TAIWAN STOCK EXCHANGE CORPORATION

PARENT COMPANY ONLY 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 Corporation

We have audited the accompanying parent company only balance sheets of Taiwan Stock Exchange Corporation as of December 31, 2014 and 2013, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, expressed in thousands of New Taiwan dollars. These parent company only financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. We did not audit the 2014 and 2013 financial statements of Taiwan Depository and Clearing Corporation, Taiwan-Ca. Inc. and Taiwan Ratings Corporation, investees accounted for using the equity method. The Company recognised other comprehensive income (including share of profit/(loss) of subsidiaries and associates accounted for using equity method and share of other comprehensive income (loss) of subsidiaries and associates) of $866,287 thousand and $780,668 thousand for the years ended December 31, 2014 and 2013, respectively. Related investments accounted for using equity method was $9,894,404 thousand and $9,247,542 thousand as of December 31, 2014 and 2013, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, 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 parent company only financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 parent company only financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Taiwan Stock Exchange Corporation as of December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended, in conformity with the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchanges" and related orders issued by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan

March 17, 2015

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY 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)	$ 6,878,165	11	$ 6,924,676	10
Available-for-sale financial assets - current	6(2)	3,600,356	6	3,108,103	4
Held-to-maturity financial assets - current	6(3)	3,507,497	6	2,099,716	3
Accounts receivable - net	6(4) and 7	295,739	1	250,917	-
Other receivables		112,509	-	140,664	-
Other current financial assets	6(1)	8,238,709	13	15,372,627	21
Other current assets		8,739	-	7,339	-
Total Current Assets		22,641,714	37	27,904,042	38
Non-current Assets					
Available-for-sale financial assets – non-current	6(2)	3,153,866	5	2,307,125	3
Held-to-maturity financial assets – non-current	6(3)	7,361,500	12	10,980,163	15
Default damages fund	6(5)	8,512,904	14	8,391,530	12
Investments accounted for using equity method	6(7)	9,894,404	16	9,247,542	13
Property and equipment	6(8)	2,514,330	4	1,924,424	3
Investment property - net	6(9)	83,841	-	84,295	-
Intangible assets	6(10)	396,459	1	346,195	-
Deferred income tax assets	6(23)	7,239	-	6,816	-
Other non-current assets	6(11)	600,919	1	703,170	1
Total Non-current Assets		32,525,462	53	33,991,260	47
Securities Settlement Debit	6(6)	6,344,772	10	10,860,630	15
TOTAL ASSETS		$ 61,511,948	100	$ 72,755,932	100

(Continued)

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

		December 31, 2014		December 31, 2013	
LIABILITIES AND EQUITY	Notes	AMOUNT	%	AMOUNT	%
Current Liabilities					
Securities lending and borrowing collateral payable	6(12)	$ 5,176,954	8	$ 13,669,186	19
Accrued expenses		923,470	2	785,729	1
Current income tax liabilities	6(23)	50,605	-	30,871	-
Other current liabilities	6(13)	286,366	1	741,625	1
Total Current Liabilities		6,437,395	11	15,227,411	21
Non-current Liabilities					
Deferred income tax liabilities	6(23)	55,474	-	1,441,991	2
Accrued pension liabilities	6(14)	179,663	-	174,950	-
Guarantee deposits received		54,261	-	56,571	-
Total Non-current Liabilities		289,398	-	1,673,512	2
Securities Settlement Credit	6(6)	6,344,772	10	10,860,630	15
Total Liabilities		13,071,565	21	27,761,553	38
Equity					
Share Capital					
Share capital - common stock	6(15)	6,443,266	11	6,286,113	9
Capital Surplus					
Capital surplus	6(16)	578	-	578	-
Retained Earnings					
Legal reserve	6(17)	4,728,691	8	4,596,560	6
Special reserve	6(17)	32,182,134	52	30,586,547	42
Unappropriated earnings	6(18)	1,919,366	3	1,321,304	2
Other Equity Interest					
Other equity interest	6(19)	3,166,348	5	2,203,277	3
Total Equity		48,440,383	79	44,994,379	62
TOTAL LIABILITIES AND EQUITY		$ 61,511,948	100	$ 72,755,932	100

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

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY 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)

