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Wistron Corporation
2014 Annual Report

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5. For more information about Wistron: www.wistron.com

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Wistron Corporation does not guarantee the accuracy of this translated document. Readers wishing to view the official audited version of Wistron's financial reports can obtain a copy of the Wistron Annual Report (Chinese version) on the Wistron Corporation website (www.wistron.com).

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1. Letter to Shareholders

Dear Shareholders,

With the widespread acceptance of smart handheld devices and mobile networks in 2014, the IT industry continued experiencing a global market migration from PC to smart handheld devices. The result was growth stalled as demand declined in consumer markets (e.g. notebook and LCD-TV). For Wistron, although the revenue only declined around 5%, the profit declined significantly compared with previous year due to various expenses related to the transformation of our business portfolio.

On behalf of Wistron's management team, I wish to express our sincere apology for the results and truly appreciate all of our shareholders--your continuous support inspires us to pursue progress and build the long-term value for all stakeholders.

2014 Financial and Operation Results

In 2014, Wistron's consolidated revenue reached NT$592.3 billion, and consolidated operating profit was NT$3.8 billion. The consolidated profit before tax reached NT$4.8 billion and consolidated net profit was NT$3.6 billion. Meanwhile, the earnings per share was NT$1.5.

The revenue declined around 5% due to the decreased shipment quantities of notebooks and smartphones. However, the profit declined more significantly due to the considerable increase (25%) of manufacturing expenses compared with the previous year. Increased manufacturing expenses came from the difficulties with ramping-up of new component businesses and the upfront investments of manufacturing capacity for new customers. In addition, the transfer of manufacturing bases to the west China sites caused low utilization rate of manufacturing capacity. The operating expenses also slightly increased for the investments in new businesses and new product-line developments. These investments will help to accelerate innovation and the adjustment in our business portfolio in order to cope with competition and market changes.

In 2014, Wistron's key growth drivers were the Server, VoIP, and Desktop PC, while the notebook and smartphone demand was weak and the other product lines maintained the same level compared with previous year. From the customer and marketing point of view, the smart terminal device and cloud service (e.g. server and storage) market continued stable growth compared to the stagnant traditional consumer market (e.g. notebook, tablet and LCD-TV). Wistron also continued changing the organization structure while optimizing customer and product portfolios in order to provide higher value-added and profitable services.

In addition, we continued publishing the "Wistron Corporate Social Responsibility Report" to show our participation and care for the economy, environment, and society through sustainable, innovative, and humanity related activities.

2015 Business and Operation Focus

For 2015, our major operation focuses are

1) enhance the competitiveness of core businesses (including PC, Server, and Smartphone). The emphasis is on design simplification, manufacturing automation, inventory management control, and manufacturing capacity optimization to enhance operation efficiency and productivity.

2) accelerate the financial turn-around of component businesses (including LCM, Touch, and Green recycle). Our actions will focus on the adjustment of customer and product portfolios, organizational optimization, and quality enhancement to improve the manufacturing capacity utilization rate.

3) enhance the value and momentum of innovation (including product, service, and solution innovation). Our "Value-added Innovation" initiative creates new business models with more add-on value for customers and enhances product competitiveness to improve the profit margin. Our "Value-added Service" initiative is expanding and diversifying our service related business activities to increase the scope and add-on value of after-sales service business. In addition, we will develop the new opportunities for other technology service related businesses.

For business and product direction, in response to the growing smart terminal device market and the stalled growth in consumer market (e.g. notebook and LCD-TV), Wistron will accelerate the adjustment of our business and customer portfolios. In the meantime, we will continue optimizing the resource utilization and adjusting the organization structure to enhance competitiveness. In addition, we will have strategic investments into other higher value businesses and product portfolios like smart handheld devices, cloud service solutions, green-recycling business, network storage, industrial application devices, medical devices, and automobile electronics. These directions should reduce portfolio risk and impact from the stagnant consumer market.

Outlook for the Future

Wistron's major "corporate beliefs" are customer focus, integrity, innovation, and pursuit of excellence. In the meantime, with the corporate philosophy including "altruism" and the "modest" attitude toward life, we will continually take concrete actions to pursue corporate sustainability and social responsibility. Enterprise sustainable development is not only about profit, but also allowing stakeholders to benefit from the long-term performance of the business at the same time. We believe that our stakeholders will benefit from our approach to sustainable development.

Looking forward, while the Internet of Things (IoT), smart terminal devices, and the cloud service markets continue to grow, the global economy is showing uncertainty for recovery and the traditional IT industry is expected to show slower growth. In recent years we have been devoted to transforming our role into a comprehensive technology service provider (TSP) as per our strategy of sustainable development. For example, with the development of cloud technologies, we built a total solution combining hardware such as computer, intelligent devices, and cloud data system based on software service platform to provide customers with a more convenient and suitable service with high value added.

Wistron's vision is to be a global leading technology service company providing innovative ICT products, services, and systems. We will continue to focus on creating the leading technology services which can provide high quality and innovative ICT products and service platforms that truly benefit our customers. We believe this strategy will build long-term value for our shareholders. On behalf of all Wistron employees, I wish to thank all our shareholders for their support and confidence.

Simon Lin

Chairman and CEO

2. Company Introduction

2.1 Quick facts

- Wistron Corporation was formally established on May 30, 2001.
- Company is a TSP (technology service provider) and categorized as a major ICT ODM.
- Product development focus is on Information and Communication Technology (ICT) products, including Notebook, Tablet and Desktop systems, Servers and Storage systems, IA (information appliances), Networking, Communication products, LCD TV, Monitor, Application PC, Rugged mobile computer, Smart phone and Handheld Devices.
- Provides wide range of Design, Manufacturing and After-sales service support functions for ICT products.
- Among top 20 manufacturing companies in Taiwan .(based on revenue)
- Customer base mostly comprised of global, branded IT companies.
- Headquarters in Taiwan with multiple country operating sites, including Asia, North America and Europe.
- Over 70,000 personnel as of December 31, 2014.
- Publicly listed company on the Taiwan Stock Exchange. (Stock symbol 3231.tw or 3231.tt)

2.2 Business Summary

With headquarters in Taipei, Taiwan, Wistron Corporation is a leading ODM and service company that focuses on providing leading OEMs in the global technology industry with quality and effective end-to-end services from initial product conceptualization and product development to volume manufacturing, after-sales services and e-waste recycling. Wistron provides customers with sophisticated and comprehensive design and system integration capabilities, reliable and cost-effective production and logistics support, and quality product development and after-sales services. The product portfolio covers a wide range of technology products including notebook personal computers (“PCs”), tablets, mobile communication products, server and storage systems, desktop PCs, LCD TV, and other consumer electronics. Wistron is one of the largest manufacturers of notebook PCs in the world in terms of global shipment volumes and a leading manufacturer of desktop, server and storage systems and handheld devices.

As a leading ODM manufacturer, Wistron sells products to prominent vendors who distribute these products under their own brands. Wistron views customers as partners and typically work closely with them to develop existing and new products. Wistron manages operations through strategic business groups organized by major products and services categories. Each strategic business group has its own focused group of products and customers, as well as dedicated personnel and manufacturing facilities to handle end-to-end responsibilities for its own customers, products, and services. Wistron believes this “end-to-end” approach allows better focus on customer and profit-oriented R&D, cost management, production efficiency, and individual customer needs, which enhances long-term business performance and customer loyalty. Wistron manages other aspects of business operations, such as company-wide strategy planning, finance, investment, human resources, information systems, and legal compliance on a centralized basis to take advantage of economies of scale and other synergies.

Wistron employs over 75,000 personnel worldwide, strategically located in Asia, America and Europe in various design, manufacturing, R&D, e-waste recycling and after-sales services centers. Manufacturing facilities are located in China, Taiwan, Malaysia, Mexico and Czech Republic. Wistron maintains logistics facilities--comprising more than 60 logistics hubs worldwide--close to the facilities of customers in the United States, Europe and Asia. For e-waste recycling, the operations are located in United States and China. The after-sales service partner network spans three continents in countries such as the United States, Brazil, Columbia, Mexico, Czech Republic, Turkey, Singapore, India, Malaysia, China, Taiwan, Japan, and the Philippines.

The network of manufacturing facilities, customer services centers and logistics facilities provides Wistron with a global presence, which allows customers worldwide to work closely with Wistron from the design and development stages to the manufacturing, distribution and after-sales services stages.

2.3 Public listing

On August 19 2003, Wistron Corporation's shares were listed on the Taiwan Stock Exchange.

2.4 Milestones

May	2001	• Wistron Corporation was founded with paid-in capital of NT$10 million.
Aug.	2001	• Increased capital to NT$1 billion.
Nov.	2001	• The Kunshan (China) site was registered.
Dec.	2001	• The Industrial park plant was registered.
Feb.	2002	• Split from Acer Incorporated.
Apr.	2002	• Injected capital to NT$5 billion to inherit from Acer Incorporated. all the assets, liabilities, related rights and obligations, as well as legal ownership (including ownership of plants in Hsinchu, Zhongshan, Subic Bay in Philippines, Mexico and Hungary). • Issued 72 million units of employee stock options.
Jun.	2002	• Entered into strategic alliance agreement with Taipei Customs Bureau and established strategic partnership.
Jul.	2002	• Raised funds of NT$6.75 billion by issuing 300 million stock shares at a premium price of NT$22.5 by means of cash injection. The paid-in capital amounted to NT$8 billion. • The Kunshan (China) site passed the ISO 9001:2000 certification.
Dec.	2002	• Acer Incorporated completed its stock release, lowering its stock share in Wistron Corporation from 79% to 49%. • Two notebook models J1 and AJ received the "Certificate of Good Design" award by the Industrial Development Bureau.

		• Two notebook models J1 and AJ received “Certificate of Excellence” as part of the National Product Image Awards from the Ministry of Economic Affairs.
		• Established the Corporate Operation Headquarters in Taiwan with the approval of the Ministry of Economic Affairs.
Feb.	2003	• The Zhongshan (China) site passed the ISO 9001:2000 certification.
Mar.	2003	• Received NT$99,620,000 through converting stock options to stock shares. The paid-in capital amounted to NT$8,099,620,000.
Apr.	2003	• The Zhongshan (China) site passed the TL 9000 R3.0 certification.
		• Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the SONY OEM Green Partner certification.
May	2003	• Established the Innovative R&D Center in Taiwan with the approval of the Ministry of Economic Affairs.
Aug.	2003	• Received NT$18,350,000 through converting stock options to stock shares. The paid-in capital amounted to NT$8,117,970,000.
		• Wistron Corporation was officially and publicly listed on the Taiwan Stock Exchange. Wistron Corporation is the first high-technology company publicly listed using new procedures after the enactment of the Taiwan Company Merger Law.
		• The Kunshan (China) site passed the ISO 14001:1996 certification.
Oct.	2003	• J2 and B2i notebooks, K3D multimedia notebook, W3D Desknote, SP200 smart PDA and Kuofer mini/portable speaker received the “Certificate of Good Design” award by the Industrial Development Bureau.
Nov.	2003	• Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the OHSAS 18001:1999 certification.
		• Increased NT$558,381,000 through capitalization of profits and received NT$32,900,000 through converting employee stock options to common shares. The paid-in capital amounted to NT$8,709,251,000.
Dec.	2003	• Established Wistron InfoComm Technology (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Jan.	2004	• The Kunshan (China) site passed the OHSAS 18001:1999 certification.
Feb.	2004	• Issued US$120 million aggregate principal amount of Zero Coupon Convertible Notes Due 2009.
		• Established Win Precision (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Apr.	2004	• Received NT$114,740,000 through converting stock options to stock shares. The paid-in capital amounted to NT$8,823,991,000.
May	2004	• Wistron ranked (in revenue) 17th among Taiwan manufacturing companies in 2003 (source: Common Wealth magazine and Business Weekly magazine)
		• Established Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Jun.	2004	• The Zhongshan (China) site passed the ISO 14001:1996 certification and the OHSAS 18001:1999 certification.
Jul.	2004	• The Kunshan (China) site passed the ISO 9001:2000/TL9000 R3.0 certification.

Aug.	2004	• Established Wistron Service (Kunshan) Corp. with the approval of the Investment Commission, Ministry of Economic Affairs.
Sep.	2004	• Increased NT$585,699,550 through capitalization of profits and received NT$80,220,000 converting employee stock options to common shares. The paid-in capital amounted to NT$9,489,910,550.
Nov.	2004	• Win Precision (Kunshan) Co., Ltd. changed its name to Wis Precision (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Jan.	2005	• Received NT$3,230,000 through converting stock options to stock shares. The paid-in capital amounted to NT$9,493,140,550.
Apr.	2005	• Wistron ranked (revenue) 16th among Taiwan manufacturing companies in 2004 (source: the Common Wealth magazine and the Business Weekly magazine). • Wistron ranked (revenue) 31st among all Taiwan companies in 2004 (source: China Credit Information Service). • Received NT$14,270,000 through converting stock options to stock shares. The paid-in capital amounted to NT$9,507,410,550.
Jun.	2005	• Received NT$76,500,000 through converting stock options to stock shares. The paid-in capital amounted to NT$9,583,910,550.
Sep.	2005	• Issued NT$2.5 billion of Depositary Receipts, of which NT$1.5 billion were deposited by Wistron and NT$1.0 billion deposited by Acer.
Oct.	2005	• Issued and delivered Common Shares to the converting holders of ECB for NT$217,928,720, and issued common shares of GDR offering for NT$1,500 million, and converted employee stock options to common shares for NT$11,405,689,270. The paid-in capital amounted to NT$11.4 billion • Established Wistron Service (Shanghai) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Dec.	2005	• The Philippines site passed the TL 9000 R3.0 certification.
Jan.	2006	• Issued and delivered Common Shares to the converting holders of ECB for NT$333,703,130, and converted employee stock options to common shares for NT$43,350,000. The paid-in capital amounted to NT$11,782,742,400.
Apr.	2006	• Issued and delivered Common Shares to the converting holders of ECB for NT$170,238,960, and converted employee stock options to common shares for NT$10,640,000. The paid-in capital amounted to NT$11,963,621,360. • The Kunshan (China) site passed the ISO 14001:2004 certification.
May	2006	• Wistron ranked (revenue) 14th among Taiwan manufacturing companies in 2005 (source: Business Weekly magazine) • Wistron ranked (revenue) 17th among Taiwan manufacturing companies in 2005 (source: Common Wealth magazine) • The Zhongshan (China) site, the Philippines site, Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO 14001:2004 certification
Jun.	2006	• Wistron ranked 18th among Global Information Technology companies in 2006 (source: BusinessWeek magazine) • Wistron ranked 7th among Taiwan Information Technology companies in 2006 (source: BusinessNext magazine in cooperation with BusinessWeek magazine)

Aug.	2006	• Increased NT$759,947,000 through capitalization of profits. The paid-in capital amounted to NT$12,723,568,360.
Sep.	2006	• The Kunshan (China) site passed the IECQ QC 080000:2005 certification.
Jan.	2007	• The Zhongshan (China) site passed the IECQ QC 080000:2005 certification. • The Czech Republic site was registered.
Mar.	2007	• The Philippines site, Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the IECQ QC 080000:2005 certification. • Wistron recognized as one of the Best Overall for Corporate Governance in Taiwan. (source: AsiaMoney)
May	2007	• Wistron ranked (revenue) 16th among Taiwan manufacturing companies in 2006 (source: Common Wealth magazine)
Jul.	2007	• Wistron ranked 28th among Global Information Technology companies in 2007 (source: BusinessWeek magazine) • Wistron ranked 28th among Taiwan Information Technology companies in 2007 (source: BusinessNext magazine in cooperation with BusinessWeek magazine) • Acquired Wistron Optronics (Shanghai) Corporation and Wistron optronics (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Aug.	2007	• Increased NT$1,095,692,340 through capitalization of profits. The paid-in capital amounted to NT$13,819,260,700. • Established Zhongshan Deyi Electrical Equipment Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Sep.	2007	• Wistron recognized as one of the Asia Pacific's Best Big Public Companies. (source: Forbes Asia magazine) • The Philippines site, Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the TL 9000 R4.0 certification.
Feb.	2008	• The Czech site passed the ISO 9001:2000 certification.
Mar.	2008	• Wistron ranked in Top 100 highest growth Asian companies in 2007. (Asia: #63; Taiwan: #8; computer industry: #5) (source: Toyo Keizai magazine (Japan))
Apr.	2008	• Acquired Changshu Pu Yuan Electronics Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
May	2008	• Wistron ranked (revenue) 14th among Taiwan manufacturing companies in 2007 (source: Common Wealth magazine) • Wistron ranked 40th among Global Information Technology companies. (source: Business Week magazine) • Wistron ranked 11th among Taiwan Information Technology companies. (source: BusinessNext magazine in cooperation with BusinessWeek magazine) • Established SMS (Kunshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs. • Established Wistron Optronics (Shanghai) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Jul.	2008	• Increased NT$240,000,000 cash offering common shares through private placement. The paid-in capital amounted to NT$14,059,260,700.

Aug.	2008	• Established Wistron InfoComm Technology (Zhongshan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Sep.	2008	• Increased NT$1,107,106,390 through capitalization of profits. The paid-in capital amounted to NT$15,166,367,090. • Wistron recognized as one of the Asia Pacific's Best Big Public Companies. (source: Forbes Asia magazine)
Dec.	2008	• Acquired Hsieh-Yuh Electronics Technology (Zhong Shan) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Feb.	2009	• The Czech Republic site passed the OHSAS 18001:2007 certification.
May	2009	• Wistron ranked (revenue) 7th among Taiwan manufacturing companies in 2008 (source: Common Wealth magazine)
Jun.	2009	• Raised funds of US$223.5 million by issuing 15 million units Depositary Receipts at a price of US$14.9 per unit. The paid-in capital amounted to NT$16,666,367,090. • Wistron ranked 8th among Global Information Technology companies. (source: Business Week magazine) • Wistron ranked 1st among Taiwan Information Technology companies. (source: BusinessNext magazine in cooperation with BusinessWeek magazine)
Aug.	2009	• Increased NT$1,839,791,170 through capitalization of profits. The paid-in capital amounted to NT$18,506,158,260. • The Czech Republic site passed the ISO 14001:2004 certification • The Juarez (Mexico) site passed the OHSAS 18001:2007 certification
Sep.	2009	• The Zhongshan (China) site passed the ISO 9001:2008 certification
Oct.	2009	• Established Wistron InfoComm (Taizhou) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs. • Wistron recognized as one of the Asia Pacific's Best Big Public Companies. (source: Forbes Asia magazine)
Nov.	2009	• Established WIS Precision (Taizhou) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Dec.	2009	• Established WIT Technology (Taizhou) Co., Ltd with the approval of the Investment Commission, Ministry of Economic Affairs. • The Zhongshan (China) site passed the TL 9000 R5.0 certification
Feb.	2010	• Received NT$136,530,000 through converting stock options to stock shares. The paid-in capital amounted to NT$18,642,688,260.
Mar.	2010	• Wistron recognized as one of the "CSR Best 65 Companies" in Taiwan. (source: Global Views Monthly)
Apr.	2010	• Received NT$55,250,000 through converting stock options to stock shares. The paid-in capital amounted to NT$18,697,938,260.
May	2010	• Wistron recognized as part of Forbes' "Global 2000" and a "Global High Performer". (source: Forbes Asia magazine) • Wistron ranked (revenue) 6th among Taiwan manufacturing companies in 2009 (source: Common Wealth magazine) • Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO13485:2003 certification

		• Received NT$4,760,000 through converting stock options to stock shares. The paid-in capital amounted to NT$18,702,698,260.
Jun.	2010	• Wistron ranked 6th among Taiwan Information Technology companies. (source: BusinessNext magazine in cooperation with BusinessWeek magazine)
Jul.	2010	• Acquired Hartec Technology (Kunshan) Co., Ltd with the approval of the Investment Commission, Ministry of Economic Affairs. • Established Wistron Advanced Materials (Kunshan) Co. Ltd with the approval of the Investment Commission, Ministry of Economic Affairs. • Wistron ranked 10th among Top Large Enterprises of Taiwan's Best Corporate Citizens in 2010 (source: CommonWealth magazine)
Aug.	2010	• Increased NT$935,134,920 through capitalization of profits. The paid-in capital amounted to NT$19,637,833,180.
Sep.	2010	• Received NT$3,500,000 through converting stock options to stock shares. The paid-in capital amounted to NT$19,641,333,180. • Established BriVision Optronics (Zhongshan) Corp. with the approval of the Investment Commission, Ministry of Economic Affairs.
Oct.	2010	• Established "Wistron Foundation". • Acquired Zhongshan Global Lighting Technology Limited Co. with the approval of the Investment Commission, Ministry of Economic Affairs.
Nov.	2010	• Received NT$8,740,000 through converting stock options to stock shares. The paid-in capital amounted to NT$19,650,073,180. • Established Information SuperGrid Technology Beijing Inc. with the approval of the Investment Commission, Ministry of Economic Affairs. • Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the TL 9000 R5.0 / ISO 9001:2008 certification • The Juarez (Mexico) site passed the ISO 9001:2008 certification
Dec.	2010	• Acquired Zhongshan Huamao Trading Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.
Feb.	2011	• Established the Neihu Headquarters in Taiwan.
Mar.	2011	• Established Wistron Holding (Sichuan) Co., Ltd. and Wistron InfoComm (Chengdu) Co., Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs. • Received NT$205,720,000 through converting stock options to stock shares. The paid-in capital amounted to NT$19,855,793,180.
Apr.	2011	• Wistron recognized as one of Forbes Global 2000 companies
May	2011	• Wistron ranked 6th among Taiwan manufacturing companies (source: Common Wealth magazine) • Received NT$5,730,000 through converting stock options to stock shares. The paid-in capital amounted to NT$19,861,523,180. • Investment on New build WISTRON TECHNOLOGY (MALAYSIA) SDN. BHD.
Jun.	2011	• Wistron recognized by BusinessNext magazine as one of "Asia/Taiwan Info Tech 100"companies • Established Wistron InfoComm (CHONGQING) Co.Ltd. with the approval of the Investment Commission, Ministry of Economic Affairs.

