HERMES MICROVISION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

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.

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

PWCR15000001

To Hermes Microvision, Inc.

We have reviewed the accompanying consolidated balance sheets of Hermes Microvision, Inc. and its subsidiaries as of March 31, 2015 and 2014, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and of cash flows for the three-month periods ended March 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's managements. Our responsibility is to express a conclusion of these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with the Statement of Auditing Standards No. 36 "Engagements to Review financial Statements" in the Republic of China. A review consists primarily of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting " as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan
Hsinchu, Taiwan
Republic of China

April 24, 2015

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

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HERMES MICROVISION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The consolidated balance sheets as of March 31, 2015 and 2014 are reviewed, not audited)

		March 31, 2015		December 31, 2014		March 31, 2014	
Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	$ 7,450,854	47	$ 7,396,471	49	$ 6,050,229	48
Financial assets at fair value through profit or loss - current	6(2)	1,269,241	8	1,101,805	7	-	-
Bond investments without active markets - current	6(4)	1,471,100	10	1,266,000	8	2,955,590	23
Accounts receivable, net	6(5)	2,365,620	15	2,661,783	18	1,369,540	11
Accounts receivable - related parties	7	24,908	-	20,134	-	3,830	-
Other receivables		27,610	-	7,306	-	37,937	-
Other receivables - related parties		623	-	-	-	18	-
Inventories	6(6)	2,073,824	13	1,744,812	12	1,809,370	14
Prepayments		118,134	1	94,412	1	55,584	1
Other current assets		29,907	-	4,851	-	20,431	-
Current Assets		14,831,821	94	14,297,574	95	12,302,529	97
Non-current assets							
Available - for - sale financial assets - noncurrent	6(3)	7,450	-	7,450	-	4,412	-
Property, plant and equipment	6(7)	942,486	6	749,531	5	329,281	3
Intangible assets	6(8)	11,569	-	12,357	-	13,545	-
Deferred income tax assets	6(22)	50,135	-	50,129	-	48,627	-
Other non - current assets		7,565	-	9,435	-	7,592	-
Non - current assets		1,019,205	6	828,902	5	403,457	3
Total assets		$ 15,851,026	100	$ 15,126,476	100	$ 12,705,986	100

(Continued)

HERMES MICROVISION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The consolidated balance sheets as of March 31, 2015 and 2014 are reviewed, not audited)

		March 31, 2015		December 31, 2014		March 31, 2014	
Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Accounts payable		$ 288,599	2	177,559	1	$ 230,657	2
Accounts payable - related parties	7	-	-	-	-	5	-
Other payables	6(9)(11)	1,192,891	8	1,080,525	7	588,202	5
Other payables - related parties	7	51,488	-	78,177	-	63,834	-
Current income tax liabilities	6(22)	303,706	2	267,987	2	192,021	2
Provisions for liabilities - current	6(12)	1,572,400	10	1,471,138	10	1,052,688	8
Other current liabilities		48,112	-	87,053	1	158,426	1
Current Liabilities		3,457,196	22	3,162,439	21	2,285,833	18
Non-current liabilities							
Deferred income tax liabilities	6(22)	10,287	-	12,147	-	5,042	-
Other non - current liabilities	6(10)	77,179	-	76,926	-	79,138	1
Non - current liabilities		87,466	-	89,073	-	84,180	1
Total Liabilities		3,544,662	22	3,251,512	21	2,370,013	19
Equity							
Equity attributable to owners of parent company							
Share capital							
Share capital - common stock	6(13)	710,000	5	710,000	5	710,000	5
Capital surplus	6(14)	5,431,752	34	5,431,196	36	5,427,497	43
Retained earnings	6(15)						
Legal reserve		466,206	3	466,206	3	231,846	2
Special reserve		-	-	-	-	4,144	-
Unappropriated retained earnings		5,608,645	36	5,170,809	34	3,890,749	31
Other equity interest	6(16)						
Other equity interest		40,568	-	49,650	-	30,404	-
Equity attributable to owners of the parent company		12,257,171	78	11,827,861	78	10,294,640	81
Non - controlling interest		49,193	-	47,103	1	41,333	-
Total equity		12,306,364	78	11,874,964	79	10,335,973	81
Significant contingent liabilities and unrecognised contract commitments	9						
Total liabilities and equity		$ 15,851,026	100	$ 15,126,476	100	$ 12,705,986	100

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

HERMES MICROVISION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Items	Notes	Three months ended March 31 2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
Operating revenue	6(17) and 7	$ 1,572,758	100	$ 1,167,655	100
Operating costs	6(6)	(463,781)	(30)	(345,826)	(29)
Net operating margin		1,108,977	70	821,829	71
Operating expenses	6(20)(21) and 7				
Selling expenses		(149,189)	(10)	(94,319)	(8)
General and administrative expenses		(126,003)	(8)	(71,965)	(6)
Research and development expenses		(322,282)	(20)	(192,419)	(17)
Total operating expenses		(597,474)	(38)	(358,703)	(31)
Operating profit		511,503	32	463,126	40
Non-operating income and expenses					
Other income	6(18)	23,572	2	31,323	3
Other gains and losses	6(19)	(45,727)	(3)	135,737	11
Total non-operating income and expenses		(22,155)	(1)	167,060	14
Profit before tax		489,348	31	630,186	54
Income tax expense	6(22)	(49,129)	(3)	(44,537)	(4)
Profit for the period		$ 440,219	28	$ 585,649	50
Other comprehensive income for the period					
Components of other comprehensive income that will not be reclassified to profit or loss					
Actuarial loss on defined benefit plan		($ 32)	-	$ -	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		6	-	-	-
Summary of components of other comprehensive income that will not be reclassified to profit or loss		(26)	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss					
Cumulative translation differences of foreign operations		(11,482)	(1)	16,328	2
Income tax relating to the components of other comprehensive income	6(22)	1,860	-	-	-
Summary of components of other comprehensive income that will be reclassified to profit or loss		(9,622)	(1)	16,328	2
Other comprehensive income for the period		($ 9,648)	(1)	$ 16,328	2
Total comprehensive income for the period		$ 430,571	27	$ 601,977	52
Profit, attributable to:					
Equity holders of the parent company		$ 437,862	28	$ 584,313	50
Non-controlling interest		2,357	-	1,336	-
Profit for the period		$ 440,219	28	$ 585,649	50
Total comprehensive income attributable to:					
Equity holders of the parent company		$ 428,754	27	$ 599,760	52
Non-controlling interest		1,817	-	2,217	-
Total comprehensive income for the period		$ 430,571	27	$ 601,977	52
Earnings per share					
Basic earnings per share	6(23)		$ 6.17		$ 8.23
Diluted earnings per share	6(23)		$ 6.16		$ 8.22