	2014		2013	
Items	AMOUNT	%	AMOUNT	%
Operating revenue (Notes 6(20) and 7)				
Trading fees	$ 2,393,431	54	$ 2,038,100	53
Listing fees	1,038,074	24	931,400	24
Market data fees	346,369	8	349,062	9
Data processing fees	203,033	5	129,541	3
Connection handling fees	68,417	1	58,384	2
Others	352,424	8	336,433	9
Total Operating Revenue	4,401,748	100	3,842,920	100
Operating expenses (Note 6(21))				
Personnel	(1,404,109)	(32)	(1,333,118)	(35)
General and administrative (Note 7)	(2,438,876)	(55)	(2,124,940)	(55)
Total Operating Expenses	(3,842,985)	(87)	(3,458,058)	(90)
Operating income	558,763	13	384,862	10
Non-operating income and expenses				
Equity in net income of investee company (Note 6(7))	817,733	19	681,381	18
Interest income	485,791	11	618,845	16
Gain on disposal of investments	148,019	3	59,340	2
Other income	128,450	3	54,573	1
Finance costs (Note 6(22))	(10,204)	-	(12,551)	-
Other expenses	(82,032)	(2)	(69,817)	(2)
Total non-operating income and expenses	1,487,757	34	1,331,771	35
Profit before income tax	2,046,520	47	1,716,633	45
Income tax expense (Note 6(23))	(202,616)	(5)	(175,209)	(5)
Profit for the year	1,843,904	42	1,541,424	40
Other comprehensive income				
Unrealized gain on valuation of available-for-sale financial assets (Note 6(2))	923,054	21	409,276	11
Actuarial gain on defined benefit plan (Note 6(14))	18,864	-	164,942	4
Share of other comprehensive income of associates accounted for under equity method	48,554	1	99,287	3
Total comprehensive income for the year	$ 2,834,376	64	$ 2,214,929	58
Earnings per share				
Basic earnings per share (Note 6(24))	$	2.86	$	2.39

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

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

	Notes	Share capital - common stock	Total Capital Surplus, Additional Paid-In Capital	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Other EquityInterest	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
Appropriations of 2012 earnings:								
Legal reserve	6(17)	-	-	152,726	-	(152,726)	-	-
Special reserve	6(17)	-	-	-	458,180	(458,180)	-	-
Cash dividends	6(18)	-	-	-	-	(766,599)	-	(766,599)
Stock dividends	6(18)	153,320	-	-	-	(153,320)	-	-
Net income for 2013		-	-	-	-	1,541,424	-	1,541,424
Other comprehensive income for 2013	6(19)	-	-	-	-	228,316	445,189	673,505
Balance at December 31, 2013		$ 6,286,113	$ 578	$ 4,596,560	$ 30,586,547	$ 1,321,304	$ 2,203,277	$ 44,994,379
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
Appropriations of 2013 earnings:								
Legal reserve	6(17)	-	-	132,131	-	(132,131)	-	-
Special reserve	6(17)	-	-	-	198,195	(198,195)	-	-
Cash dividends	6(18)	-	-	-	-	(785,764)	-	(785,764)
Stock dividends	6(18)	157,153	-	-	-	(157,153)	-	-
Recognised special reserve		-	-	-	1,397,392	-	-	1,397,392
Net income for 2014		-	-	-	-	1,843,904	-	1,843,904
Other comprehensive income for 2014	6(19)	-	-	-	-	27,401	963,071	990,472
Balance at December 31, 2014		$ 6,443,266	$ 578	$ 4,728,691	$ 32,182,134	$ 1,919,366	$ 3,166,348	$ 48,440,383

Note: Employees' bonuses of $96,918 and $86,508 were deducted from the statement of comprehensive income for 2013 and 2012, respectively.

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

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY 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			
Profit before tax for the year		$ 2,046,520	$ 1,716,633
Adjustments			
Income and expenses having no effect on cash flows			
Interest income		(485,791)	(618,845)
Dividend income		(58,277)	(27,162)
Finance costs	6(22)	10,204	12,551
Provision for bad debt		1,422	-
Depreciation (including investment property)	6(21)	431,636	394,068
Amortization	6(21)	148,136	105,976
Gain on disposal of investments		(148,019)	(59,340)
Equity in net income of investee companies-net of cash dividends received		(598,308)	(482,702)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		(46,244)	750
Other receivables		13,746	-
Other current assets		(1,400)	(1,862)
Default damages fund		(121,374)	(103,825)
Net changes in liabilities relating to operating activities			
Securities lending and borrowing collateral payable		(8,492,232)	(7,319,615)
Accrued expenses		117,354	(103,100)
Other current liabilities		(455,259)	161,764
Other non-current assets		(7,300)	(4,900)
Accrued pension liabilities		23,577	20,208
Cash used in operations		(7,621,609)	(6,309,401)
Interest received		493,102	633,186
Interest paid		10,183	16,887
Income tax paid		(165,332)	(136,969)
Net cash used in operating activities		(7,283,656)	(5,796,297)
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		2,210,882	3,215,882
Decrease (increase) in other current financial assets		7,133,918	(10,421,814)
Acquisition of property and equipment		(635,567)	(589,969)
Proceeds from disposal of property and equipment		17	848
Increase in intangible assets		(79,806)	(76,541)
Decrease in refundable deposits-net		-	1,202
Increase in prepayments for equipment		(394,581)	(650,991)
Dividend income		58,277	27,162
Net cash provided by (used in) investing activities		8,025,219	(8,633,090)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid		(785,764)	(766,599)
(Decrease) increase in guarantee deposits received		(2,310)	4,809
Net cash used in financing activities		(788,074)	(761,790)
Decrease in cash and cash equivalents		(46,511)	(15,191,177)
Cash and cash equivalents at beginning of year	6(1)	6,924,676	22,115,853
Cash and cash equivalents at end of year	6(1)	$ 6,878,165	$ 6,924,676