Jul.	2011	• Wistron recognized as one of Fortune Global 500 companies
Aug.	2011	• Wistron ranked 8th among Top Large Enterprises of Taiwan's Best Corporate Citizens (source: CommonWealth magazine)
Sep.	2011	• Established Wistron Win Technology Service (Beijing) Limited with the approval of the Investment Commission, Ministry of Economic Affairs. • Increased NT$984,339,160 through capitalization of profits, and Received NT$2,950,000 through converting stock options to stock shares. The paid-in capital amounted to NT$20,848,812,340. • The Zhongshan (Optical Campus) site passed the ISO 9001:2008 certification
Oct.	2011	• The Chongqing site passed the ISO 9001:2008 / ISO 14001:2004 certification. • The Juarez (Mexico) site passed the ISO 14001:2004 certification.
Nov.	2011	• Wistron won a TWSE's award of "Outstanding Disclosure Award for Listed Companies' Corporate Sustainability and Social Responsibility Reports". (TWSE: Taiwan Stock Exchange Corporation) • The Zhongshan (Optical Campus) site passed the ISO 14001:2004 / OHSAS18001:2007certification.
Dec.	2011	• Wistron recognized by Ministry of Economic Affairs as one of "Taiwan's 100 Most Innovative Companies of 2011". • Investment on New build Service Management Solutions Colombia S.A.S..
Jan.	2012	• Received NT$1,160,000 through converting stock options to stock shares. The paid-in capital amounted to NT$20,849,972,340.
Apr.	2012	• Wistron recognized as one of Forbes Global 2000 companies • Issued and delivered common shares to the converting holders of ECB for NT$2,430,580, and converted employee stock options to common shares for NT$79,330,000. The paid-in capital amounted to NT$20,931,732,920.
May	2012	• The Juarez (Mexico) site passed the TL9000 R5.0 certification. • Wistron ranked 6th among Taiwan manufacturing companies (source: Common Wealth magazine) • Received NT$8,420,000 through converting stock options to stock shares. The paid-in capital amounted to NT$20,940,152,920 • Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO 14001:2004 / OHSAS 18001:2007 re-certification
Jun.	2012	• Wistron recognized by BusinessNext magazine as one of "Asia/Taiwan Info Tech 100"companies
Jul.	2012	• The Chengdu site passed the ISO9001:2008 / 14001:2004 certification. • Wistron recognized as one of Fortune Global 500 companies • Established Wistron InfoComm (Qingdao) Co.,Ltd with the approval of the Investment Commission, Ministry of Economic Affairs.
Aug.	2012	• Wistron ranked 17th among Top Large Enterprises of Taiwan's Best Corporate Citizens (source: CommonWealth magazine) • Increased NT$1,039,278,650 through capitalization of profits. The paid-in capital amounted to NT$21,979,431,570. • The Kunshan site passed the OHSAS 18001:2007 re-certification.

Oct.	2012	• The Chongqing site passed the OHSAS18001:2007 certification
Nov.	2012	• The Juarez (Mexico) site passed the OHSAS18001:2007 certification
		• The Taizhou site passed the ISO9001:2008 certification.
		• The Kunshan site and Taipei R&D team passed the ISO16949:2009 certification.
Feb.	2013	• The Taizhou site passed the ISO14001:2004 certification.
Mar.	2013	• Established ANWITH(KunShan) CO.,LTD with the approval of the Investment Commission, Ministry of Economic Affairs.
Apr.	2013	• Received NT$260,000 through converting stock options to stock shares. The paid-in capital amounted to NT$21,979,691,570.
		• Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the ISO 50001:2011 certification.
		• Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
		• The Zhongshan site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
		• The Kunshan site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
		• Wistron recognized as one of Forbes Global 2000 companies
May	2013	• Wistron ranked 7th among Taiwan manufacturing companies(source: Common Wealth magazine)
Jun.	2013	• The Juarez (Mexico) site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
		• The Czech Republic site acquired the ISO 14064-1:2006 greenhouse gas verification statement.
Jul.	2013	• The Kunshan site passed the IECQ QC 080000:2012 certification.
		• Wistron recognized by the Ministry of Economic Affairs as one of the winners of “Award for International Trade in 2013”.
Aug.	2013	• The Chengdu site passed the OHSAS 18001:2007 certification.
		• Wistron ranked 17th among Top Large Enterprises of Taiwan’s Best Corporate Citizens (source: CommonWealth magazine)
		• Established Wistron InfoComm Technology Service (Kunshan) Co., Ltd with the approval of the Investment Commission, Ministry of Economic Affairs.
		• Increased NT$1,326,291,250 through capitalization of profits, and capital reduction via buyback treasury stocks nullification for NT$154,580,000. The paid-in capital amounted to NT$23,151,402,820.
Sep.	2013	• The Zhongshan site passed the IECQ QC 080000:2012 certification.
		• Issued of restricted stocks award to key employees for NT$627,950,000. The paid-in capital amounted to NT$23,779,352,820.
Nov.	2013	• Received NT$2,250,000 through converting stock options to stock shares. The paid-in capital amounted to NT$23,781,602,820.
Jan.	2014	• The Taizhou site passed the IECQ QC 080000:2012 certification.
		• Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the GMP certification.

		• The Kunshan Optronics site passed the IECQ QC 080000:2012 certification.
Feb.	2014	• Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site passed the IECQ QC 080000:2012 certification. • The Texas site passed the ISO9001:2008 certification. • The Texas site passed the ISO14001:2004 certification
Mar.	2014	• The Zhongshan site passed the TL9000-H R5.0/R5.0/ ISO 9001:2008 re-certification • The Czech site passed the ISO9001:2008 re-certification • The Czech site passed the ISO14001:2004 re-certification • The Czech site passed the OHSAS18001:2007 re-certification • The Texas site passed the OHSAS18001:2007 certification.
Apr.	2014	• Wistron recognized as one of Forbes Global 2000 companies
May	2014	• Wistron ranked 7th among Taiwan manufacturing companies (source: CommonWealth magazine)
Jun.	2014	• Wistron Headquarters (Taipei) and the Hsinchu (Taiwan) site acquired the ISO 14064-1:2006 greenhouse gas verification statement. • The Zhongshan/Kunshan/Chengdu/Chongqing/Czech/Mexico sites acquired the ISO 14064-1:2006 greenhouse gas verification statements.
Jul.	2014	• The Taizhou site passed the ISO14001:2004 certification.
Aug.	2014	• Wistron ranked 25th among Top Large Enterprises of Taiwan’s Best Corporate Citizens (source: CommonWealth magazine) • Increased NT$ 725,711,330 through capitalization of profits, and Received NT$ 60,000 through converting stock options to stock shares, and capital reduction via restricted stocks award to key employees nullification for NT$ 31,380,000. The paid-in capital amounted to NT$ 24,475,994,150. • The Kunshan site passed the ISO9001:2008 re-certification
Sep.	2014	• The Chongqing site passed the IECQ QC 080000:2012 certification.
Oct.	2014	• Wistron was highlighted the TOP 20 Asian companies in 2014 Channel News Asia Sustainability Ranking • The Zhongshan site passed the TL9000-H R5.5/R5.0/ ISO 9001:2008 re-certification
Nov.	2014	• Received NT$ 206,680,000 through converting stock options to stock shares. The paid-in capital amounted to NT$ 24,682,674,150.
Jan.	2015	• The Texas site passed the TL9000-V R5.5/R5.0/ ISO 9001:2008 certification
Apr.	2015	• Established Weshtek Information Technology Services Co., Ltd., Shanghai with the approval of the Investment Commission, Ministry of Economic Affairs.

2.5 Organization Structure

2.5.1 Business Organization

Wistron organizes operations into five strategic business groups in order to better allocate resources and further enhance production efficiency and overall business performance. Business operations are segmented into the following four major business groups, with each of them focusing on a clearly delineated product, customer and service portfolio:

Computing Products Business Group ("CPBG") **—** CPBG focuses on producing personal computing products.

Enterprise Business Group ("EBG") **—** EBG focuses on producing server and storage systems, fiber channel storage arrays, Telecom, accessories and management software and other enterprise applications such as business automation, industry automation, IP telephony application and storage applications.

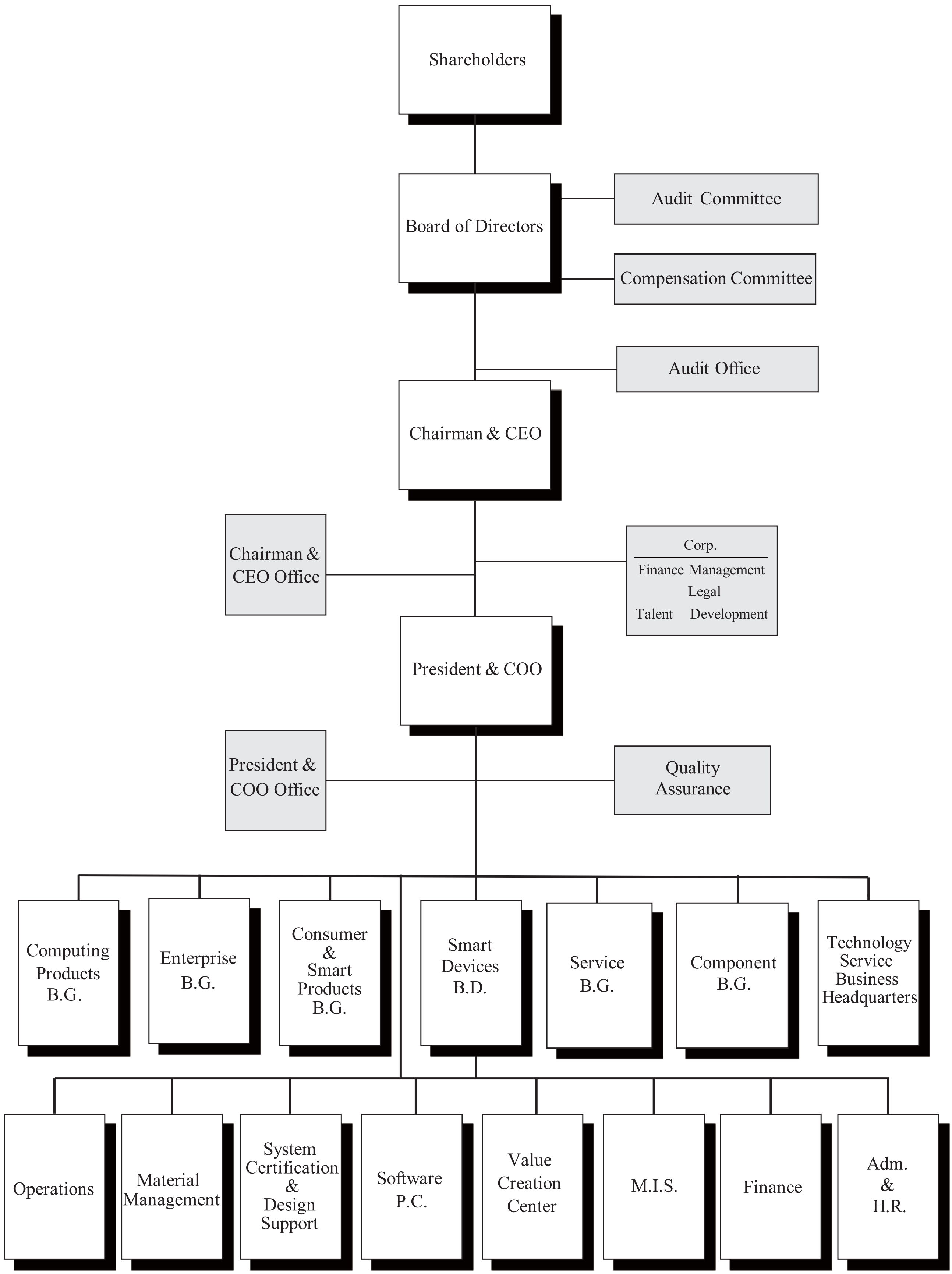
Consumer and Smart Products Business Group ("CSBG") **—** CSBG focuses on producing smart device products (Smart Phone / Smart Tablet) and display products.

Services Business Group ("SBG") **—** SBG focuses on providing after-sales services including product replacement, repair and support and product support solutions, both for products we manufacture and for products produced by other manufacturers.

Component Business Group ("CBG") **—** CBG focuses on producing optical component products. And the collection, dismantling, refining…recycling related business for electronic wastes.

Each strategic business group has been allocated its own focused group of products and customers, as well as dedicated personnel and manufacturing/service facilities, and accounts for its own profits and losses. Each group has end-to-end responsibilities for its own customers, products, and services which include business origination, marketing, account planning, R&D, product design and development, component sourcing, mass production, delivery and logistics support, customer services, billings, collection of receivables, realization of profits, and financial reporting. This result-oriented scheme aims at instilling each business group with a sense of ownership to track its business performance, delineating clearly the responsibilities among the business groups and creating clear strategic focus for each business group in terms of product offerings and customer services.

2.5.2 Organization Chart



2.5.3 Department functions

Department	Main responsibilities
Audit office	1.Assist management to ensure that the internal audit system is effectively designed and well implemented to improve the operation and to enhance the value of the organization 2.Assist managers to evaluate and improve the procedure of risk management, internal control, and corporate governance through systematic and effective procedures to achieve organization's goals 3.Assist the Audit Committee to supervise the implementation of internal control system and corporate governance
Chairman & CEO Office	Assists the Chairman & CEO to evaluate and analyze external investment and business performance for the Company and its subsidiaries to achieve corporate goals
Finance Management	Treasury, financial management, and investment
Legal	Corporate legal affairs, contracts, and business-related legal consultative services
Talent Development	Strategic talent development and management for global human resources
President & COO Office	Assist the President & COO to evaluate and analyze the Company's business performance and propose solutions to achieve corporate goals
Quality Assurance	Quality assurance and improvement actions
Computing Products Business Group	Product management, development and manufacturing for personal computer products.
Enterprise Business Group	Product management, development, and manufacturing for server, storage products, and industrial PC
Consumer and Smart Products Business Group	Product management, development and manufacturing for smart device products (Smart Phone / Smart Tablet) and display products.
Smart Devices Business Division	Product management, development and manufacturing for smart device products.
Service Business Group	Customer service and technical support
Component Business Group	Product Management, development and manufacturing for optical component products. The collection, dismantling, refining… recycling related business for electronic wastes.
Technology Service Business Headquarters	Responsible for the integration of technology and product development to provide value-added platform for customers
Operations	Global production, manufacturing capacity allocation, and efficiency enhancement among factories

Department	Main responsibilities
Material Management	Global material planning, purchasing, logistic support, and supplier quality management
System Certification & Design Support	System certification & design supporting
Software Product Center	Development of system application software
Value Creation Center	Development of high value-add, innovative products and technologies
M.I.S.	Information system development and design
Finance	Finance, accounting service, tax service, and providing reports to profit units
Administration and H.R.	Human resource, employee communication, employee training and general affairs

2.6 Products

2.6.1 Current Main Products and Services:

(1) Notebook computers and Tablet computers

(2) Smart phones and handheld devices

(3) Desktop computers and All-in-One (AIO) computers

(4) TVs, Monitors

(5) Voice over Internet Protocol (VoIP) phones

(6) Servers, and network storage facilities

(7) Industrial application devices (IPC and Rugged devices)

(8) After-sales services

(9) Green recycling services

(10) Display applications on backlight, LCM, Touch screen and Lamination services

(11) Educational technology services

2.6.2 New Product & Services Development:

(1) Technology service business

(2) Car information systems

2.7 Services

2.7.1 Design

Wistron provides comprehensive, in-depth, integrated design services, utilizing extensive product development experience, equipment, and quality processes. Wistron addresses all related engineering challenges, such as material/styling considerations, component selection, functionality, testing challenges, volume manufacturing stress, packaging, and environmental impact. Wistron's teams provide a range of services, including comprehensive thermal, power, structural and reliability engineering services, specifically tailored for ICT products. Extensively equipped simulation and compatibility test teams and labs utilize a vast array of equipment and technology to allow for market specific and global accreditation approvals.

2.7.2 Manufacturing

Wistron’s manufacturing experience ensures the quality of the overall production processes and systems. From in-coming components to OOB (out-of-box) QA, a full suite of tests and analysis are conducted with industry-leading testing including Wistron propriety equipment and processes. Manufacturing facilities offer a complete set of services from PCB to systems assembly, including BTO/CTO. Manufacturing IT systems support the manufacturing process and quality management reporting, while suppliers’ portals feature all procurement-related activities to ensure supplier performance management. To facilitate data collaboration, Wistron supports any-to-any B2B exchange with customers.

2.7.3 After-sales service

Wistron offers a variety of flexible, customized service business models. Programs such as hub-to-hub FRU (field replaceable unit) swap, hub-to-ASP, and CRU (customer replaceable unit) complement depot options and other related programs. After-sales service teams support products produced by Wistron or other companies. Wistron possesses extensive experience working with customers’ own service/repair teams, as well as their outsourced service partners. Highly integrated IT platforms are linked to all levels of the service chain to manage the complex reverse logistics, material management, and reporting systems. Service documentation and repair training support customers’ own internal and channel service training programs.

Design	Manufacturing	After-sales service
• Industrial design • Prototype building • PCB circuit design and layout • Certification qualification testing and processing (agency approvals) • Circuit test development • Compatibility testing • Environmental stress testing / EMC testing • Reliability testing • Component qualification • Electrical and Mechanical design • Functional test development • Packaging design • Embedded software design • Component certification/ approval meeting environmental regulations (e.g. RoHS)	• Supplier quality/performance management • Component and subsystem assembly • Lead-free PCB assembly • Automatic optical inspector • Automatic in-circuit testing • Functional testing • System manufacturing • CTO (configure-to-order) • BTO (build-to-order) • Real time production data collection • Material /process laboratory analysis • Failure analysis and closed loop corrective action	• Product life cycle planning • Hub management • Asset recovery • Life-time buy component management • Service traffic planning • Refurbishment • Returns processing • Customized report development • Electronic Data Exchange • Upgrades • Warranty repair • All levels of repair support and management

2.8 Board of Directors, Supervisors and Key Managers background information (including share holding)

2.8.1 Information of Board of Directors (April 28, 2015)

Title	Nationality or registered	Name	Date of Election	Term	Shares Held When Elected		Current Shareholding	
					Number	Percentage	Number	
Chairman & CEO	Republic of China	Simon Lin	06/21/2012	3	23,299,935	1.11	28,064,521	
Director	Republic of China	Stan Shih	06/21/2012	3	2,281,230	0.11	2,565,422	
Director	Republic of China	Haydn Hsieh	06/21/2012	3	887,483	0.04	998,043	
Director & President & COO	Republic of China	Robert Hwang	06/21/2012	3	1,261,000	0.06	2,740,810	

Current Shareholding	Shares Held by Spouse & Minors		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
Percentage	Number	Percentage			Title	Name	Relationship
1.14	1,373	0	Bachelor	Chairman & CEO of Wistron Corp. Chairman of Wistron ITS Corp. Chairman of Changing Information Technology Inc. Director of Gamania Digital Entertainment Co., Ltd. Independent Director of Taiwan IC Packaging Corp. Independent Director of Neo Solar Power Corp. Chairman of Wiwynn Corp.	-	-	-
0.10	345,095	0.01	Master	Director of Wistron Corp. Director of Acer Inc. Director of Qisda Corp. Independent Director of Taiwan Semiconductor Manufacturing Co., Ltd. Director of Nanshan Life Insurance Co., Ltd. Director of Egis Technology Inc. Director of Digitimes Inc. Chairman of Stans Foundation Chairman of National Culture and Arts Foundation Director of PTS/ Public Television Service Foundation	-	-	-
0.04	11,798	0	Bachelor	Director of Wistron Corp. Chairman & CEO of Wistron NeWeb Corp. Director of AOPEN Inc. Director of aEnrich Technology Corp. Independent Director of Raydium Semi-conductor Corp.	-	-	-
0.11	159,102	0.01	Master	Director & President & COO of Wistron Corp. Director of Anextek Global Inc. Director of Lian-Yi (Far East) Ltd. Director of Global Lighting Technologies Inc. Chairman of Anwith Technology Corp.	-	-	-

Title	Nationality or registered	Name	Date of Election	Term	Shares Held When Elected		Current Shareholding	
					Number	Percentage	Number	
Independent Director	Republic of China	John Hsuan	06/21/2012	3	0	0	0	
Independent Director	Republic of China	Michael Tsai	06/21/2012	3	0	0	0	
Independent Director	Republic of China	James K.F. Wu	06/21/2012	3	0	0	0	
Independent Director	Republic of China	Victor C.J. Cheng	06/21/2012	3	66,614	0	78,911	
Independent Director	Republic of China	Duh-Kung Tsai	06/21/2012	3	0	0	0	

Current Shareholding	Shares Held by Spouse & Minors		Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
Percentage	Number	Percentage			Title	Name	Relationship
0	420,043	0.02	Bachelor	Independent Director of Wistron Corp. Emeritus vice-chairman of United Microelectronics Corp. Chairman of Faraday Technology Corp. Independent Director of Compal Electronics Inc. Chairman of Taiwan Memory Company Chairman of Maxima Venture I, Inc. Chairman of Maxima Venture II, Inc. Independent Director of Siliconware Precision Industries Co., Ltd. Chairman of Meridigen Biotech Co., LTD Director of General Biologicals Corp. Director of Clientron Corp. Director of Bcom Electronics Inc. Director of SIPP Corp.	-	-	-
0	0	0	Bachelor	Independent Director of Wistron Corp. Chairman of Maxchip Electronics Corp. Chairman of Zentel Electronics Corp. Director of Powerchip Technology Corp. Independent Director of Koryo Electronics Co., Ltd.	-	-	-
0	5,446	0	Bachelor	Independent Director of Wistron Corp. Independent Director of Lite-On Technology Corp. Independent Supervisor of Advantech Co., Ltd. Director of Finance and Economics Research and Education Foundation	-	-	-
0	0	0	Doctorate	Independent Director of Wistron Corp. Director of Lotes Co., Ltd. Independent Supervisor of Asustek Computer Inc. Independent Supervisor of Apacer Techology Inc. Director of Kinsus Interconnect Technology Corp. Independent Director of eChem Solutions Corp.	-	-	-
0	0	0	Bachelor	Independent Director of Wistron Corp. Chairman & CEO of Powertech Technology Inc. Chairman of Greatek Electronics Inc. Independent Director of Compal Electronics Inc. Independent Director of Chicony Power Technology Co., Ltd.	-	-	-

2.8.2 Information of Key Managers (April 28, 2015)

Title	Nationality	Name	Date of Assuming Office	Shares Held Directly		Shares Held by Spouse & Minor		
				Number	Percentage	Number	Percentage	
Chairman & CEO	Republic of China	Simon Lin	01/01/2002	28,064,521	1.14	1,373	0	
Director & President & COO	Republic of China	Robert Hwang	01/01/2002	2,740,810	0.11	159,102	0.01	
Chief Staff Officer	Republic of China	Frank F.C. Lin	01/01/2002	1,651,101	0.07	7,289	0	
Chief Finance Officer	Republic of China	Henry Lin	09/16/2002	248,026	0.01	0	0	
President of CPBG	Republic of China	Donald Hwang	01/01/2002	1,282,366	0.05	0	0	
President of CSBG	Republic of China	David Shen	06/08/2007	85,386	0	13,200	0	
General Plant Manager	Republic of China	Kenny Wang	06/08/2007	727,653	0.03	0	0	
General Auditor	Republic of China	M.Y. Lin	01/01/2002	1,166,340	0.05	89,090	0	

Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
		Title	Name	Relationship
Bachelor	Chairman & CEO of Wistron Corp. Chairman of Wistron ITS Corp. Chairman of Changing Information Technology Inc. Director of Gamania Digital Entertainment Co., Ltd. Independent Director of Taiwan IC Packaging Corp. Independent Director of Neo Solar Power Corp. Chairman of Wiwynn Corp.	-	-	-
Master	Director & President & COO of Wistron Corp. Director of Anextek Global Inc. Director of Lian-Yi (Far East) Ltd. Director of Gobal Lighting Technologies Inc. Chairman of Anwith Technology Corp.	-	-	-
Bachelor	Director of Wistron NeWeb Corp. Director of AOPEN Inc. Director of Wistron ITS Corp. Chairman of Anextek Global Inc. Director of Changing Information Technology Inc. Supervisor of aEnrich Technology Corp. Chairman of WiseCap Ltd. Chairman of WLB Ltd. Supervisor of Formosoft International Inc. Director of IP Fund II Director of IP Fund Six Director of Nolvate Advanced Ltd. Director of Wiwynn Corp. Director of Join-Link International Technology Co. Ltd.	-	-	-
Master	Independent Director of Young Optics Inc. Independent Director of RDC Semiconductor Co., Ltd. Independent Director of AVer Information Inc. Director of Browave Corp. Director of Wistron NeWeb Corp. Director of AOPEN Inc.	-	-	-
Master	Director of International Standards Labs. Director of Maya International Co., Ltd. Director of Join-Link International Technology Co. Ltd. Director of ARBOR Technology Corp.	-	-	-
Master	Director of Hanergy Technology Corp. Director of Formosa Prosonic Industries Berhad	-	-	-
Bachelor	-	-	-	-
Doctorate	-	-	-	-

Title	Nationality	Name	Date of Assuming Office	Shares Held Directly		Shares Held by Spouse & Minor	
				Number	Percentage	Number	Percentage
Controller	Republic of China	Stone Shih	07/15/2003	442,275	0.02	2,356	0
Chief Information Officer	Republic of China	Y.H. Sung(Note1)	04/25/2011	-	-	-	-
Chief Administration Officer	Republic of China	Terry Lu	04/25/2011	773,093	0.03	0	0
Chief Material Officer	Republic of China	Ben Cheng	04/25/2011	1,118,245	0.05	0	0
Chief Quality Officer	Republic of China	R.R. Chang	04/25/2011	107,622	0	0	0
Chief of Assistant	Republic of China	Andy Wang (Note2)	12/01/2004	-	-	-	-
COO of CPBG	Republic of China	Jeff Lin	04/10/2015	82,813	0	0	0
President of EBG	Republic of China	Kelvin Chang	04/10/2015	1,046,539	0.04	56,540	0
President of SBG	Republic of China	William Lin	04/10/2015	25,857	0	708	0

Note1: He retired on May 1, 2014.
Note2: He retired on July 1, 2014.

