-in capital.

D.For the preparation of financial statements in accordance with IFRSs from January 1, 2013, following the regulatory authority, the default damages reserve the Company and its subsidiaries have contributed should be reclassified to 'special reserve', which cannot be used for other purposes except to cover accumulated deficit or for other uses approved by the Financial Supervisory Commission. In addition, contribution to the default damages fund was discontinued effective from October 30, 2012.

E. Under regulations of the competent authority, if losses occur when the Company pays the settlement on behalf of others by Securities and Exchange Act Article 153, as reported to and approved by the competent authority, the losses will be directly offsetted against the above special reserve and the expense is not recognised.

F. In September 1996, the Competent Authority approved a common fund, the Securities Settlement Fund (“SSF”), to be used in settling defaults by securities companies. The Company and its subsidiaries established the special settlement fund (“SF”) with an initial funding of $1,000,000. If the Company and its subsidiaries’ DDF exceeds $1,000,000, the excess should be contributed to the SF until the contribution reaches $2,000,000. As of December 31, 2014 and 2013, the balance of the SF was $3,000,000.

G. The movements of the Default damages fund are as follows:

	For the years ended December 31,	
	2014	2013
Balance, beginning of year (Note)	$ 7,424,857	$ 7,228,240
Contributions		
Based on the amounts of trading fees	117,760	100,011
5% of securities settlements, securities recording and custodial service fees	112,367	92,792
3% of securities lending and borrowing service fees	3,614	3,814
	7,658,598	7,424,857
Settlement fund (SF)	3,000,000	3,000,000
Balance, ending of year	$ 10,658,598	$ 10,424,857

Note: The beginning balance of SF was $3,000,000 and the DDF was $10,424,857 and $10,228,240 as of January 1, 2014 and 2013, respectively.

H. As of December 31, 2014, the DDF is invested in time deposits.

(8) Securities settlement credit (debit)

As required by the Criteria Governing Preparation of Financial Reports by Company – Type Stock Exchanges, securities settlement debit (credit) includes Securities Settlement Fund (“SSF”) and settlement consideration, and related descriptions are as follows:

A. Securities settlement fund

(a) As required by the Competent Authority, securities companies make cash deposits to the SSF, which is administered by a committee and deposited in the name of the Company, and this account is distinguished from the others owned by the Company. Under the Securities and Exchange Law, the SSF can only be (a) invested in government bonds; (b) deposited in banks or in the postal savings system; or (c) invested in other instruments as approved by the Competent Authority. The income on the SSF, less related expenses and taxes, is distributed to the securities companies every six months.

(b)The obligation of a defaulting securities Company and expenses incurred in meeting obligations are settled using the balance of the defaulting Company's contributions to the SSF and any undistributed income thereon.

i. If the obligation of the defaulting Company still cannot be fully settled, the SF portion in excess of $1,000,000 will be used.

ii. If any obligation remains, then the initial SF of $1,000,000 plus the contributions to the SSF by other securities companies will be used proportionately.

(c)As of December 31, 2014 and 2013, the balances of the SSF were $3,405,293 and $3,453,050, respectively, and the balances of the SF were all $3,000,000. The funds are invested in time deposits pursuant to the regulation. In addition, as of December 31, 2014, the Company had entered into a loan agreement with financial institutions in the amount of $11,800,000 and US$10,000,000 and provided time deposit of $2,000,000 to financial institutions as collateral for the need of Securities firms' application of the advance settlements for finalizing the funds to the Company and emergency revolving fund due to Securities firms violation of settlement obligation or natural disaster. As of December 31, 2014, the loan amount had not been drawn down. The foregoing time deposit was recognized as DDF of $750,000, SF of $550,000, and SSF of $700,000.

(d)Due to the Company is only responsible for the custodianship of the SSF deposited by security dealers, yield and income from the funds belong to the security dealers, the Company does not bear any related expenses and losses, and charge or return the SSF to individual security dealers. Therefore, the assets and liabilities are expressed in net of $0.

B.Settlement consideration

Because the Company net settles the listing securities, the Company shall receive or pay settlement payment from/ to each security dealers and shown as 'securities settlement debit' and 'securities settlement credit. Pursuant to 'Operating Rules of the Taiwan Stock Exchange Corporation', net settlement is employed on the second business day following the trade date. Balance of securities settlement debit (credit) as of December 31, 2014 and 2013 is as follows:

	December 31, 2014	December 31, 2013
Securities settlement debit	$ 6,344,772	$ 10,860,630
Securities settlement credit	$ 6,344,772	$ 10,860,630

(9) Investments accounted for using the equity method

	December 31, 2014	December 31, 2013
Taiwan Ratings Co. (TRC)	$ 61,742	$ 58,474

The financial information summary of the Taiwan Ratings Co. is as follows:

	December 31, 2014	December 31, 2013
Assets	$ 331,068	$ 302,652
Liabilities	$ 172,735	$ 152,695

	2014	2013
Revenue	$ 180,205	$ 167,135
Profit/(Loss)	$ 56,622	$ 49,137

The Company and its subsidiaries' percentage of ownership in the above associate is 39% as of December 31, 2014 and 2013.

The investment income was based on the investee company's financial statements which were audited by other independent accountants.

(10) Property and equipment

	Land	Buildings	Computer equipment	Other equipment	Construction in progress	Total
Cost						
At January 1, 2014 (including revaluation of $81,622)	$1,063,850	$478,581	$2,410,265	$464,008	$ 314,581	$4,731,285
Additions	-	-	174,060	53,739	515,433	743,232
Effect of first-time consolidation	-	-	630	63	-	693
Disposals	-	(39,839)	(290,419)	(58,370)	-	(388,628)
Transfer from prepayments for business facilities	-	-	366,128	19,410	-	385,538
Closing book amount	$1,063,850	$438,742	$2,660,664	$478,850	$ 830,014	$5,472,120
Accumulated depreciation						
At January 1, 2014	$ -	$196,783	$1,760,753	$177,795	$ -	$2,135,331
Depreciation	-	8,146	471,862	63,914	-	543,922
Disposals	-	(39,839)	(290,205)	(58,345)	-	(388,389)
Closing book amount	$ -	$165,090	$1,942,410	$183,364	$ -	$2,290,864
At January 1, 2014 net book amount	$1,063,850	$281,798	$ 649,512	$286,213	$ 314,581	$2,595,954
At December 31, 2014 net book amount	$1,063,850	$273,652	$ 718,254	$295,486	$ 830,014	$3,181,256

	Land	Buildings	Computer equipment	Other equipment	Construction in progress	Total
Cost						
At January 1, 2013 (including revaluation of $81,622)	$1,134,360	$625,803	$2,359,108	$451,676	$ -	$4,570,947
Additions	-	-	195,420	141,994	314,581	651,995
Disposals	-	(23,746)	(554,590)	(130,374)	-	(708,710)
Transfer from prepayments for business facilities	-	-	410,327	712	-	411,039
Transfer to investment property	(70,510)	(123,476)	-	-	-	(193,986)
Closing book amount	$1,063,850	$478,581	$2,410,265	$464,008	$ 314,581	$4,731,285
Accumulated depreciation						
At January 1, 2013	$ -	$240,280	$1,855,935	$253,573	$ -	$2,349,788
Depreciation	-	8,931	458,947	53,647	-	521,525
Disposals	-	(23,746)	(554,129)	(129,425)	-	(707,300)
Transfer to investment property	-	(28,682)	-	-	-	(28,682)
Closing book amount	$ -	$196,783	$1,760,753	$177,795	$ -	$2,135,331
At January 1, 2013 net book amount	$1,134,360	$385,523	$ 503,173	$198,103	$ -	$2,221,159
At December 31, 2013 net book amount	$1,063,850	$281,798	$ 649,512	$286,213	$ 314,581	$2,595,954

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

Buildings	
-Main buildings	55 years
-Auxiliary buildings	5 years ~ 15 years
Computer equipment	3 years ~ 5 years
Other equipment	3 years ~ 8 years

(11) Investment property

	Land		Buildings		Total	
Cost						
At January 1, 2014 (same as December 31, 2014)	$	126,139	$	199,233	$	325,372
Accumulated depreciation						
At January 1, 2014	$	-	$	48,587	$	48,587
Depreciation		-		3,563		3,563
Closing book amount	$	-	$	52,150	$	52,150
At January 1, 2014 net book amount	$	126,139	$	150,646	$	276,785
At December 31, 2014 net book amount	$	126,139	$	147,083	$	273,222

	Land		Buildings		Total	
Cost						
At January 1, 2013 (same as December 31, 2013)	$	55,629	$	75,757	$	131,386
Transfer from property and equipment		70,510		123,476		193,986
Closing book amount	$	126,139	$	199,233	$	325,372
Accumulated depreciation						
At January 1, 2013	$	-	$	16,342	$	16,342
Depreciation		-		3,563		3,563
Transfer from property and equipment		-		28,682		28,682
Closing book amount	$	-	$	48,587	$	48,587
At January 1, 2013 net book amount	$	55,629	$	59,415	$	115,044
At December 31, 2013 net book amount	$	126,139	$	150,646	$	276,785

A.Rental revenue and direct operating expenses arising from the investment property are shown below:

	Years ended December 31,			
	2014		2013	
Rental revenue from the lease of the investment property	$	14,723	$	15,473
Direct operating expenses arising from the investment property that generated rental income in the period	$	3,563	$	3,563

B.The fair value of the investment property held by the Company as of December 31, 2014 and 2013 was $619,566 and $605,967, respectively. The fair value was revalued by independent appraisers and compared with similar assets' transaction information traded in markets and have been applied appropriate correction after estimation, and comparative law is used for estimation.