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

TAIWAN STOCK EXCHANGE CORPORATION
NOTES TO PARENT COMPANY ONLY 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 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 FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorised 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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, the Company 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 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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Disclosures－Transfers of financial assets (amendments to IFRS 7)	July 1, 2011
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's assessment, the adoption of the 2013 version of IFRSs has no significant impact on the financial statements of the Company, 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 will adjust its presentation of the statement of comprehensive income.

The Company is applicable to the above amendments and will revise its comprehensive statements of income in 2015, that 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 standards requires more additional disclosures than the standards in effect. For example, the current standard merely requires 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 is assessing their impact on the 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	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the 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 parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These parent company only financial statements of the Company has been prepared in accordance with the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchange". However, the Company complies with orders issued by Financial Supervisory Commission (FSC) if different from standards.

(2) Basis of preparation

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

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

B.Accrued pensions liabilities calculated by actuarial valuations.

(3) Foreign currency translation

The parent company only 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".

(4) Classification of current and current items

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

(5) 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 and can be transferred into fixed amount of cash and the risk of change in value is minor.

(6) Available-for-sale financial assets

A.Available-for-sale financial assets are 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.

(7) Held-to-maturity financial assets

A.Held-to-maturity financial assets are derivative financial assets with fixed or determinable payments and fixed maturity date that the Company has 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.

(8) 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.

(9) Impairment of financial assets

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

B. The criteria that the Company uses 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 assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(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.

(10) Derecognition of financial assets

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

(11) Lease

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.

(12) Investments accounted for using the equity method

A.Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these parent company only financial statements.

B.Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to be equal to the Company's accounting policies.

C.The Company's 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.

D.Associates are all entities over which the Company has 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.

E.The Company's share of its associates' 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.

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Company – Type Stock Exchanges," profit (loss) of the current period and other comprehensive income in the financial statements shall equal to the amount attributable to owners of the parent in the financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements.

(13) Property, plant and equipment

A. Property, plant 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 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.

(14) 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.

(15) Intangible assets

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

(16) Impairment of financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. 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.

(17) 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.

(18) 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 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.

(19) 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 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.

(20) 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.

(21) 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.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. 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 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 $3,153,866.

(2) Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company 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 $179,663.

(3) Held-to-maturity financial assets

The Company has 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 $10,868,997.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Checking accounts and demand deposits	$ 1,054,176	$ 731,091
Cash equivalents		
Time deposits with maturity within three months from initial date	1,730,000	1,250,000
Commercial papers	4,093,989	4,943,585
	$ 6,878,165	$ 6,924,676

A.As of December 31, 2014 and 2013, the time deposits with maturity of more than three months from initial date were $8,238,709 and $15,372,627, respectively, and were shown as 'other financial assets – current'.

B.The Company associates 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's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

C.The Company has no cash and cash equivalents pledged to others.

(2) Available-for-sale financial assets

Items	December 31, 2014	December 31, 2013
Current items:		
Beneficiary Certificate	$ 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	$ 938,528	$ 938,528
Valuation adjustment of available-for-sale financial assets	2,332,214	1,485,473
Accumulated impairment	(116,876)	(116,876)
	$ 3,153,866	$ 2,307,125

A.The Company recognised $923,054 and $409,276 in other comprehensive income for fair value change for the years ended December 31, 2014 and 2013, respectively.

B.The Company has no available-for-sale financial assets pledged to others.