2.9 Policy, criteria, packages, and rules of procedure relating to the compensation for directors, president and vice presidents, as well as relevance between the foregoing and evaluation of each party's performance respectively:

If the Company has profit as a result of the yearly accounting closing, 10% of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reversed special reserve, shall be set aside (hereinafter referred to as "profit from the current year"), along with any undistributed profits accumulated from previous years to be identified as profits to be distributed, in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following:

(1)No less than 5 percent of profit from the current year as employees' bonus shall be included; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the Board of Directors;
(2)One percent (1%) of profit from the current year as the remuneration in cash to the Directors

Education	Selected Current Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor		
		Title	Name	Relationship
Master	Director of WiseCap Ltd. Director of WLB Ltd. Supervisor of International Standards Labs. Supervisor of Anextek Global Inc. Supervisor of Wiwynn Corp. Supervisor of Maya International Co., Ltd. Supervisor of Anwith Technology Corp. Supervisor of WiEdu Corp. Supervisor of Join-Link International Technology Co. Ltd.	-	-	-
Bachelor	-	-	-	-
Bachelor	Director of Anextek Global Inc. Director of WiseCap Ltd. Director of WLB Ltd.	-	-	-
Master	-	-	-	-
Master	Chairman of International Standards Labs.	-	-	-
Bachelor	-	-	-	-
Master	Director of Join-Link International Technology Co. Ltd.	-	-	-
Master	-	-	-	-
Master	Director of Anwith Technology Corp.	-	-	-

(3)The rest as working capital of the Company and not less than ten percent (10%) of profit from the current year distributed as dividends to shareholders.

The total compensation for the President and vice president(s) comprises (i) primarily variable items, including performance bonus, dividend (distribution in cash or stock), and stock option; and (ii) secondary fixed items, including base salary, annual bonus, and benefits. The fixed items remain competitive with the average level of the industry, while variable items are distributed taking into account both company operating result and personal performance as a whole. The better the result of the Company operating result and personal performance, the higher the ratio between variable items and fixed items. Evaluation and review of personal performance of the President and vice president(s) are based upon achievement of operating goal, profit ratio, growth rate, operating earnings and efficiency, as well as potential for future development. Criteria for evaluation and review are set forth in the beginning of the year, taking into account internal and external factors of business environment of that particular year. All weighting factors are subject to the Chairman and CEO's final approval then implemented accordingly. Thereafter, the Chairman and CEO will determine compensation to be paid to the President and vice president(s) based upon his evaluation and review of their personal performance respectively.

2.10 Labor Relations

2.10.1 Detailed descriptions of employee benefits, training and development, retirement plan and each of the implementations, as well as the labor management agreement and employee rights preservation policies are listed in the following:

(1) Employee benefits:

Wistron always cares for and values employees by implementing a series of programs in accordance with the law to help employees develop a higher quality of working life, which, in turn, enhances productivity. These programs include allocating welfare funds, establishing an employee welfare committee, and electing employee committee members to plan for annual benefit activities. In addition, Wistron also provides employees free commuting transportation, Employee Assistance Programs (EAPs), family party, fitness center, group insurance plan, employee discount purchasing center, traveling, and hobby associations.

(2) Training and development:

In year 2014, Wistron took around 15 million NT dollars for training budget and offered 676 training courses which accounted for 1,512 training hours and 46,885 participants in total in Taiwan. The major training items are “New Employee Training”, “CS^2R”, “Management Training”, “English” and “Culture Workshop”. Wistron believes the constant enhancement of workforce quality is one of the key driving forces for the Company’s long-term development and sustaining in the market.

To achieve this goal, Wistron constantly invests in the employees’ training activities to enhance employees’ professional skills and knowledge, management skills sets, corporate culture and other related skills. Aligning training with business objectives, since year 2008, General Managers of each Business Unit have committed to participate in the Management Assessment and Development Program, and as part of the program, to develop and implement their own Individual Development Plan (IDP). The program aims to enhance the managers’ managing and leadership skills as well as their operational efficiency. The target audience of the program is also extended to overseas site General Managers starting from year 2009.

Through the efforts over the two years, high-level managers have developed more proficient level of skills in developing organizational talents, and have committed to diffuse the initiative further down the organizational hierarchy.

Meanwhile, Wistron has extended the application of e-Learning to external counterparts, such as suppliers, to deliver its quality standard and RoHS compliance requests. E-Learning not only helps Wistron employees accelerate the understanding of Wistron internal quality policies, processes and acquire the knowledge of necessary tools, but also helps external suppliers understand and meet Wistron’s quality policies to deliver zero-defect products and services to Wistron’s customers.

To establish a system of talent development and e-Learning training, Wistron develops a Knowledge Management System (KM) to facilitate the knowledge sharing within/among departments, including overseas offices.

From 2003 to 2006, each year Wistron has been entitled awards for its excellent achievement in E-Learning implementation. Wistron was awarded the “Enterprise E-Learning for Performance Excellence” Award three years in a row, and one “Special Award” for the fourth year by the Ministry of Economic Affairs of Republic of China. In 2004 Wistron was selected by the government to represent enterprises in Taiwan to share its e-Learning best-practices in the prestigious American Society of Training and Development (ASTD) 60^{th} anniversary international convention with the human resource experts, researchers and training professionals from across the world. In year 2005 Wistron was honored the “E-Learning Flagship Role Model Enterprise” in Taiwan. In year 2008, Wistron was awarded “National HRD InnoPrize” by Council of Labor Affairs of the Executive Yuan.

(3) Retirement plan:

To develop a stable retirement plan for the employees and therefore enhance employees’ engagement to the Company, Wistron establishes rules for the employee retirement plan in accordance with the Labor Standard Law and Labor Pension Act. Wistron contributes six percent of applicable employee’s monthly wage to the labor pension per month according to Labor Pension Act. Besides, Wistron establishes Supervisory Committee of Workers’ Retirement Fund to allocate employee retirement reserve fund each month in accordance with “Rules for the Allocation and Management of the Employees’ Retirement Fund” and deposits the fund into the dedicated account in the name of Supervisory Committee in the legally established banks.

(4) Labor Relations:

Wistron always values communication with the employees, and endeavors to reach the labor management harmony. Wistron has never been subjected to any loss due to labor management dispute, and expects no such kind of loss in the future.

2.10.2 At the time of printing this publication, loss incurred by labor dispute and the amounts of anticipated losses and countermeasures: None

3. Operational Highlights

3.1 Key Accounts in the Past Two Years

3.1.1 Key Suppliers

Unit：NT$ thousands

	2013				2014			
	From	Amount	Percentage of total net purchase (%)	Relationship with Wistron	From	Amount	Percentage of total net purchase (%)	Relationship with Wistron
1	Wistron InfoComm (Kunshan) Co	119,842,436	23.22	(NOTE)	Cowin Worldwide Corp.	123,878,395	23.50	(NOTE)
2	Cowin Worldwide Corp.	108,406,917	21.00	(NOTE)	Wistron InfoComm (Chengdu) Co	112,631,102	21.37	(NOTE)
3	Wistron InfoComm Technology (Kunshan)	65,135,809	12.62	(NOTE)	Wistron InfoComm (Kunshan) Co	77,113,665	14.63	(NOTE)
4	Wistron InfoComm (Chengdu) Co	51,385,120	9.95	(NOTE)	Wistron InfoComm (Chongqing) Co	72,533,391	13.76	(NOTE)
5	Others	171,427,343	33.21	-	Others	140,981,232	26.74	-
-	Total	516,197,625	100.00	-	Total	527,137,785	100.00	-

NOTE : Subsidiary of the Company

3.1.2 Key Buyers

Unit：NT$ thousands

	2013				2014			
	From	Amount	Percentage of total net sales (%)	Relationship with Wistron	From	Amount	Percentage of total net sales (%)	Relationship with Wistron
1	Buyer B	125,740,421	23.29	-	AIIH	134,389,996	24.58	(NOTE)
2	AIIH	78,520,073	14.55	(NOTE)	Buyer B	79,001,703	14.45	-
3	Buyer A	68,642,784	12.72	-	WITX	61,280,806	11.21	(NOTE)
4	Buyer D	50,131,952	9.29	-	Buyer A	47,259,035	8.65	-
5	Others	216,749,278	40.15	-	Others	224,713,867	41.11	-
-	Total	539,784,508	100.00	-	Total	546,645,407	100.00	-

NOTE: Subsidiary of the Company

3.2 Production Value in the Most Recent Two Years

Unit：PCS;Thousand NT$

Year / Production Value / Major Product	2013			2014		
	Capacity	**Quantity**	**Value**	**Capacity**	**Quantity**	**Value**
NB Computer	38,446,597	28,834,948	358,696,168	30,031,140	22,523,355	309,723,348
Desktop PC	16,165,746	15,034,144	76,449,169	16,386,340	15,239,296	74,634,891
Others	57,437,689	40,206,382	229,152,433	107,238,134	75,066,694	230,589,983
Total	112,050,032	84,075,474	664,297,770	153,655,614	112,829,345	614,948,222

Note: Company shall prepare consolidated financial reports of 2013 & 2014 in accordance with IFRSs regulation.

3.3 The Sales Value in the Most Recent Two Years

Unit：PCS;Thousand NT$

Year / Sales Value / Major Product	2013				2014			
	Domestic		**Export**		**Domestic**		**Export**	
	Quantity	**Value**	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
NB Computer	500,639	5,457,230	26,411,979	328,555,325	272,257	3,102,023	21,350,164	293,590,551
Desktop PC	715,150	4,392,113	14,072,309	71,558,202	406,880	2,464,100	14,685,143	71,920,910
Others	339,634	3,197,513	36,994,864	210,848,690	1,471,665	5,082,256	70,377,885	216,186,893
Total	1,555,423	13,046,856	77,479,152	610,962,217	2,150,802	10,648,379	106,413,192	581,698,354

Note: Company shall prepare consolidated financial reports of 2013 & 2014 in accordance with IFRSs regulation.

3.4 Taiwan Employee Data during the Past Two Years

Year		2013	2014
Employee Number	Sales	838	904
	Engineers	3,632	3,727
	Administration	946	949
	Direct Labor	1,244	448
	Total	6,660	6,028
Average Age		34.14	35.77
Average Seniority		5.33	6.11

3.5 Environmental Protection Measures

The Company's current compliance with RoHS recast (2011/65/EU) and other environmental protection requirements may be explained through the following aspects:

(1) Product Research and Development:

All products developed by Wistron focus on 3 subjects- hazardous free, energy saving, and resources reduction as well as have fully conformed to the European Union's RoHS (2011/65/EU) and WEEE requirements. Furthermore, we are actively paying close attention to other environmental protection trends, such as Green House Gas, Product Carbon Footprint, Halogen-free, REACH, PAHs, PFOS, Energy Start, ErP and the US EPEAT (Electronic Product Environmental Assessment Tool). Implement the Eco-design from product development; we strive to contribute for the betterment of the global environment.

(2) Production/Manufacturing:

All Wistron manufacturing bases of operation have the capacity to produce environmental friendly products; the Material Management System, Manufacturing Process Control, and Lead-free production equipment are all established. Our Taiwan, Philippines, China and Czech operation bases have been certified ISO 14001 and IECQ QC08000 (Hazardous Substance Process Management). We ensure product compliance with relevant requirements through a comprehensive environmental quality management system. We also inventory greenhouse gas emission from production and establish reduction goals as well as verified by 3rd party for ISO 14064. Moreover, the electricity consumption is the major contribution of greenhouse gases emission. To reduce the power consumption can reduce the greenhouse gases emission; therefore, Wistron improved the energy efficiency for major equipment and use the energy saving equipment to reduce the greenhouse gases emission and energy usage cost. In order to analysis the efficiency of energy utilization and find out the opportunity of energy saving as well as providing framework of sustaining performance improvement of energy efficiency, Wistron started to implement the ISO 50001 energy management system in Taiwan and Zhongshan Plant since 2014.

(3) Quality Control:

Wistron has established hazardous substance analysis laboratories in Taiwan, China, Czech, and Mexico, and continuously develops other overseas bases of operation to complete the overall arrangement of a global hazardous substance testing network. We implemented the regular sampling test mechanism to ensure that components and products don't contain the hazardous substances.

(4) Supply Chain Management:

Wistron conducts regular audit and checks on suppliers to ensure that materials and components comply with environmental protection requirements; we change unqualified suppliers as well as hold annual vendor conference to introduce green product trend and Wistron's environmental requirements to reinforce suppliers' awareness on environmental protection. Our philosophy is to implement source management programs to minimize risks. To improve global warming is important issue to environment, Wistron has required suppliers to provide the data of greenhouse gases emission and encourage supplier to reduce the emission since every year.

(5) Personnel:

Wistron has established a dedicated material analysis laboratories and green component engineering department, in charge of hazardous substance analysis and component qualification through chemical analysis. Furthermore, continuously monitor green product trend as well as provide proposal and solution. In addition, the reinforcement of employees' environmental protection knowledge and skills through actual training courses and e-learning ensures the employees in the Company shall perform relevant environmental protection tasks well.

(6) Information System:

Wistron has established a Green Product Management system – GPM; suppliers may directly upload related environmental protection information into Wistron's GPM database through the internet so as to simplify procedures, minimize human error, and enhance task efficiency. The flexibility of the interface allows it to cope with future environmental protection requirements. Moreover, GPM could generate customized format report to declare the green product information to customers. We have implemented the GPM2.0 to enhance the system function and efficiency in 2014. In order to efficiently address the increased requirement of controlled hazardous substances, e.g. REACH-SVHC, Wistron are actively developing the full material disclosure (FMD) information system to know well the composition of materials used in the products. Therefore, we can quickly verify whether the hazardous substances be used in product as well as reduce the operation cost due to the repeated investigation. In addition, Wistron has developed a product Carbon Footprint Management system(CFM) to inventory the total emission of carbon dioxide for whole product lifecycle as well as passed the verification by 3rd party.

3.6 Corporate sustainability and social responsibility

3.6.1 Awareness and commitment

Wistron Corporation is a world leading Technology Service Provider (TSP) in the information and communication industry. As such, the Company is fully aware of its capacity and responsibility as a global corporate citizen and thereby commits to providing top-quality product design and services alongside the wielding of positive influence with a view to enhancing corporate sustainability and social responsibility.

In 2008, Wistron started its era of corporate sustainability and social responsibility through the establishment of designated bodies. In practice, we fine-tuned our execution of corporate sustainability and social responsibility with reference to local cultures in different business locations. From 2010 onwards, Wistron started to communicate with stakeholders in different social sectors through different channels.

3.6.2 Corporate sustainability and social responsibility management

We recognize that environmental and social topics are too big for any single organization to address alone, therefore Wistron set up a Corporate Sustainability and Social Responsibility Implementing Committee ("CS²R Implementing Committee"). The CS²R Implementing Committee is the highest internal unit in managing Wistron's CS²R affairs. Serving as Chairperson of the committee, the COO is responsible for setting policies, objectives and directions, as well as conducting management review.

In order to ensure that the policies and resolutions of the CS²R Implementing Committee are implemented, Wistron has established five corresponding management systems in response to the five key issues of quality, green products, environmental protection, occupational safety and health, and social responsibility. Through these management systems, Wistron strives to align itself with international standards, acquire relevant management system certifications, and integrate sustainability and social responsibility policies and objectives into daily business operations.

3.6.3 Corporate sustainability and social responsibility progress

(1) Since 2009, Wistron has responded to the Carbon Disclosure Project (CDP) questionnaire annually, in voluntary disclosure of our climate risks, as well as looking for opportunities for future development, emissions information and management strategies.

(2) Since 2010, Wistron's corporate greenhouse gas (GHG) goal has been to "reduce unit revenue GHG emissions by 1% year-over-year."

(3) Since 2010, Wistron has released an annual report of corporate sustainability and social responsibility. The content of this report has been verified by an independent third party verifier, based on AA1000 standards, in compliance with the requirements of the Global Reporting Initiative (GRI) G4.0.

(4) For sustainability and innovation, Wistron has established a "Green Recycling Business Division" centered on the idea that "no pollution should be generated the second time around." By using recycling technologies for many types of resources, Wistron aims to recycle electronic waste (plastics, circuit boards, batteries, and displays) and turn them into high-quality raw materials so that these recycled resources can be used again. Such moves help to protect the environment and reduce resource waste, and also help to reduce greenhouse gas emissions.

(5) As a member of the Electronic Industry Citizenship Coalition (EICC), Wistron fully supports the vision and goals of the EICC, as well as its code of conduct on Environmental, Ethics, Labor and Health & Safety.

For more information, please refer to our CS²R report at http://www.wistron.com

3.6.4 The Wistron Foundation

Wistron Foundation was established in 2010. Mr. Simon Lin holds the position of Chairman. Wistron Foundation strives to protect the environment and maintain ecological balance, advocate the values of humanities, and fulfill Wistron's corporate social responsibility.

We aim to expand Wistron's business philosophy of "Altruism" from the local community on to the entire society. For a long time, Wistron has been involved in the activities of caring for humanity and the environment through sponsorships in a variety of public welfare projects, including donations to disadvantaged children and remote schools, and cooperating with NGO/NPO partners.

In pursuit of harmony between humans and nature, Wistron Foundation has continually engaged in and sponsored projects in supporting teaching humanism, concern for humanity, environmental education and concern for the environment. In 2014, the number of our sponsored projects reached twenty. Aside from sponsorships, we also initiate and promote different volunteering programs and encourage the participation of Wistron's employees.

The four principles of Wistron Foundation — "protecting the planet," "cherishing life," "improving quality," and "creating value" — follow our corporate values. We are committed to continue working on these long-term programs that lead towards sustainable development.

For more information, please visit the website of Wistron Foundation:
http://www.wistron-foundation.org

4. Company Shares and Fund Raising

4.1 Capital and Shares (April 28, 2015)

4.1.1 Changes in share capital

Unit：Shares

Date of Issue	Type of Issue	Number of Shares Issued	Total Number of Issued Shares after the Issue
May 30, 2001	Issuance of Shares	1,000,000	1,000,000
August 31, 2001	New issuance of Shares	99,000,000	100,000,000
April 2, 2002	Consideration to purchase assets from Acer	400,000,000	500,000,000
July 1, 2002	New issuance of Shares	300,000,000	800,000,000
March 21, 2003	Issuance of employee stock option	9,962,000	809,962,000
August 12, 2003	Issuance of employee stock option	1,835,000	811,797,000
November 7, 2003	New issuance of Shares and issuance of employee stock option	59,128,100	870,925,100
April 7, 2004	Issuance of employee stock option	11,474,000	882,399,100
September 23, 2004	New issuance of Shares and issuance of employee stock option	66,591,955	948,991,055
January 20, 2005	Issuance of employee stock option	323,000	949,314,055
April 15, 2005	Issuance of employee stock option	1,427,000	950,741,055
June 29, 2005	Issuance of employee stock option	7,650,000	958,391,055
October 27, 2005	New issuance of GDR and issuance of employee stock option and issuance of ECB transferred.	182,177,872	1,140,568,927
January 12, 2006	Issuance of employee stock option and issuance of ECB transferred.	37,705,313	1,178,274,240
April 3, 2006	Issuance of employee stock option and issuance of ECB transferred.	18,087,896	1,196,362,136
August 28, 2006	New issuance of Shares	75,994,700	1,272,356,836
August 28, 2007	New issuance of Shares	109,569,234	1,381,926,070
July 22, 2008	Issuance of common stocks through private placement	24,000,000	1,405,926,070
September 19, 2008	New issuance of Shares	110,710,639	1,516,636,709
July 30, 2009	New issuance of GDR	150,000,000	1,666,636,709
August 24, 2009	New issuance of Shares	183,979,117	1,850,615,826
February 3, 2010	Issuance of employee stock option	13,653,000	1,864,268,826
April 6, 2010	Issuance of employee stock option	5,525,000	1,869,793,826
May 13, 2010	Issuance of employee stock option	476,000	1,870,269,826
August 27, 2010	New issuance of Shares	93,513,492	1,963,783,318
September 9, 2010	Issuance of employee stock option	350,000	1,964,133,318
November 8, 2010	Issuance of employee stock option	874,000	1,965,007,318
March 25, 2011	Issuance of employee stock option	20,572,000	1,985,579,318
May 5,2011	Issuance of employee stock option	573,000	1,986,152,318
September 14, 2011	New issuance of Shares and issuance of employee stock option	98,728,916	2,084,881,234
January 10, 2012	Issuance of employee stock option	116,000	2,084,997,234

Date of Issue	Type of Issue	Number of Shares Issued	Total Number of Issued Shares after the Issue
April 12, 2012	Issuance of employee stock option and issuance of ECB transferred.	8,176,058	2,093,173,292
May 15,2012	Issuance of employee stock option	842,000	2,094,015,292
August 21, 2012	New issuance of Shares	103,927,865	2,197,943,157
April 10, 2013	Issuance of employee stock option	26,000	2,197,969,157
August 26, 2013	New issuance of Shares and cancellation of treasury stocks.	117,171,125	2,315,140,282
September 13, 2013	Issuance of Restricted Stock Awards to key employees	62,795,000	2,377,935,282
November 25, 2013	Issuance of employee stock option	225,000	2,378,160,282
August 25, 2014	New issuance of Shares. Issuance of employee stock option Cancellation of Restricted Stock Awards to key employees	69,439,133	2,447,599,415
November 24, 2014	Issuance of employee stock option	20,668,000	2,468,267,415