C.Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 55 years.

(12) Intangible assets

	Goodwill	Software	Total
Cost			
At January 1, 2014	$ 169,083	$ 939,628	$ 1,108,711
Additions	-	104,361	104,361
Effect of first-time consolidation	68,462	1,270	69,732
Disposals	-	(70,260)	(70,260)
Transfer from prepayments for business facilities	-	118,594	118,594
Closing book amount	$ 237,545	$ 1,093,593	$ 1,331,138
Accumulated depreciation			
At January 1, 2014	$ -	$ 516,735	$ 516,735
Amortisation	-	179,647	179,647
Disposals	-	(70,260)	(70,260)
Closing net book amount	$ -	$ 626,122	$ 626,122
At January 1, 2014 net book amount	$ 169,083	$ 422,893	$ 591,976
At December 31, 2014 net book amount	$ 237,545	$ 467,471	$ 705,016

	Goodwill	Software	Total
Cost			
At January 1, 2013	$ 169,083	$ 599,293	$ 768,376
Additions	-	141,451	141,451
Transfer from prepayments for business facilities	-	263,142	263,142
Disposals	-	(64,258)	(64,258)
Closing book amount	$ 169,083	$ 939,628	$ 1,108,711

	Goodwill	Software	Total
Accumulated depreciation			
At January 1, 2013	$ -	$ 458,150	$ 458,150
Amortisation	-	122,843	122,843
Disposals	-	(64,258)	(64,258)
Closing net book amount	$ -	$ 516,735	$ 516,735
At January 1, 2013 net book amount	$ 169,083	$ 141,143	$ 310,226
At December 31, 2013 net book amount	$ 169,083	$ 422,893	$ 591,976

Computer software is stated at historical cost, and is amortised on a straight-line basis over the estimated useful life of 3 years.

(13) Other non-current assets

	December 31, 2014	December 31, 2013
Operations guarantee deposits	$ 322,200	$ 314,900
Refundable deposits	198,023	194,870
Prepayments for equipment	247,666	357,217
	$ 767,889	$ 866,987

As at December 31, 2014 and 2013, the Company deposited time deposits and financial bonds amounting to $322,200 and $314,900, respectively, in the Central Bank of China as guaranty bond.

(14) Securities lending and borrowing collateral payable

The Company has provided securities lending and borrowing services since June 2003. The borrower is required to deposit collaterals based on certain percentages (the stipulated collateral ratio) of borrowed securities daily market prices to the Company. In addition, individual collateral maintenance ratio of each transaction will be calculated on a daily basis, and further collateral will be required if the maintenance ratio is below the collateral ratio. As at December 31, 2014 and 2013, the Company has received collaterals as follows:

	December 31, 2014	December 31, 2013
Cash (Note A)	$ 5,176,954	$ 13,669,186
Bank draft (Note B)	$ 2,521,381	$ 4,277,524
Securities (Note C)	$ 60,918,057	$ 49,519,283

Note A: Interest will be added based on the bank's current interest rate on refund of cash collateral.

Note B: Pursuant to 'Taiwan Stock Exchange Corporation Securities Borrowing and Lending Rules,' bank draft, securities and collaterals are to be returned to borrowers upon the completion of the transaction. Accordingly, these are not reflected as assets of the Company. The Company is only responsible for the custodianship of these collateral.

Note C: Securities are revalued according to their closing prices at December 31, 2014 and 2013. After the completion of application for securities lending and borrowing service, the borrowers' securities are under the custodianship of Taiwan Depository & Clearing Corporation. Upon the rendering of service, the securities are turned over to the Company as collateral. However, effective from April 1, 2010, the securities are turned over to the Company as collateral before the rendering of services as long as the Company has ensured that the borrowers' designated securities are correct.

(15) Other current liabilities

	December 31, 2014	December 31, 2013
Advance receipts	$ 384,624	$ 313,073
Receipts under custody	129,378	431,385
Temporary receipts for close down brokers	13,798	383,750
Others	115,890	252,463
	$ 643,690	$ 1,380,671

A.Advanced receipts refer to prepaid (presold) warrant listing payment, system construction service fee received in advance, internet user authorisation service fee received in advance and others.

B.Since August 2006, the Company's subsidiaries began to provide receipt and payment services for offshore mutual funds on behalf of others. Receipts of this business are accounted for as debit to other current assets and credit to receipts under custody upon receipt and are reversed when payment has occurred.

(16) Pensions

A.Defined benefit plans

The amounts recognised in the balance sheet are determined as follows:

	December 31, 2014	December 31, 2013
Present value of funded obligations	$ 4,317,844	$ 4,166,024
Fair value of plan assets	(3,809,419)	(3,695,283)
Accrued pension obligations	$ 508,425	$ 470,741

(a)Changes in present value of funded obligations are as follows:

	2014	2013
Present value of funded obligations		
At January 1	$ 4,166,024	$ 4,215,512
Current service cost	347,809	345,681
Interest expense	73,919	61,739
Actuarial profit and loss	(29,096)	(303,056)
Benefits paid	(240,812)	(153,852)
At December 31	$ 4,317,844	$ 4,166,024

(b)Changes in fair value of plan assets are as follows:

	2014	2013
Fair value of plan assets		
At January 1	$ 3,695,283	$ 3,525,299
Expected return on plan assets	70,936	67,932
Actuarial profit and loss	8,277	(11,975)
Employer contributions	266,891	267,023
Benefits paid	(231,968)	(152,996)
At December 31	$ 3,809,419	$ 3,695,283

(c)Amounts of expenses recognised in statements of comprehensive income are as follows:

	Years ended December 31,	
	2014	2013
Current service cost	$ 347,809	$ 345,681
Interest cost	73,919	61,739
Expected return on plan assets	(70,936)	(67,932)
Loss arising from curcailmene	34,327	-
Actuarial profit occurred during the period	(37,373)	(291,081)
Current pension cost	$ 347,746	$ 48,407

Details of cost and expenses recognised in statements of comprehensive income are as follows:

	Years ended December 31,	
	2014	2013
Personnel	$ 385,246	$ 337,278

Amounts recognised under other comprehensive income are as follows:

	Years ended December 31,	
	2014	2013
Recognition for current period	$ 37,500	$ 288,871
Accumulated amount	$ 206,352	$ 168,852

(d)Based on the Company and its subsidiaries' internal regulations for employee hiring and management, both the Company and its subsidiaries and its employees contribute monthly to the workers' pension fund and employees' retirement fund, respectively. The Company and its subsidiaries contribute based on certain percentages of salary expenses to a common retirement fund. These funds are administered by the independent pension fund committee and employees' retirement fund committee, respectively. The contributed amounts are deposited to the Bank of Taiwan and other financial institutions under the name of the respective committees. Employees who have retired and resigned will receive benefits from the relevant pension fund, retirement fund and common fund.

(e)TWCA has a pension plan covering all regular employees. Under the pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

TWCA has an employee long-service bonus plan. Under the plan, TWCA provides monthly a certain percentage of the employees' monthly salaries and wages as reserve for severance pay

(f)The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2014	2013
Discount rate	1.75%~2%	1.75%~1.875%
Future salary increases	2%~3.75%	2%~3.75%
Expected return on plan assets	1.75%~2%	1.75%~2%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(g)Historical information of experience adjustments was as follows:

	Years ended December 31,		
	2014	2013	2012
Present value of defined benefit obligation	$ 4,317,844	$ 4,166,024	$ 4,215,512
Fair value of plan assets	(3,809,419)	(3,695,283)	(3,525,299)
Surplus/(deficit) in the plan	$ 508,425	$ 470,741	$ 690,213
Experience adjustments on plan liabilities	$ 29,024	$ 153,224	$ 93,414
Experience adjustments on plan assets	$ 8,277	($ 11,975)	($ 3,406)

(h)Expected contributions to the defined benefit pension plans of the Company and its subsidiaries within one year from December 31, 2014 are $286,391.

B.Defined contribution plans

(a)Effective July 1, 2005, the Company and its subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its subsidiaries contribute monthly an amount of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Company and its subsidiaries for the years ended December 31, 2014 and 2013 were $60,385 and $58,521, respectively.