(3) Held-to-maturity financial assets

Items	December 31, 2014	December 31, 2013
Current items:		
Financial bonds	$ 2,000,190	$ 1,300,000
Corporate bonds	1,507,307	799,716
	$ 3,507,497	$ 2,099,716
Non-current items:		
Financial bonds	$ 6,500,746	$ 8,601,732
Corporate bonds	806,171	2,323,511
Government bonds	54,583	54,920
	$ 7,361,500	$ 10,980,163

The Company has no held-to-maturity financial assets pledged to others.

(4) Accounts receivable

	December 31, 2014	December 31, 2013
Accounts receivable	$ 297,161	$ 250,917
Less: Allowance for doubtful accounts	(1,422)	-
	$ 295,739	$ 250,917

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 does not hold any collateral as security.

(5) 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 has contributed 5% of trading fees to the DDF within 15 days after the end of every quarter since January 1, 2010.

C.For the preparation of financial statements in accordance with IFRSs from January 1, 2013, following the regulatory authority, the default damages reserve the Company has contributed should be reclassified to 'special reserve', which cannot be used for other purposes except for the use to cover accumulated deficit or for other uses approved by the Financial Supervisory Commission. In addition, contribution to the default damages fund was no more effective from October 30, 2012.

D.Under regulations of the competent authority, if losses occur when the Company pay 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 no expense will be recognized.

E. 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 established the special settlement fund ("SF") with an initial funding of $1,000,000. If the Company's 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.

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

	Years ended December 31, 2014	Years ended December 31, 2013
Balance, beginning of year (Note)	$ 5,391,530	$ 5,287,705
Contributions		
Based on the amounts of trading fees	117,760	100,011
3% of securities lending and borrowing service fees	3,614	3,814
	5,512,904	5,391,530
Settlement fund (SF)	3,000,000	3,000,000
Balance, end of year	$ 8,512,904	$ 8,391,530

Note: The beginning balance of SF was $3,000,000 and the balance of DDF was $8,391,530 and $8,287,705 as of January 1, 2014 and 2013, respectively.

G.As of December 31, 2014, the DDF was invested in time deposits.

(6) 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 balance of the SF was $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 Ten million U.S. dollars 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

(7) Investments accounted for using the equity method

	December 31, 2014	December 31, 2013
Subsidiaries:		
Taiwan Depository & Clearing Corporation (TDCC)	$ 9,767,938	$ 9,129,385
Taiwan-Ca. Inc. (TWCA)	94,815	88,180
	9,862,753	9,217,565
Associate:		
Taiwan Ratings Co. (TRC)	31,651	29,977
	$ 9,894,404	$ 9,247,542

A.Subsidiaries

Please refer to Note 4(3) of consolidated financial statements for the information on subsidiaries. Shares of profit or loss of subsidiaries accounted for using equity method are recognised based on financial statements audited by other independent accountants.

B.Associate

Summary of financials of 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's percentage of ownership in the above associate is 19.99% as of December 31, 2014 and 2013.

Recognition of the share in profit is based on the financial statements audited by other independent accountants.

(8) Property and equipment

	Land	Buildings	Computer equipment	Other equipment	Construction in progress	Total
Cost						
At January 1, 2014 (including revaluation of $37,084)	$816,966	$180,233	$ 867,112	$366,474	$ 314,581	$2,545,366
Additions	-	-	76,102	44,032	515,433	635,567
Disposals	-	-	(235,453)	(40,361)	-	(275,814)
Transfer from prepayments for business facilities	-	-	366,128	19,410	-	385,538
Closing book amount	$816,966	$180,233	$1,073,889	$389,555	$ 830,014	$3,290,657
Accumulated depreciation						
At January 1, 2014	$ -	$ 87,632	$ 411,298	$122,012	$ -	$ 620,942
Depreciation	-	3,218	375,460	52,504	-	431,182
Disposals	-	-	(235,436)	(40,361)	-	(275,797)
Closing book amount	$ -	$ 90,850	$ 551,322	$134,155	$ -	$ 776,327
At January 1, 2014 net book amount	$816,966	$ 92,601	$ 455,814	$244,462	$ 314,581	$1,924,424
At December 31, 2014 net book amount	$816,966	$ 89,383	$ 522,567	$255,400	$ 830,014	$2,514,330