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

HERMES MICROVISION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Equity attributable to owners of the parent								
				Retained Earnings						
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Total	Non-controlling interest	Total equity
For the three-month period ended March 31, 2014										
Balance at January 1, 2014		$ 710,000	$ 5,427,023	$ 231,846	$ 4,144	$ 3,306,436	$ 14,957	$ 9,694,406	$ 38,626	$ 9,733,032
Profit for the year		-	-	-	-	584,313	-	584,313	1,336	585,649
Other comprehensive income for the year	6(16)	-	-	-	-	-	15,447	15,447	881	16,328
Adjustments arising from changes in percentages of ownership in subsidiary	6(14)	-	474	-	-	-	-	474	490	964
Balance at March 31, 2014		$ 710,000	$ 5,427,497	$ 231,846	$ 4,144	$ 3,890,749	$ 30,404	$ 10,294,640	$ 41,333	$ 10,335,973
For the three-month peroid ended March 31, 2015										
Balance at January 1, 2015		$ 710,000	$ 5,431,196	$ 466,206	$ -	$ 5,170,809	$ 49,650	$ 11,827,861	$ 47,103	$ 11,874,964
Profit for the year		-	-	-	-	437,862	-	437,862	2,357	440,219
Other comprehensive income for the year	6(16)	-	-	-	-	(26)	(9,082)	(9,108)	(540)	(9,648)
Adjustments arising from changes in percentages of ownership in subsidiary	6(14)	-	556	-	-	-	-	556	273	829
Balance at March 31, 2015		$ 710,000	$ 5,431,752	$ 466,206	$ -	$ 5,608,645	$ 40,568	$ 12,257,171	$ 49,193	$ 12,306,364

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

HERMES MICROVISION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		$ 489,348	$ 630,186
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(7)(20)	17,187	13,956
Amortization	6(8)(20)	1,278	1,211
Revaluation of financial assets at fair value		(3,790)	-
Gain on disposal of property, plant, equipment and intangible assets	6(19)	(11)	-
Compensation cost of employee stock option	6(11)(21)	527	666
Compensation cost of stock appreciation right	6(11)(21)	234,542	187,150
Interest income	6(18)	(16,316)	(15,238)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		296,163	187,352
Accounts receivable - related parties		(4,774)	9,537
Other receivables		(17,148)	(6,262)
Other receivables - related parties		(623)	(18)
Inventories		(339,564)	(281,025)
Prepayments		(23,722)	(17,906)
Other current assets		(25,056)	13,320
Other non - current assets		1,768	(165)
Net changes in liabilities relating to operating activities			
Accounts payable		111,040	80,954
Accounts payable - related parties		-	(323)
Other payables		(90,276)	(200,240)
Other payables - related parties		(26,689)	(4,897)
Provisions for liabilities		101,262	80,429
Other current liabilities		(38,941)	1,137
Prepayments		-	152,350
Other non - current liabilities		253	80
Cash generated from operations		666,458	832,254
Interest received		13,160	8,405
Income tax paid		(25,755)	(11,545)
Net cash provided by operating activities		653,863	829,114
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at fair value through profit or loss		(163,646)	-
Proceeds from disposal of bond investments without active markets-current		(205,100)	-
Acquisition of property, plant and equipment	6(24)	(246,284)	(86,242)
Proceeds from disposal of property, plant, equipment and intangible assets		151	-
Acquisition of intangible assets	6(8)	(530)	(4,044)
Increased in deposits - out		102	1,376
Net cash used in investing activities		(615,307)	(88,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the exercise of subsidiaries' employees stock option		301	298
Net cash provided by financing activities		301	298
Effect of exchange rate		15,526	(60,975)
Increase in cash and cash equivalents		54,383	679,527
Cash and cash equivalents at beginning of period	6(1)	7,396,471	5,370,702
Cash and cash equivalents at end of period	6(1)	$ 7,450,854	$ 6,050,229

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

HERMES MICROVISION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(EXPRESSED IN thousands of New Taiwan dollars, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Hermes Microvision, Inc. (the "Company") was incorporated on May 19, 2003. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the research, development, design, manufacturing and sale of precision instruments and machinery (electronic inspection equipment.) The Company's stock was listed on the GreTai Securities Market, effective from May 21, 2012. The Company obtained the certification of Corporate Governance Assessment 6009 by Taiwan Corporate Governance Association on September 30, 2014.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on April 24, 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")

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

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

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognised immediately in other comprehensive income when incurred. Past service cost will be recognised immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those

benefits and when it recognises any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans. Based on the Group's assessment, the impact of the standard is in the following table.

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 Group will adjust its presentation of the statement of comprehensive income.

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

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

D. IFRS 13, 'Fair value measurement'

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

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

None.

(3) <u>IFRSs issued by IASB but not yet endorsed by the FSC</u>

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in the consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2014. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A.These consolidated financial statements are prepared by the Group in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and ISA 34, "Interim Financial Reporting" as endorsed by the FSC.

B.Please refer to the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2014.

(2) Basis of preparation

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

(a)Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b)Available-for-sale financial assets measured at fair value.

(c)Liabilities on cash-settled share-based payment arrangement measured at fair value.

(d)Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a)All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

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

(d)Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e)When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint

venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership March 31, 2015	December31,2014	March 31, 2014	Note
Hermes Microvision Inc.	HMI Holdings Inc.	Investment holdings	100%	100%	100%	-
HMI Holdings Inc.	Hermes Microvision Korea Inc.	Marketing of e-Beam inspection equipment and its components and related technical support services	100%	100%	100%	-
HMI Holdings Inc.	Hermes Microvision Japan Inc.	Marketing of e-Beam inspection equipment and its components and related technical support services	100%	100%	100%	-
HMI Holdings Inc.	Ansing International LLC.	Investment holdings	-	100%	100%	Note
HMI Holdings Inc.	HMI Investment Corp.	Investment holdings	100%	100%	-	-
HMI Holdings Inc.	Hermes Microvision Co., Ltd. (Beijing)	Research, development and manufacturing of semiconductor machinery and equipment and related technical support services	100%	-	-	Note
Ansing International LLC.	Hermes Microvision, Co., Ltd. (Beijing)	Research, development and manufacturing of semiconductor machinery and equipment and related technical support services	-	100%	100%	Note
HMI Investment Corp.	Hermes Microvision, Inc. (USA)	Research and development center	94%	94%	-	Note
Hermes Microvision Inc.	Hermes Microvision, Inc. (USA)	Research and development center	-	-	94%	Note

Note: In consideration of the operation of the group, the Board of Directors had approved the adjustment in the group structure. As a result, investments in subsidiaries are made through HMI Holdings Inc.

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

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

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

(4) Pensions

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Additionally, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the related information is disclosed accordingly.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A.Evaluation of inventories

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

As of March 31, 2015, the carrying amount of inventories was $2,073,824.

B.Realisability of deferred income tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations

in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of March 31, 2015, the Group recognized deferred tax assets amounting to $50,135.

C.Provision for warranty liability

Warranty liabilities are primarily arising from sales of equipment. The amount of the obligation is estimated based on the sufficient objective evidences, including the historical warranty records.

As of March 31, 2015, the carrying amount of accrued warranty liabilities was $1,572,400.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2015	December 31, 2014
Cash on hand	$ 271	$ 447
Checking accounts and demand deposits	1,376,783	2,272,324
Time deposits	6,073,800	5,123,700
Total	$ 7,450,854	7,396,471

	March 31, 2014
Cash on hand	$ 418
Checking accounts and demand deposits	2,303,891
Time deposits	3,745,920
Total	$ 6,050,229

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

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

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

Items	March 31, 2015	December 31, 2014
Current items:		
Financial assets held for trading beneficiary certificates	$ 1,265,000	$ 1,100,000
Valuation	4,241	1,805
Total	$ 1,269,241	$ 1,101,805

Items	March 31, 2014
Current items:	
Financial assets held for trading beneficiary certificates	$ -
Valuation	-
Total	$ -

A.The Group recognized net gain of $3,790 and $0 on financial assets held for trading for the three-month period ended March 31, 2015 and 2014, respectively.