(17) Share capital

A. In accordance with the resolution adopted at the stockholders' meeting on June 19, 2013, the Company issued common stock by capitalizing the unappropriated retained earnings totaling 15,332 thousand shares. The registration of this capital increase was approved by the Competent Authority.

B. In accordance with the resolution adopted at the stockholders' meeting on June 11, 2014, the Company issued common stock by capitalizing the unappropriated retained earnings totaling 15,715 thousand shares. The registration of this capital increase was approved by the Competent Authority.

C. As of December 31, 2014, the Company's authorized, issued and outstanding common stock consisted of 644,326 thousand shares at $10 dollars par value per share. All proceeds from shares issued have been collected.

D. Under an amendment to Article 128 of the Securities and Exchange Law promulgated on July 19, 2000, the Company's common stocks can only be sold to authorized securities companies starting January 15, 2001.

(18) Capital surplus

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit.

(19) Legal reserve / Special reserve

A. According to the R.O.C. Company Law, the annual net income should be used initially to cover any accumulated deficit; thereafter 10% of the annual net income should be set aside as legal reserve until it has reached 100% of contributed capital. Legal reserve shall be exclusively used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership and shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

B. Special reserve, as required by regulations of the Securities and Futures Bureau (SFB), of at most 80% of the annual net income was determined by the Competent Authority; pursuant to regulations of the Competent Authority, the Company and its subsidiaries have transferred default damages fund to special reserve in preparation of financial statements since 2013 in accordance with IFRSs. Also, the special reserve that has been resolved by the stockholders can only be used, upon the Competent Authority's approval, to offset against deficit or transferred to capital.

(20) Unappropriated earnings

A.The annual net income should be used initially to cover any accumulated deficit; 10% of the annual net income should be set aside as legal reserve and special reserve upon the Competent Authority's approval. The remaining balance can be distributed as follows:

(a) Between 1% and 12% for employees' bonus following the resolution by the Board of Directors.

(b) The remaining amount can be distributed by a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting.

B.As approved by the stockholders during their meeting, cash dividends declared for 2013 and 2012 were $1.25 (in dollars) per share for both years, and the stock dividends for 2013 and 2012 were $0.25 (in dollars) per share for both years.

C.The amount of employees' bonus for 2014 was estimated at $118,596 based on a certain percentage of the Company's distributable earnings which was prescribed by the Company's Articles of Incorporation after taking into account the historical employees' bonus distribution experience, surplus reserve and other factors, and was recognized as operating expense for that year. However, if the estimated amount is different from the amount resolved by the stockholders subsequently, the difference shall be recognized as gain or loss for 2015. Employees' bonus for 2013 as resolved by the stockholders was lower compared to the amount recognized in the 2013 financial statements. The difference of $11,183 had been adjusted in the statement of comprehensive income for 2014.

(21) Other equity items

	Unrealised profit/loss of available-for-sale financial assets	
January 1, 2014	$	2,203,277
Valuation adjustment of available-for-sale financial assets		963,071
December 31, 2014	$	3,166,348

	Unrealised profit/loss of available-for-sale financial assets	
January 1, 2013	$	1,758,088
Valuation adjustment of available-for-sale financial assets		445,189
December 31, 2013	$	2,203,277

(22) Trading fees

Trading fees mainly represent fees collected for the use of the Company's facilities for trading and settlement of securities. The fees are computed as a percentage of the value of the transactions of securities traded and the rate is 0.000065 per dollar for dealers and brokers. After reaching an agreement with Taiwan Securities Association, which was approved by the Board of Directors of the Company and the Competent Authority in No. 0950156625 bulletin (December 14, 2006), the rate has been reduced by 12% during the time that the Company stopped making cash contributions to the DDF. Effective December 1, 2011, as approved by the Board of Directors of the Company and the Competent Authority in No. 1000058644 bulletin (November 29, 2011), the rate (0.000065 per dollar) has been reduced by 20%.

(23) Expenses by nature

	For the year ended December 31, 2014		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Salaries	$ 58,852	$ 2,021,400	$ 2,080,252
Insurance	$ -	$ 123,822	$ 123,822
Pension	$ -	$ 445,631	$ 445,631
Others	$ 840	$ 20,569	$ 21,409
Depreciation	$ 11,962	$ 535,523	$ 547,485
Amortization	$ 2,190	$ 177,457	$ 179,647

	For the year ended December 31, 2013		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Salaries	$ 54,727	$ 1,952,539	$ 2,007,266
Insurance	$ -	$ 120,954	$ 120,954
Pension	$ -	$ 395,799	$ 395,799
Others	$ 781	$ 18,501	$ 19,282
Depreciation	$ 11,426	$ 513,662	$ 525,088
Amortization	$ 3,754	$ 119,089	$ 122,843

(24) Finance costs

	For the years ended December 31,	
	2014	2013
Interest expense		
-Securities lending and borrowing collateral	$ 10,204	$ 12,551

(25) Income tax

A.Income tax expense

	For the years ended December 31,	
	2014	2013
Current tax:		
Current tax on profits for the period	$ 500,861	$ 445,374
Tax on undistributed earnings	18,745	-
Adjustments in respect of prior years	56,485	2,792
Total current tax	576,091	448,166
Deferred tax:		
Origination and reversal of temporary differences	12,179	1,546
Total deferred tax	12,179	1,546
Income tax expense	$ 588,270	$ 449,712
Tax calculated based on profit before tax and statutory tax rate	$ 687,740	$ 567,380
Tax effect of permanent differences	(174,700)	(120,460)
Additional 10% tax on undistributed earnings	18,745	-
Under provision of prior year's income tax	56,485	2,792
Tax expense	$ 588,270	$ 449,712

B.Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2014		
	January 1	Recognised in profit or loss	December 31
-Deferred tax assets (recorded as "Other non-current assets")			
Employees' welfare	$ 1,554	$ 49	$ 1,603
Unused expenses of employee compensated absences	15,554	392	15,946
Others	72	1	73
	$ 17,180	$ 442	$ 17,622
-Deferred tax liabilities:			
Default damages reserve	$ 1,621,373	($ 1,621,373)	$ -
Goodwill	38,889	(9,853)	29,036
Reserve for land value increment tax	44,599	-	44,599
Unrealised exchange gain	-	10,875	10,875
	$ 1,704,861	($ 1,620,351)	$ 84,510

	For the year ended December 31, 2013		
	January 1	Recognised in profit or loss	December 31
-Deferred tax assets (recorded as "Other non-current assets")			
Employees’ welfare	$ 1,510	$ 44	$ 1,554
Unused expenses of employee compensated absences	17,146	(1,592)	15,554
Others	70	2	72
	$ 18,726	($ 1,546)	$ 17,180
-Deferred tax liabilities:			
Default damages reserve	$ 1,621,373	$ -	$ 1,621,373
Goodwill	38,889	-	38,889
Reserve for land value increment tax	44,599	-	44,599
	$ 1,704,861	$ -	$ 1,704,861

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

	December 31, 2014	December 31, 2013
Deductible temporary differences	$ 261,237	$ 203,476

D.The Company’s income tax returns through 2013 have been assessed and approved by the Tax Authority.

E.As of December 31, 2014 and 2013, the unappropriated earnings were generated in and after 1998.

F.Imputation System

	December 31, 2014	December 31, 2013
Imputation tax credit account	$ 24,631	$ 24,446

The creditable tax rate was 20.48% for 2013 and is estimated to be 10.11% for 2014, according to the current income tax law.

(26) Earnings per share

	Year ended December 31, 2014		
	Amount after tax	Outstanding shares at the end of the year (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,843,904	644,327	$ 2.86

	Year ended December 31, 2013		
	Amount after tax	Outstanding shares at the end of the year (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,541,424	644,327	$ 2.39

(27) Business combinations

The main activities of Taiwan Integrated Shareholder Service Company (TISS) are to accept requests from listed companies to provide a platform for electronic-voting services, which includes providing electronic-voting for shareholders, accepting authorisation from shareholders to act as a solicitor, accepting solicitors to be entrusted for soliciting work, presenting as fiduciary at shareholders' meetings for listed companies' entrustment, and accepting entrustment from foreign investment institutions, asset management companies or security dealers to exercise voting rights. In order to follow the trend of integration of electronic-voting in international shareholders' meetings and to move forward to the development trend of international connection, to improve convenience and efficiency of voting for investors overseas, and to secure shareholders' equity and improve goals of corporate governance for R.O.C., Taiwan Depository & Clearing Corporation (TDCC) and TISS merged together.

Summary of combination contract signed by TDCC and TISS on November 12, 2013 is as follows:

A.TISS was merged into TDCC and TISS was dissolved after the merger.