Unit：Shares

Shares Category	Authorized capital				Notes
	Issued shares (note)		Non-issued	Total	
	Listed	Non-listed			
Common shares	2,468,267,415	0	531,732,585	3,000,000,000	Stock option 200,000,000 shares

4.1.2 Shareholding Structure

Category/Number	Government Institution	Financial Institution	Other Institution	Individual	FINI	Total
No. of Shareholders	7	8	271	157,034	733	158,053
No. of Shareholding	83,340,277	31,961,909	249,589,587	1,167,117,318	936,258,324	2,468,267,415
Percentage (%)	3.38	1.29	10.11	47.29	37.93	100.00

4.1.3 The Distribution of Shareholdings

Category by shareholdings	No. of Shareholders	Number of Shares	Percentage(%)
1 ～ 999	57,673	11,847,022	0.48
1,000 ～ 5,000	64,874	147,089,628	5.96
5,001 ～ 10,000	16,702	124,590,995	5.05
10,001 ～ 15,000	6,539	79,029,362	3.20
15,001 ～ 20,000	3,409	61,689,661	2.50
20,001 ～ 30,000	3,249	80,353,441	3.26
30,001 ～ 50,000	2,404	94,629,797	3.83
50,001 ～ 100,000	1,669	116,346,293	4.71
100,001 ～ 200,000	721	98,953,817	4.01
200,001 ～ 400,000	365	100,861,917	4.09
400,001 ～ 600,000	133	66,093,453	2.68
600,001 ～ 800,000	57	39,578,510	1.60
800,001 ～ 1,000,000	49	44,425,477	1.80
1,000,001 and above	209	1,402,778,042	56.83
Total	158,053	2,468,267,415	100.00

4.1.4 The List of Major Shareholders

Shares / Name	Number	Percentage(%)
Shin Kong Life Insurance Company Limited	66,283,829	2.69
GMO Emerging Markets Fund	65,789,705	2.67
Bank SinoPac Trust Account	60,851,713	2.47
Acer Incorporated	48,720,351	1.97
Management Board of Public Service Pension Fund	46,636,673	1.89
Fubon Life Insurance Company Limited	46,621,131	1.89
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	42,791,136	1.73
Dimensional Emerging Markets Value Fund	36,469,608	1.48
Labor Pension Fund Supervisory Committee	30,851,659	1.25
Kuo Su-Mei	30,750,275	1.25
Lin Jen-Mei	30,750,275	1.25

4.1.5 Market Price Per Share, Net Value, Earnings & Dividends For Latest Two Years

Unit：NT$

Item			Period 2013	2014
Market Price Per Share	Highest		36.05	35.40
	Lowest		24.20	24.40
	Average		29.20	28.07
Net Value Per Share	Before Distribution		27.83	28.38
	After Distribution		25.83	-
Earnings Per Share	Weighted Average Share Numbers (thousand shares)		2,288,077	2,381,456
	Earnings Per Share	Current	2.51	1.5
		Adjusted	2.45	-
Dividend Per Share	Cash Dividend (NT$)		1.8	1.2
	Stock Dividend	Retained Earning (%)	0.2	0.3
		Capital Surplus (%)	0	0
	Accumulated unpaid dividends		0	0
Return on Investment Analysis	P/E Ratio		11.63	18.71
	P/D Ratio		16.22	23.39
	Cash Dividend Yield		6.16%	4.28%

4.1.6 Dividend Policy

If the Company has profit as a result of the yearly accounting closing, 10% of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reversed special reserve, shall be set aside (hereinafter referred to as “profit from the current year”), along with any undistributed profits accumulated from previous years to be identified as profits to be distributed, in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following:

(1) No less than 5 percent of profit from the current year as employees’ bonus shall be included; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the Board of Directors;

(2) One percent (1%) of profit from the current year as the remuneration in cash to the Directors

(3) The rest as working capital of the Company and not less than ten percent (10%) of profit from the current year distributed as dividends to shareholders.

In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company’s expansion and for its continual and steady growth, a long-term investment plan needs to be adopted, therefore, the Company adopts the residual dividend policy as its dividend policy. Dividends paid by cash shall not be less than ten percent (10%) of the total dividends.

4.1.7 Dividend Distribution Plan that is Proposed to be Resolved in This General Shareholders' Meeting

The Board adopted a proposal for 2014 profit distribution at its quarterly meeting on May 14, 2015. The proposed profit distribution will take effect upon the approval of shareholders at the Annual Shareholders' Meeting on June 26, 2015.

Proposal for Distribution of 2014 Profits

Unit：NT$

Undistributed Surplus at the Beginning of the year		**11,723,715,561**
Plus(Minus):		
Actuarial gains (losses)	(1,076,629)	
Capital surplus and unappropriated earnings resulting from equity-accounted investees	110,026	
Difference between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries.	(1,151,862)	
Net Income After Tax	3,578,535,896	
Minus:		
Legal Reserve	(357,853,590)	
Plus:		
Reversal in Special Reserve	1,394,276,792	
Distributable Earnings		**16,336,556,194**
Distribution Items:		
Stock Dividends to Common Shareholders	(740,480,230)	
Cash Dividends to Common Shareholders	(2,961,920,898)	(3,702,401,128)
Undistributed Earnings at the end of the Period		**12,634,155,066**
Note： Bonus to Employees 691,782,370 Remuneration to Directors 46,149,591		

4.1.8 Bonuses to Employees and Remunerations to Directors,

(1) According to the Company's Articles of Incorporation, when allocating net profits for each fiscal year, the Company, after setting aside regulatory-required legal reserves, shall set aside 1% of profit from the current year as cash remuneration for directors, and not less than 5% of profit from the current year as bonus to employees of the Company.

(2) The Board of Directors proposed a dividend distribution plan of 2014 as follows:

A. NT$ 691,782,370 as stock bonuses to employees, NT$ 46,149,591 as remuneration to directors.

B. The employee bonus of NT$ 691,782,370 in 2014 will be distributed by stocks with the price per share determined by the closing price of the day before the AGM date, and taking into account the influence of the ex-right and ex-dividend factors. Employee bonuses of less than one share shall be distributed in cash.

C. The estimated EPS is NT$1.36, after taking consideration of the bonuses or remuneration distributed to employees and directors respectively.

(3) The Bonuses to Employees and Remunerations to Directors in 2013:

	2013			
	Board Resolution	Actual Result(Note1)		
	Amount(NT$)	Amount(NT$)	Underlying Number of Shares	Dilution(%)
Employee Profit Sharing in Cash	0	0	-	-
Employee Profit Sharing in Stock	617,695,820	617,695,820	25,007,927	1%
Remunerations to Directors	62,304,179	62,304,179	-	-
Total	679,491,424	679,491,424	-	-

Note1: Each of the above three items, being approved by the Board, has been expensed at the same aomunt under the Company’s 2013 income statements.

4.1.9 Treasury Stocks: None

4.2 Issuance of Corporate Bonds

Date：March 31, 2015

Corporate Bonds Type	The 2nd Overseas Unsecured Convertible Bonds
Issuing (Processing) Date	January 19, 2012
Denomination	US$200,000
Listing	Stock Exchange of Singapore
Issue Price	US$100
Issue Size	US$280,000,000
Coupon Rate	0%
Term	3 years Maturity Date: January 19, 2015
Guarantor	None
Fiduciary	Citigroup International Limited
Underwriters	Oversea：DBS Bank Ltd; Deutsche Bank AG, Hong Kong Branch; UBS AG Hong Kong Branch Domestic：SinoPac Securities
Legal Counsel	None
Auditor	KPMG LLP Auditors: Oliver Chang,
Repayment	The Bonds will be repaid in whole by the Issuer on the Maturity Date at the amount of the par value of the Bonds plus a gross yield of 1.5% per annum, calculated on a semi-annual basis.
Outstanding Amount	US$0
Redemption or Early Repayment Clause	1. The Issuer may redeem the Bonds in whole or in part at any time after eighteen (18) months following the Issue Date at the Early Redemption Price, if either the closing prices or the average closing price of the Issuer's common shares traded on the Taiwan Stock Exchange ("TSE") for twenty (20) consecutive trading days (converted into US dollars at the prevailing exchange rate) exceeds 120% of the Early Redemption Price divided by the Conversion Ratio (the principal amount of each Bond converted into NT dollars at the fixed exchange rate of US$1=NT$29.957 (the "Fixed Exchange Rate") divided by the then prevailing Conversion Price) by giving a redemption notice within 10 days of such occurrence and pay the Early Redemption Price within 40 to 60 days following the notice. The determination mechanism for choosing closing price or average closing price and the determination mechanism for the prevailing exchange rate will be jointly determined by the Issuer and the Lead Underwriters on the Pricing Date taking into consideration the conditions of the market. 2. The Issuer may redeem the outstanding Bonds in whole, or in part, at the Early Redemption Price, in the event that over 90% of the Bonds have been redeemed, repurchased and cancelled, or converted.

Redemption or Early Repayment Clause		3. In the event of certain changes in R.O.C. taxation resulting in the increase of tax obligation or the necessity to pay additional interest expense or increase of additional costs to the Issuer, the Issuer may redeem the outstanding Bonds in whole, but not in part, at the Early Redemption Price. Bondholders may elect not to have their bonds redeemed but with no entitlement to any additional amounts or reimbursement of additional tax.
Covenants		None
Credit Rating Agency/Date/Rating		None
Other rights of Bondholders	**Number of converted common shares**	US$400,000
	Issuance and Conversion Method	In accordance with the indicated Offering Plan for the issue of the Unsecured Convertible Bonds.
Dilution Effect and Other Adverse Effects on Existing Shareholders		When the entire second Overseas Unsecured Convertible Bonds convert into common shares at a conversion price of NT$39.7 per share, the maximum share dilution will be 8.7 percent. In addition, this Convertible Bond is issued at premium; therefore, it will not be a material adverse effect on the shareholders' equity.
Custodian		Citibank, N.A., London Branch

Note: The Overseas Unsecured Convertible Bonds has been redeemed by the issuer at the maturity date, January 19, 2015.

4.3 GDR Issuance: Issuance of Global Depositary Shares

Date：April 30, 2015

<table>
<tr><td colspan="3">Date of Issuance</td><td>September 22, 2005</td><td>June 19, 2009</td></tr>
<tr><td colspan="3">Issuance and Listing</td><td colspan="2">Luxembourg Stock Exchange</td></tr>
<tr><td colspan="3">Total Amount</td><td>US$ 233,620,000</td><td>US$ 223,500,000</td></tr>
<tr><td colspan="3">Offering Price per GDS</td><td>US$ 9.3448</td><td>US$14.9</td></tr>
<tr><td colspan="3">Units Issued</td><td colspan="2">42,430,638 units</td></tr>
<tr><td colspan="3">Underlying Securities</td><td colspan="2">424,306,413 shares</td></tr>
<tr><td colspan="3">Common Shares Represented</td><td colspan="2">424,306,413 shares</td></tr>
<tr><td colspan="3">Rights and Obligations of GDS Holders</td><td colspan="2">Same as those of Common Share Holders</td></tr>
<tr><td colspan="3">Trustee</td><td colspan="2">Not Applicable</td></tr>
<tr><td colspan="3">Depositary Bank</td><td colspan="2">Citibank, N.A.-New York</td></tr>
<tr><td colspan="3">Custodian Bank</td><td colspan="2">First Commercial Bank Co. Ltd.</td></tr>
<tr><td colspan="3">GDSs Outstanding</td><td colspan="2">140,813 units</td></tr>
<tr><td colspan="3">Apportionment of expenses for the issuance and maintenance</td><td colspan="2">All fees and expenses such as underwriting fees, legal fees, listing fees and other expenses related to issuance of GDSs were borne by Wistron and the selling shareholders, while maintenance expenses such as annual listing fees were borne by Wistron.</td></tr>
<tr><td colspan="3">Terms and Conditions in the Deposit Agreement and Custody Agreement</td><td colspan="2">See Deposit Agreement and Custody Agreement for Details</td></tr>
<tr><td rowspan="6">Closing Price per GDS</td><td rowspan="3">2014</td><td>High</td><td colspan="2">US$ 10.98</td></tr>
<tr><td>Low</td><td colspan="2">US$ 8.45</td></tr>
<tr><td>Average</td><td colspan="2">US$ 10.67</td></tr>
<tr><td rowspan="3">01/01/2015~ 04/30/2014</td><td>High</td><td colspan="2">US$ 10.70</td></tr>
<tr><td>Low</td><td colspan="2">US$ 8.90</td></tr>
<tr><td>Average</td><td colspan="2">US$ 10.33</td></tr>
</table>

4.4 Employee Stock Options

Date：November 17, 2014

Employee Stock Option Granted	First Grant of 2007
Approval Date by the Authority	November 15, 2007
Grant Date	November 16, 2007
Number of Options Granted	105,000,000
Percentage of Shares Exercisable to Outstanding Common Shares	4.25%
Option Duration	7 years
Source of Option Shares	New Common Share
Vesting Schedule	2009/11/17 up to 1/3 2010/11/17 up to 2/3 2011/11/17 up to 3/3
Shares Exercised	72,134,000
Value of Shares Exercised	NT$ 46.7/NT$ 42.5/NT$ 37.6/NT$ 33.6/ NT$ 29.2/NT$ 26.6
Shares Unexercised	32,866,000
Adjusted Exercise Price Per Share	NT$26.6
Percentage of Shares Unexercised to Outstanding Common Shares	1.33%
Impact on Shareholders' Equity	Dilution to Shareholders' Equity is limited

Note：The First Grant of 2007 is expired on November 17, 2014.

4.5 Implementation of the Company's Fund Raising and Utilization: None

5. Financial Standing

5.1 Most Recent 5-Year Concise Financial Information

5.1.1 Most Recent 5-Year Concise Consolidated Balance Sheet and Consolidated Statement of Comprehensive income

Concise Consolidated Balance Sheet

Unit：NT$ thousands

Item / Period		Most recent 5-Year Financial Information				
		2010	2011	2012	2013	2014
Current assets		-	-	220,015,869	216,306,422	241,405,603
Net property, plant and equipment		-	-	34,164,424	35,928,027	39,255,705
Intangible assets		-	-	1,585,351	1,677,975	1,546,839
Other assets		-	-	17,325,469	16,629,350	17,361,776
Total assets		-	-	273,091,113	270,541,774	299,569,923
Current Liabilities	Before Distribution	-	-	194,863,734	168,348,939	202,857,866
	After Distribution	-	-	198,137,501	164,068,251	-
Non-current liabilities		-	-	16,299,702	35,996,817	26,463,857
Total Liabilities	Before Distribution	-	-	211,163,436	204,345,756	229,321,723
	After Distribution	-	-	214,437,203	200,065,068	-
Equity attributable to owners of the Company		-	-	61,922,146	66,186,949	70,040,778
Common stock		-	-	21,979,432	23,781,603	24,682,674
Capital surplus		-	-	19,399,395	19,651,679	20,441,985
Retained Earnings	Before Distribution	-	-	25,222,174	26,072,342	24,892,439
	After Distribution	-	-	20,857,152	21,316,022	-
Other equity		-	-	(3,901,320)	(3,318,675)	23,680
Treasury stock		-	-	(777,535)	-	-
Non-controlling interests		-	-	5,531	9,069	207,422
Stockholders' Equity	Before Distribution	-	-	61,927,677	66,196,018	70,248,200
	After Distribution	-	-	58,653,910	61,915,330	-

Concise Consolidated Statement of Comprehensive income

Unit：NT$ thousands

	Most Recent 5-Year Financial Information				
	2010	2011	2012	2013	2014
Operating revenue	-	-	657,844,636	624,009,073	592,346,734
Gross profit	-	-	29,799,549	30,203,051	31,116,774
Operating income	-	-	8,233,371	6,085,926	3,764,020
Non-operating income and expenses	-	-	1,544,738	1,829,261	1,078,380
Profit before tax	-	-	9,778,109	7,915,187	4,842,400
Net income for continuing operations	-	-	7,249,876	5,754,728	3,588,991
Income from discontinued operations, net of income tax effect	-	-	-	-	-
Net income	-	-	7,249,876	5,754,728	3,588,991
Other comprehensive income for the year, net of tax	-	-	(1,901,515)	1,134,976	3,125,537
Total comprehensive income for the year	-	-	5,348,361	6,889,704	6,714,528
Profit attributable to owners of the Company	-	-	7,255,380	5,751,341	3,578,536
Profit attributable to non-controlling interests	-	-	(5,504)	3,387	10,455
Total comprehensive income attributable to owners of the Company	-	-	5,353,865	6,886,361	6,700,606
Total comprehensive income attributable to non-controlling interests	-	-	(5,504)	3,343	13,922
EPS	-	-	3.17	2.45	1.50

5.1.2 Most Recent 5-Year Concise Balance Sheet and Statement of Comprehensive income

Concise Balance Sheet

Unit：NT$ thousands

Item \ Period		Most recent 5-Year Financial Information				
		2010	2011	2012	2013	2014
Current assets		-	-	129,347,640	130,837,993	160,982,907
Net property, plant and equipment		-	-	7,245,970	7,233,232	6,252,270
Intangible assets		-	-	1,536,237	1,547,588	1,353,840
Other assets		-	-	61,487,457	67,532,931	74,661,890
Total assets		-	-	199,617,304	207,151,744	243,250,907
Current Liabilities	Before Distribution	-	-	122,137,234	105,696,796	146,905,437
	After Distribution	-	-	125,411,001	101,416,108	-
Non-current liabilities		-	-	15,557,924	35,267,999	26,304,692
Total Liabilities	Before Distribution	-	-	137,695,158	140,964,795	173,210,129
	After Distribution	-	-	140,968,925	136,684,107	-
Common stock		-	-	21,979,432	23,781,603	24,682,674
Capital surplus		-	-	19,399,395	19,651,679	20,441,985
Retained Earnings	Before Distribution	-	-	25,222,174	26,072,342	24,892,439
	After Distribution	-	-	20,857,152	21,316,022	-
Other equity		-	-	(3,901,320)	(3,318,675)	23,680
Treasury stock		-	-	(777,535)	-	-
Stockholders' Equity	Before Distribution	-	-	61,922,146	66,186,949	70,040,778
	After Distribution	-	-	58,648,379	61,906,261	-

Concise Statement of Comprehensive income

Unit：NT$ thousands

	Most Recent 5-Year Financial Information				
	2010	2011	2012	2013	2014
Operating revenue	-	-	598,758,593	539,784,508	546,645,407
Gross profit	-	-	22,527,483	23,256,623	23,433,170
Operating income	-	-	5,700,657	4,726,777	4,422,016
Non-operating income and expenses	-	-	3,025,580	2,650,126	140,862
Profit before tax	-	-	8,726,237	7,376,903	4,562,878
Net income for continuing operations	-	-	7,255,380	5,751,341	3,578,536
Income from discontinued operations, net of income tax effect	-	-	-	-	-
Net income	-	-	7,255,380	5,751,341	3,578,536
Other comprehensive income for the year, net of tax	-	-	(1,901,515)	1,135,020	3,122,070
Total comprehensive income for the year	-	-	5,353,865	6,886,361	6,700,606
EPS	-	-	3.17	2.45	1.50

5.1.3 Most Recent 5-Year Concise Balance Sheet and Income Statement-ROC GAAP

Concise Balance Sheet -ROC GAAP

Unit：NT$ thousands

Item	Period	Most recent 5-Year Financial Information				
		2010	2011	2012	2013	2014
Current assets		132,189,851	141,272,625	129,694,808	-	-
Fund and Long-term equity investments		38,589,492	49,761,944	59,131,141	-	-
Net property, plant and equipment		5,507,480	8,174,216	8,207,446	-	-
Intangible assets		1,822,028	1,649,625	1,536,237	-	-
Other assets		338,388	450,877	454,547	-	-
Total assets		178,447,239	201,309,287	199,024,179	-	-
Current Liabilities	Before Distribution	119,201,949	136,665,831	122,466,891	-	-
	After Distribution	125,501,720	141,238,657	125,740,658	-	-
Long-term liabilities		0	0	11,024,524	-	-
Other liabilities		2,375,610	3,093,685	3,540,224	-	-
Total Liabilities	Before Distribution	121,577,559	139,759,516	137,031,639	-	-
	After Distribution	127,877,330	144,332,342	140,305,406	-	-
Common stock		19,808,953	20,849,972	21,979,432	-	-
Capital surplus		18,965,184	19,232,167	19,536,225	-	-
Retained Earnings	Before Distribution	22,261,938	24,042,857	25,097,183	-	-
	After Distribution	14,977,828	18,430,752	20,732,161	-	-
Unrealized gain (loss) of financial instruments		(90,909)	(172,407)	(269,282)	-	-
Translation adjustments and other equity adjustment		(2,994,787)	(1,441,163)	(3,278,911)	-	-
Unrecognized pension cost		(201,759)	(178,336)	(294,572)	-	-
Stockholders' Equity	Before Distribution	56,869,680	61,549,771	61,992,540	-	-
	After Distribution	50,569,909	56,976,945	58,718,773	-	-

Concise Income Statement-ROC GAAP

Unit：NT$ thousands

	Most Recent 5-Year Financial Information				
	2010	2011	2012	2013	2014
Operating revenue	546,628,156	586,477,183	598,758,593	-	-
Gross profit	25,857,793	24,470,021	24,598,899	-	-
Operating income	8,359,233	5,941,154	5,674,337	-	-
Non operating income	6,244,502	5,008,875	3,489,762		
Non operating expense	(828,924)	(762,099)	(1,036,290)	-	-
Income from continuing operations before income taxes	13,774,811	10,187,930	8,127,809	-	-
Net income for continuing operations	12,030,342	9,065,028	6,666,431	-	-
Income from discontinued operations, net of income tax effect	0	0	0	-	-
Extraordinary gain (loss)	0	0	0	-	-
Translation adjustments and other equity adjustment	0	0	0	-	-
Net income	12,030,342	9,065,028	6,666,431	-	-
EPS	5.86	4.15	3.06	-	-

5.1.4 CPAs and Their Opinions for Most Recent 5-Year

Year	Name of CPA	Auditor's Opinion
2010	Chia-Hsin, Chang, Shu-Yu, Lin	Unqualified opinion
2011	Ya-Ling, Chen, Shu-Yu, Lin	Unqualified opinion
2012	Ya-Ling, Chen, Shu-Yu, Lin	Unqualified opinion
2013	Ya-Ling, Chen, Shu-Yu, Lin	Unqualified opinion
2014	Ya-Ling, Chen, Chia-Hsin, Chang	Unqualified opinion