B.The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Item	March 31, 2015	December 31, 2014
Non-listed and emerging stocks	$ 7,450	$ 7,450
Valuation adjustment of available-for-sale financial assets	-	-
Total	$ 7,450	$ 7,450

Item	March 31, 2014
Non-listed and emerging stocks	$ 4,412
Valuation adjustment of available-for-sale financial assets	-
Total	$ 4,412

The Group did not recognize any other comprehensive income for fair value change for the three-month period ended March 31, 2015 and 2014, respectively.

(4) Investments in bonds without active markets

Item	March 31, 2015	December 31, 2014
Time deposits	$ 1,471,100	$ 1,266,000

Item	March 31, 2014
Time deposits	$ 2,955,590

A.The Group listed the time deposits more than 90 days in this account.

B.The Group recognized interest of $130 and $6,486 in profit for the three month period ended March 31, 2015 and 2014, respectively.

C.The counterparties of the Group's investments have good credit quality.

(5) Accounts receivable

	March 31, 2015	December 31, 2014
Accounts receivable	$ 2,365,620	$ 2,661,783
Less: allowance for bad debts	-	-
	$ 2,365,620	$ 2,661,783

	March 31, 2014
Accounts receivable	$ 1,369,540
Less: allowance for bad debts	-
	$ 1,369,540

A. Analysis of movement of impaired accounts receivable:

As of March 31, 2015 and December 31, 2014, and March 31, 2014, the Group had no provisions for impairment of accounts receivable.

B.The Group's accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability, which had good credit quality.

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

(6) Inventories

	March 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 963,307	($ 220,844)	$ 742,463
Work - in - process	1,393,865	(156,510)	1,237,355
Finished goods	228,831	(134,825)	94,006
Total	$ 2,586,003	($ 512,179)	$ 2,073,824

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 801,210	($ 204,582)	$ 596,628
Work - in - process	1,204,431	(125,020)	1,079,411
Finished goods	236,738	(167,965)	68,773
Total	$ 2,242,379	($ 497,567)	$ 1,744,812

	March 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 840,207	($ 197,897)	$ 642,310
Work - in - process	1,075,546	(121,758)	953,788
Finished goods	335,465	(122,193)	213,272
Total	$ 2,251,218	($ 441,848)	$ 1,809,370

The cost of inventories recognized as expense for the period:

	For three-month period ended March 31, 2015	For three-month period ended March 31, 2014
Cost of goods sold	$ 445,518	$ 303,665
Loss on decline in market value	18,263	42,161
	$ 463,781	$ 345,826

(7) Property, plant and equipment

	Machinery	Computer and communication equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Prepayments for equipment and construction in progress	Total
At January 1, 2015								
Cost	$ 268,525	$ 9,258	$ 6,095	$ 37,338	$ 63,744	$ 17,302	$ 611,885	$ 1,014,147
Accumulated depreciation and impairment	(192,608)	(4,218)	(3,530)	(22,175)	(41,082)	(1,003)	-	(264,616)
	$ 75,917	$ 5,040	$ 2,565	$ 15,163	$ 22,662	$ 16,299	$ 611,885	$ 749,531
Three-month period ended March 31, 2015								
Opening net book amount	$ 75,917	$ 5,040	$ 2,565	$ 15,163	$ 22,662	$ 16,299	$ 611,885	$ 749,531
Additions	393	759	-	2,312	99	483	210,312	214,358
Disposals	(88)	-	(52)	-	-	-	-	(140)
Reclassifications	-	-	-	-	-	11,727	(11,727)	-
Depreciation charge	(9,001)	(476)	(238)	(1,578)	(5,307)	(587)	-	(17,187)
Net exchange differences	2,981	(57)	(17)	(26)	(123)	(3,407)	(3,427)	(4,076)
Closing net book amount	$ 70,202	$ 5,266	$ 2,258	$ 15,871	$ 17,331	$ 24,515	$ 807,043	$ 942,486
At March 31, 2015								
Cost	$ 271,001	$ 9,844	$ 5,985	$ 36,160	$ 56,597	$ 25,423	$ 807,043	$ 1,212,053
Accumulated depreciation and impairment	(200,799)	(4,578)	(3,727)	(20,289)	(39,266)	(908)	-	($ 269,567)
	$ 70,202	$ 5,266	$ 2,258	$ 15,871	$ 17,331	$ 24,515	$ 807,043	$ 942,486

	Machinery	Computer and communication equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Prepayments for equipment and construction in progress	Total
At January 1, 2014								
Cost	$ 253,902	$ 7,515	$ 5,546	$ 26,050	$ 54,627	$ 4,088	$ 187,245	$ 538,973
Accumulated depreciation and impairment	(153,166)	(2,677)	(2,614)	(15,902)	(29,610)	(414)	-	(204,383)
	$ 100,736	$ 4,838	$ 2,932	$ 10,148	$ 25,017	$ 3,674	$ 187,245	$ 334,590
Three-month period ended March 31, 2014								
Opening net book amount	$ 100,736	$ 4,838	$ 2,932	$ 10,148	$ 25,017	$ 3,674	$ 187,245	$ 334,590
Additions	4,195	594	-	1,453	1,618	377	610	8,847
Depreciation charge	(9,039)	(378)	(218)	(1,293)	(2,607)	(421)	-	(13,956)
Net exchange differences	367	109	18	1	66	-	(761)	(200)
Closing net book amount	$ 96,259	$ 5,163	$ 2,732	$ 10,309	$ 24,094	$ 3,630	$ 187,094	$ 329,281
At March 31, 2014								
Cost	$ 258,596	$ 8,280	$ 5,564	$ 27,562	$ 56,443	$ 4,465	$ 187,094	$ 548,004
Accumulated depreciation and impairment	(162,337)	(3,117)	(2,832)	(17,253)	(32,349)	(835)	-	($ 218,723)
	$ 96,259	$ 5,163	$ 2,732	$ 10,309	$ 24,094	$ 3,630	$ 187,094	$ 329,281

(8) Intangible assets

		Computer Software
At January 1, 2015		
Cost	$	29,396
Accumulated amortization and impairment	(	17,039)
	$	12,357
Three month period ended March 31, 2015		
Opening net book amount	$	12,357
Additions - acquired separately		530
Amortization charge	(	1,278)
Net exchange differences	(	40)
Closing net book amount	$	11,569
At March 31, 2015		
Cost	$	29,826
Accumulated amortization and impairment	(	18,257)
	$	11,569

		Computer Software
At January 1, 2014		
Cost	$	22,571
Accumulated amortization and impairment	(	11,939)
	$	10,632
Three month period ended March 31, 2014		
Opening net book amount	$	10,632
Additions - acquired separately		4,044
Amortization charge	(	1,211)
Net exchange differences		80
Closing net book amount	$	13,545
At March 31, 2014		
Cost	$	26,742
Accumulated amortization and impairment	(	13,197)
	$	13,545