B.Both parties agreed that TDCC acquire all shares of TICC, totaling 30 million shares at acquisition date, in the amount of $283,800 thousand based on $9.46 per share at the business acquisition date. TDCC will pay within one month from the acquisition date.

C.TDCC did not continue employing all TISS current employees after the business combination, so TISS went through all employees' retirement and layoff process in accordance with Enterprise Merger and Acquisition Act and Labor Standards Act before the acquisition date.

The business combination was resolved and the acquisition date was set as March 17, 2014 during the interim shareholders' meeting of both companies on February 6, 2014.

A. Fair value of the identifiable assets acquired and liabilities assumed

	Amount
Current assets	
Cash and cash equivalents	$ 213,365
Other financial assets-other	301
Other current assets	13
Non-current assets	
Property and equipment	693
Intangible assets	1,270
Current liabilities	
Accrued expenses	(295)
Other current liabilities	(9)
	$ 215,338

B. Goodwill arising from consolidation

	Amount
Consideration of acquisition	$ 283,800
Less: fair value of identifiable net assets received	(215,338)
Goodwill arising from consolidation	$ 68,462

The total of goodwill arising from consolidation less amount of imputation credit is expected to be $11,639 thousand and is amortised evenly over 5 years as a deduction to taxable income.

C. Net cash outflow of the acquisition

	Amount
Consideration paid in cash	$ 283,800
Less: balance of cash and cash equivalents received	(213,365)
	$ 70,435

D. Effect on operating results from business combination

TDCC and TISS were both local providers of electrical voting platform services and had different electrical voting platform system before merger. After the business combination, the voting platform of TDCC will provide electrical voting for shareholders of listed companies, and all employees of TISS will be terminated. Starting from the date of acquisition, the impact of operation results from TISS to the Company and its subsidiaries operating revenue and profit before tax for 2014 was not significant. Had TISS been consolidated from January 1, 2014, the impact of operating results from TISS to the Company and its subsidiaries' operating revenue and profit before tax for 2014 were also not significant.

(28) Non-cash transaction

	For the years ended December 31,	
	2014	2013
Purchase of property and equipment	$ 743,232	$ 651,995
Add: opening balance of payable on property and equipment	3,948	1,230
Less: ending balance of payable on property and equipment	(705)	(3,948)
Cash paid during the period	$ 746,475	$ 649,277

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

	For the years ended December 31,	
	2014	2013
A.Trading fees:		
Corporate Directors	$ 495,726	$ 395,519
B.Revenue from securities listing fees:		
Other related parties	$ 450	$ 450
Corporate Directors	178,223	124,677
	$ 178,673	$ 125,127
C.Securities recording service fees:		
Corporate Directors	$ 162,719	$ 160,639
D.Securities settlement service fees:		
Other related parties	$ 176,352	$ 112,315
E.Future settlement fees		
Other related parties	$ 135,718	$ 199,180
F.License fees (recorded as operating revenue-others):		
Other related parties	$ 149,362	$ 125,321
Corporate Directors	630	630
	$ 149,992	$ 125,951
G.Rental and administrative expense (recorded as operating expenses):		
Other related parties	$ 180,571	$ 174,333

	December 31, 2014	December 31, 2013
H.Receivables from related parties:		
Other related parties	$ 46,313	$ 30,160
Corporate Directors	76,731	66,215
	$ 123,044	$ 96,375

(2) Key management compensation

	For the years ended December 31,	
	2014	2013
Salaries and other short-term employee benefits	$ 76,714	$ 71,605
Pensions	7,909	7,300
	$ 84,623	$ 78,905

8. PLEDGED ASSETS

As of December 31, 2014 and 2013, the Company's subsidiary, Taiwan-Ca. Inc., pledged the following as collateral. Please refer to Notes 6(8) and 6(13) for the information on certificates of time deposits and operation guarantee funds pledged as collateral for the settlement prices the Company had applied for payment on behalf of others and applied for credit limit with banks.

Assets	December 31, 2014	December 31, 2013	Purpose
Other current liabilities			
-Other time deposit	$ 3,410	$ 1,309	Performance bond

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A.As of December 31, 2014 and 2013, the Company leased certain offices. The total future minimum lease payments and administrative expense under these operating lease agreements are as follows:

	December 31, 2014	December 31, 2013
Not later than one year	$ 520,824	$ 314,446
Later than one year but not later than five years	925,137	1,052,264
Over five years	188,241	599,488
	$ 1,634,202	$ 1,966,198

B.Future payments required for the contracts in relation to the acquisitions of computer equipment, information system and construction of information centre is as follows:

	December 31, 2014	December 31, 2013
Computer equipment and other equipment	$ 627,999	$ 310,696
Information centre construction	597,749	642,528
	$ 1,225,748	$ 953,224

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company and its subsidiaries' objectives of capital management:

A.Ensure to continue operating and to continue to contribute returns for shareholders.

B.Support stability and growth of the Company.

C.Offer capital to improve risk management ability

(2) Financial instruments

A.Fair value information of financial instruments

	December 31, 2014	
	Book value	Fair value
Financial assets:		
Financial assets with book value equal to fair value	$ 48,712,057	$ 48,712,057
Held-to-maturity financial assets	18,773,491	18,898,937
	$ 67,485,548	$ 67,610,994
Financial liabilities:		
Financial liabilities with book value equal to fair value	$ 12,958,210	$ 12,958,210

	December 31, 2013	
	Book value	Fair value
Financial assets:		
Financial assets with book value equal to fair value	$ 58,246,033	$ 58,246,033
Held-to-maturity financial assets	20,638,755	20,788,696
	$ 78,884,788	$ 79,034,729
Financial liabilities:		
Financial liabilities with book value equal to fair value	$ 25,814,365	$ 25,814,365

The financial assets with book value equal to fair value include cash and cash equivalents, financial assets at fair value through profit or loss, available-for-sale financial assets, net accounts receivable, other receivables, other financial assets, default damages fund and securities settlement debit; the financial liabilities with book value equal to fair value include securities lending and borrowing collateral payable, accrued expenses and securities settlement credit.

B.Financial instruments

The objectives and procedure of financial risk control

(a)The Company and its subsidiaries' objectives of financial risk control are to manage various financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b)The Company and its subsidiaries' activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Company and its subsidiaries' overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company and its subsidiaries' financial performance.

(c)Risk management is carried out by a central financial department (Financial Department) in accordance with the policies approved by the Board of Directors. The Company and its subsidiaries' Financial Department identifies and evaluates a variety of financial instruments, the procedure of the transaction, and transaction parties. Moreover, the Financial Department regularly proposes recommendations and reviews the business performance. The internal auditor is in charge of conducting the audit of the business function.

C.Significant financial risks and degrees of financial risks

(a)Market risk

The market risk is caused by losses resulting from changes in exchange rate and securities prices.

Foreign exchange risk

Foreign exchange risk refers to impact from value changes to assets and liabilities denominated in foreign currencies. The Company provides services for securities borrowing and lending transactions, and according to regulations, specific security borrowers can deposit cash denominated in United States Dollars as collateral. Because the Company saves all collateral denominated in foreign currency, the foreign exchange risk is rather insignificant. Furthermore, the Company and its subsidiaries have RMB time deposits invested using its partial own funds.

	December 31, 2014				
				Sensitivity analysis	
(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss (NTD)
Financial assets					
Monetary items					
USD:NTD	99,631	31.65	$ 3,153,321	1%	31,533
RMB:NTD	361,603	5.092	1,841,282	1%	18,413
Financial liabilities					
Monetary items					
USD:NTD	87,824	31.65	2,779,630	1%	27,796

	December 31, 2013				
				Sensitivity analysis	
(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss (NTD)
Financial assets					
Monetary items					
USD:NTD	389,497	29.805	$11,608,958	1%	116,090
Financial liabilities					
Monetary items					
USD:NTD	370,496	29.805	11,042,633	1%	110,426

Price risk of fixed income

Price risk of fixed income refers to changes in fair value of financial instruments resulting from changes in market interest rates, and the risk mainly comes from security investment. As of December 31, 2014 and 2013, the financial assets held-to-maturity that belongs to fixed-rate product was $18,773,491 and $19,738,755, respectively. The change in market interest rates will also fluctuate the fair value of the financial instruments, however, the financial instruments are held until maturity in order to receive effective rate compensation in duration, and there is no disposal or valuation loss arising from the fluctuation.

As of December 31, 2014 and 2013, security investments that belong to floating rate products were $0 and $900,000, respectively. Changes in market interest rate may fluctuate future cash flow. If the market interest rates had increased/decreased by 1% for the year ended December 31, 2013, profit/ loss for the year would have increased/decreased by $9,000.

The Company and its subsidiaries are exposed to risk of net asset value of fund resulting from investment in money market. If the net asset value had increased/decreased by 1% for the years ended December 31, 2014 and 2013, profit/ loss for the year would have increased/decreased by $17,892 and $15,302, respectively, due to changes in fair value of financial assets at fair value through profit or loss.