	Land	Buildings	Computer equipment	Other equipment	Construction in progress	Total
Cost						
At January 1, 2013 (including revaluation of $37,084)	$816,966	$180,233	$756,756	$300,668	$ -	$2,054,623
Additions	-	-	138,777	136,611	314,581	589,969
Disposals	-	-	(438,747)	(71,517)	-	(510,264)
Transfer from prepayments for business facilities	-	-	410,326	712	-	411,038
Closing book amount	$816,966	$180,233	$867,112	$366,474	$ 314,581	$2,545,366
Accumulated depreciation						
At January 1, 2013	$ -	$ 84,413	$501,850	$150,481	$ -	$ 736,744
Depreciation	-	3,219	348,195	42,200	-	393,614
Disposals	-	-	(438,747)	(70,669)	-	(509,416)
Closing book amount	$ -	$ 87,632	$411,298	$122,012	$ -	$ 620,942
At January 1, 2013 net book amount	$816,966	$ 95,820	$254,906	$150,187	$ -	$1,317,879
At December 31, 2013 net book amount	$816,966	$ 92,601	$455,814	$244,462	$ 314,581	$1,924,424

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
Other equipment	3 years ~ 8 years

(9) Investment property

	Land		Buildings		Total	
Cost						
At January 1, 2014 (same as December 31, 2013)	$	72,577	$	25,412	$	97,989
Accumulated depreciation						
At January 1, 2014	$	-	$	13,694	$	13,694
Depreciation		-		454		454
Closing book amount	$	-	$	14,148	$	14,148
At January 1, 2014 net book amount	$	72,577	$	11,718	$	84,295
At December 31, 2014 net book amount	$	72,577	$	11,264	$	83,841

	Land		Buildings		Total	
Cost						
At January 1, 2013 (same as December 31, 2012)	$	72,577	$	25,412	$	97,989
Accumulated depreciation						
At January 1, 2013	$	-	$	13,240	$	13,240
Depreciation		-		454		454
Closing book amount	$	-	$	13,694	$	13,694
At January 1, 2013 net book amount	$	72,577	$	12,172	$	84,749
At December 31, 2013 net book amount	$	72,577	$	11,718	$	84,295

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	$	10,367	$	10,350
Direct operating expenses arising from the investment property that generated rental income in the period (Depreciation expenses)	$	454	$	454

B.The fair value of the investment property held by the Company as of December 31, 2014 and 2013 was $326,712 and $346,498, respectively. The above assets are compared with similar 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.

(10) Intangible assets

	Years ended December 31, 2014	Years ended December 31, 2013
Cost		
At January 1	$ 814,625	$ 539,201
Additions	79,806	76,541
Disposals	(70,260)	(64,259)
Transfer from prepayments for equipment	118,594	263,142
Closing book amount	$ 942,765	$ 814,625
Accumulated depreciation		
At January 1	$ 468,430	$ 426,713
Amortisation	148,136	105,976
Disposals	(70,260)	(64,259)
Closing net book amount	$ 546,306	$ 468,430
At January 1 net book amount	$ 346,195	$ 112,488
At December 31 net book amount	$ 396,459	$ 346,195

Intangible assets pertain to computer software which are stated at historical cost and amortised on a straight-line basis over the estimated useful life of 3 years.

(11) Other current assets

	December 31, 2014	December 31, 2013
Operations guarantee deposits	$ 322,200	$ 314,900
Refundable deposits	31,053	31,053
Prepayments for equipment	247,666	357,217
	$ 600,919	$ 703,170

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

(12) 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.

(13) Other current liabilities

	December 31, 2014	December 31, 2013
Advance receipts	$ 233,423	$ 168,150
Deposits received for borrowing securities collateral	20,000	165,000
Temporary receipts for close down brokers	13,798	383,750
Others	19,145	24,725
	$ 286,366	$ 741,625

Advanced receipts refer to (put) warrant listing fees received in advance.

(14) 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	$ 2,530,780	$ 2,445,634
Fair value of plan assets	(2,351,117)	(2,270,684)
Accrued pension obligations	$ 179,663	$ 174,950

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

	2014	2013
Present value of funded obligations		
At January 1	$ 2,445,634	$ 2,537,962
Current service cost	187,592	193,263
Interest expense	44,399	37,002
Actuarial profit and loss	(10,592)	(170,117)
Benefits paid	(136,253)	(152,476)
At December 31	$ 2,530,780	$ 2,445,634

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

	2014	2013
Fair value of plan assets		
At January 1	$ 2,270,684	$ 2,218,278
Expected return on plan assets	45,553	44,552
Actuarial profit and loss	8,145	(2,965)
Employer contributions	162,659	162,659
Benefits paid	(135,924)	(151,840)
At December 31	$ 2,351,117	$ 2,270,684

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

	2014	2013
Current service cost	$ 187,592	$ 193,263
Interest cost	44,399	37,002
Expected return on plan assets	(45,553)	(44,552)
Actuarial (profit) and loss	(18,737)	(167,152)
	$ 167,701	$ 18,561

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

	2014	2013
Personnel	$ 186,565	$ 183,503

Amounts recognised under other comprehensive income are as follows:

	2014	2013
Recognition for current period	$ 18,864	$ 164,942
Accumulated amount	$ 102,912	$ 84,048

(d)Based on the Company's internal regulations for employee hiring and management, both the Company and its employees contribute monthly to the workers' pension fund and employees' retirement fund, respectively. The Company contributes 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)The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	1.875%	1.875%
Future salary increases	3.75%	3.75%
Expected return on plan assets	2%	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.