5.2 Most Recent 5-Year Financial Analysis

5.2.1 Financial Analysis-For Consolidated Report

Item \ Period		Most recent 5-Year Financial Information				
		2010	2011	2012	2013	2014
Financial ratio (%)	Total liabilities to total assets	-	-	77.32	75.53	76.55
	Long-term debts to Net property, plant and equipment	-	-	228.97	284.44	246.36
Ability to payoff debt (%)	Current ratio	-	-	112.91	128.49	119.00
	Quick Ratio	-	-	87.93	96.75	80.98
	Interest protection	-	-	6.27	4.92	3.02
Ability to operate	A/R turnover (times)	-	-	6.27	6.94	6.35
	A/R turnover days	-	-	58.18	52.58	57.48
	Inventory turnover (times)	-	-	14.67	12.34	9.07
	Account payable turnover (times)	-	-	5.64	5.94	5.42
	Days sales outstanding	-	-	24.88	29.57	40.24
	Fixed assets turnover (times)	-	-	21.58	17.81	15.76
	Total assets turnover (times)	-	-	2.49	2.30	2.08
Earning ability	Return on assets (%)	-	-	3.33	2.73	1.89
	Return on equity (%)	-	-	11.82	8.98	5.26
	PBT to pay-in capital	-	-	44.49	33.28	19.62
	Net income ratio (%)	-	-	1.10	0.92	0.61
	EPS（NTD）	-	-	3.17	2.45	1.50
Cash flow (%)	Cash flow ratio	-	-	6.21	5.43	(Note 7)
	Cash flow adequacy ratio	-	-	59.80	58.87	28.79
	Cash reinvestment ratio	-	-	7.52	4.56	(Note 7)
Leverage	Operating leverage	-	-	2.67	3.49	5.18
	Financial leverage	-	-	1.29	1.50	2.76

Note :

1. Financial Ratio
   (1) Total liabilities to Total assets = Total liabilities / Total assets
   (2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt
   (1) Current ratio = Current Assets / Current liability
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability
   (3) Interest protection = Net income before income tax and interest expense / Interest expense

3.Ability to Operate
   (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance
   (2) A/R turnover day = 365 / account receivable turnover
   (3) Inventory turnover = Cost of Goods Sold / the average of inventory
   (4) Account payable (including account payable and notes payable from operation)turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
   (5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets
(7) Total assets turnover = Net sales / Total assets

4.Earning Ability
(1) Return on assets = [PAT + Interest expense × (1 - effective tax rate)] / the average of total assets
(2) Return on equity = PAT / the average of net equity
(3) Net income ratio = PAT / Net sates
(4) EPS = (Profit attributable to owners of the Company - Dividend from prefer stock) / weighted average outstanding shares

5.Cash Flow
(1) Cash flow ratio = Cash flow from operating activities / Current liability
(2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)
(3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage
(1) Operating leverage = (Nest revenue - variable cost of goods sold and operating expense) / operating income
(2) Financial leverage = Operating income / (Operating income - interest expenses)

7. The analysis of negative cash flow from operating activities is meaningless.

5.2.2 Financial Analysis-For Parent-company-only

Item	Period	Most recent 5-Year Financial Information				
		2010	2011	2012	2013	2014
Financial ratio (%)	Total liabilities to total assets	-	-	68.98	68.05	71.21
	Long-term debts to Net property, plant and equipment	-	-	1069.28	1402.62	1540.97
Ability to payoff debt (%)	Current ratio	-	-	105.9	123.79	109.58
	Quick Ratio	-	-	100.87	116.94	101.23
	Interest protection	-	-	7.30	6.07	3.51
Ability to operate	A/R turnover (times)	-	-	5.60	5.43	4.67
	A/R turnover days	-	-	65.19	67.16	78.21
	Inventory turnover (times)	-	-	90.40	84.70	60.90
	Account payable turnover (times)	-	-	8.00	8.60	7.14
	Days sales outstanding	-	-	4.04	4.31	5.99
	Fixed assets turnover (times)	-	-	81.87	74.56	81.07
	Total assets turnover (times)	-	-	2.99	2.65	2.43
Earning ability	Return on assets (%)	-	-	4.19	3.42	2.26
	Return on equity (%)	-	-	11.82	8.98	5.25
	PBT to pay-in capital	-	-	39.70	31.02	18.49
	Net income ratio (%)	-	-	1.21	1.07	0.65
	EPS (NTD)	-	-	3.17	2.45	1.50
Cash flow (%)	Cash flow ratio	-	-	(Note 7)	5.01	(Note 7)
	Cash flow adequacy ratio	-	-	55.22	43.49	10.54
	Cash reinvestment ratio	-	-	(Note 7)	1.76	(Note 7)
Leverage	Operating leverage	-	-	3.26	4.00	4.05
	Financial leverage	-	-	1.32	1.44	1.70

Note :

1.Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities / Net property, plant and equipment

2.Ability to Pay off Debt

(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3.Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A / R turnover day = 365 / account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation)turnover = Cost of goods sold/the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4.Earning Ability

(1) Return on assets = [PAT + Interest expense × (1 - effective tax rate)] / the average of total assets

(2) Return on equity = PAT / the average of net equity

(3) Net income ratio = PAT / Net sates

(4) EPS = (PAT - Dividend from prefer stock) / weighted average outstanding shares

5.Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability

(2) Cash flow adequacy ratio = Most recent 5 - year Cash flow from operating activities / Most recent 5 - year (Capital expenditure + the increase of inventory + cash dividend)

(3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross property, plant and equipment + long - term investment + other non - current assets + working capital)

6. Leverage

(1) Operating leverage = (Nest revenue - variable cost of goods sold and operating expense) / operating income

(2) Financial leverage = Operating income / (Operating income - interest expenses)

7. The analysis of negative cash flow from operating activities is meaningless.

5.2.3 Financial Analysis-ROC GAAP

Item \ Period			Most recent 5-Year Financial Information				
			2010	2011	2012	2013	2014
Financial ratio (%)	Total liabilities to total assets		68.13	69.43	68.85	-	-
	Long-term debts to fixed assets		1032.59	752.97	889.64	-	-
Ability to payoff debt (%)	Current ratio		110.90	103.37	105.90	-	-
	Quick Ratio		108.09	97.24	99.08	-	-
	Interest protection		37.96	17.14	9.07	-	-
Ability to operate	A/R turnover (times)		5.27	5.28	5.60	-	-
	A/R turnover days		69	69	65	-	-
	Inventory turnover (times)		158.56	126.02	90.08	-	-
	Account payable turnover (times)		6.92	7.38	7.97	-	-
	Days sales outstanding		3	3	4	-	-
	Fixed assets turnover (times)		99.25	71.75	72.95	-	-
	Total assets turnover (times)		3.06	2.91	3.01	-	-
Earning ability	Return on assets (%)		7.37	5.05	3.74	-	-
	Return on equity (%)		21.88	15.31	10.79	-	-
	To pay-in capital %	Operating income	42.20	28.49	25.82	-	-
		PBT	69.54	48.86	36.98	-	-
	Net income ratio (%)		2.20	1.55	1.11	-	-
	EPS (NTD)		5.86	4.15	3.06	-	-
Cash flow (%)	Cash flow ratio		(Note 7)	2.86	(Note 7)	-	-
	Cash flow adequacy ratio		57.30	36.27	52.49	-	-
	Cash reinvestment ratio		(Note 7)	(Note 7)	(Note 7)	-	-
Leverage	Operating leverage		2.35	3.10	3.28	-	-
	Financial leverage		1.04	1.11	1.21	-	-

Note :

1.Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long - term fund to fixed assets = (Net equity + Long term debts) / Net fixed assets

2.Ability to Pay off Debt

(1) Current ratio = Current Asset / Current liability

(2) Quick ratio = (Current assets-Inventory-Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3.Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A / R turnover day = 365/account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation)turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4.Earning Ability

(1) Return on assets = [PAT + Interest expense × (1 - effective tax rate)] / the average of total assets
(2) Return on equity = PAT / the average of net equity
(3) Net income ratio=PAT / Net sates
(4) EPS = (PAT - Dividend from prefer stock) / weighted average outstanding shares

5.Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability
(2) Cash flow adequacy ratio = Most recent 5 - year Cash flow from operating activities / Most recent 5 - year (Capital expenditure + the increase of inventory + cash dividend)
(3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross fixed assets + long - term investment + other assets + working capital)

6. Leverage

(1) Operating leverage = (Nest revenue - variable cost of goods sold and operating expense) / operating income
(2) Financial leverage = Operating income / (Operating income-interest expenses)

7. The analysis of negative cash flow from operating activities is meaningless.

5.3 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2014 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Wistron's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron Corporation

Convener of the Audit Committee ：

May 14, 2015

5.3.1 Audit Committee

The Audit Committee is composed of all of the five Independent Directors, with one financial expert. Before the Board meetings, the Audit Committee holds meetings regularly at least once each quarter to examine the Company's internal control systems, internal audit executions, as well as material financial activities; also to communicate with CPAs for an effective supervision on the company's operations and risk controls. A total of seven (A) Audit Committee meetings were held in 2014. The Independent Director participation status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate in Person (%) (B/A)	Remarks
Chair	Michael Tsai	6	1	86	-
Member	James K.F. Wu	7	0	100	Financial Expert
Member	Victor C.J. Cheng	4	3	57	-
Member	John Hsuan	6	1	86	-
Member	Duh-Kung Tsai	4	3	57	-

Annotations：

(1) Any action regulated by Securities and Exchange Act §14-5, or any resolution not approved by the Audit Committee but approved by two thirds or more of all directors instead in 2014: NIL

(2) Any recusal of Independent Directors due to conflict of interests in 2014: NIL

(3) Communications of Independent Directors with internal auditors, and CPAs in 2014:

A. The internal auditors present the audit reports to the members of the Audit Committee periodically, and report the findings in the meetings of the Audit Committee; immediate discussions and communications were held if any questions/concerns is raised by the independent directors. The communication between the independent directors and the internal auditors works well.

B. In the Audit Committee meetings the CPAs present the findings of their quarterly review/audits on the Company's financial reports, and communicate with independent directors for the applicable laws and regulations. The communication between the independent directors and the CPAs also works well.

(4) The key topics covered in the Audit Committee discussions:

A. The latest changes of regulations and its applications.

B. Review / audit on financial reports (quarterly, annual).

C. Financial reports.

D. Audit reports of previous quarter and audit highlights of next quarter.

E. Material Investment or Assets Acquisition and Disposal.

F. Other relative issues.

If necessary, the Audit Committee will invite the departmental head in charge to participate in the discussion. And the General Auditor presents the meeting resolutions to the Board for further instructions.

5.3.2 Board meeting attendance:

The Board meetings held seven times in 2014.

Title	Name	Attendance	Proxy	Attendance %	Note
Chairman	Simon Lin	7	0	100	-
Director	Stan Shih	3	4	43	-
Director	Haydn Hsieh	7	0	100	-
Director	Robert Huang	7	0	100	-
Independent Director	John Hsuan	6	1	86	-
Independent Director	Michael Tsai	6	1	86	-
Independent Director	James K.F. Wu	7	0	100	-
Independent Director	Victor C.J. Cheng	4	3	57	-
Independent Director	Duh-Kung Tsai	4	3	57	-

5.3.3 Compensation Committee composition, responsibilities and operation:

On July 2, 2012, Wistron's Board of Directors made a resolution to set up the second session of Compensation Committee. The Committee is composed of three members: Independent Director, Mr. John Hsuan; Independent Director, Mr. Duh-Kung Tsai; and Mr. Philip Peng. Among the Committee members, Mr. John Hsuan was unanimously elected by the entire Committee members to serve as the convener and meeting chair. However, since Mr. Philip Peng was discharged after the expiration of grace time according to the Article 5 of "Compensation Committee Charter" of the Company, the Independent Director, Mr. Michael Tsai was elected by Wistron's Board of Directors on March 25, 2014.

Wistron's Compensation Committee is given the authority to establish and review compensation policies for the Company's directors and senior management. The policies are linked with the Company's performance and goals, designed to recruit and retain high quality personnel and enhance competitiveness.

The Committee conducted three meetings in 2014 and the Committee members' attendance status is as below:

Title	Name	Attendance in Person	Proxy Attendance	Rate of Attendance in Person (%)	Note
Chair	John Hsuan	3	0	100	-
Member	Duh-Kung Tsai	2	1	67	-
Member	Philip Peng	-	-	-	1
Member	Michael Tsai	2	0	100	2

Note1: Mr. Philip Peng discharged on March 20, 2014, because of the degree of independence was on the expiration date of grace time.

Note2: Mr. Michael Tsai was elected as the member on March 25, 2014.

6.Financial Analysis

6.1 2014 vs. 2013 financial analysis

Unit : NT$ thousands

Year / Item	2014.12.31	2013.12.31	Difference	
			Amount	%
Current assets	241,405,603	216,306,422	25,099,181	11.60
Net property, plant and equipment	39,255,705	35,928,027	3,327,678	9.26
Intangible assets	1,546,839	1,677,975	-131,136	-7.82
Other assets	17,361,776	16,629,350	732,426	4.40
Total assets	299,569,923	270,541,774	29,028,149	10.73
Current liabilities	202,857,866	168,348,939	34,508,927	20.50
Non-current liabilities	26,463,857	35,996,817	-9,532,960	-26.48
Total liabilities	229,321,723	204,345,756	24,975,967	12.22
Common stock	24,682,674	23,781,603	901,071	3.79
Capital surplus	20,441,985	19,651,679	790,306	4.02
Un-appropriated earnings	24,892,439	26,072,342	-1,179,903	-4.53
Other equity	23,680	-3,318,675	3,342,355	100.71
Equity attributable to owners of the company	70,040,778	66,186,949	3,853,829	5.82
Total equity	70,248,200	66,196,018	4,052,182	6.12

6.1.1. Analysis for asset, liability and stockholders' equity balance change more than 20%, and the changed amount are more than NT$10,000K:

(1) The increase in current liabilities was mainly due to increase in short-term borrowings and notes and accounts payable.

(2) The decrease in non-current liabilities was mainly due reclassification of a portion of long-term corporate bonds due within one year.

(3) The increase in other equity was mainly due to increase in exchange differences on translation of foreign financial statements.

6.2. 2014 vs. 2013 operating result analysis

Unit : NT$ thousands

Year / Item	2014	2013	Increasing (decreasing) amount	Change percentage (%)
Net revenues	592,346,734	624,009,073	-31,662,339	-5.07
Cost of sales	-561,229,960	-593,806,022	-32,576,062	-5.49
Gross profit	31,116,774	30,203,051	913,723	3.03
Operating expenses	-27,352,754	-24,117,125	3,235,629	13.42
Operating income	3,764,020	6,085,926	-2,321,906	-38.15
Non-operating income and expenses	1,078,380	1,829,261	-750,881	-41.05
Income before income taxes	4,842,400	7,915,187	-3,072,787	-38.82
Income tax expenses	-1,253,409	-2,160,459	-907,050	-41.98
Net income	3,588,991	5,754,728	-2,165,737	-37.63
Net income attributable to shareholders of the parent	3,578,536	5,751,341	-2,172,805	-37.78

6.2.1 Analysis for change item amount change more than 20%:

(1)Decrease in operating income: The decrease was mainly due to increase of operating expenses higher than the increase in gross profit.

(2)Decrease in non-operating income and expenses: The decrease was mainly due to decrease in earnings of equity method investees and foreign exchange gains.

(3)Decrease in income before income taxes: The decrease was mainly due to the decrease of operating income.

(4)Decrease in income tax expenses: The decrease was mainly due to decrease of income before taxes.

(5)Decrease in net income and net income attributable to shareholders of the parent: The decrease was mainly due to decrease in operating income.

6.2.2 Year 2015 sales quantity projection and its reasons:

Unit：pcs

Product	Quantity
Notebook PC	22,000,000
Desktop PC	16,000,000
Display Products	16,000,000
Others	22,000,000
Total	76,000,000

Information and communication industry expects to have sustained growths in 2015 outlook. The above annual sales projection is based on industry related information and the Company's business plan and sales trend.

6.2.3 Sales projection impact on financing and planned action:

As the company's businesses are growing quickly and steadily, depending on market situation, Wistron plans to use diversified financial tools to meet the increasing fund needs for capital expenditures and working capital period.

6.3 Cash flow analysis:

(1) Operating Activities： Cash flow-out of NT$ 7,462M was mainly caused by the change of net profit and working capital.

(2) Investing Activities： Cash flow-out of NT$ 9,633M was mainly caused by the increase in fix asset acquisition and long term investment.

(3) Financing Activities： Cash flow-in of NT$ 104M was mainly caused by the decrease in short term borrowings.

6.3.1 Cash flow forecast in 2015

Unit : NT$ thousands

Cash beginning balance	Cash flow from operating activities	Cash flow-in (out)	Cash ending balance (shortage)	Plan for cash ending balance shortage	
				Investment plan	Financing plan
55,692,329	9,487,202	1,074,643	56,766,972	-	-

(1) Operating Activities： Cash flow-in is mainly due to the growth in estimated operating income of 2015

(2) Investing Activities： Cash flow-out is mainly due to potential expansion of Wistron's invested companies' and subsidiaries' operation and business scale.

6.4 Significant capitalized expenditure analysis

Unit: NT$ thousands

Plan	Actual or expected capital resource	Actual or expected finished date	Planned amount	Actual or expected yearly capital expense				
				2011	2012	2013	2014	2015
WZS – To expand industrial facility & improve working capital	Cash Flow generated from operations	2011.8	3,689,331 (US$120M)	1,262,866 (US$43M)	-	-	-	-
WGKS – To expand industrial facility & improve working capital	Cash Flow generated from operations	2011.11	595,648 (US$20M)	595,648 (US$20M)	-	-	-	-
WMX – To expand industrial facility & improve working capital	Cash Flow generated from operations	2014.12	1,025,152 (US$34.4M)	-	-	444,595 (US$15M)	-	-
WGTX – To develop new business	Cash Flow generated from operations	2012.10	549,129 (US$18.4M)	333,231 (US$11.04M)	215,898 (US$7.36M)	-	-	-
WCD –To fulfill global information product market &customer need	Cash Flow generated from operations	2012.2	2,396,524 (US$80M)	87,533 (US$2.9M)	2,308,991 (US$77.1M)	-	-	-
WCQ – To fulfill global information product market &customer need	Cash Flow generated from operations	2014.12	589,727 (US$20M)	583,823 (US$19.8M)	-	-	-	-
WMY– To fulfill customer need	Cash Flow generated from operations	2014.12	1,084,902 (US$37M)	477,537 (US$16.5M)	297,823 (US$10M)	-	-	-
WMKS- To improve working capital	Cash Flow generated from operations	2012.8	596,700 (US$20M)	-	596,700 (US$20M)	-	-	-
WGKS – To improve working capital	Cash Flow generated from operations	2012.7	358,291 (US$12M)	-	358,291 (US$12M)	-	-	-
WTZ – To strengthen production capacity & improve working capital	Cash Flow generated from operations	2012.9	1,793,366 (US$60M)	-	1,793,366 (US$60M)	-	-	-
WSCZ - To strengthen production capacity &improve working capital	Cash Flow generated from operations	2012.9	371,995 (EUR$9.7M)	-	371,995 (EUR$9.7M)	-	-	-
WPV – To improve working capital	Cash Flow generated from operations	2014.12	731,974 (EUR$19M)	-	487,911 (EUR$12.9M)	-	-	-
WIN – To improve working capital	Cash Flow generated from operations	2012.12	640,200 (US$22M)	-	640,200 (US$22M))	-	-	-
WOK – To improve working capital	Cash Flow generated from operations	2013.12	1,190,320 (US$40M)	-	-	1,190,320 (US$40M)	-	-

Plan	Actual or expected capital resource	Actual or expected finished date	Planned amount	Actual or expected yearly capital expense				
				2011	2012	2013	2014	2015
WCH – To acquire equipment	Cash Flow generated from operations	2013.07	298,520 (US$10M)	-	-	298,520 (US$10M)	-	-
WOK – To fulfill customer need	Cash Flow generated from operations	2014.12	1,476,050 (US$50M)	-	-	-	1,476,050 (US$50M)	-
Formosa Prosonic Industries Berhad- To develop new business	Cash Flow generated from operations	2014.3	Within 560,000	-	-	-	513,565	-
WCQ – To expand industrial facility & improve working capital	Cash Flow generated from operations	2020.12	Within 3,171,800 (US$100M)	-	-	-	-	Within 3,171,800 (US$100M)
WEKS – To expand industrial facility & improve working capital	Cash Flow generated from operations	2015.12	Within 4,281,930 (US$135M)	-	-	-	-	Within 4,281,930 (US$135M)
Join – link International Technology Co.,Ltd- To develop new business	Cash Flow generated from operations	2015.1	Within 600,000	-	-	-	-	578,889

Estimated result：

The overseas investment aims to align the plan of corporate business growth and to improve product competitiveness by enhancing global manufacturing capacity, strengthening vertical integration and reducing cost.

6.5. Long-term investment objective, main reason for gain or loss, improvement plan and coming year investment plan:

Unit: NT$ thousands

Description / Item	Amount	Investment objective	Main reason of profit or loss	Improvement plans	Investment plans for the coming year
Wistron Optronics (Kunshan) Co. , Ltd.	1,476,050	To improve working capital	Volume of sales was under economies of scale	-	-
Formosa Prosonic Industries Berhad	513,565	To develop new business	Business performed stably with steady profit	-	-

6.6. Risk Management

6.6.1. How does interest rate, exchange rate, or inflation influence Company's profit and loss, and how to manage such risks?

Items	2013 (in thousand NT dollars)	2014 (in thousand NT dollars)
Interest Income	1,355,838	2,951,969
Interest Expense	2,017,697	2,398,574
Exchange loss/gain	986,516	313,167

By the end of 2014, the cash and short-term investment balance of the Company totaled about NT$55.9billion with short term borrowings about NT$70.4billion. We reinvested the surplus funds after considerable evaluation of risks involved, while watching closely the change of bank lending rates on a regular basis.

Around 95% of the Company's revenue from sales was quoted in U.S. dollars, and most of the Company's material purchases use U.S. dollars as well. Therefore, the majority of Company's foreign currency operating exposure can be mutually offset. In addition, the Company has used regular hedge activities to manage its foreign exchange risk, under proper risk management guidelines. Due to the fluctuation of the foreign exchange rate and the swaps, the Company experienced a foreign exchange gain of NT$313,167 thousands last year.

There was no major inflation around the world during the past year and the Company has not experienced much in this regard.

The action plans to cope with impacts from interest rates, exchange rates and inflation are:

(1) Further mutually offset foreign assets and liabilities to avert risk.

(2) Make plans and arrangements in advance for funds yields and borrowing costs, in light of the company's business anticipation and funds requirements.

(3) Use auxiliary tools, such as derivative financial products, to avoid risks under proper risk guidelines.

6.6.2. What is the Company's policy to make high risk or leveraged investment, make a loan, make a guarantee or buy derivatives? And what are the reasons of gain or loss and what are the future plans?

The Company has not performed any high-risk or highly leveraged investments for the past year. And the Company has not loaned funds and endorsed or guaranteed for any parties other than the subsidiaries wholly-owned by the Company, and no loss has incurred. The Company performed derivatives transactions under the related regulations of the Company, and the transactions were within our business scope.

Looking ahead, the Company will adhere to its existing principle, and not make high-risk and highly leveraged investments. We will only loan to other parties, endorse and guarantee for other parties under the Company's applicable regulations. The derivatives transactions will be performed strictly in compliance with the Derivatives Transaction Procedures set forth by the Company.

6.6.3 Future R&D Development Plan and Investment:

All R&D plans for 2014 have been implemented and put in use in volume production or have been submitted to the customers for verification after internal testing. We will continue to invest on R&D for 2015 to meet business growth needs. The investment ratio will be almost the same as in 2014.