Price risk of non-fixed income

The price risk of non-fixed income of equity instruments is from investment in available-for-sale financial assets.

The market risk of holding equity security include individual risk fluctuated by changes in quoted prices in active markets of individual equity security and general market risk fluctuated by quoted prices in overall active markets. For risk of security management, beneficiary certificates are in accordance with the Company and its subsidiaries' related regulations on capital usage, and the Company and its subsidiaries choose appropriate investment objects, sets maximum amount for prudent investment and related limitation, and prepares summary of investment gain/loss and capital usage reports regularly. Equity investment has to be approved by the Company's Board of Directors before initialization.

Sensitivity analysis of price risk of equity instruments refers to calculation based on changes in fair value at the end of the reporting period. If the price of equity instruments had increased/decreased by 1% for the years ended December 31, 2014 and 2013, shareholders' equity at end of the year would have increased/decreased by $78,151 and $63,967, respectively.

(b)Credit risk:

Credit risk refers to financial loss resulting from counterparties' breach of contract, and is mainly receivables generated from operating activities and bank deposits, time deposits and fixed income of security investment generated from investing activities. Operating related credit risk and financial credit risk are managed separately. The maximum amounts of credit risk of accounts receivable and other receivables equal to their book value.

Operating related credit risk

The counterparties of the Company and its subsidiaries' accounts receivable are mostly security dealers, listed companies and other security related organisations with good credit quality; therefore, credit risk of accounts receivable is rather insignificant. Credit risk information is as follows:

i. Accounts receivable that were neither past due nor impaired

All the accounts receivable that were neither past due nor impaired have outstanding payment history, and the counterparties have steady capability to pay for the receivables. Therefore, even if the paying parties face significant uncertain factors or are exposed to adverse conditions, the Company and its subsidiaries still consider them to have the capability to pay. As of December 31, 2014 and 2013, accounts receivable that were neither past due nor impaired was $566,186 and $474,305, respectively.

ii. Accounts receivable that were past due but not impaired

The ageing analysis of accounts receivable that were past due but not impaired is listed according to overdue time as follows:

	December 31, 2014	December 31, 2013
Less than 6 months	$ 2,426	$ 6,670

iii. Accounts receivable that were impaired

As of December 31, 2014 and 2013, the Company and its subsidiaries' accounts receivable that were impaired amounted to $2,805 and $1,383, respectively.

Movements on the Company and its subsidiaries' provision for impairment of accounts receivable are as follows:

	2014	2013
At January 1	$ 1,383	$ 1,383
Provision for bad debts	1,422	-
At December 31	$ 2,805	$ 1,383

Financial credit risk

The Company and its subsidiaries' policy requires that all transactions be conducted with the counterparties that meet the specified credit rating requirement. As the counterparties are all well-known domestic financial institutions with good credit standing, defaults by the counterparties are not expected to occur. As for transaction objects, the default on financial assets investment objects held by the Company and its subsidiaries might cause the Company and its subsidiaries' losses. However, the Company and its subsidiaries control such risk by setting transaction ceiling and assessing their credit condition strictly. Thus, the Company and its subsidiaries expects no significant credit risk would arise.

The comparison between credit risk ratings and external credit ratings is provided below. However, these two credit risk ratings do not have direct relation, the comparison chart is just for disclosing approximate level of credit risk ratings.

Internal credit risk ratings	Company credit ratings by Taiwan Ratings
Group 1	twAAA～twA-
Group 2	twBBB+～twBBB-
Group 3	twBB+～twC

Credit quality of financial assets is classfied as follows:

	December 31, 2014		
	Group 1	Group 2	Group 3
Government bonds	$ 870,817	$ -	$ -
Corporate bonds	3,216,429	-	-
Financial bonds	14,686,245	-	-
	$ 18,773,491	$ -	$ -

	December 31, 2013		
	Group 1	Group 2	Group 3
Government bonds	$ 1,331,658	$ -	$ -
Corporate bonds	3,974,810	-	-
Financial bonds	15,332,287	-	-
	$ 20,638,755	$ -	$ -

(c)Liquidity risk

Liquidity risk refers to responsibilities that the Company and its subsidiaries are unable to repay financial debts with cash or other financial assets. The Company and its subsidiaries apply expected cash flow approach to manage liquidity risk, and ensures the amount to be paid for all maturing debt and all known requirement for capital through expectations of cash needed.

Analysis of non-derivative financial liabilities that are categorised by the maturity date and amount undiscounted at maturity date is as follows:

	December 31, 2014			
	Less than 6 months	Between 6 months and 1 year	Over 1 year	Total
Securities lending and borrowing collateral payable	$ 5,176,954	$ -	$ -	$ 5,176,954
Accrued expenses	1,344,188	92,296	-	1,436,484
Deposits received	-	-	92,748	92,748
	$ 6,521,142	$ 92,296	$ 92,748	$ 6,706,186

	December 31, 2013			
	Less than 6 months	Between 6 months and 1 year	Over 1 year	Total
Securities lending and borrowing collateral payable	$13,669,186	$ -	$ -	$13,669,186
Accrued expenses	1,050,605	233,944	-	1,284,549
Deposits received	-	-	90,247	90,247
	$14,719,791	$ 233,944	$ 90,247	$15,043,982

(3) Fair value estimation

A.Financial instruments measured at fair value

In preparation for disclosure, the Company and its subsidiaries manipulate fair value levels that can reflect the importance of input value to classify financial instruments, and the levels are as follows:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets, for example, beneficiary certificate of the Company and its subsidiaries' investment.

Level 2: Fair value is measured using price directly or indirectly to derive observable value.

Level 3: Fair value is measured using non-observable values and observable values shall be adjusted in accordance with non-observable values, for example, the unlisted stocks invested by the Company and its subsidiaries.

B.Valuation method

(a)Financial instruments are measured at fair value at initial recognition. If there are quoted prices in active markets, the market values are then equal to fair value; if there is no quoted price, either estimate the values by evaluation method or adopt the quotes from the counterparties.

(b)Beneficiary certificate: net of beneficiary certificate.

(c)Unlisted stocks: if there is any representative transaction, the traded prices can be the best estimation for the fair value; if there is no comparable company and market approach to estimate the fair value, depending on the companies' operations, either apply the dividend discount model or based on the report of assets impairment and considerations of liquidity to estimate.

C.Measure of financial assets at fair value:

Analysis of financial instruments measured at fair value after initial recognition is as follows, and observable degrees of the fair value are classified to Level 1 to Level 3:

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 1,789,243	$ -	$ -	$ 1,789,243
Available-for-sale financial assets:				
Beneficiary certificates	3,600,356	-	-	3,600,356
Unlisted (OTC) stocks	-	-	4,214,731	4,214,731
	$ 5,389,599	$ -	$ 4,214,731	$ 9,604,330

December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 1,530,185	$ -	$ -	$ 1,530,185
Available-for-sale financial assets:				
Beneficiary certificates	3,108,103	-	-	3,108,103
Unlisted (OTC) stocks	-	-	3,288,637	3,288,637
	$ 4,638,288	$ -	$ 3,288,637	$ 7,926,925

D.Changes belonging to level 3 financial instruments as of December 31, 2014 and 2013 are as follows:

	Available-for-sale financial assets
January 1, 2014	$ 3,288,637
Gains recognised in other comprehensive income	926,094
December 31, 2014	$ 4,214,731

	Available-for-sale financial assets
January 1, 2013	$ 3,067,048
Gains recognised in other comprehensive income	221,589
December 31, 2013	$ 3,288,637

(4) Financial information on custodian and clearing services for short-term notes

The balance sheets and statements of comprehensive income for the custodian and clearing services provided by TDCC for short-term notes are set forth below:

A.Balance sheets

TAIWAN DEPOSITORY & CLEARING CORPORATION - DEPOSITORY AND CLEARING OF SHORT-TERM BILLS

BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

	December 31, 2014		December 31, 2013			December 31, 2014		December 31, 2013	
ASSETS	Amount	%	Amount	%	LIABILITIES AND STOCKHOLDER'S EQUITY	Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	$ 3,340	-	$ 2,568	-	Accrued expenses	$ 73,087	8	$ 71,248	8
Accounts receivable	77,245	8	77,238	9	Income tax payable	9,867	1	7,019	-
Others current assets	14,703	2	14,743	2	Other current liabilities	23,376	3	22,324	3
Total current assets	95,288	10	94,549	11		106,330	12	100,591	11
					NON-CURRENT LIABILITIES				
NON-CURRENT ASSETS									
Property and equipment	5,331	1	6,978	1	Accrued pension liability	18,091	2	7,124	1
Refundable deposits	95,625	10	95,051	11	Total liabilities	124,421	14	107,715	12
Intangible assets	4,966	1	5,137	-					
Other assets	720,373	78	663,180	77	EQUITY				
Total non-current assets	826,295	90	770,346	89	Appropriated working capital	500,000	54	500,000	58
					Retained earnings	297,162	32	257,180	30
					Total equity	797,162	86	757,180	88
TOTAL ASSETS	$ 921,583	100	$ 864,895	100	TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 921,583	100	$ 864,895	100