Details of amortization on intangible assets are as follows:

	For the three-month period ended March 31, 2015	For the three-month period ended March 31, 2014
Operating costs	$ -	$ -
Operating expenses	1,278	1,211
	$ 1,278	$ 1,211

(9) Other payables

	March 31, 2015	December 31, 2014
Accrued salaries and bonuses	$ 884,302	$ 818,813
Accrued employees' bonuses and director's and supervisors' remuneration	115,208	87,995
Accrued commission	36,095	40,684
Payables on equipment	13,612	45,538
Others	143,674	87,495
	$ 1,192,891	$ 1,080,525

	March 31, 2014
Accrued salaries and bonuses	$ 338,355
Accrued employees' bonuses and director's and supervisors' remuneration	116,209
Accrued commission	22,778
Payables on equipment	-
Others	110,860
	$ 588,202

(10) Pension

A.(a)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the

employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b)For the aforementioned pension plan, the Group recognised pension costs of $518 and $475 for the three-month period ended March 31, 2015 and 2014, respectively.

(c)Expected contributions to the defined benefit pension plan of the Group for the year ended December 31, 2016 are $1,174.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute 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 Company's indirect Chinese subsidiary – Hermes Microvision Co., Ltd. (Beijing) has a funded defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (the "PRC") are based on certain percentage of the employees' montly salaries and wages. Except for the monthly contributions, Hermes Microvision Co., Ltd. (Beijing) has no further obligations under the plan.

(c)The subsidiary Hermes Microvision, Inc. (USA) has established a 401(k) plan in accordance with Article 401(k) of the Internal Revenue Code of the U.S.A. Under the 401(k) plan, Hermes Microvision, Inc. (USA) may contribute monthly a certain amount of the employees' monthly salaries, not exceeding the maximum limit, to the employees' pension accounts based on its employee reward and retirement policy.

(d)The pension costs under defined contribution pension plans of the Group for the three-month period ended March 31, 2015 and 2014 were $11,792and $9,169 , respectively.

(11) Share-based payment

The Group:

A. The Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Stock appreciation rights plan 1	December 31, 2013	1,104,000	3 years	Note 1
Stock appreciation rights plan 2	January 1, 2014	729,700	5 years	Note 2
Stock appreciation rights plan 3	April 1, 2014	50,500	5 years	Note 2
Stock appreciation rights plan 4	July 1, 2014	40,000	5 years	Note 2
Stock appreciation rights plan 5	October 1, 2014	61,600	5 years	Note 2
Stock appreciation rights plan 6	January 1, 2015	78,800	5 years	Note 2

Note 1: 40% of the stock appreciation rights were vested since grant date and the others will be vested 7.5% every season in the next eight seasons.

Note 2: 25% of the stock appreciation rights will be vested after four seasons since grant date and the others will be vested 6.25% every season in the next 16 seasons from the first vesting date.

Each stock appreciation right represents the future appreciation of one share. The plan will be cash-settled by multiplying the execution rights of the employees and the price variance of the closing date's stock price and the executing price.

B. The fair value of stock appreciation rights are measured by using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Expected price volatility	Expected term	Expected dividends yield rate	Risk - free interest rate	Fair value per unit (in NT dollars)
Stock appreciation rights plan	December 31, 2013	43.20%	3 Years	0%	0.5687%~ 0.5915%	\$1,069.00~ \$1,353.24
Stock appreciation rights plan	January 1, 2014	43.20%~43.24%	5 Years	0%	0.5687%~ 0.7823%	\$853.00~ \$963.30
Stock appreciation rights plan	April 1, 2014	43.20%~43.24%	5 Years	0%	0.5687%~ 0.8265%	\$601.60~ \$820.62
Stock appreciation rights plan	July 1, 2014	43.20%~43.24%	5 Years	0%	0.5751%~ 0.8678%	\$800.99~ \$952.44
Stock appreciation rights plan	October 1, 2014	43.20%~43.24%	5 Years	0%	0.5807%~ 0.9366%	\$740.09~ \$935.08
Stock appreciation rights plan	January 1, 2015	43.20%~43.24%	5 Years	0%	0.5915%~ 0.9660%	\$1,090.76~ \$1,778.67

C. Details of the stock appreciation rights plan 1 are as follows:

	For the three-month period ended March 31, 2015	For the three-month period ended March 31, 2014
	No. of Rights	No. of Rights
Rights outstanding at beginning of the year	691,643	1,104,000
Rights granted	-	-
Rights forfeited	(1,320)	(13,980)
Rights exercised	(108,016)	(209,535)
Rights outstanding at end of the year	582,307	880,485
Rights exercisable at end of the year	264,127	230,865

Details of the stock appreciation rights plan 2 are as follows:

	For the three-month period ended March 31, 2015	For the three-month period ended March 31, 2014
	No. of Rights	No. of Rights
Rights outstanding at beginning of the year	695,300	-
Rights granted	-	729,700
Rights forfeited	(12,375)	(26,000)
Rights exercised	(65,620)	-
Rights outstanding at end of the year	617,305	703,700
Rights exercisable at end of the year	108,205	-

Details of the stock appreciation rights plan 3 are as follows:

	For the three-month period ended March 31, 2015
	No. of Rights
Rights outstanding at beginning of the year	48,500
Rights granted	-
Rights forfeited	-
Rights exercised	-
Rights outstanding at end of the year	48,500
Rights exercisable at end of the year	-

Details of the stock appreciation rights plan 4 are as follows:

	For the three-month period ended March 31, 2015
	No. of Rights
Rights outstanding at beginning of the year	40,000
Rights granted	-
Rights forfeited	-
Rights exercised	-
Rights outstanding at end of the year	40,000
Rights exercisable at end of the year	-

Details of the stock appreciation rights plan 5 are as follows:

	For the three-month period ended March 31, 2015
	No. of Rights
Rights outstanding at beginning of the year	61,600
Rights granted	-
Rights forfeited	(2,000)
Rights exercised	-
Rights outstanding at end of the year	59,600
Rights exercisable at end of the year	-

Detaits of the stock appreciation rights plan 6 are as follow:

	For the three-month period ended March 31, 2015
Rights outstanding at beginning of the year	-
Rights granted	78,800
Rights forfeited	(4,000)
Rights exercised	-
Rights outstanding at end of the year	74,800

D. The weighted average stock price of stock appreciation right at exercise dates for the three-month period ended March 31, 2015 and 2014, was NT $1,682 (in dollars) and NT$1,104 (in dollars), respectively.