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

	2014	2013	2012
Present value of defined benefit obligation	$ 2,530,780	$ 2,445,634	$ 2,537,962
Fair value of plan assets	(2,351,117)	(2,270,684)	(2,218,278)
Surplus/(deficit) in the plan	$ 179,663	$ 174,950	$ 319,684
Experience adjustments on plan liabilities	($ 10,592)	$ 68,581	($ 74,982)
Experience adjustments on plan assets	$ 8,145	($ 2,965)	($ 9,135)

(g)Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2014 are $168,758.

B.Defined contribution plans

(a)Effective July 1, 2005, the Company has 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 contributes monthly an amount based on 6% 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 plan of the Company for the years ended December 31, 2014 and 2013 were $41,720 and $40,446, respectively.

(15) <u>Share capital</u>

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 6,443,266 thousand shares at $10 (in 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.

(16) <u>Capital reserve</u>

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. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) <u>Legal reserve / Special reserve</u>

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, and special reserve as resolved by the stockholders can only be used, upon the Competent Authority's approval, to offset deficit or transferred to capital.

(18) <u>Unappropriated earnings</u>

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 both $1.25 (in dollars) per share 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.

(19) 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

(20) 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 to make 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%.

(21) Expenses by nature

	Operating expenses	
	Years ended December 31,	
	2014	2013
Employee benefit expense		
Salaries	$ 1,163,733	$ 1,098,008
Insurance	$ 71,053	$ 68,558
Pension	$ 228,285	$ 223,949
Others	$ 12,091	$ 11,161
Depreciation	$ 431,636	$ 394,068
Amortization	$ 148,136	$ 105,976

As of December 31, 2014 and 2013, the Company had 616 and 608 employees.

(22) Finance costs

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

(23) Income tax

A.Income tax expense

	Years ended December 31,	
	2014	2013
Current tax:		
Current tax on profits for the period	$ 163,393	$ 167,840
Tax on undistributed earnings	4,806	-
Adjustments in respect of prior years	23,965	2,574
Total current tax	192,164	170,414
Deferred tax:		
Origination and reversal of temporary differences	10,452	4,795
Total deferred tax	10,452	4,795
Income tax expense	$ 202,616	$ 175,209
Tax calculated based on profit before tax and statutory tax rate	$ 347,908	$ 291,828
Tax effect of permanent difference	(174,063)	(119,193)
Additional 10% tax on undistributed earnings	4,806	-
Under provision of prior year's income tax	23,965	2,574
Tax expense	$ 202,616	$ 175,209

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

	Year ended December 31, 2014		
	January 1	Recognised in profit or loss	December 31
-Deferred tax assets:			
Employees' welfare	$ 1,017	$ 25	$ 1,042
Unused expenses of employee compensated absences	5,727	397	6,124
Others	72	1	73
	$ 6,816	$ 423	$ 7,239
-Deferred tax liabilities:			
Default damages reserve	$ 1,397,392	($ 1,397,392)	$ -
Reserve for land value increment tax	44,599	-	44,599
Unrealised exchange gain	-	10,875	10,875
	$ 1,441,991	($ 1,386,517)	$ 55,474

	Year ended December 31, 2013		
	January 1	Recognised in profit or loss	December 31
-Deferred tax assets:			
Employees' welfare	$ 993	$ 24	$ 1,017
Unused expenses of employee compensated absences	10,548	(4,821)	5,727
Others	70	2	72
	$ 11,611	($ 4,795)	$ 6,816
-Deferred tax liabilities:			
Default damages reserve	$ 1,397,392	$ -	$ 1,397,392
Reserve for land value increment tax	44,599	-	44,599
	$ 1,441,991	$ -	$ 1,441,991

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	$ 95,563	$ 91,058

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.