B.Statements of comprehensive income

TAIWAN DEPOSITORY & CLEARING CORPORATION -
DEPOSITORY AND CLEARING OF SHORT-TERM BILLS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	For the years ended December 31,			
	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES				
Bills clearing and settlement	$ 620,904	98	$ 560,090	97
Others	14,705	2	15,256	3
Total operating revenues	635,609	100	575,346	100
OPERATING EXPENSES				
Personnel	(132,214)	(21)	(126,588)	(22)
General and administrative	(150,573)	(24)	(144,546)	(25)
Total operating expenses	(282,787)	(45)	(271,134)	(47)
OPERATING INCOME	352,822	55	304,212	53
NON-OPERATING INCOME AND EXPENSES				
Interest income	5,204	1	5,658	1
Other expenses	-	-	(15)	-
Total non-operating income and expenses	5,204	1	5,643	1
INCOME BEFORE INCOME TAX	358,026	56	309,855	54
INCOME TAX EXPENSE	(60,864)	(9)	(52,675)	(9)
NET INCOME (Same as Comprehensive Income)	$ 297,162	47	$ 257,180	45

13. SUPPLEMENTARY DISCLOSURES

(1) Related information of significant transactions

In accordance with the "Criteria Governing Preparation of Financial Reports by Company – Type Stock Exchanges", the Company's related information of significant transactions are as follows:

A.Lending to others: None.

B.Endorsements and guarantees for others: None.

C.Marketable Securities at December 31, 2014:

(a)Financial instrument at fair value through profit or loss-current

Investor	Name of the securities	Units/Shares (in thousands)	Book value	Market value: Net worth per share (in dollars)	Market value: Total	Amount of securities pledged
TDCC	Mega Diamond Bond Fund	40,633	$ 500,000	$ 12.31	$ 500,041	None
〃	FSITC Taiwan Money Market Fund	31,704	476,002	15.01	476,040	〃
〃	Capital Money Market Fund	12,619	200,000	15.85	200,015	〃
〃	Yuanta Wan Tai Bond Fund	15,718	234,006	14.89	234,024	〃
〃	Sinopac TWD Money Market Fund	10,528	144,082	13.69	144,093	〃
〃	Franklin Templeton Sinoam Money Market Fund	19,728	200,000	10.14	200,016	〃
TWCA	UPAMC James Bond Fund	2,132	35,000	16.42	35,014	〃
			1,789,090		$ 1,789,243	
	Valuation adjustment		153			
	Total		$ 1,789,243			

(b)Available-for-sale financial assets-current

Investor	Name of the Securities	Units/Shares (in thousands)	Book value	Market value: Net worth per share (in dollars)	Market value: Total amount	Amount of securities pledged
	Beneficiary Certificates					
TSEC	SinoPac Balance 2 Fund	1,579	$ 42,465	$ 30.63	$ 48,371	None
〃	SinoPac Strategies Fund No.1	28,740	300,000	11.07	318,154	〃
〃	Sinopac TWD Money Market Fund	62,336	850,000	13.69	853,208	〃
〃	JF (Taiwan) Balanced Fund	1,545	33,321	25.55	39,469	〃
〃	Yuanta Taiwan Weighted Stock Index Fund	2,148	39,000	18.78	40,347	〃
〃	Yuanta Global Bond ETF Fund of Funds	25,000	233,250	9.95	248,750	〃
〃	Yuanta De- Bao Money Market Fund	4,250	50,000	11.81	50,191	〃
〃	Yuanta Wan Tai Money Market Fund	13,483	200,000	14.89	200,743	〃
〃	Fubon Taiwan Strategy 1 ETF Private Equity Fund	48,454	537,620	14.21	688,525	〃
〃	Fubon Strategy II Private Equity Fund	15,784	200,000	13.01	205,348	〃
〃	Fubon Strategy III Taiwan EMP Fund	25,000	250,000	13.08	327,000	〃
〃	Fuh Hwa Global Thematic Fund	25,000	250,000	13.01	325,250	〃
〃	Cathay Non-Finance Non-Electronics Sub-index Fund	25,000	250,000	10.20	255,000	〃
			3,235,656		$ 3,600,356	
	Valuation adjustment		364,700			
	Total available-for-sale financial assets-current		$ 3,600,356			

(c)Held-to-maturity financial assets-current

Investor	Name of the securities	Due date	Face value	Rate	Book value	Amount of securities pledged
	Financial bonds					
TSEC	Tcb-Bank 2009 2nd Subordinate Financial Bond (G12413)	2015.03.28	$ 400,000	2.10%	$ 400,000	None
〃	Chinatrust 97-3 Subordinate Classes Financial Bond (G11457)	2015.04.25	200,000	3.10%	200,000	"
〃	First Bank stripped Subordinate Classes Financial Bond (G15983)	2015.06.23	300,000	3.10%	300,190	"
〃	E.Sun Bank 97-1 Subordinate Classes Financial Bond (G102A4)	2015.10.24	300,000	3.15%	300,000	"
〃	Mega International 97-9 Subordinate Classes Financial Bond (G11831)	2015.12.23	300,000	3.00%	300,000	"
〃	Shanghai Commercial 97-2 Subordinate Classes Financial Bond (G10142)	2015.12.26	200,000	3.05%	200,000	"
〃	Land Bank 97-2 Subordinate Classes Financial Bond (G12710)	2015.12.29	300,000	2.80%	300,000	"
TDCC	97 Taipei Fubon Bank 3	2015.05.30	200,000	3.09%	200,000	"
〃	97 Cathay United Bank 1A	2015.09.19	100,000	2.95%	100,000	"
〃	97 First Bank 2	2015.10.21	200,000	3.02%	200,000	"
〃	MEGA Bank 9th Subordinated Financial Bond Issue in 2008	2015.12.23	100,000	3.00%	101,756	"
					2,601,946	
	Corporate bonds					
TSEC	Fubon Bank 98-2 Unsecured Corporate Bond A (99-2A)	2015.01.28	100,000	1.70%	100,011	None
〃	China Development Financial Holding Co., Ltd.98-1 Unsecured A (B95542)	2015.03.01	200,000	1.80%	200,000	"
〃	Shin Kong Bank 97-2 Unsecured Subordinate Classes Corporate Bond A	2015.09.29	300,000	3.65%	302,157	"
〃	Cathay Financial Holding 97 Unsecured Subordinate Classes Corporate Bond B98901	2015.12.24	300,000	3.10%	300,000	"
〃	Mega International 97-2 Unsecured Corporate Bond B95354	2015.12.26	600,000	3.26%	605,139	"
TDCC	Taipower 99 2A Corporate Bond	2015.06.01	100,000	1.38%	50,028	"
〃	Taipower 99 4A Corporate Bond	2015.08.20	200,000	1.37%	100,066	"
					1,657,401	
	Total held-to-maturity financial assets-current				$ 4,259,347	