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

	For the three-month period ended March 31, 2015	For the three-month period ended March 31, 2014
Cash settled-stock appreciation rights plan	$ 234,542	$ 187,150

F. Liabilities incurred from share based payment transactions are shown below:

	March 31, 2015	December 31, 2014	March 31, 2014
Liabilities on cash-settled stock appreciation rights plan	$ 754,049	$ 575,940	$ 225,822
(shown in other payables)			

Subsidiary-Hermes Microvision, Inc. (U.S.A):

A. As of March 31, 2015, the Company's subsidiary - Hermes Microvision, Inc. (U.S.A) share based payment arrangements were as follows:

Type of arrangement	Grant date	Outstanding quantity granted	Contract period	Vesting conditions
Employee stock options	April 1, 2005 ~ November 1, 2011	234,364	10 years	4 years' service

The above share - based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements of Hermes Microvision Inc. (U.S.A) are as follows:

	For the three-month period ended March 31, 2015		For the three-month period ended March 31, 2014	
	No. of options	Weighted-average exercise price (in US dollars)	No. of options	Weighted-average exercise price (in US dollars)
Options outstanding at beginning of the year	254,574	0.8658	378,000	0.85270
Options exercised	(20,210)	0.8278	(13,586)	0.72515
Options expired	-	-	-	-
Options outstanding at end of the year	234,364	0.8691	364,414	0.85270
Options exercisable at end of the year	192,657	0.8689	178,040	0.85432

C. The weighted-average stock price of stock options at exercise dates for the three-month period ended March 31, 2015 and 2014 was $0.8278 (in US dollars) and $0.72515 (in US dollars), respectively.

D.The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		March 31, 2015		December 31, 2014	
Date of the plan	Expiry date	No. of shares (in thousands)	Exercise price (in US dollars)	No. of shares (in thousands)	Exercise price (in US dollars)
April 1, 2005 ~ November 1, 2011	March 31, 2020~ October 31, 2021	234	$0.56~0.87	255	$0.56~0.87

		March 31, 2014	
Date of the plan	Expiry date	No. of shares (in thousands)	Exercise price (in US dollars)
April 1, 2005 ~ November 1, 2011	March 31, 2020~ October 31, 2021	364	$ 0.56~0.87

E.The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price (in US dollars)	Expected price volatility	Expected term	Expected dividends yield rate	Risk-free interest rate	Fair value per unit (in US dollars)
Employee stock options	April 1, 2005 ~ November 1, 2011	$0.49~0.87	29.85%~ 42.16%	1~9.84 years	-	2.22%~ 5.2%	$0.1043~ 0.4954

Note: Expected price volatility rate was estimated by using the peer companies' stock prices of the most recent period with length similar to the stock options' expected life and the standard deviation of return on the stock during this period.

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

	For the three-month period ended March 31, 2015	For the three-month period ended March 31, 2014
Equity-settled	$ 527	$ 666

(12) Provisions

		Warranty
At January 1, 2015	$	1,471,137
Additional provisions		101,263
At March 31, 2015	$	1,572,400

		Warranty
At January 1, 2014	$	972,259
Additional provisions		80,429
At March 31, 2014	$	1,052,688

(13) Share capital

A.As of March 31, 2015, the Company's authorized capital was $1,200,000, consisting of 120,000 thousand shares of ordinary stock, and the paid-in capital was $710,000 with a par value of $10 (in NT dollars) per share. All proceeds from shares issued have been collected.

B.As authorized during the shareholders' meeting on June 4, 2013, the Board of Directors adopted a resolution in the July 31, 2013 meeting to increase capital by issuance of Global Deposit Receipts ("GDRs"). The offering was completed in November 2013 with the issuance of 5,000 thousand new shares and 5,000 thousand existing outstanding shares, totaling 10,000 thousand units to be listed in Luxembourg Stock Exchange. Each unit of GDRs represents 1 common share. The issue price was US$29.17 per unit, which is equivalent to NT$860 per unit. Total proceeds raised were $4,238,036 after deducting the issuance costs. As of March 31, 2015, the outstanding shares of GDRs were 747 thousand units representing 747 thousand shares.

(14) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus 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 surplus to be capitalized as mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

		Share premium		Adjustments arising from changes in ownership percentage in subsidiary
At January 1, 2015	$	5,411,867	$	19,329
Adjustments arising from changes in ownership percentage in subsidiary		-		556
At March 31, 2015	$	5,411,867	$	19,885

		Share premium		Adjustments arising from changes in ownership percentage in subsidiary
At January 1, 2014	$	5,411,867	$	15,156
Adjustments arising from changes in ownership percentage in subsidiary		-		474
At March 31, 2014	$	5,411,867	$	15,630

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Bonus distributed to the employees and remuneration paid to the directors and supervisors should account for higher than 1% and less than 1%, respectively, of the total remaining distributable earnings. The individuals who are entitled to employee stock dividends may include the employees of the Company's affiliates who meet certain criteria. Such criteria are determined by the Board of Directors. Appropriation of the remainder shall be proposed by the Board of Directors and resolved by the stockholders.

B. As the Company's industry is in the growth stage, in order to be in line with the industry's overall environment and its characteristics and pursue the goals of the Company's sustainable operations and shareholders' long-term interests, the dividend policy is adopted taking into consideration the Company's actual operating results of the dividend distribution year and the capital budget planning of the following year. Dividends are distributed in the form of stock or cash. According to the Company's dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve 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 distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the amount of the associated special reserve could be released and included in the distributable earnings.

E. For the three-month period ended March 31, 2015 and 2014, employees' bonus was accrued at $24,739 and $14,513, respectively; directors' and supervisors' remuneration were accrued at $2,474 and $1,451 , respectively. The proposed directors' and supervisors' remuneration is $8,000 and the proposed employees' cash bonus is $79,995. As of April 24, 2015, the above remuneration of 2014 had not yet been approved by the stockholders at stockholders' meeting. Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as resolved by the stockholders will be posted in the website "Market Observation Post System".

F. The Company recognised dividends distributed to owners amounting to $1,136,000 ($16 (in dollars) per share) and $792,000 ($12 (in dollars) per share) for the year ended December 31, 2014 and 2013, respectively. The dividend distribution for 2014 was proposed by the Board of Directors on March 4, 2015 and amounted to $1,562,000 ($22 (in dollars) per share). The above mentioned 2014 earnings appropriation had not been approved by the stockholders at stockholders' meeting.

(16) Other equity

	Currency translation
At January 1, 2015	$ 49,650
Cumulative translation difference of foreign operations	(10,942)
Tax on cumulative translation difference of foreign operations	1,860
At March 31, 2015	$ 40,568

	Currency translation
At January 1, 2014	$ 14,957
Cumulative translation difference of foreign operations	15,447
Tax on cumulative translation difference of foreign operations	-
At March 31, 2014	$ 30,404

(17) Operating revenue

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Sales revenue	$ 1,490,103	$ 1,115,176
Other operating revenue	82,655	52,479
	$ 1,572,758	$ 1,167,655

(18) Other income

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Interest income:		
Interest income from bank deposits	$ 16,316	$ 15,238
Others	7,256	16,085
Total	$ 23,572	$ 31,323

(19) Other gains and losses

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Gains on disposal of property, plant and equipment	$ 11	$ -
Net currency exchange gain (loss)	(49,239)	135,742
Gains on valuation of financial assets	2,436	-
Gain on disposal of investments of financial assets	1,354	-
Other losses	(289)	(5)
Total	($ 45,727)	$ 135,737

(20) Expenses by nature

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Employee benefit expense	$ 653,397	$ 364,392
Depreciation charges on property, plant and equipment	17,187	13,956
Amortization charges on intangible assets	1,278	1,211
Total	$ 671,862	$ 379,559

(21) Employee benefit expense

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Wages and salaries	$ 375,763	$ 130,610
Compensation cost of employee stock options and stock appreciation right	235,069	187,816
Labor and health insurance fees	23,170	21,044
Pension costs	12,310	9,644
Other personnel expenses	7,085	15,278
	$ 653,397	$ 364,392

(22) Income tax

A. Income tax expense

a) Components of income tax expense:

	Three-month period ended March 31, 2015		Three-month period ended March 31, 2014	
Current tax:				
Current tax on profits for the period	$	49,129	$	44,537
Adjustments in respect of prior period		-		-
Total current tax		49,129		44,537
Deferred tax:				
Origination and reversal of temporary differences		-		-
Income tax expense	$	49,129	$	44,537

b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	Three-month period ended ended March 31, 2015		Three-month period ended ended March 31, 2014	
Cumulative translation differences of foreign operations	$	1,860	$	-
Actuaril gain (loss) on lefinal benefit plan		6		-

B. As of March 31, 2015, the Company's income tax returns have been assessed and approved by the Tax Authority through 2011.