6.6.4 The Impact of Law and Regulation Changes on the Company's Financial Performance:

We have taken proactive measures to protect our financial performance against law and regulation changes.

6.6.5 Impact of Technological and Industrial Changes on the Company's Financial Performance:

To react to the gross margin drop resulting from fiercer market competition, we will enhance the competitiveness of existing businesses, such as advance product functionality, lower production costs and exert strict control over operation costs. In addition, we will enhance the value and momentum of innovation by developing the new opportunities for other technology service related businesses.

6.6.6 Impact of Corporate Image Change on Our Risk Management and the Action Plan:

The most important factor of the Company's image is its integrity. Integrity is the fundamental principal in both our corporate culture and regulations, and has obtained recognition from the general public. Adhering to the integrity principle is beneficial to our risk management.

6.6.7 Expected gains and possible risks relative to acquisitions, and the solution:

No acquisitions occurred in 2014.

6.6.8 Expected Benefits and Risks Related to Plant Facility Expansions:

Feasibility study and financial analysis will be conducted by a designated task force for all plant facility expansions to know all scenarios and proper countermeasures to prepare.

6.6.9. Supply and Distribution Concentration:

Except 100% owned subsidiaries, no concentration risk pertaining to the suppliers and customers.

6.6.10. How shares transfer made by directors, supervisors or shareholders with 10% or more shareholdings affect Company?

Not applicable.

6.6.11 Impact of Management Change on the Company and Action Plans:

The company has a very healthy shareholder's structure: 37.93% stock shares are held by foreign investors, 11.4% by domestic institutional investors. They possess around 49.33% in the aggregate. In addition, the healthy shareholding structure of the Company lowers the risk of key management changes. We will do our best effort to improve corporate management to reward our shareholders with better performance. This is the key to our company's sustained development.

6.6.12 Does the Company or its directors, supervisors, general manager, key managers, shareholders with more than 10% shareholding or subsidiaries have any pending lawsuits or disputes which might significantly affect the shareholders' equity or share prices? If yes, what are the facts, claims, filing date, major parties and status upon publishing of this Report?

(1) Cresta Technology filed a patent litigation against the Company in June 2014 in the U.S. International Trade Commission (USITC). The accused products are television tuner related products. In February of 2015, USITC has made an initial determination of no violation of section 337 of the Tariff Act.

(2) In March of 2015, Mondis Technology Ltd. filed an action against the Company in the New York Southern District Court for the monitor royalty payment dispute. The final decision has not been made, and the Company will keep working with its US counsels and defend vigorously.

6.6.13. Other Risks: None

7. Enforcement of Corporate Governance

Items	Enforcement		
	Yes	No	
1. Does Company follow "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" to establish and disclose its corporate governance practices?	✓		
2. Shareholding Structure & Shareholders' Rights			
(1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		
3. Composition and Responsibilities of the Board of Directors			
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis?		✓	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		

	Enforcement	Discrepancy between the corporate governance principles implemented by the Company and the government principles, and the reason for the discrepancy
	Summary Description	
	Our company was set up "Corporate Governance Best Practice Principles" by Board of Director meeting on March 25, 2014, and there is no discrepancy between corporate governance principles.	No discrepancy
	(1) Our Company has designated the Office of Shareholders' Affairs to handle the shareholders' proposal and disputes. (2) Our Company holds information on the identities of major shareholders and their ultimate controlling persons. (3) Our Company has established the appropriate risk control mechanisms and firewalls according to internal rules, such as rules of supervision over subsidiaries, rules governing endorsement and guarantee, loaning of funds and the rules governing acquisitions and dispositions of assets etc. (4) Wistron enacted Regulations on Insider Trading to prevent any illegal activities in terms of insider trading.	No discrepancy
	(1) Our Company has set the diversification policy of the board of directors in "Corporate Governance Best Practice Principles".All members of the Board of Directors have professional background (e.g., law, accounting, industry, finance), professional skills, and industry experience. (2) Our Company may create other functional committees according to the article 12 of Articles of Incorporation,. Except for Audit Committee and Compensation Committee, our Company has set up a Corporate Sustainability and social Responsibility Implementing Committee, which the COO is serving as chairperson of the committee, and will report the implementation status and results to the Board. (3) Our company has not yet set the formulate rules and procedures for board of directors performance assessments, we will consult with relevant laws and regulations and industry practice to set up the procedures in the future. (4) The evaluation of CPA is one of the main duties of the Audit Committee.	No discrepancy

Items	Enforcement		
	Yes	No	
4. Has the Company established a means of communicating with its Stakeholders or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		
5. Has the Company appointed a professional registrar for its Shareholders' Meetings?		✓	
6. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓ ✓		
7. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓		

	Enforcement	Discrepancy between the corporate governance principles implemented by the Company and the government principles, and the reason for the discrepancy
	Summary Description	
	In order to properly respond to various types of stakeholders, the company provides multiple communication channels according to the situation. We have designated a stakeholder section on the corporate website to address our corporate sustainability and social responsibility activities and any other issues.	No discrepancy
	Our Company has designated the Office of Shareholders' Affairs to handle the shareholders' proposal and disputes.	No discrepancy
	(1) Our Company has set up a website containing the information regarding finance and operations. (2) Our Company has one chief spokesman and one acting spokesman and also designated a team to be responsible for gathering and disclosing the information.	No discrepancy
	Wistron emphasizes on the importance of employee benefits and rights, we not only comply with related laws and regulations, but also provide different kinds of benefits exceeding local legal requirements to meet employees' needs. To ensure that employees understand their rights and benefits, all relevant regulations and procedures are disclosed on company's internal website. In addition, Wistron is a member of the Electronics Industry Citizenship Coalition (EICC), we strictly comply with EICC's Code of Conduct and are committed to fulfilling social responsibilities, protect employees' rights and include them as part of our daily business practice. Investor Relations: The objective for managing investor relations is to provide the latest information of the company to global investors. The company can communicate directly to global investors, enhance the transparency of financials and corporate governance and build up the reputation through it. Stakeholders Relations: To different circumstances, the company has investor relations, public relations, legal departments, etc. to communicate with stakeholders and the company website contain all the contact information of all above mentioned departments.	No discrepancy

Items	Enforcement		
	Yes	No	
8. Has the company implemented a self-evaluation report on corporate governance or has it authorized any other professional organization to conduct such evaluation? If so, please describe the opinion from the Board, the result of self or authorized evaluation, the major deficiencies, suggestions, or improvements.	✓		

Enforcement	Discrepancy between the corporate governance principles implemented by the Company and the government principles, and the reason for the discrepancy
Summary Description	
In order to maintain the company's new technology research and development, long-term predominance in quality control, price competitiveness and moderate supply, and also provides environmental friendly and green energy saving products, audits and management of suppliers based on good faith to support Wistron standard and competitively priced products compliance with various environmental and social responsibility. Wistron will continue to uphold mutual trust and benefit-sharing with suppliers to expect a growth together and a win-win cooperation	No discrepancy
Our company has implemented a “Self-evaluation Report on Corporate Governance for Year 2014”, and reported to BOD on May 14, 2015, all directors present this report without comments. Our company also has excellent performance in the “First Corporate Governance Evaluation” and in the list of the top ranked 5% of TWSE-listed companies.	No discrepancy

8.Enforcement of Ethical Corporate Management

Item	Implementation Status		
	Yes	No	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Does the company have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team?	✓		
(2) Does the company establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such policies?	✓		
(3) Does the company establish appropriate compliance measures for the business activities prescribed in paragraph 2, article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and any other such activities associated with high risk of unethical conduct?	✓		
2. Ethic Management Practice (1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		
(2) Does the company set up a unit which is dedicated to or tasked with promoting the company's ethical standards and reports directly to the Board of Directors with periodical updates on relevant matters?	✓		
(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		

	Implementation Status	Specify the difference
	summary	
	(1) We establish "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct", above contents are disclosed in our company website and Market Observation Post System. Integrity is not only the core value of our business but also a fundamental part of our daily operation, this standard also applies to our board members, supervisors, employees and other related person. (2) In our "Code of Ethical Conduct", we clearly define the basic rules that employees must follow and avoid, including the principles and procedures of conflict of interest, Giving Presents and Treats , Legal Political Donations, Charitable Donations. (3) We determined the units which handles financial/treasury and procurement as the ones with potential risks. The involved units are required to undergo specific trainings, internal audit or regular work rotation to reduce potential risk.	No discrepancy
	(1) Prior to any commercial transactions with contractors, suppliers, customers or any entities, we consider their ethical performance by reviewing their condition of legitimacy, ethical policy and records of unethical behaviors. We also convey our policy and ethical standards to our business partners and refuse to offer, commit, request or accept any improper advantage in any form, either directly or indirectly. Once we are aware of any unethical events, we will terminate the contract immediately and move the entity to the dishonor list. Besides that, we stipulate the terms and conditions of ethical management in contracts such as specific and reasonable payment terms, handling of unethical conduct including but not limited to the pertaining to prohibition of commissions, rebates, or other benefits. (2) HR department is responsible for the establishment of company's integrity policy and the supervision of enforcement, and report to Board Meeting if there is any severe violation of company's integrity policy. So far no incidents of unethical conduct have been reported. (3) It is stated in our "Ethic Policy" that we pay high attentions to conflicts of interest .In our "Code of Ethical Conduct", we clearly define the principles and circumstances of conflicts of interest that related person shall avoid, and we also require them to report initiatively to their immediate supervisors, highest level of management of HR or report on board meeting if they face or are aware of similar situations that may arise conflicts of interest. So far no incidents of unethical conduct have been reported.	No discrepancy

Item	Implementation Status		
	Yes	No	
(4) To implement relevant policies on ethical conducts, does the company establish effective accounting and internal control systems that are audited by internal auditors or CPA periodically?	✓		
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		
3. Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		
(2) Does the company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	✓		
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		
4. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓		
5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation. No discrepancy			
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy). We deliver our ethical policy and ethical standards to all suppliers while presenting company profile and address it as well during the annual vendor conference. Meanwhile, supplier can also know Wistron's this policy from E-procurement system(WSRM). We examine suppliers' integrity and ethical performance every year.			

Implementation Status summary	Specify the difference
(4) We conduct evaluation and self-audit of the effectiveness of internal control system, including accounting system, and make appropriate modifications if necessary, The result will be reviewed by Audit Office based on good faith. (5) Employees are required to take ethic e-trainings courses and exams on the first day of employment.	No discrepancy
(1) All employees have the duty to report directly to highest level of management of HR, Audit Office or Chairman the improper conduct that is against the ethical conduct of the company, and we also pledge to protect the employees involved in reporting or investigation of the events from injustice or revenge. If employees violate the Code of Ethical Conduct, we will consider the severity of the violation, and conduct proper action, including dismissal, based on “Guidelines on Employee Award/Disciplinary”. If business partners violate our integrity policy, we will consider the severity of the violation to reduce or terminate our cooperation, or even report to the judicial authorities. (2) Wistron establish internal complaint procedure, which provides a clear process for complaint addressing, investigation, complaint resolution, etc., All complainants are treated sensitively and confidentially. (3) The complainant and respondent who involved in reporting or investigation of the events are free from injustice or revenge.	No discrepancy
In Wistron official website, we disclose the actions and commitments to our ethic policy and EICC (Electronic Industry Citizenship Coalition) code of conduct. We also disclose the ethical conduct implementation in our CSSR Report every year.	No discrepancy

9. Enforcement of Social Responsibility

Item	Enforcement		
	Yes	No	
1. Implementation of Corporate Governance			
(1) Does the Company have a corporate social responsibility policy and evaluate its implementation?	✓		
(2) Does the Company hold regular CSR training?	✓		
(3) Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	✓		
(4) Does the Company set a reasonable compensation policy, integrate employee appraisal with CSR policy,	✓		
2. Environmentally Sustainable Development			
(1) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		
(2) Has the Company set an Environmental management system designed to industry characteristics?	✓		
(3) Does the Company track the impact of climate change on operations, carry out greenhouse gas inventories, and set energy conservation and greenhouse gas reduction strategy	✓		

	Enforcement	Deviation from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Summary	
	(1) Please refer to Corporate Sustainability and Social Responsibility on "Operations Management" section of Wistron CS²R report. (2) Wistron provides courses such as New Employee Orientation, Ethic Training, New Management training, Coaching for Empowerment, to ensure that all Wistron's employees and managers are equipped with CSR relevant knowledge and concept of integrity, human rights, people management , communication, etc. (3) Please refer to "Corporate Sustainability and Social Responsibility" section of Wistron CS²R report. (4) Wistron has a clear compensation policy and we ensure all compensation and benefits provided to employees comply with the requirements of laws and regulations, we adopt the policy of same pay for the same work, and prohibit any form of discrimination. Wistron also conducts a salary survey every year and adjusts salaries based on the economy, company operations and personal performance to ensure that employee salaries are fair and in line with market standards. In addition, Wistron establish the Personnel Reward and Punishment Regulation to ensure full implementation of corporate governance.	None
	(1) Please refer to "Environmental Management" section of Wistron CS²R report. (2) Please refer to "Environmental Management" section of Wistron CS²R report. (3) Please refer to Emissions of GHG and Other Gases on "Environmental Management" section of Wistron CS²R report.	None

Item	Enforcement		
	Yes	No	
3. Promotion of Social Welfare			
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		
(2) Has the Company established appropriately managed employee appeal procedures?	✓		
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		
(4) Has the Company established a mechanism for regular communication with employees and use reasonable measures to notify employees of operational changes which may cause significant impact to employees?	✓		
(5) Has the Company established effective career development training plans?	✓		

	Enforcement	Deviation from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Summary	
	(1) Wistron complies with human rights related international regulations and local policies, and protect employees' rights and benefits. All the systems within our company is in compliance with local labor laws, and the related procedures are announced to employees on company's internal website. (2) Wistron has a complaint channel open for all employees. Employees are free to raise compliant and all complaints will be treated sensitively and confidentially. (3) Wistron complies with "Occupational Safety and Health Act" and set up medical kits and trained first-aid personnel in all departments, all new employees and employees who changed to specific jobs are required to undergo a 3-hour safety and health trainings. Breastfeeding Rooms are set in the workplace in compliance with "Act of Gender Equality in Employment". Furthermore, emergency control units and emergency response plan are established to properly handle emergency such as power outage, fire, flood, typhoon, earthquake, injuries which may cause permanent or temporary disability, notifiable disease such as SARS, water pollution or any other emergency event that may endanger lives or cause financial loss or environmental pollution. (4) Company's information is released via different types of channel including internal website, screen walls, announcements, regular business information meetings and employee-employer communication meetings, so that employees are able to learn important management-related information. (5) The main direction of Wistron's training and development program is to integrate business needs with employee career development, and "talent management and development" is always listed as an important management indicator. In this regard, we divide our training program into distinctive categories and modes for employees in different needs, we also work with consultants for many years and conduct programs of individual development plan (IDP) by using core competency approach. After years of implementation, we have nurtured several high-level business talents in each Business unit every year.	None

Item	Enforcement		
	Yes	No	
(6) Has the Company set polices and consumer appeal procedures in its R&D, purchasing, production, operations, and service processes?	✓		
(7) Does the Company follow regulations and international standards in the marketing and labelling of its products and services?	✓		
(8) Does the company evaluate environmental and social track records before engaging with potential suppliers?	✓		
(9) Does the Company's contracts with major suppliers include termination clauses if they violate CSR policy and cause significant environmental and	✓		
4. Enhanced Information Disclosure Does the Company disclose relevant and reliable CSR information on its website and the Taiwan Stock Exchange website?	✓		
5. If the company has established its corporate social responsibility code of practice according to "Listed Companies Corporate Social Responsibility Code of Practice," please describe the operational status and differences. In order to manage economic, environmental and social risks and impact, Wistron has established "Corporate Social Responsibility Best Practice Principles", our daily operations follow the principles below: (1) Exercise corporate governance. (2) Foster a sustainable environment. (3) Preserve public welfare. (4) Enhance disclosure of corporate social responsibility information.			
6. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility: Please refer to Wistron's website for our Corporate Sustainability and Social Responsibility (CS^2R) Report of implementation status: http://www.wistron.com/about/cs2r_report.htm.			
7. Other information regarding "Corporate Responsibility Report " which are verified by certification bodies: Wistron's Corporate Sustainability and Social Responsibility (CS^2R) Report is in accordance with the GRI G4 guidelines Core option and verified by certification bodies.			

	Enforcement	Deviation from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Summary	
	(6) Wistron is an ODM (original design manufacturer) supplier and do not offer products/services to end user directly, those are all handled by brand customers. As to customer relationship management and complaint channel of suppliers, please refer to : New Businesses Development", "Product Development and Quality Management" and "Supply Chain Management" sections of Wistron CS²R report. (7) Please refer to "Product Development and Quality Management" and "Green Product Management" sections of Wistron CS²R report. (8) We will do vendor survey before we start business with suppliers and the checking item is already included in the survey. (9) The purchase contract and EICC Letter of Agreement with suppliers insisted we can cease the purchase contract anytime if there is any violation of the regulations.	None
	Since 2010, Wistron has released an annual report of Corporate Sustainability and Social Responsibility on Wistron website.	None

10.Financial Statements Consolidated With Subsidiaries Audited by CPA of 2014

安侯建業聯合會計師事務所
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Independent Auditors' Report

The Board of Directors
Wistron Corporation:

We have audited the accompanying consolidated balance sheets of Wistron Corporation (the "Company") and subsidiaries as of December 31, 2013 and 2014, the related consolidated statements of comprehensive income, changes in equity and cash flows, for the years ended December 31, 2013 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2013 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations approved by the Financial Supervisory Commission, R.O.C.

We have audited the parent-company-only financial statements as of December 31, 2013 and 2014, and for the years ended December 31, 2013 and 2014, on which we have expressed an unqualified opinion.

KPMG

Taipei, Taiwan (the Republic of China)

March 10, 2015

Note to Readers

The accompanying consolidated financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations approved by the Financial Supervisory Commission, ROC. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.
The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2013 and 2014
(amounts expressed in thousands of New Taiwan Dollars)

Assets	December 31, 2013	December 31, 2014
Current assets:		
Cash and cash equivalents (note 6(a))	$ 70,086,875	55,692,329
Financial assets at fair value through profit or loss－current (note 6(b))	824,030	557,344
Available-for-sale financial assets－current (note 6(b))	26,513	198,797
Notes and accounts receivable, net (note 6(c))	85,352,992	100,068,224
Accounts receivable－related parties (note 7)	711,319	367,420
Other receivables－related parties (note 7)	7,251	9,670
Current tax assets	372,748	942,413
Inventories (note 6(d))	49,985,441	73,763,983
Other assets－current (notes 6(c)(h))	8,939,253	9,805,423
Total current assets	216,306,422	241,405,603
Non-current assets:		
Available-for-sale financial assets－noncurrent (note 6(b))	1,870,437	2,215,203
Financial assets carried at cost－noncurrent (note 6(b))	700,525	969,143
Equity-accounted investees (note 6(e))	5,476,999	5,861,333
Property, plant and equipment (notes 6(f) and 8)	35,928,027	39,255,705
Intangible assets (note 6(g))	1,677,975	1,546,839
Deferred tax assets (note 6(o))	3,161,830	4,475,107
Other assets－noncurrent (notes 6(h)(n) and 8)	5,419,559	3,840,990
Total noncurrent assets	54,235,352	58,164,320
Total assets	$ 270,541,774	299,569,923

Liabilities and Equity	December 31, 2013	December 31, 2014
Current liabilities:		
Short-term borrowings (note 6(i))	$ 54,552,893	70,423,254
Financial liabilities at fair value through profit or loss－current (notes 6(b)(k))	415,698	221,566
Notes and accounts payable	91,553,094	109,089,271
Accounts payable－related parties (note 7)	3,904,358	2,661,458
Other payables－related parties (note 7)	88,093	87,070
Provisions (note 6(l))	1,859,245	1,745,993
Current portion of bonds payable (note 6(k))	-	607,964
Current portion of long-term borrowings (notes 6(j) and 8)	2,519,619	1,183,707
Other liabilities－current	13,455,939	16,837,583
Current liabilities	168,348,939	202,857,866
Noncurrent liabilities:		
Financial liabilities at fair value through profit or loss－noncurrent (notes 6(b)(k))	22,205	-
Bonds payable (note 6(k))	7,972,109	-
Long-term borrowings (notes 6(j) and 8)	20,368,292	19,850,993
Deferred tax liabilities (note 6(o))	4,785,164	4,387,216
Other liabilities－noncurrent (note 6(n))	2,849,047	2,225,648
Noncurrent liabilities	35,996,817	26,463,857
Total liabilities	204,345,756	229,321,723
Equity (notes 6(o)(p)(q))		
Capital stock	23,781,603	24,682,674
Capital surplus	19,651,679	20,441,985
Retained earnings	26,072,342	24,892,439
Other equity	(3,318,675)	23,680
Equity attributable to owners of the Company	66,186,949	70,040,778
Non-controlling interests	9,069	207,422
Total equity	66,196,018	70,248,200
Total liabilities and equity	$ 270,541,774	299,569,923

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014
(amounts expressed in thousands of New Taiwan Dollars, except for earnings per common share)

		2013	2014
Net revenues (notes 6(s) and 7)	$	624,009,073	592,346,734
Cost of sales (notes 6(d)(f)(g)(l)(m)(n)(p)(q), 7 and 12)		593,806,022	561,229,960
Gross profit		30,203,051	31,116,774
Operating expenses (notes 6(c)(f)(g)(m)(n)(p)(q), 7 and 12)			
Selling		8,956,231	11,636,494
Administrative		2,193,606	2,291,418
Research and development		12,967,288	13,424,842
Total operating expenses		24,117,125	27,352,754
Operating income		6,085,926	3,764,020
Non operating income and expenses:			
Other income (note 6(t))		1,582,941	3,109,558
Other gains and losses (notes 6(t) and 7)		1,851,417	384,209
Finance costs (notes 6(k)(t))		(2,017,697)	(2,398,574)
Recognized share of associates and joint ventures accounted for equity method (note 6(e))		412,600	(16,813)
Total nonoperating income and expenses		1,829,261	1,078,380
Profit before tax		7,915,187	4,842,400
Tax expenses (note 6(o))		2,160,459	1,253,409
Net profit		5,754,728	3,588,991
Other comprehensive income (note 6(o))			
Exchange differences on translation of financial statements		1,282,078	3,072,094
Unrealized loss on available-for-sale financial assets		(246,956)	(53,354)
Share of other comprehensive income of associates and joint ventures		85,507	90,903
Income tax expense related to components of other comprehensive income (note 6(o))		(14,347)	(15,894)
Other comprehensive income, net of tax		1,134,976	3,125,537
Total comprehensive income	$	6,889,704	6,714,528
Net profit attributable to:			
Owners of the Company		5,751,341	3,578,536
No controlling interests		3,387	10,455
Net profit	$	5,754,728	3,588,991
Total comprehensive income attributable to:			
Owners of the Company		6,886,361	6,700,606
Non-controlling interests		3,343	13,922
Total comprehensive income	$	6,889,704	6,714,528
Earnings per share (in dollars), after tax (note 6(r))			
Basic earnings per share	$	2.45	1.50
Diluted earnings per share	$	2.34	1.47