(d)Held-to-maturity financial assets-non-current

Investor	Name of the Securities	Due Date	Face value	Rate	Book value	Amount of securities pledged
	Financial bonds					
TSEC	E. Sun Bank 98-3 Subordinate Classes Financial Bond (G102A8)	2016.04.03	$ 300,000	2.50%	$ 300,000	None
〃	Bank SinoPac 98-1 Subordinate Classes Financial Bond (G11082)	2016.04.29	200,000	2.80%	200,000	"
〃	Standard Chartered Bank Taiwan Limited 1st Financial Debenture-D Issue in 2011 BG10413	2016.05.19	200,000	1.45%	200,000	"
〃	Shin Kong 95-1 Subordinate Classes Financial Bond-B (G11640)	2016.11.13	200,000	2.72%	200,747	"
〃	Taipei Fubon Subordinated Bank Debentures 98-2 (G107AR)	2016.12.22	300,000	2.20%	300,000	"
〃	E. Sun Bank 99-1 Subordinate Classes Financial Bond (99 E. Sun Bank 1)	2017.05.28	400,000	2.20%	400,000	"
〃	Yuanta Unsecured Subordinated Bank Debentures 99-1	2017.06.10	300,000	2.30%	300,000	"
〃	First Bank 99-2 Subordinate Classes Financial Bond (G15987)	2017.09.28	200,000	1.50%	200,000	"
〃	Bank SinoPac 99-1 Subordinate Classes Financial Bond (G11085)	2017.12.09	500,000	1.80%	500,000	"
〃	Land Bank 99-2 Subordinate Classes Financial Bond (G12712)	2017.12.15	500,000	1.53%	500,000	"
〃	Mega International 99-1 Subordinate Classes Financial Bond (G11832)	2017.12.24	500,000	1.53%	500,000	"
〃	SinoPac Bank 100-1 Subordinate Financial Debentures-A G11087	2018.03.11	200,000	1.92%	200,000	"
〃	E. Sun Bank 100-1 Subordinate Classes Financial Bond	2018.05.24	100,000	1.73%	100,000	"
〃	Yuanta Subordinated Bank Debentures 100-1	2018.06.27	200,000	1.75%	200,000	"
〃	Tcb-Bank 100-2 Subordinate Financial Debentures-B (G12420)	2018.07.28	100,000	1.70%	100,000	"
〃	Taipei Fubon Subordinated Bank Bond 100-2	2018.08.05	200,000	1.70%	200,000	"
〃	SinoPac Bank 100-2 Subordinate Financial Debentures-A	2018.08.18	150,000	1.95%	150,000	"
〃	Yuanta Subordinated Bank Debentures 100-2	2018.08.22	150,000	1.85%	150,000	"
〃	E. Sun Bank 100-2 Subordinate Classes Financial Bond	2018.10.28	100,000	1.80%	100,000	"
〃	SinoPac Bank 100-3 Subordinate Financial Debentures-A	2018.11.04	200,000	1.85%	199,999	"
〃	SinoPac Bank 101-1 Subordinate Financial Debentures-A	2019.09.18	200,000	1.53%	200,000	"
〃	Taiwan Agribank 101-1 Subordinate Classes Financial Bond (G13103)	2019.10.17	100,000	1.43%	100,000	"
〃	Land Bank 101-3 Subordinate Classes Financial Bond (G12712)	2019.10.22	200,000	1.43%	200,000	"
〃	Hua Nan Bank 99-1 Subordinate Classes Financial Bond (G189AB)	2020.11.23	500,000	1.65%	500,000	"
〃	Taiwan Agribank 101-1 Subordinate Classes Financial Bond-B (G13104)	2022.10.17	100,000	1.53%	100,000	"
〃	Tcb-Bank 102-1 Subordinate Financial Debentures-B (G12425)	2020.03.28	200,000	1.48%	200,000	"
〃	Taipei Fubon Subordinated Bank Bond 102-1	2020.08.01	200,000	1.52%	200,000	"

Investor	Name of the Securities	Due Date	Face value	Rate	Book value	Amount of securities pledged
TDCC	98 Chang Hwa Bank 1	2016.09.15	$ 200,000	2.30%	$ 202,670	None
〃	100 Taipei Fubon Bank 3	2018.12.01	200,000	1.65%	200,000	"
〃	100 Land Bank of Taiwan 2	2018.12.29	200,000	1.60%	200,000	"
〃	98 Cathay United Bank 1	2017.06.11	200,000	2.42%	204,798	"
〃	101 Taipei Fubon Bank 1	2019.04.05	200,000	1.48%	200,000	"
〃	Chinatrust Commercial Bank 1st Unsecured Subordinate Financial Debentures- A Issue in 2011	2018.09.27	200,000	1.80%	202,669	"
〃	Cathay United Bank 1st Subordinate Financial Debentures-01 Issue in 2012	2019.06.06	200,000	1.48%	200,000	"
〃	Land Bank of Taiwan 2nd Subordinate Financial Debentures Issue in 2012	2019.06.26	200,000	1.50%	200,000	"
〃	First Commercial Bank 1st Issue A Tranche Subordinate Financial Debentures in 2012	2019.09.25	200,000	1.47%	200,000	"
〃	Hua Nan Commercial Bank the First Subordinate Financial Debentures- A Issue in 2012	2019.11.06	200,000	1.43%	200,000	"
〃	The Shanghai Commercial & Savings Bank Ltd 1st Unsecured Subordinate Financial Debentures-Issue in 2012	2019.04.10	50,000	1.48%	50,163	"
〃	The Shanghai Commercial & Savings Bank Ltd 4th Unsecured Subordinate Financial Debentures-A Issue in 2012	2019.12.27	200,000	1.43%	200,000	"
〃	99 First Bank 2	2017.09.28	200,000	1.50%	201,222	"
〃	101 Land Bank of Taiwan 1	2019.04.13	100,000	1.55%	100,742	"
〃	Tcb-Bank 2010 2nd Subordinate Financial Bond	2017.10.25	200,000	1.45%	200,930	"
〃	99 Taipei Fubon Bank 8	2017.11.15	200,000	1.50%	201,146	"
〃	99 Land Bank of Taiwan 2	2017.12.15	200,000	1.53%	201,353	"
〃	Shanghai Commercial 101-2 Subordinate Classes Financial Bond	2019.05.22	200,000	1.54%	201,610	"
〃	100 Cathay United Bank 1A	2018.03.30	200,000	1.65%	201,268	"
〃	102 Taipei Fubon Bank 1A	2020.08.01	200,000	1.52%	200,000	"
〃	MEGA Bank 1st Subordinated Financial Debentures Issue in 2011	2018.04.15	200,000	1.65%	201,238	"
〃	Taiwan Cooperative Bank 102 1B	2020.03.28	50,000	1.48%	49,427	"
〃	Taiwan Cooperative Bank 100 1B	2018.05.25	200,000	1.65%	200,651	"
〃	Taiwan Cooperative Bank 102 2A	2020.12.25	200,000	1.72%	200,000	"
〃	102 Land Bank of Taiwan 1	2020.12.26	200,000	1.72%	200,000	"
〃	Taiwan Business Bank 2Th Unsecured Subordinate Financial Debentures Issue in 2010	2017.09.02	200,000	1.92%	202,335	"
〃	ESUN Bank 6th Unsecured Subordinate Financial Debentures Issue in 2009	2016.10.20	200,000	2.35%	203,539	"
〃	Taiwan Business Bank 4Th Unsecured Subordinate Financial Debentures Issue in 2009	2016.12.18	200,000	2.50%	204,470	"
〃	TaipeiFubon Bank 1St Subordinate Financial Debentures-A Issue in 2010	2017.01.25	100,000	2.20%	101,815	"
〃	Sinopac Bank 1St Subordinate Financial Debentures-A Issue in 2010	2017.12.09	50,000	1.80%	50,614	"
〃	MEGA Bank 1st Subordinated Financial Debentures Issue in 2010	2017.12.24	200,000	1.53%	200,893	"
					12,084,299	

Investor	Name of the Securities	Due Date	Face value	Rate	Book value	Amount of securities pledged
	Corporate bonds					
TSEC	Cathay Financial Holdings 98-1 Unsecured Subordinate Classes Corporate Bond B98902	2016.10.08	$ 300,000	2.65%	$ 300,000	None
〃	Taiwan Power 99-4 secured B (B903U5)	2017.08.20	300,000	1.64%	301,797	"
〃	CPC Corporation, Taiwan 99-1 Secured B (B71862)	2017.11.01	100,000	1.29%	100,000	"
〃	CPC Corporation, Taiwan 97-1 Unsecured C (97 CPC Corporation 1C)	2018.12.16	100,000	2.65%	104,374	"
TDCC	CPC Corporation, Taiwan 100 1st class A bond	2016.09.19	200,000	1.40%	200,000	"
〃	Taipower 100 5A Corporate Bond	2016.11.17	200,000	1.30%	200,000	"
〃	Taipower 100 1A Corporate Bond	2018.04.22	100,000	1.60%	100,883	"
〃	CPC Corporation, Taiwan 102 1st class 2A bond	2018.10.28	50,000	1.49%	50,129	"
〃	CPC Corporation 1st secured corporate Bonds-B Issue in 2011	2018.09.22	200,000	1.60%	201,845	"
					1,559,028	
	Government bonds					
TSEC	Taiwan Government Bond A097105	2028.08.14	$ 50,000	2.63%	$ 54,583	None
TDCC	92 Jia 3 Bond	2023.02.18	250,000	2.50%	239,174	"
〃	90 Jia 6 Bond	2016.08.07	150,000	3.75%	151,369	"
〃	90 Jia 3 Bond	2016.03.06	100,000	4.63%	101,334	"
〃	88 Yi 1 Bond	2019.04.23	100,000	5.88%	109,800	"
〃	89 Jia 7 Bond	2020.01.18	100,000	6.25%	113,658	"
〃	90 Jia 7 Bond	2016.10.19	100,000	3.50%	100,899	"
					870,817	
	Total held-to-maturity financial assets-non-current				$ 14,514,144	

(e)Available-for-sale financial assets –non-current

Investor	Name of the Securities	Units/Shares (in thousands)	Book value	Market value or net worth per share (in dollars)	Total amount	Amount of securities pledged
	Stock					
TSEC	Taiwan International Futures Exchange Corporation	14,492	$ 100,000	$ 56.31	$ 816,050	None
"	Taipei Financial Center Corporation	83,853	838,528	27.88	2,337,816	"
TDCC	Taiwan International Futures Exchange Corporation	18,840	130,000	56.31	1,060,865	"
			1,068,528		$ 4,214,731	
	Accumulated Impairment		(116,876)			
			$ 951,652			