(24) 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			
Net income	$ 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			
Net income	$ 1,541,424	644,327	$ 2.39

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

	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.License fees (recorded as operating revenue-others):		
Other related parties	$ 149,362	$ 125,321
Corporate Directors	630	630
	$ 149,992	$ 125,951
D.Securities settlement service fees (part of operating expenses):		
Subsidiary	$ 537,815	$ 457,921
E.Rental and administrative expense (part of operating expenses):		
Other related parties	$ 180,571	$ 174,333

	December 31, 2014	December 31, 2013
F.Accounts receivable		
Corporate Directors	$ 45,764	$ 41,861
Other related parties	16,778	8,565
Subsidiary	656	656
	$ 63,198	$ 51,082
G.Payable for securities settlement services		
Subsidiary	$ 46,429	$ 39,696

(2) Key management compensation

	Years ended December 31,	
	2014	2013
Salaries and other short-term employee benefits	$ 34,798	$ 29,681
Pensions	4,123	3,527
	$ 38,921	$ 33,208

8. PLEDGED ASSETS

As of December 31, 2014 and 2013, the Company pledged the following as collateral. Please refer to Notes 6(6) and 6(11) for the information on time certificates 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.

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	$ 433,837	$ 227,691
Later than one year but not later than five years	831,308	871,449
Over five years	188,241	599,488
	$ 1,453,386	$ 1,698,628

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	$ 491,035	$ 307,580
Construction of information centre	597,749	642,528
	$ 1,088,784	$ 950,108

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The target 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	$ 37,137,020	$ 37,137,020
Held-to-maturity financial assets	10,868,997	10,927,071
	$ 48,006,017	$ 48,064,091
Financial liabilities:		
Financial liabilities with book value equal to fair value	$ 12,445,196	$ 12,445,196

	December 31, 2013	
	Book value	Fair value
Financial assets:		
Financial assets with book value equal to fair value	$ 47,356,272	$ 47,356,272
Held-to-maturity financial assets	13,079,879	13,140,499
	$ 60,436,151	$ 60,496,771
Financial liabilities:		
Financial liabilities with book value equal to fair value	$ 25,315,545	$ 25,315,545

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

B.Financial risk management policies

Financial risk management targets and policies

(a)The targets of financial risk management are to manage the following financial risks: market risk (including foreign exchange risk and securities price risk), credit price risk and liquidity risk.

(b)The Company has mechanism to control all financial risks the Company is exposed to. Except for market risk that is controlled by external factors, other risks can be controlled internally or eliminated and the target is to be minimising the risks to zero. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's 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's Financial Department identifies and evaluates a variety of financial instruments, the procedure of the transaction, and transaction parties. Moreover, the Company regularly proposes recommendation reports 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.

<u>Foreign exchange risk</u>

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 has RMB time deposits invested using its partial own funds.

(Foreign currency: functional currency)	December 31, 2014 Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss
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

(Foreign currency: functional currency)	December 31, 2013 Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss
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 were $10,868,997 and $12,279,879, respectively. The change in market interst 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 $800,000, 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 increase/decrease by $8,000.

Price risk of fixed income

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

The market risk of holding equity security includes 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's related regulations on capital usage, and the Company chooses 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 for the year would increase/decrease by $67,542 and $54,152, 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's 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 still estimates them to maintain capability to pay. As of December 31, 2014 and 2013, accounts receivable that were neither past due nor impaired were $294,246 and $246,309, 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	$ 1,493	$ 4,608

iii. Accounts receivable that were impaired

As of December 31, 2014 and 2013, the Group's accounts receivable that were impaired amounted to $1,422 and $0, respectively.

Movements on the Company's provision for impairment of accounts receivable are as follows:

	For the years ended December 31,	
	2014	2013
At January 1	$ -	$ -
Provision for bad debt	1,422	-
At December 31	$ 1,422	$ -

Financial credit risk

The Company's 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 might cause the Company's losses. However, the Company controls such risk by setting transaction ceiling and assessing their credit condition strictly. Thus, the Company expects no significant credit risk would arise.

The Company's internal and external credit risk ratings are as follows:

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 are classfied as follows:

	December 31, 2014		
	Group 1	Group 2	Group 3
Financial bonds	$ 8,500,936	$ -	$ -
Corporate bonds	2,313,478	-	-
Government bonds	54,583	-	-
	$ 10,868,997	$ -	$ -

	December 31, 2013		
	Group 1	Group 2	Group 3
Financial bonds	$ 9,901,732	$ -	$ -
Corporate bonds	3,123,227	-	-
Government bonds	54,920	-	-
	$ 13,079,879	$ -	$ -

(c)Liquidity risk

Liquidity risk refers to responsibilities that the Company is unable to repay financial debts with cash or another financial assets. The Company applies 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 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	873,540	49,930	-	923,470
Deposits received	-	-	54,261	54,261
	$ 6,050,494	$ 49,930	$ 54,261	$ 6,154,685

	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	629,269	156,460	-	785,729
Deposits received	-	-	56,571	56,571
	$14,298,455	$ 156,460	$ 56,571	$14,511,486

(3) Fair value estimation

A.Financial instruments measured at fair value

In preparation for disclosure, the Company manipulates 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's investment.