C. Unappropriated retained earnings:

	March 31, 2015		December 31, 2014		March 31, 2014	
Earnings generated in and after 1998	$	5,608,645	$	5,170,809	$	3,890,749

D. As of March 31, 2015, December 31, 2014 and March31, 2014, the balance of the imputation tax credit account was $ 254,759 、$254,759 and $137,913, respectively. The creditable tax rate was 4.17% for 2013 and was estimated to be 4.93% for 2014.

E. The company's products are qualified for a five-year exemption on income tax under the "Incentives for Emerging Important Strategic Industries in Manufacturing and Technology Services". The income tax is valid from January 1, 2012 to December 31, 2016.

(23) Earnings per share

	Three-month period ended March 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to equity holders of the parent company	$ 437,862	71,000	$ 6.17
Diluted earnings per share			
Profit attributable to equity holders of the parent company	$ 437,862	71,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	58	
Profit attributable to equity holders of the parent company plus assumed conversion of all dilutive potential ordinary shares	$ 437,862	71,058	$ 6.16

	Three-month period ended March 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to equity holders of the parent company	$ 584,313	71,000	$ 8.23
Diluted earnings per share			
Profit attributable to equity holders of the parent company	$ 584,313	71,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	89	
Profit attributable to equity holders of the parent company plus assumed conversion of all dilutive potential ordinary shares	$ 584,313	71,089	$ 8.22

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Purchase of fixed assets	$ 214,358	$ 8,847
Add: opening balance of payable on equipment	45,538	77,395
Less: ending balance of payable on equipment	(13,612)	-
Cash paid during the period	$ 246,284	$ 86,242

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A.Operating revenue:

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Sales of goods:		
The entity with significant influence over the Group	$ 14,392	$ 4,920

There are no significant differences in sale prices and collection terms between related parties and third parties.

B.Purchases of services:

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Technology service charge -		
The entity with significant influence over the Group	$ 6,565	$ 3,818
Commission expense -		
The entity with significant influence over the Group	$ 11,668	$ 2,545
Other expenses -		
The entity with significant influence over the Group	$ 4	$ 7

The above transactions are under normal commercial terms and conditions.

C.Accounts receivable:

	March 31, 2015	December 31, 2014
Receivables from the entity with significant influence over the Group	$ 24,908	$ 20,134

	March 31, 2014
Receivables from the entity with significant influence over the Group	$ 3,830

The receivables from the entity with significant influence over the Group arise mainly from sale transactions. The receivables are due from 30~60 day after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions accrued against receivables from related parties.

D.Other payables:

	March 31, 2015	December 31, 2014
Payables from the entity with significant influence over the Group	$ 51,488	$ 78,177

	March 31, 2014
Payables from the entity with significant influence over the Group	$ 63,834

E.Leases

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Rental expense- The entity with significant influence over the Group	$ 5,072	$ 5,694

(2) Key management compensation

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Salaries and other short-term employee benefits	$ 13,098	$ 12,073
Share-based payment	2,268	43,213
	$ 15,366	$ 55,286

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A.Operating leases commitments

The Group leases offices and plant assets under non-cancellable operating lease agreements. Rental expense of $23,380 and $17,100 were recognized for the three-month period ended March 31, 2015 and 2014, respectively.

The majority of lease agreements are renewable at the end of the lease periods at market rates.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	March 31, 2015	December 31, 2014
Not later than one year	$ 26,146	$ 42,287
Later than one year but not later than five years	40,716	141,639
Later than five years	44,193	76,098
Total	$ 111,055	$ 260,024

	March 31, 2014
Not later than one year	$ 56,815
Later than one year but not later than five years	145,099
Later than five years	92,156
Total	$ 294,070

B. Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	March 31, 2015	December 31, 2014
Future payments for plant and equipment	$ 81,900	$ 210,643

	March 31, 2014
Future payments for plant and equipment	$ 640,299

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

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

The Group monitors capital through the ratio of total liabilities divided by total assets. The Group's strategy is to maintain the ratio within 50%. As of March 31, 2015 and 2014, the Group's ratios of total liabilities divided by total assets were as follows:

	March 31, 2015	December 31, 2014
Total liabilities	$ 3,544,662	$ 3,251,512
Total assets	$ 15,851,026	$ 15,126,476
Total liabilities/total assets ratio	22%	21%

	March 31, 2014
Total liabilities	$ 2,370,013
Total assets	$ 12,705,986
Total liabilities/total assets ratio	19%

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments measured at amortized cost approximate their fair values. These include cash and cash equivalents, notes payable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable and other payables.

B. Financial risk management policies

a) No significant change is made in the three-month period ended March 31, 2015. For more information, please refer to the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2014.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future

commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB, KRW and JPY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2015		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 154,828	31.30	$ 4,846,114
JPY:NTD	366,784	0.26	95,511
USD:KRW	310	1,101.53	9,707
USD:CNY	997	6.21	31,202
Financial liabilities			
Monetary items			
USD:NTD	$ 11,430	31.30	$ 357,746
USD:KRW	252	1,101.53	7,875

	December 31, 2014		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 195,290	31.65	$ 6,180,932
USD:JPY	479	119.62	15,149
USD:CNY	1,330	6.22	42,091
Financial liabilities			
Monetary items			
USD:NTD	$ 10,089	31.65	$ 319,318
USD:KRW	232	1,082.98	251,670

	March 31, 2014		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 196,012	30.470	$ 5,972,486
USD:JPY	950	102.939	28,947
Financial liabilities			
Monetary items			
USD:NTD	$ 15,133	30.470	$ 461,103
USD:JPY	199	102.939	6,064

v. Please refer to the following table for the detail of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

	Three-month period ended March 31, 2015		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ -	31.30	($ 28,015)
JPY:NTD	-	0.26	(1,100)
EUR:NTD	-	33.65	(12)
CNY:KRW	-	5.04	6
USD:KRW	1,404	1,101.53	40
USD:JPY	92	120.20	24
USD:CNY	(10)	6.21	(50)
Financial liabilities			
Monetary items			
USD:NTD	$ -	31.30	$ 1,358
JPY:NTD	-	0.26	(92)
EUR:NTD	-	33.65	8
USD:KRW	1,306	1,101.53	37
USD:JPY	(15)	120.20	(4)
USD:CNY	(4)	6.21	(21)