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014

(amounts expressed in thousands of New Taiwan Dollars)

	Earnings attributable to owners of the Company													
			Retained earnings				Other equity							
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Retained earnings subtotal	Exchange differences on translation of financial statements	Unrealized gain (loss) on available-for-sale financial assets	Other unearned compensation for restricted employee shares of stock	Other equity Subtotal	Treasury stock	Total	Non-controlling interests	Total equity
Beginning balance at January 1, 2013	$ 21,979,432	19,399,395	5,561,975	1,791,906	17,868,293	25,222,174	(3,279,107)	(622,213)	-	(3,901,320)	(777,535)	61,922,146	5,531	61,927,677
Profit for 2013	-	-	-	-	5,751,341	5,751,341	-	-	-	-	-	5,751,341	3,387	5,754,728
Other comprehensive income	-	-	-	-	22,254	22,254	1,327,693	(214,927)	-	1,112,766	-	1,135,020	(44)	1,134,976
Total comprehensive income	-	-	-	-	5,773,595	5,773,595	1,327,693	(214,927)	-	1,112,766	-	6,886,361	3,343	6,889,704
Appropriation of 2012 earnings in 2013														
Legal reserve	-	-	666,643	-	(666,643)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,050,859	(2,050,859)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,273,767)	(3,273,767)	-	-	-	-	-	(3,273,767)	-	(3,273,767)
Stock dividends to shareholders	1,091,255	-	-	-	(1,091,255)	(1,091,255)	-	-	-	-	-	-	-	-
Stock dividends as employee bonus	235,036	404,966	-	-	-	-	-	-	-	-	-	640,002	-	640,002
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	132	-	-	(68,438)	(68,438)	-	-	-	-	-	(68,306)	-	(68,306)
Issuance of common stock arising from exercise of employee stock options	2,510	4,934	-	-	-	-	-	-	-	-	-	7,444	-	7,444
Issuance of restricted employee shares of stock	627,950	(24,760)	-	-	-	-	-	-	(603,190)	(603,190)	-	-	-	-
Compensation cost arising from restricted employee shares of stock	-	-	-	-	-	-	-	-	73,069	73,069	-	73,069	-	73,069
Retirement of treasury stock	(154,580)	(132,988)	-	-	(489,967)	(489,967)	-	-	-	-	777,535	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	195	195
Balance at December 31, 2013	**$ 23,781,603**	**19,651,679**	**6,228,618**	**3,842,765**	**16,000,959**	**26,072,342**	**(1,951,414)**	**(837,140)**	**(530,121)**	**(3,318,675)**	**-**	**66,186,949**	**9,069**	**66,196,018**
Beginning balance at January 1, 2014	$ 23,781,603	19,651,679	6,228,618	3,842,765	16,000,959	26,072,342	(1,951,414)	(837,140)	(530,121)	(3,318,675)	-	66,186,949	9,069	66,196,018
Profit for 2014	-	-	-	-	3,578,536	3,578,536	-	-	-	-	-	3,578,536	10,455	3,588,991
Total other comprehensive income	-	-	-	-	(1,077)	(1,077)	3,132,981	(9,834)	-	3,123,147	-	3,122,070	3,467	3,125,537
Total comprehensive income	-	-	-	-	3,577,459	3,577,459	3,132,981	(9,834)	-	3,123,147	-	6,700,606	13,922	6,714,528
Appropriation of 2013 earnings in 2014														
Legal reserve	-	-	575,134	-	(575,134)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,280,688)	(4,280,688)	-	-	-	-	-	(4,280,688)	-	(4,280,688)
Stock dividends to shareholders	475,632	-	-	-	(475,632)	(475,632)	-	-	-	-	-	-	-	-
Stock dividends as employee bonus	250,079	367,617	-	-	-	-	-	-	-	-	-	617,696	-	617,696
Reversal of special reserve	-	-	-	(1,054,211)	1,054,211	-	-	-	-	-	-	-	-	-
Increase in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	50,716	-	-	110	110	-	-	-	-	-	50,826	-	50,826
Employee use employee stock option	206,740	343,204	-	-	-	-	-	-	-	-	-	549,944	-	549,944
Retirement of restricted employee shares of stock	(31,380)	31,380	-	-	-	-	-	-	-	-	-	-	-	-
Compensation cost arising from restricted employee shares of stock	-	-	-	-	-	-	-	-	219,208	219,208	-	219,208	-	219,208
Differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries	-	-	-	-	(1,152)	(1,152)	-	-	-	-	-	(1,152)	-	(1,152)
Changes in ownership interest of subsidiaries	-	(2,611)	-	-	-	-	-	-	-	-	-	(2,611)	-	(2,611)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	184,431	184,431
Balance at December 31, 2014	**$ 24,682,674**	**20,441,985**	**6,803,752**	**2,788,554**	**15,300,133**	**24,892,439**	**1,181,567**	**(846,974)**	**(310,913)**	**23,680**	**-**	**70,040,778**	**207,422**	**70,248,200**

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014
(amounts expressed in thousands of New Taiwan Dollars)

	2013	2014
Cash flows from operating activities:		
Profit before tax	$ 7,915,187	4,842,400
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	7,514,343	7,765,789
Amortization	389,685	373,186
Net profit or loss of financial assets and liabilities at fair value through profit or loss	(652,486)	52,172
Interest expense	2,017,697	2,398,574
Interest income	(1,355,838)	(2,951,969)
Dividend income	(154,861)	(84,445)
Gain on disposal of investments	(51,741)	(10,406)
Recognized share of associates and joint ventures accounted for equity method	(412,600)	16,813
Loss on disposal of property, plant and equipment, net	10,928	94,333
Property, plant and equipment transferred to expense	230,124	10,987
Other asset transferred to expense	48,569	25,264
Compensation cost arising from restricted employee shares of stock	73,069	222,593
Impairment loss recognized under equity method	-	44,131
Loss on repurchase of convertible bonds	-	42,842
Exchange difference of bonds payable	223,524	512,537
	7,880,413	8,512,401
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	9,005,316	(12,144,740)
Notes and accounts receivable－related parties	1,895,446	5,318,913
Other receivables－related parties	65,977	205,515
Inventories	(2,693,833)	(20,663,668)
Other assets－current	(2,121,401)	(401,068)
Total changes in operating assets	6,151,505	(27,685,048)
Changes in operating liabilities:		
Notes and accounts payable	(12,011,386)	14,082,972
Notes and accounts payable－related parties	(1,672,619)	(8,431,259)
Other payables－related parties	(118,186)	(408,842)
Provisions	324,353	(113,252)
Other liabilities－current	2,244,105	2,365,150
Other liabilities－noncurrent	(13,539)	47,263
Total changes in operating liabilities	(11,247,272)	7,542,032
Net changes in operating assets and liabilities	(5,095,767)	(20,143,016)
Total changes in operating assets and liabilities	2,784,646	(11,630,615)
Cash generated from (used in) operating activities	10,699,833	(6,788,215)
Interest received	1,416,770	3,237,708
Dividend received	341,713	381,337
Interest paid	(1,517,466)	(1,934,992)
Income tax paid	(1,806,300)	(2,358,240)
Net cash generated from (used in) operating activities	9,134,550	(7,462,402)
Cash flows generated from investing activities:		
Decrease (increase) in other receivables－related parties	(4,186)	2,419
Increase in available-for-sale financial assets－current	(19,706)	(169,104)
Proceeds from disposal of available-for-sale financial assets－noncurrent	152,123	11,226
Increase in available-for-sale financial assets－noncurrent	(128,274)	(412,978)
Increase in financial assets carried at cost－noncurrent	(71,501)	(252,525)
Proceeds from return of financial assets carried at cost	37,322	32,685
Increase in equity-accounted investees	(47,952)	(531,314)
Acquisition of subsidiaries, net of cash acquired	24,982	-
Proceeds from disposal of equity-accounted investees	-	19,972
Additions to property, plant and equipment	(4,811,782)	(5,708,441)
Proceeds from disposal of property, plant and equipment	267,038	157,012
Additions to intangible assets	(475,517)	(204,772)
Increase in other assets－noncurrent	(2,922,795)	(2,566,433)
Other	(17,416)	(10,881)
Net cash flows used in investing activities	(8,017,664)	(9,633,134)
Cash flows generated from financing activities:		
Increase (decrease) of short-term borrowings	(22,460,388)	14,707,190
Repurchase of convertible bonds	-	(8,508,081)
Increase in long-term borrowings	19,636,556	7,828,233
Decrease in long-term borrowings	(952,401)	(9,637,822)
Increase (decrease) in deposits received	1,901,646	(668,908)
Cash dividends to shareholders	(3,273,767)	(4,280,688)
Issuance of common stock arising from exercise of employee stock options	7,444	549,944
Increase in non-controlling interests	-	114,405
Grants income	3,382	-
Net cash flows generated from (used in) financing activities	(5,137,528)	104,273
Effect of exchange rate changes	1,528,088	2,596,717
Net decrease in cash and cash equivalents	(2,492,554)	(14,394,546)
Cash and cash equivalents at beginning of the year	72,579,429	70,086,875
Cash and cash equivalents at end of the year	$ 70,086,875	55,692,329

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013 and 2014
(amounts expressed in thousands of New Taiwan dollars and US dollars except for earnings per share information and unless otherwise noted)

1. Reporting Entities of the Consolidated Financial Statements and Its Business Scopes

Wistron Corporation (the "Company") was incorporated on May 30, 2001, as a company limited by shares under the laws of the Republic of China (ROC). In pursuant to a restructuring plan of Acer Inc. (AI) to improve its business performance and competitiveness, the Company was formed to acquire the net assets spun off from AI's DMS (Design, Manufacturing, and Service products) business.

The Company and its subsidiaries (hereinafter, jointly referred to as the "Group"), are currently engaged in the research, development, design, manufacturing, testing and sale of the following products and semi-finished products, and their peripheral equipment, parts and components:

(1) desktop computers, notebook computers, motherboards, servers, system platforms, high-speed and multi-function multiple-CPU computer systems, multi-media computers, network computers, consumer-type computers and special computers, micro-processors, CD-ROMs, PDAs, panel PCs, pocket computers and interface cards;
(2) video and internet telephones, video conferencing equipment and telecommunication equipment;
(3) digital satellite TV receivers, set-top boxes, digital video decoders and multi-media appliance products;
(4) digital cameras, CD-ROM drives and DVD-ROM drives;
(5) wireless receiver products (mobile phones, wireless LAN cards, and Bluetooth communication modules);
(6) LCD TVs and other electronic audio & visual products;
(7) design and merchandising of computer software and programs;
(8) import and export trade relevant to the business of this company;
(9) maintenance and cleaning of electronics products;
(10) Recycling of electronic waste;
(11) In vitro diagnostic device, physiological signal diagnostic device and medical date system.

2. Approval date and procedures of the consolidated financial statements

The consolidated financial statements as of and for the years ended December 31, 2013 and 2014 were authorized for issue by the Board of Directors on March 10, 2 015.

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. New standards and interpretations not yet adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") 2013 issued by the IASB but not yet adopted by the Financial Supervisory Commissions R.O.C. ("FSC").

According to the Financial-Supervisory-Securities Auditing No. 1030010325 of the Financial Supervisory Commission issued on April 3, 2014, listed, OTC and emerging companies will have to prepare the financial reports using the IFRSs 2013 (which does not include IFRS 9) with fully adoption on 2014. Relevant new releases, modifications and amendments to standards and interpretations are as following:

New standards and amendments	Effective date per IASB
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosures of Transfers of Financial Assets"	July 1, 2011
Amendment to IFRS 7 "Disclosures of Derecognition Financial Assets and Financial Liabilities"	January 1, 2013
IFRS 10 "Consolidated Financial Statements"	January 1, 2013 (effective date for investment entity will be 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
Amendment to IAS 1"Presentation of Items of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2012
Amendment to IAS 19 "Employee Benefits"	January 1, 2013
Amendment to IAS 27 "Separate Financial Statement"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"	January 1, 2013

After the evaluation, the Group believes that applying the IFRSs 2013 will not cause any significant changes in the consolidated financial statements, except for the following:

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. IAS 19 “Employee Benefits”

   This standard mainly amended the following:

   The amendments to IAS 19 require the Group to calculate a “net interest” amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on planned assets used in current IAS 19. In addition, the amendments eliminate the accounting treatment of either corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when it incurs, and instead, required to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it incurs and no longer be amortized over the average period before vested on a straight-line basis. In addition, the amendments also require a broader disclosure in defined benefit plans.

   The Group is expecting to recognize all the unrecognized actuarial losses for eliminating the corridor approach, change on valuation and presentation of accrued pension liabilities, pension cost and actuarial gains and losses and retrospective adjust to retained earnings.

2. IAS 1 “Presentation of Financial Statements”

   The standard that amended the presentation of OCI, classified as items presented before tax, should be shown separately for each of the two categories of OCI items. The amendments also require tax associated with items of OCI which presented before tax to be shown separately. The Group has to change the presentation of OCI according to that standard.

3. IFRS 12 “Disclosure of Interests in Other Entities”

   It’s a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated “structured entities”. Disclosures are presented as a series of objectives, with detailed guidance on satisfying those objectives. The Group will disclose the information of the consolidated entities and unconsolidated entities as the standard requires.

4. IFRS 13 “Fair Value Measurement “

   The standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. There is no significant impact on the Group’s financial position and results of operations after the evaluation. And the Group will disclose the fair value measurement as the standard requires.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) The new standards and amendments issued by the IASB that may have an impact to the consolidated financial statements not yet approved by the FSC.

A summary of the new standards and amendments to IFRSs 2013 issued by the IASB that has not yet approved by the FSC are as following:

New standards and amendments	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"	January 1, 2016
Amendment to IFRS 10, IFRS 12 and IAS 28 "Investment Entities －Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS1 "Presentation of Financial Statements"	January 1, 2016
Amendment to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortizations"	January 1, 2016
Amendment to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IFRS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Recoverable Amount Disclosure for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

The Group is currently evaluating the impact from the abovementioned standards and amendments to the Group's financial position and operating results. Any related impact will be disclosed when the evaluation is completed.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Summary of Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these consolidated financial statements except for which explained specially.

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations). International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as “IFRS as endorsed by the FSC”).

(b) Basis of preparation

(1) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

i Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative financial instruments);

ii Available-for-sale financial assets are measured at fair value;

iii The defined benefit asset (liabilities) is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation.

(2) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group’s consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

WISTRON CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Basis of consolidation

(1) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(2) List of subsidiaries in the consolidated financial statements

i Subsidiaries which are engaged in research, design, testing, manufacturing and sales of personal computers, servers, multi-media appliance products, telecommunication products, and network systems:

		Percentage ownership	
Investor	**Name of subsidiary**	**2013.12.31**	**2014.12.31**
the Company	International Standard Labs ("ISL", Taiwan)	100.00	100.00
the Company	Wistron Mexico, S.A. de C.V. ("WMX", Mexico)	100.00	100.00
the Company	WisVision Corporation ("WVS", British Virgin Islands)	100.00	100.00
the Company	Wistron Optronics Corp. ("WOC", Taiwan)	(note 1)	(note 1)
the Company	Wistron Technology (Malaysia) Sdn. Bhd. ("WMY", Malaysia)	100.00	100.00
the Company	Wistron Mobile Solutions Corporation ("WCH", U.S.A.)	100.00	100.00
the Company	Wistron InfoComm (Czech), s.r.o. ("WCZ", Czech Republic)	(note 2)	100.00
the Company/WLB	Winynn Corporation (""WYHQ", Taiwan)	95.00	77.50
Cowin	BriVision Optronics (Zhongshan) Corp. ("WBVZ", China)	(note 4)	100.00
Cowin/AIIH	Wistron InfoComm (Zhongshan) Corporation ("WZS", China)	100.00	100.00
AIIH	AII Technology (Zhongshan) Co., Ltd. ("ATZS", China)	100.00	100.00
Win Smart	Wistron InfoComm (Kunshan) Co., Ltd.("WAKS", China)	100.00	100.00
Win Smart	Wistron InfoComm Technology (Kunshan) Co., Ltd. ("WIKS", China)	100.00	100.00
Win Smart	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. ("WEKS", China)	100.00	100.00
Win Smart	Wistron InfoComm (Taizhou) Co., Ltd. ("WTZ", China)	100.00	100.00
Win Smart	Wistron InfoComm (CHONGQING) Co., Ltd. ("WCQ", China)	100.00	100.00
Win Smart	Wiwynn Technology Service (Beijing) Limited("WYBJ", China)	100.00	100.00
Win Smart	Wistron InfoComm Technology Service (Kunshan) Co., Ltd. ("WRKS", China)	100.00	100.00
WSC	Wistron InfoComm (Chengdu) Co., Ltd. ("WCD", China)	100.00	100.00
WDC	Wistron Optronics (Kunshan) Co., Ltd. ("WOK", China)	100.00	100.00
WHHK	Wistron InfoComm (Qingdao) Co., Ltd ("WQD" , China)	100.00	100.00
WSE	Wistron InfoComm (Czech), s.r.o. ("WCZ", Czech Republic)	100.00	(note 2)

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investor	Name of subsidiary	Percentage ownership 2013.12.31	2014.12.31
WVS	Wistron InfoComm Technology (Zhongshan) Co., Ltd. ("WTZS", China)	100.00	100.00
WEH	Polymer Vision B.V. ("WPV", Holland)	100.00	100.00
WCL	Creator Technology B.V. ("WCT", Holland)	100.00	100.00
WYHQ	AnyCloud Plus Technology Company Limited ("WYACP", Taiwan)	95.00	77.50
WYHQ	Wiwynn Technology Service Japan, Inc. ("WYJP", Japan)	95.00	77.50
WYHQ	Wiwynn International Corporation. ("WYUDE", U.S.A.)	95.00	77.50
WYHK	Wiwynn Technology Service Kunshan, Ltd. ("WYKS", China)	-	77.50
WBV	BriVision Optronics (Zhongshan) Corp. ("WBVZ", China)	100.00	(note 4)

ii Subsidiaries which are engaged in sale and maintenance of computer products and related parts and components, data storage equipment, and digital monitoring systems:

Investor	Name of subsidiary	Percentage ownership 2013.12.31	2014.12.31
the Company	Cowin Worldwide Corporation ("Cowin", British Virgin Islands)	100.00	100.00
the Company	AII Holding Corporation ("AIIH", British Virgin Islands)	100.00	100.00
the Company	Wistron Service B.V. ("WSE", Holland)	100.00	(note 2)
the Company	SMS InfoComm Corporation ("WTX", U.S.A.)	100.00	100.00
the Company	Anextek Global Incorporated ("AGI", Taiwan)	99.95	99.95
the Company	Anwith Technology Corporation ("WCHQ", Taiwan)	100.00	100.00
the Company	SMS InfoComm (Singapore) Pte. Ltd. ("WSG", Singapore)	100.00	100.00
the Company	Service Management Solutions Colombia S.A.S. ("WSCO", Colombia)	100.00	100.00
the Company	Service Management Solutions Mexico SA DE CV ("WSMX", Mexico)	100.00	100.00
the Company	Wistron InfoComm (Philippines) Corporation ("WPH", Philippines)	100.00	100.00
the Company/AIIH	SMS InfoComm Technology Services and Management Solutions Ltd. ("WBR", Brazil)	100.00	100.00
the Company/WCL	SMS InfoComm Technology Services Limited Company ("WTR", Turkey)	100.00	100.00
WLLC	Wistron InfoComm Technology (America) Corporation ("WITX", U.S.A.)	100.00	100.00
Win Smart	Wistron Service (Kunshan) Corp. ("WSKS", China)	100.00	100.00
Win Smart	Wistron Hong Kong Limited ("WHK", Hong Kong)	100.00	100.00
Win Smart	SMS (Kunshan) Co., Ltd. ("WMKS", China)	100.00	100.00
WDC	Wistron Optronics (Shanghai) Co., Ltd. ("WOSH", China)	100.00	100.00
AIIH	Wistron K.K. ("WJP", Japan)	100.00	100.00
WSG/WHK	ICT Service Management Solutions (India) Private Limited ("WIN", India)	100.00	100.00
WSG	SMS INFOCOMM (MALAYSIA) SDN. BHD. ("WSMY", Malaysia)	-	100.00
WEH	SMS InfoComm (Czech) s.r.o. ("WSCZ", Czech Republic)	100.00	100.00
WHK	ANWITH (Kunshan) Co., LTD. ("WCKS", China)	100.00	100.00

iii Subsidiary which is engaged in software research, development, design, trading and consultation:

Investor	Name of subsidiary	Percentage ownership 2013.12.31	2014.12.31
AIIH	Wistron InfoComm (Shanghai) Corporation ("WSH", China)	100.00	100.00
WEDH	WIEDU SDN. BHD. ("WEMY", Malaysia)	100.00	100.00

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

iv Subsidiaries engaged in recycling of electronic products :

Investor	Name of subsidiary	Percentage ownership 2013.12.31	2014.12.31
the Company	Wistron GreenTech (Texas) Corporation ("WGTX", U.S.A.)	100.00	100.00
WGHK	Wistron Advanced Materials (Kunshan) Co., Ltd. ("WGKS", China)	100.00	100.00

v Subsidiaries which engaged in internet platform development, providing and selling application services and consultation.

Investor	Name of subsidiary	Percentage ownership 2013.12.31	2014.12.31
the Company	WiEdu Hong Kong Limited ("WEHK", Hong Kong)	-	70.03
WEHK	WIEDU CORPORATION ("WETW", Taiwan)	-	70.03

vi Investment and holding companies:

Investor	Name of subsidiary	Percentage ownership 2013.12.31	2014.12.31
the Company	WiseCap Ltd. ("WCL", Taiwan)	100.00	100.00
the Company	Win Smart Co., Ltd. ("Win Smart", British Virgin Islands)	100.00	100.00
the Company	Wistron LLC ("WLLC", U.S.A.)	100.00	100.00
the Company	Wistron Advanced Materials (Hong Kong) Limited ("WGHK", Hong Kong)	100.00	100.00
the Company	WiEDU Holding Co., Ltd ("WEDH", Seychelles)	100.00	100.00
the Company	WiseCap (Hong Kong) Limited ("WCHK", Hong Kong)	100.00	100.00
the Company/AIIH	Wistron Europe Holding Cooperatie U.A. ("WEH", Holland)	100.00	100.00
WCL	LE BEN Investment Ltd ("WLB", Taiwan)	100.00	100.00
Cowin	BriVision Optronics (L) Corp. ("WBV", Malaysia)	100.00	(note 3)
AGI	Xserve Technology Incorporated ("XTI", British Virgin Islands)	99.95	99.95
AIIH	WinDisplay Corporation ("WDC", British Virgin Islands)	100.00	100.00
Win Smart	Wistron Hong Kong Holding Limited ("WHHK", Hong Kong)	100.00	100.00
WHHK	Wistron Investment (Sichuan) Co., Ltd. ("WSC", China)	100.00	100.00
WYHQ	Wiwynn Technology Service Hong Kong Limited ("WYHK", Hong Kong)	-	77.50

(note 1) WOC applied for cancellation of business registration, and the liquidation procedure was still in progress.