(f)Investments accounted for under the equity method

Investor	Name of the Securities	Nature of the securities	Relationship with the Company	Units/Shares (in thousands)	Book value	Shares held by the Company	Market value or net value of the stock rights	Amount of securities pledged
TSEC	Taiwan Ratings Co.	Stocks	Investee company accounted for under the equity method	1,399	$ 31,651	19.99%	$ 31,651	None
TDCC	"	"	"	1,330	30,087	19.00%	30,087	"
TWCA	"	"	"	1	4	0.01%	-	"
					$ 61,742			

(g)Operations guarantee deposits

Name of the Securities	Due Date	Face Value	Rate	Book value
Time deposits	2015.10.05	$ 322,200	1.350%	$ 322,200

D.Acquisition or sale of the same security with the accumulated cost exceeding $100 million or 20% of the Company's paid-in capital during the year ended December 31, 2014:

			Balance as at January 1, 2014		Addition		Disposals				Balance as at December 31, 2014		
Investor	Name of the Securities	Counter party	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Market value	None
TSEC	Yuanta Wan Tai Bond Fund	-	-	$ -	20,224	$ 300,000	(6,741)	$ 100,227	($ 100,000)	$ 227	13,483	$ 200,743	Note 1
"	Sinopac TWD Money Market Fund	-	-	-	62,336	850,000	-	-	-	-	62,336	853,208	Note 1
"	Sinopac Strategies Fund No. 1	-	10,000	100,000	18,740	200,000	-	-	-	-	28,740	318,154	Note 1
"	UPAMC QUALITY GROWTH Fund	-	7,752	152,796	-	-	(7,752)	190,083	(152,796)	37,287	-	-	
"	Fubon Strategy Private Equity Fund	-	47,021	500,000	15,784	200,000	(47,021)	576,951	(500,000)	76,951	15,784	205,348	Note 1
"	Mega Diamond Money Market Fund	-	30,927	369,953	-	-	(30,927)	379,161	(369,953)	9,208	-	-	
"	Cathay Taiwan Money Market Fund	-	-	-	16,374	200,000	(16,374)	200,106	(200,000)	106	-	-	
TDCC	FSITC Taiwan Money Market Fund	-	21,094	315,000	235,230	2,077,189	224,620	1,916,187	1,914,738	1,449	31,704	476,040	Note 1
"	Yuanta De-Li Money Market Fund	-	-	-	35,000	559,991	35,000	559,991	559,838	153	-	-	
"	Yuanta De- Bao Money Market Fund	-	-	-	36,621	431,956	36,621	431,956	431,793	163	-	-	
"	Yuanta Wan Tai Money Market Fund	-	16,884	250,000	157,753	2,341,983	158,920	2,357,976	2,356,958	1,018	15,718	234,024	Note 1
"	FUBON CHI-HSIANG MONEY	-	-	-	48,517	744,941	48,517	744,941	744,709	232	-	-	
"	Cathay Taiwan Money Market Fund	-	19,684	240,004	93,919	1,146,468	113,603	1,386,472	1,385,887	585	-	-	
"	Sinopac TWD Money Market Fund	-	-	-	34,169	467,047	23,641	322,965	322,752	213	10,528	144,093	Note 1
"	Franklin Templeton Sinoam Money Market Fund	-	-	-	217,536	2,200,000	197,808	2,000,000	1,999,072	928	19,728	200,016	Note 1
"	Taiwan Business Bank 2Th Unsecured Subordinate Financial Debentures Issue in 2010	-	-	-	200,000	202,939	-	-	-	-	200,000	202,335	Note 2
"	ESUN Bank 6th Unsecured Subordinate Financial Debentures Issue in 2009	-	-	-	200,000	204,641	-	-	-	-	200,000	203,539	Note 2
"	Taiwan Business Bank 3Th Unsecured Subordinate Financial Debentures Issue in 2009	-	-	-	200,000	205,613	-	-	-	-	200,000	204,470	Note 2
"	TaipeiFubon Bank 1St Subordinate Financial Debentures-A Issue in 2010	-	-	-	100,000	102,451	-	-	-	-	100,000	101,815	Note 2
"	MEGA Bank 1st Subordinated Financial Debentures Issue in 2010	-	-	-	200,000	200,924	-	-	-	-	200,000	200,893	Note 2
"	TAIWAN POWER COMPANY 4TH SECURED CORPORATE BOND-A ISSUE IN 2010	-	200,000	200,154	-	-	100,000	-	100,088	-	100,000	100,066	Note 2
"	CPC Corporation 1st secured corporate Bonds-B Issue in 2011	-	-	-	200,000	202,362	-	-	-	-	200,000	201,845	Note 2

Note 1: Due to valuation adjustment, ending balance is not equal to beginning balance.

Note 2: The difference between the ending balance and the beginning balance add/less purchase/selling amount for this period is due to unwinding of premium.

E.Disposal of real estate properties exceeding $100 million or 20% of the Company's paid-in capital during the year ended December 31, 2014: None.

F.Purchases from or sales to related parties exceeding $100 million or 20% of the Company's paid-in capital during the year ended December 31, 2014: None.

G.Derivative financial instruments undertaken during the year ended December 31, 2014: None.

(2) Related information of investee companies for the year ended December 31, 2014:

				Initial investment amount		Holding Status					
Investor	Investee	Address	Major operating activities	At the end of this year	At the end of last year	No. of shares (in thousands)	Ownership (%)	Book value	Net income (loss) of the investee	Investment income (loss) recognized by the Company	None
TSEC	TDCC	11F., No. 363, Fuxing N. Rd., Songshan Dist., Taipei City	Custodian of securities and other services	$ 550,000	$ 550,000	169,187	50.43%	$ 9,767,938	$ 1,577,767	$ 795,649	-
TSEC	TWCA	10F., No. 85, Yanping S. Rd., Zhongzheng Dist., Taipei City	Online verification services	102,898	102,898	7,412	30.25%	94,815	35,588	10,766	-
TSEC	Taiwan Ratings Co.	49F., No. 7, Sec. 5, Sinyi Rd., Taipei City	Credit rating services	15,045	15,045	1,399	19.99%	31,651	56,622	11,318	-
TDCC	Taiwan Ratings Co.	49F., No. 7, Sec. 5, Sinyi Rd., Taipei City	Credit rating services	13,300	13,300	1,330	19.00%	30,087	56,622	-	-
TDCC	TWCA	10F., No. 85, Yanping S. Rd., Zhongzheng Dist., Taipei City	Online verification services	18,700	18,700	4,427	18.07%	54,862	35,588	-	-
TWCA	Taiwan Ratings Co.	49F., No. 7, Sec. 5, Sinyi Rd., Taipei City	Credit rating services	4	4	1	0.01%	4	56,622	-	-

14. SEGMENT INFORMATION

(1) General information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

(2) Segment information

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

Year ended December 31, 2014	Stock exchange	Stock custodian	Total
Revenue from external customers	$ 4,401,748	$ 3,028,424	$ 7,430,172
Inter-segment revenue	-	558,902	558,902
Total segment revenue	$ 4,401,748	$ 3,587,326	$ 7,989,074
Segment income before tax	$ 2,046,519	$ 1,955,442	$ 4,001,961
Year ended December 31, 2013			
Revenue from external customers	$ 3,842,920	$ 2,623,520	$ 6,466,440
Inter-segment revenue	-	483,494	483,494
Total segment revenue	$ 3,842,920	$ 3,107,014	$ 6,949,934
Segment income before tax	$ 1,716,633	$ 1,574,394	$ 3,291,027

(3) Reconciliation for reportable segment revenue and income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the income statement.

A reconciliation of reportable segment revenue and operating revenue and reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2014 and 2013 is provided as follows:

	For the years ended December 31,	
Revenue	2014	2013
Reportable segments revenue	$ 7,989,074	$ 6,949,934
Other segments revenue	245,843	261,806
Elimination of revenue among segments	(558,902)	(483,494)
Operating revenue	$ 7,676,015	$ 6,728,246

	For the years ended December 31,	
Profit (loss)	2014	2013
Reportable segments profit and loss	$ 4,001,961	$ 3,291,027
Other segments profit and loss	43,567	46,506
Elimination of profit and loss among segments	(812,863)	(679,046)
Profit before tax from continuing operations	$ 3,232,665	$ 2,658,487

(4) Information on product

The Company and its subsidiaries' product information agrees with operating revenue information in statements of comprehensive income. Details are provided in the statements of comprehensive income.

(5) Geographical information

The major location where services are rendered by the Company and its subsidiaries are Taiwan.

(6) Major customer information

The Company and its subsidiaries have no single customer accounting for more than 10% of the Company and its subsidiaries' consolidated revenue.