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

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

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 adopts 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 is unable 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
Available-for-sale financial assets:				
Beneficiary certificates	$ 3,600,356	$ -	$ -	$ 3,600,356
Unlisted (OTC) stocks	-	-	3,153,866	3,153,866
	$ 3,600,356	$ -	$ 3,153,866	$ 6,754,222

December 31, 2013	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
Beneficiary certificates	$ 3,108,103	$ -	$ -	$ 3,108,103
Unlisted (OTC) stocks	-	-	2,307,125	2,307,125
	$ 3,108,103	$ -	$ 2,307,125	$ 5,415,228

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	$ 2,307,125
Gains recognised in other comprehensive income	846,741
December 31, 2014	$ 3,153,866

	Available-for-sale financial assets
January 1, 2013	$ 2,156,751
Gains recognised in other comprehensive income	150,374
December 31, 2013	$ 2,307,125

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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)Available-for-sale financial assets-current

			Market value		
Name of the securities	Units/Shares (in thousands)	Book value	Net worth per share (in dollars)	Total amount	Amount of securities pledged
Beneficiary Certificates					
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			

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

Name of the Securities	Due Date	Face value	Rate	Book value	Amount of securities pledged
Financial bonds					
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	"
				2,000,190	
Corporate bonds					
Fubon Bank 98-2 Unsecured Corporate Bond A (99-2A)	2015.01.28	100,000	1.70%	100,011	"
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	"
				1,507,307	
Total held-to-maturity financial assets-current				$ 3,507,497	

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

Name of the Securities	Due Date	Face value	Rate	Book value	Amount of securities pledged
Financial bonds					
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	"
				6,500,746	

Name of the Securities	Due Date	Face value	Rate	Book value	Amount of securities pledged
Corporate bonds					
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	"
				806,171	
Government bonds					
Taiwan Government Bond A097105	2028.08.14	50,000	2.63%	54,583	None
Total held-to-maturity financial assets - non-current				$ 7,361,500	

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

Name of the Securities	Units/Shares (in thousands)	Book value	Market value: Net value / Market value (in dollars)	Market value: Total	Amount of securities pledged
Stock					
Taiwan Depository & Clearing Co.	14,492	$ 100,000	$ 56.31	$ 816,050	None
Taiwan-Ca, Inc.	83,853	838,528	27.88	2,337,816	"
		938,528		$ 3,153,866	
Less: Accumulated impairment		(116,876)			
		$ 821,652			

(e)Investments accounted for using equity method

Name of the Securities	Nature of 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
Taiwan Depository & Clearing Co.	Stock	The Company's subsidiary	169,187	$ 9,767,938	50.43%	$ 9,767,938	None
Taiwan-Ca, Inc.	"	"	7,412	94,815	30.25%	91,853	"
Taiwan Ratings Co.	"	The investee company accounted for using equity method	1,399	31,651	19.99%	31,651	"
				$ 9,894,404			

(f)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		
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
Yuanta Wan Tai Bond Fund	-	-	$ -	20,224	$ 300,000	(6,741)	$ 100,227	($ 100,000)	$ 227	13,483	$ 200,743	Note
Sinopac TWD Money Market Fund	-	-	-	62,336	850,000	-	-	-	-	62,336	853,208	Note
Sinopac Strategies Fund No. 1	-	10,000	100,000	18,740	200,000	-	-	-	-	28,740	318,154	Note
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
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	-	-	

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

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:

Investor	Investee	Address	Major operating activities	Initial investment amount: At the end of this year	Initial investment amount: At the end of last year	Holding Status: No. of shares (in thousands)	Holding Status: Ownership (%)	Holding Status: Book value	Net income (loss) of the investee	Investment income (loss) recognized by the Company	None
Taiwan Stock Exchange Corporation	Taiwan Depository & Clearing Co. (TDCC)	11F, No. 363, Fusing N. Rd., Taipei City	Custodian of securities and other services	$ 550,000	$ 550,000	169,187	50.43%	$ 9,767,938	$ 1,577,767	$ 795,649	The Company's subsidiary
"	Taiwan-Ca Inc. (TWCA)	10F, No. 85, Yanping S. Rd., Taipei City	Online verification services	102,898	102,898	7,412	30.25%	94,815	35,588	10,766	"
"	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	The investee company accounted for using equity method
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., 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

None.