	Three-month period ended March 31, 2014		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ -	30.47	$ 227,140
JPY:NTD	-	0.30	1
EUR:NTD	-	4.90	1
CNY:NTD	-	41.93	3
USD:KRW	(2,630)	1,062.50	(76)
USD:JPY	14,084	102.92	4,169
USD:CNY	28	6.15	138
Financial liabilities			
Monetary items			
USD:NTD	$ -	30.47	$ 2,484
JPY:NTD	-	0.30	26
CNY:NTD	-	4.90	-
EUR:NTD	-	41.93	3
USD:KRW	(27,353)	1,062.50	(788)
USD:JPY	(33)	102.92	(10)
USD:CNY	7	6.15	36

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

	Three-month period ended March 31, 2015		
	Sensitivity Analysis		
	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 48,461	$ -
JPY:NTD	1%	955	-
USD:KRW	1%	97	-
USD:CNY	1%	312	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 3,577	$ -
USD:KRW	1%	79	-

	Three-month period ended March 31, 2014		
	Sensitivity Analysis		
	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 59,725	$ -
USD:JPY	1%	289	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 4,611	$ -
USD:JPY	1%	61	-

Price risk

The Group's investments in equity securities consist of unlisted stocks, which are classified on the consolidated balance sheet as available-for-sale financial assets. The price of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased / decreased by 5% with all other variables held constant, total equity for the three-month period ended March 31, 2015 and 2014 would have increased / decreased by $373 and $221, as a result of gains / losses on equity securities classified as available-for-sale.

Interest rate risk

At March 31, 2015 and 2014, if interest rates on NTD-denominated time deposits had been 0.25% higher/lower with all other variables held constant, post-tax profit for the three-month period ended March 31, 2015 and 2014 would have been $18,862 and $22,514 lower / higher, respectively, mainly as a result of higher/lower interest revenue on floating rate time deposits.

b) Credit risk

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

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group finance. Group finance invests surplus cash in interest bearing current accounts that are expected to readily generate cash inflows for managing liquidity risk.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:		
March 31, 2015		Less than 1 year
Accounts payable	$	288,599
Other payables		1,192,891
Other payables - related parties		51,488

Non-derivative financial liabilities:		
December 31, 2014		Less than 1 year
Accounts payable	$	177,559
Other payables		1,080,525
Other payables - related parties		78,177

Non-derivative financial liabilities:		
March 31, 2014		Less than 1 year
Accounts payable	$	230,657
Accounts payable - related parties		5
Other payables		588,202
Other payables - related parties		63,834

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The Goup does not invest any assets in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

C. The following table presents the Group's financial assets and liabilities that are measured at fair value as of March 31, 2015, December 31, 2014 and March 31, 2014

March 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Held for trading financial assets	$ 1,269,241	$ -	$ -	$1,269,241
Equity securities	-	-	7,450	7,450
Total	$ 1,269,241	$ -	$ 7,450	$ 1,276,691

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Held for trading financial assets	$ 1,101,805	$ -	$ -	$1,101,805
Equity securities	-	-	7,450	7,450
Total	$ 1,101,805	$ -	$ 7,450	$ 1,109,255

March 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity securities	$ -	$ -	$ 4,412	$ 4,412
Total	$ -	$ -	$ 4,412	$ 4,412

D. The methods and assumptions the Group used to measure fair value are as follows:
The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund	Government bond	Corporate bond	Convertible (exchangeable) bond
Market quoted price	Closing price	Closing price	Net asset value	Transaction price	Weighted average quoted	Closing

E. For the three-month periods ended March 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price or the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available - for - sale financial assets.

G. The following table presents the changes in level 3 instruments as of March 31, 2015 and 2014.

	2015
	Equity securities
At January 1	$ 7,450
Acquisition	-
At March 31	$ 7,450

	2014
	Equity securities
At January 1	$ 4,412
Acquisition	-
At March 31	$ 4,412

H. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31,2015	Valuation technique	Significant unobservab input	Range (weighte average)	Relationship of inputs to fair value
Venture capital shares Private equity fund	$ 7,450	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(Information on investee companies is disclosed based on investee companies' financial statements, which were reviewed by independent auditors. The following transactions had been eliminated in the consolidated financial statements; they are disclosed for reference purpose only.)

a) Loans granted: None.

b) Endorsements and guarantees provided by the Company to others: None.

c) Holding of securities as of March 31, 2015:

Securities held by	Marketable securities (Note 1)	General ledger account	As of March 31, 2015				Footnote (Note 4)
			Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Hermes Microvision, Inc.	TransPacific Medtech Fund, LP.	Available-for -sale financial assets-noncurrent	-	$ 7,450	25%	$ 7,450	None
"	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss-current	13,788,908	200,781	-	200,781	"
"	Franklin Templeton SinoAm Money Market Fund	"	24,703,413	250,841	-	250,841	"
"	UPAMC James Bond Money Market Fund	"	6,080,876	100,002	-	100,002	"
"	Nomura Taiwan Money Market Fund	"	6,235,036	100,080	-	100,080	"
"	Yuanta China Opportunity Bond Fund	"	7,105,031	75,045	-	75,045	"
"	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds	"	2,897,732	39,624	-	39,624	"
"	Fuh Hwa Emerging Market RMB Short-term Income Fund	"	7,367,387	75,516	-	75,516	"
"	Fuh Hwa Global Fixed Income Fund of Fund	"	5,296,610	75,318	-	75,318	"
"	Fuh Hwa Strategic High Income Fund of Funds	"	7,923,930	100,792	-	100,792	"
"	Union Advantage Global Fi Portfolio Fund	"	3,207,678	50,329	-	50,329	"
"	UPAMC Global Fixed Income Selection Fund	"	4,194,666	50,452	-	50,452	"
"	Fuh Hwa Olympic II Global Fund of Fund	"	3,773,585	50,302	-	50,302	"
"	Franklin Templeton SinoAm Global Growth Fund	"	2,935,421	30,088	-	30,088	"
"	Jih Sun Asian High Yield Bond Fund	"	4,359,882	50,049	-	50,049	"
"	Nomura Global Bond Portfolio	"	1,521,017	20,022	-	20,022	"

d) Aggregate purchase or sales of the same securities reaching $300,000 or 20% of paid-in capital or more for the three-month period ended March 31, 2015:

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2015		Addition (Note 3)		Disposal (Note 3)				Balance as at March 31, 2015	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hermes Microvision, Inc.	UPAMC James Bond Money Market Fund	Financial assets at fair value	None	Non-related party	12,198,581	$200,321	6,080,876	$100,000	12,198,581	$200,516	$200,000	$516	6,080,876	$100,002

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

e) Acquisition of real estate reaching $300,000 or 20% of paid-in capital or more for the three-month period ended March 31, 2015: None.

f) Disposal of real estate reaching $300,000 or 20% of paid-in capital or more for the three-month period ended March 31, 2015: None.

g) Purchases or sales of goods from or to related parties reaching $100,000 or 20% of paid-in capital or more for the tee-month period ended March 31, 2015:

			Transactions				Difference in transaction terms compared to third party transactions		Accounts receivable / (payable)	
Purchaser / Seller	Counterparty	Relationship with the counterparty	Purchases / (sales)	Amount	Percentage of purchases/(sales)	Credit term	Unit price	Term	Amount	Percentage of accounts (payable)/ receivable
Hermes Microvision, Inc.	Hermes Microvision Japan Inc.	Subsidiary	Sales	($ 102,882)	(7%)	30 days after delivery	Approximately the same with third party transactions	Approximately the same with third party transactions	$ 101,758	4%
〃	Hermes Microvision, Inc. (USA)	〃	Purchases	227,807	14%	30 days after acceptunce	〃	〃	(79,504)	(28%)

h) Receivables from related parties reaching $100,000 or 20% of paid-in capital or more as of March 31, 2015:

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2015	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Hermes Microvision Inc.	Hermes Microvision Japan Inc.	Subsidiary	$ 101,758	7.84	$ -	-	$ 7,438	$ -

i) Derivative financial instruments undertaken during 2015: None.

j) Significant inter-company transactions during the three-month period ended March 31, 2015:

Number (Note 1)	Company	Counterparty	Relationship (Note 2)	Transactions: General ledger account	Transactions: Amount (Note 4)	Transactions: Terms	Transactions: Percentage of consolidated revenues or total assets (Note 3)
0	Hermes Microvision, Inc.	Hermes Microvision, Inc. (USA)	(1)	Sales	$ 95,605	The price and terms were based on the ordinary course of business.	6.08%
0	"	"	(1)	Purchases	227,807	The price and terms were based on the ordinary course of business.	14.48%
0	"	"	(1)	Contracted research expense	308,509	No similar types of transactions for comparison as these transactions were based on mutually agreed price and terms	19.62%
0	"	"	(1)	Other expenses	27,065	"	1.72%
0	"	"	(1)	Accounts receivable	98,623	Net 30 days, after delivery	0.62%
0	"	"	(1)	Accounts payable	79,504	Net 30 days, after acceptance	0.50%
0	"	"	(1)	Other payables	158,270	Net 30 days, after acceptance	1.00%
0	"	Hermes Microvision Japan Inc.	(1)	Sales	102,882	The price and terms were based on the ordinary course of business.	6.54%
0	"	"	(1)	Account receivable	101,758	Net 30 days, after delivery	0.64%
0	"	Hermes Microrision Co., Ltd. (Beijing)	(1)	Purchases	44,538	The price and terms were based on the ordinary course of business.	2.83%
0	"	"	(1)	Accounts payable	25,353	Net 30 days, after acceptance	0.16%
1	Hermes Microvision, Inc. (USA)	"	(3)	Sales	13,437	The price and terms were based on the ordinary course of business.	0.85%
1	"	"	(3)	Purchases	17,350	"	1.10%
1	"	"	(3)	Contracted research expense	42,225	No similar types of transactions for comparison as these transactions were based on mutually agreed price and terms	2.69%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories;

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on periods-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the periods to consolidated total operating revenues for income statement accounts.

Note 4: Only transactions with amount equal to or higher than NT$10,000 thousand are disclosed.

Note 5: Transactions between these related parties are not disclosed separately.

(2) Information of investees as of March 31, 2015:

Investor	Investee	Location	Main business activities	Initial investment amount as at March 31, 2015	Initial investment amount as at December 31, 2014	Shares held: In Shares	Shares held: Percentage	Shares held: Book value	Net income (loss) of the investee Company	Income (loss) recognised by the Company
Hermes Microvision, Inc.	HMI Holdings Inc.	Samoa	Investment holdings	$ 843,045	$ 843,045	27,546,821	100%	$ 964,753	$ 35,158	$ 35,158
HMI Holdings Inc.	Hermes Microvision Korea Inc.	Korea	Marketing of e-Bean inspection equipment and its components and related technical support services	2,140	2,140	500	100%	16,254	(168)	-
〃	Hermes Microvision Japan Inc.	Japan	Marketing of e-Bean inspection equipment and its components and related technical support services	52,574	52,574	2,980	100%	54,533	1,220	-
〃	HMI Investment Corp.	Samoa	Investment holdings	-	-	21,546,821	100%	737,365	35,384	-
HMI Investment Corp.	Hermes Microvision Inc. (USA)	USA	Research and development	665,970	665,970	61,785,000	94%	737,365	37,745	-

(3) Information on investment in Mainland China:

(a) Basic information

Name of investee in Mainland China	Main business activities	Paid-in capital	Method of investment	Beginning Balance of remittance in January 1, 2015	Amount of remittance for the three-month period ended March 31, 2015: Remittance out	Amount of remittance for the three-month period ended March 31, 2015: Remittance in	Ending balance of remittance as of March 31, 2015	Investee net income or loss for current period	Ownerships held by the Company (direct and indirect)	Profit / (loss) recognised during the period (Note 2)	Ending balance of book value on March 31, 2015	Ending balance of profit remittance into Taiwan
Hermes Microvision Co., Ltd. (Beijing)	Research, development and manufacturing of semiconductor machinery and equipment and related technical support services	$ 116,520	Note 1	$ 133,738	None	None	$ 133,738	($ 1,277)	100%	($ 1,277)	$ 156,602	-

Company name	Investment ending balance of remittance as of March 31, 2015	Approved investment amount by Ministry of Economic Affairs (MOEA).	Celling on investments in Mainland china imposed by the Investment commission of MOEA
Hermes Microvision Co., Ltd. (Beijing)	$ 133,738	$ 133,738	$ 7,354,303

Note 1: Reinvesting in Chinese companies through investing in existing companies in third countries.

Note 2: Investment income was recognized based on the investee's financial statements reviewed by the Company's auditors.

(b)Significant transactions with the direct and indirect investments in Mainland China

(1) Sales of goods:

For the three-month period ended March 31, 2015, the Company's direct sales and indirect sales to investee in Mainland China amounted to $333 which was less than 10% of the total amount of net sales.

(2) Purchases of goods :

The Company's direct purchases from investee in Mainland China.

	Three-month period ended March 31, 2015	
	Amount	Percentage of net purchases
Hermes Microvision Co., Ltd. (Beijing)	$ 44,538	8%

Note : The purchase price and terms from investee in Mainland China were based on the ordinary course of business. The payment term was 30 days after acceptance.

(3) Accounts receivable:

As of March 31, 2015, the Company's accounts receivable from investee in Mainland China was $163 , which was less than 10% of the total amount of accounts receivable.

(4) Accounts payable:

As of March 31, 2015, the Company's accounts payable to investee in Mainland China was $25,353 , which was less than 10% of the total amount of accounts payable.

(5)There were no indirect loans, property transactions, endorsement guarantees or collaterals provided between the Company and the investee in Mainland China as of March 31, 2015 and for the three-month period the ended.

14. SEGMENT INFORMATION

(1) General information

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

(2) Segment information

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

For the three-month period ended March 31, 2015

	Amount
Revenue from external customers	$ 1,572,758
Inter-segment revenue	$ -
Segment income	$ 489,348
Total segment assets	$ 15,851,026

For the three-month period ended March 31, 2014

	Amount
Revenue from external customers	$ 1,167,655
Inter-segment revenue	$ -
Segment income	$ 630,186
Total segment assets	$ 12,705,986

(3) Reconciliation for segment income (loss)

None.