(note 2) WCZ was owned by WSE, and transferred 100% of its shares to the Company. The board of directors voted to liquidate WSE. The liquidation procedure of WSE was still in progress as of December 31, 2014.

(note 3) Cowin merged with WBV through stock exchange and the liquidation process of WBV began in the third quarter of 2014.

(note 4) WBV transferred 100% shares of WBVZ to Cowin for the restructure of the Group and for the liquidation of WBV.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Subsidiaries excluded from consolidated: None.

(d) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items are the differences between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- available-for-sale equity investment;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group’s functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group’s functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

1. It is expected to be realized the asset, or intends to be sold or consumed it during normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

1. It is expected to be settled during its normal operating cycle;
2. It is held primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, and call deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Time deposits meet aforementioned definitions that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash and cash equivalents.

(g) Financial Instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

1. Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables. Apply to trade date accounting when purchasing or selling financial assets by trade practices.

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

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value subsequently and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss, and are accounted for under other income.

(2) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the cumulative gain or loss in equity is reclassified to profit or loss, and it is included in other gains and losses.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income.

(3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables.

Interest income is recognized into profit or loss, and it is included in other income.

(4) Impairment of financial assets

A financial asset is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that a loss event (or events) has an impact on the future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

It is used to assess if any objective evidence indicates any significant individual financial asset is impaired and other financial assets are impaired individually or collectively by financial assets carried at cost. It is no need to assess impairment collectively if these financial assets are assessed individually and recognized or recognizing impairment losses continuously. If, in a subsequent period, the amount of impairment loss on a financial asst measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment loss was recognized at the reversal date.

For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment. Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

The carrying amount of a financial asset is reduced for an impairment loss, except for trade receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off against the allowance account. Any subsequent recovery from written off receivable is charged to the allowance account. Changes in the allowance accounts are recognized.

The impairment losses and recoveries are recognized in profit or loss, under “Administrative expenses” for accounts receivable, and under “Other gains and losses” for other financial assets.

(5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when all the risks and rewards of ownership of the financial assets are substantially transferred.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity－unrealized gains or losses from available for sale financial assets is recognized in profit or loss, under other gains and losses.

On partial derecognition of a financial assets, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for the sale financial assets is reclassified profit or loss, under “Other gains and losses”.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Financial liabilities

(1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance to the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued is recognized as the amount of consideration received less the direct cost of issuing.

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, under finance costs. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

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

A financial liability is classified in this category if it is classified as held-for-trading or if it is designated as such on initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value subsequently and changes therein, which takes into account any interest expense, are recognized in profit or loss, and are included in “Finance costs”.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, accounts payable and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in “Finance costs”.

(4) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid including any non-cash assets transferred or liabilities assumed is recognized in profit or loss, under gains and losses.

(5) Offsetting of financial assets and liabilities

Financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

Derivative financial instruments are held to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, under other gains and losses. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(h) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The standard cost method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to inventory except for an unfavorable variance from normal capacity. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(j) Interests in Joint Ventures

Jointly controlled entity is an entity which is established as results of a contractual arrangement between the Group and other venturers to jointly control over its financial policy and operating policy. Consensus for all decisions must be obtained from the venturers. The Group uses equity method to account for the jointly controlled entity.

(k) Property, plant and equipment

(1) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

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Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(2) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(3) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

i	Buildings and improvements:	20 to 50 years
ii	Machinery and equipment:	3 to 10 years
iii	Molding equipment:	1 year
iv	Research and development equipment:	3 to 5 years
v	Furniture, fixtures and other equipment:	3 to10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(l) Lease

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the periods in which they are incurred.

(m) Intangible assets

1. Goodwill

A. Initial Recognition

Goodwill which results from purchasing is including in intangible asset.

B. Subsequent Expenditure

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

2. Other Intangible Assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

3. Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

4. Amortization

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual values.

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WISTRON CORPORATION AND SUBSIDARIES

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Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

i	Patents:	3 to 10 years
ii	Software:	3 to 10 years
iii	Customer relationships:	5 years

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each financial year-end. Such change shall be accounted for as changes in accounting estimates.

(n) Impairment–Non-derivative financial assets

To ensure the following assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. It applies to the following assets:

i) Inventories
ii) Deferred tax assets
iii) Assets arising from employee benefits

If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

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WISTRON CORPORATION AND SUBSIDARIES

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An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weightage of different types of repurchase.

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WISTRON CORPORATION AND SUBSIDARIES

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During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(q) Revenue

1. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

2. Services

The Group is involved in repair services. Repair income is recognized when the services are rendered.

(r) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

WISTRON CORPORATION AND SUBSIDARIES

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2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. The expense is recognized immediately in profit or loss to the extent that the benefits vest immediately.

All actuarial gains and losses at 1 January, 2012, the date of transition to FSC accredited IFRS, were recognized in retained earnings. The Group recognizes a portion of its actuarial gains and losses arising subsequently from defined benefit plans as income or expense if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of

(i) 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and

(ii) 10% of the fair value of any plan assets at that date.

The portion of actuarial gains and losses to be recognized for defined benefit plan is the excess determined in accordance with the aforementioned paragraph, divided by the expected average remaining working lives of the employees participating in that plan.

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The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost that had not previously been recognized.

3. Short term employee benefits

Short-term employee benefit obligation is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(t) Income Taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and

2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

   (1) levied by the same taxing authority; or

   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(u) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible notes, employee stock options, unvested restriction stock option, and accrued employee bonus.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses including revenues and expenses relating to transactions with other components of the Group. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

5. Major sources of accounting assumptions, judgments and estimation uncertainty

The preparation of the consolidated financial statements based on the IFRSs approved by the FSC requires management to make judgments estimates and assumptions that affect the application of the accounting policies and reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognizes the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

Information about critical judgments in applying the accounting policies that do not have the most significant effect on the amounts is recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in note 6(d), valuation of inventories.

6. Significant Account Disclosures

(a) Cash and cash equivalents

	2013.12.31	2014.12.31
Cash on hand	$ 26,408	21,627
Demand and checking deposits	20,592,688	32,176,445
Time deposits	49,467,352	23,379,255
Short-term notes	427	115,002
	$ 70,086,875	55,692,329

Please refer to note 6(u) for the fair value sensitivity analysis ad interest rate risk of the financial assets and liabilities of the Group.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Financial assets

1. Financial assets and liabilities at fair value through profit or loss

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

	2013.12.31	2014.12.31
Foreign currency swap contracts	$ 478,780	556,773
Foreign currency forward contracts	345,250	571
	$ 824,030	557,344

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

	2013.12.31	2014.12.31
Foreign currency swap contracts	$ 412,694	204,118
Foreign currency forward contracts	3,004	15,679
Cross currency swap contracts	-	1,711
Redemption option of convertible bonds	-	58
	$ 415,698	221,566

(3) Financial liabilities at fair value through profit or loss－noncurrent:

	2013.12.31	2014.12.31
Redemption option of convertible bonds	$ 22,205	-

The Group uses derivative financial instruments to hedge the certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. As of December 31, 2013 and 2014, derivative financial instruments not qualified for hedge accounting were as follows:

(i) Foreign currency swap contracts:

December 31, 2013		December 31, 2014	
Amount (in thousands)	Currency	Amount (in thousands)	Currency
USD 580,000	USD Put / CNY Call	USD 1,373,400	USD Put / CNY Call
USD 65,000	TWD Put / USD Call	USD 374,000	TWD Put / USD Call
USD 580,000	CNY Put / USD Call	USD 1,200,000	CNY Put / USD Call

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ii) Foreign currency forward contracts:

December 31, 2013 Amount (in thousands)	December 31, 2013 Currency	December 31, 2014 Amount (in thousands)	December 31, 2014 Currency
USD 343,000	TWD Put / USD Call	USD 74,000	TWD Put / USD Call
USD 4,000	BRL Put / USD Call	USD 244	XAU Put / USD Call
USD 2,688	XAU Put / USD Call		
USD 300	JPY Put / USD Call		
USD 976,500	USD Put / CNY Call	USD 13,000	USD Put / CNY Call

(iii)Cross currency swap contracts:

December 31, 2014				
Amount (in thousands)	**Contracts period**	**Interest payable rate**	**Interest receivable rate**	**Swap period**
USD 8,000	2014.12.4~2015.1.5	0%	3.25%	2014.12.4~2015.1.5

2. Available-for-sale financial assets

(1) Available-for-sale financial assets－current:

	2013.12.31	2014.12.31
Funds	$ 26,513	198,797

(2) Available-for-sale financial assets－noncurrent:

	2013.12.31	2014.12.31
Financial assets measured at fair value:		
Publicly traded stocks	$ 1,504,553	1,617,252
Nonpublic stock	365,884	597,951
	$ 1,870,437	2,215,203

3. Financial assets measured at cost－noncurrent:

	2013.12.31	2014.12.31
Nonpublic stock	$ 700,525	841,925
Convertible Bond	-	127,218
	$ 700,525	969,143

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

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4. Sensitivity analysis-equity price risk

Price of securities at reporting date		2013 Other comprehensive income for the year, net of tax	2014 Other comprehensive income for the year, net of tax
Increasing 3%	$	72,937	88,684
Decreasing 3%	$	(72,937)	(88,684)

5. Foreign equity investments:

Significant foreign equity investments at the end of each year were as follows:

	December 31, 2013			December 31, 2014		
	Foreign currency	Rate	TWD	Foreign currency	Rate	TWD
USD	$ 26,327	29.950	788,487	35,269	31.718	1,118,647

6. As of December 31, 2013 and 2014, the financial assets were not pledged.

(c) Notes and accounts receivable and other assets－current－other receivables

		2013.12.31	2014.12.31
Notes receivable			
Accounts receivable	$	477	252
Other assets－current－other receivables		85,483,353	100,432,069
Less: allowance for doubtful accounts		3,190,007	3,461,886
		(130,838)	(364,097)
	$	88,542,999	103,530,110

The detail of notes and accounts receivable and other assets－current－other receivables that were past due but not impaired were as follows:

		2013.12.31	2014.12.31
Past due 0~30 days	$	1,497,012	718,630
Past due 31~60 days		292,826	198,292
Past due 61~90 days		865,432	22,730
Past due 91~120 days		30,106	7,118
Past due over 120 days		242,799	146,304
	$	2,928,175	1,093,074

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2013 and 2014, the movements of allowance for doubtful accounts with respect to notes and accounts receivable and other assets－current－other receivable were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2013	$ 73,833	47,876	121,709
Impairment loss recognized	9,862	97	9,959
Write off due to unrecovery	(731)	-	(731)
Reversal of impairment loss	-	(99)	(99)
Balance at December 31, 2013	**$ 82,964**	**47,874**	**130,838**

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2014	$ 82,964	47,874	130,838
Impairment loss recognized	226,437	6,822	233,259
Balance at December 31, 2014	**$ 309,401**	**54,696**	**364,097**

The Group assesses the impairment losses of the notes receivable, accounts receivable and other assets－current－other receivables both individually and collectively.

The Group evaluated the historical trends, recovery terms and the losses of the default possibility of the receivables; and the management of the Group accrued the allowance for doubtful accounts according to current economic condition and credit. Impairment loss recognized for individually assessed is the difference between the carrying amount and the present value of estimated future cash flows. The Group does not hold any collateral for the collectible amounts. The Group believed that the receivables were collectable basing on historical default rates and analysis of clients' credit rating.

As of December 31, 2013 and 2014, the factored accounts receivable that conformed to the derecognition criteria were as follows:

December 31, 2013					
Factored amount	**Factoring credit limit**	**Advance amount**	**Collateral**	**Important derecognition clause**	**Derecognized amount**
$ 1,716,942	1,404,000	1,227,848	1,404,000	Without recourse	1,316,414

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
$ 1,994,644	1,679,373	1,534,015	1,591,000	Without recourse	1,595,643

The abovementioned factorings of accounts receivable to banks are recognized when the ownership and the significant risks of the factored accounts receivable are transferred. As of December 31, 2013 and 2014, included among the factored accounts receivable were accounts receivable of $2,652,548 and $1,954,728, respectively, which were yet to be factored by banks since the ownership and the significant risks were not transferred, therefore, they were included in “Other assets－current” in the accompanying balance sheets.

For the years ended December 31, 2013 and 2014, the average annual interest rates on factored accounts receivable were 1.176% to 1.640% and 1.100% to 1.700%, respectively.

As of December 31, 2013 and 2014, the notes and accounts receivable were not pledged.

(d) Inventories

	2013.12.31	2014.12.31
Raw materials	$ 24,443,792	30,724,319
Work in progress	4,604,123	4,300,065
Finished goods	11,554,983	23,484,046
Inventory in transit	9,382,543	15,255,553
	$ 49,985,441	73,763,983

For the years ended December 31, 2013 and 2014, the write-downs of inventories to the net realized value were as follows:

	2013	2014
Loss on valuation of inventories and obsolescence and scrap loss	$ 101,440	722,327

As of December 31, 2013 and 2014, the inventories were not pledged.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(e) Equity-accounted investees

As of December 31, 2013 and 2014, the Components of investments accounted for using the equity method were as follows:

	2013.12.31	2014.12.31
Associates	$ 5,476,999	5,861,333

1. Associates

As of December 31, 2013 and 2014, the fair value of investments in associates of the Group for which there are public price quotations were as follows:

	2013.12.31		2014.12.31	
	Book value	Fair value	Book value	Fair value
WNC	$ 2,716,406	6,352,123	2,892,334	5,608,586
AOI	323,161	301,072	278,587	288,264
WITS	-	-	332,465	508,217
Formosa Prosonic Industries Berhad	-	-	486,135	476,744
	$ 3,039,567	6,653,195	3,989,521	6,881,811

For the years ended December 31, 2013 and 2014, the recognized share of profit of associates was as follows:

	2013	2014
The Group's share of profit of associates	$ 412,600	(16,813)

Summarized financial information for investments in associates was as follows (before being adjusted to the Group's proportionate share):

	2013.12.31	2014.12.31
Total assets	$ 41,328,104	45,168,644
Total liabilities	$ 21,424,242	22,572,533

	2013	2014
Revenue	$ 64,060,736	65,587,579
Profit	$ 1,555,030	902,966

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Collateral

As of December 31, 2013 and 2014 the investments in aforementioned equity-accounted investees were not pledged as collateral.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2013 and 2014, were as follows:

	Land	Building and improvements	Machinery and equipment	Molding equipment	Research and development equipment	Office equipment	Other equipment	Total
Cost or deemed cost:								
Balance at January 1, 2013	$ 3,442,409	17,446,096	14,308,994	11,146,602	1,474,671	1,890,470	8,880,045	58,589,287
Effect of changes in consolidated entity	-	-	48,594	192	(4,713)	-	21,715	65,788
Additions	-	156,300	1,619,385	523,162	646,698	215,669	1,650,568	4,811,782
Reclassification (Note)	-	2,724,395	2,467,746	1,497,240	71,818	47,041	(2,391,456)	4,416,784
Transfer to expense	-	(14,695)	(6,778)	-	(76)	(102)	(216,168)	(237,819)
Disposals	-	(79,362)	(2,878,161)	(338,421)	(23,518)	(80,721)	418,423	(2,981,760)
Effect of changes in foreign exchange rates	(55,269)	304,629	376,123	1,308	4,432	7,710	203,869	842,802
Balance at December 31, 2013	$ 3,387,140	20,537,363	15,935,903	12,830,083	2,169,312	2,080,067	8,566,996	65,506,864
Balance at January 1, 2014	$ 3,387,140	20,537,363	15,935,903	12,830,083	2,169,312	2,080,067	8,566,996	65,506,864
Additions	-	449,817	1,438,760	252,749	374,172	323,983	2,868,960	5,708,441
Reclassification (Note)	-	3,939,079	2,440,174	1,366,583	318,740	39,059	(4,055,214)	4,048,421
Transfer to expense	-	(892)	(5,867)	-	(223)	-	(4,005)	(10,987)
Disposals	-	(148,233)	(1,909,335)	(507,283)	(293,969)	(212,941)	(409,069)	(3,480,830)
Effect of changes in foreign exchange rates	(11,334)	1,112,830	919,686	2,327	42,502	52,491	341,009	2,459,511
Balance at December 31, 2014	$ 3,375,806	25,889,964	18,819,321	13,944,459	2,610,534	2,282,659	7,308,677	74,231,420
Accumulated depreciation								
Balance at January 1, 2013	$ -	3,493,304	7,153,270	9,834,997	1,075,040	1,070,374	1,797,878	24,424,863
Effect of changes in consolidated entity	-	-	11,947	200	(4,713)	-	5,979	13,413
Depreciation	-	1,146,811	2,387,118	2,175,050	245,453	298,162	1,261,749	7,514,343
Reclassification (Note)	-	(21,918)	8,277	-	(400)	-	24,432	10,391
Transfer to expense	-	(4,983)	(2,623)	-	-	(89)	-	(7,695)
Disposals	-	(62,324)	(2,061,144)	(338,217)	(12,857)	(59,931)	(169,321)	(2,703,794)
Effect of changes in foreign exchange rates	-	79,325	184,436	643	920	10,007	51,985	327,316
Balance at December 31, 2013	$ -	4,630,215	7,681,281	11,672,673	1,303,443	1,318,523	2,972,702	29,578,837
Balance at January 1, 2014	$ -	4,630,215	7,681,281	11,672,673	1,303,443	1,318,523	2,972,702	29,578,837
Depreciation	-	1,399,627	2,605,487	1,922,728	354,094	320,767	1,163,086	7,765,789
Reclassification (Note)	-	25,514	(19)	-	-	268	(25,718)	45
Disposals	-	(103,509)	(2,065,420)	(483,509)	(17,680)	(191,732)	(367,635)	(3,229,485)
Effect of changes in foreign exchange rates	-	265,711	405,227	1,080	11,416	30,106	146,989	860,529
Balance at December 31, 2014	$ -	6,217,558	8,626,556	13,112,972	1,651,273	1,477,932	3,889,424	34,975,715
Carrying value								
Balance at January 1, 2013	$ 3,442,409	13,952,792	7,155,724	1,311,605	399,631	820,096	7,082,167	34,164,424
Balance at December 31, 2013	$ 3,387,140	15,907,148	8,254,622	1,157,410	865,869	761,544	5,594,294	35,928,027
Balance at December 31, 2014	$ 3,375,806	19,672,406	10,192,765	831,487	959,261	804,727	3,419,253	39,255,705

(Note): Reclassifications are mainly transferring from the advance payment for equipment and other assets.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Please refer to note 8 for detail of the property, plant and equipment pledged as collateral as of December 31, 2013 and 2014.

(g) Intangible assets

The cost and accumulated amortization of the intangible assets for the years ended December 31, 2013 and 2014, were as follows:

	Patent	Goodwill	Software	Customer relationships	Expertise	Other	Total
Costs:							
Balance at January 1, 2013	$ 1,067,367	572,947	1,088,050	264,800	190	248	2,993,602
Additions	80,221	32,803	360,249	-	2,228	16	475,517
Disposals	-	-	(54)	-	-	(49)	(103)
Reclassification	-	-	9,187	-	-	-	9,187
Effect of changes in foreign exchange rates	814	-	(857)	-	17	(28)	(54)
Balance at December 31, 2013	$ 1,148,402	605,750	1,456,575	264,800	2,435	187	3,478,149
Balance at January 1, 2014	$ 1,148,402	605,750	1,456,575	264,800	2,435	187	3,478,149
Additions	186	-	204,557	-	64,990	28	269,761
Disposals	-	-	(1,949)	-	(2,245)	-	(4,194)
Reclassification	-	(33,277)	(7,684)	-	-	-	(40,961)
Effect of changes in foreign exchange rates	1,769	-	6,248	-	2,924	(10)	10,931
Balance at December 31, 2014	$ 1,150,357	572,473	1,657,747	264,800	68,104	205	3,713,686
Accumulated amortization:							
Balance at January 1, 2013	$ 457,463	-	725,577	225,080	55	76	1,408,251
Amortization	105,400	-	243,896	39,720	799	(130)	389,685
Disposals	-	-	(54)	-	-	(49)	(103)
Reclassification	-	-	3,370	-	-	154	3,524
Effect of changes in foreign exchange rates	193	-	(1,376)	-	5	(5)	(1,183)
Balance at December 31, 2013	$ 563,056	-	971,413	264,800	859	46	1,800,174
Balance at January 1, 2014	$ 563,056	-	971,413	264,800	859	46	1,800,174
Amortization	107,564	-	261,792	-	3,733	97	373,186
Disposals	-	-	(1,949)	-	(2,245)	-	(4,194)
Reclassification	-	-	(7,189)	-	-	-	(7,189)
Effect of changes in foreign exchange rates	694	-	4,070	-	109	(3)	4,870
Balance at December 31, 2014	$ 671,314	-	1,228,137	264,800	2,456	140	2,166,847
Carrying value							
Balance at January 1, 2013	$ 609,904	572,947	362,473	39,720	135	172	1,585,351
Balance at December 31, 2013	$ 585,346	605,750	485,162	-	1,576	141	1,677,975
Balance at December 31, 2014	$ 479,043	572,473	429,610	-	65,648	65	1,546,839

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Amortization

   For the years ended December 31, 2013 and 2014, the amortizations of intangible assets were $389,685 and $373,186, respectively.

2. Impairment testing for cash-generating units containing goodwill

   (1) Goodwill has been allocated for the Group's impairment testing purpose to the operating units. The units are the minimum level for the Group to supervise goodwill, and its level is not higher then Group's operating divisions.

   The carrying amounts of goodwill were as follows:

	2013.12.31	2014.12.31
Developing and manufacturing services cash-generating units	$ 605,750	572,473

   (2) The recoverable amount of developing and manufacturing services cash generating units is in the basis of the value-in-use. The value-in-use is determined by the discounted future cash flow generated in assumption of using the units continuously. The key assumption used in the calculation of the value-in-use containing goodwill were as follows:

	2013.12.31	2014.12.31
Income growth rate	8%	8%
After-tax discount rate	5.52%	5.13%

   The value of key assumptions represents the future trending assessment which the management concerns for its industrial. Both external and internal history information is its concern. There was no impairment as of December 31, 2013 and 2014.

3. As of December 31, 2013 and 2014, the intangible assets were not pledged as collateral.

(h) Other assets－current and noncurrent

	2013.12.31	2014.12.31
Other assets－current:		
Other receivables	$ 3,190,007	3,461,886
Prepaid royalties	914,123	805,288
Other prepayments	1,479,941	1,158,906
Tax refundables	1,947,059	2,723,256
Others	1,408,123	1,656,087
	$ 8,939,253	9,805,423

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2013.12.31	2014.12.31
Other assets－noncurrent:		
Advance payment for equipments	$ 3,006,809	1,431,272
Prepaid rent	1,658,127	1,834,452
Others	754,623	575,266
	$ 5,419,559	3,840,990

(i) Short-term loans

The details of the Group for short-term loans were as follows:

	2013.12.31	2014.12.31
Unsecured bank loans	$ 54,552,893	70,423,254
Unused credit line	136,899,706	119,692,054
Interest rates	0.150%~15.500%	0.430%~11.250%

(j) Long-term loans

The details, conditions and clauses of the Group's long-term loans were as follows:

	December 31, 2013			
	Currency	Interest rate collars	Expiration	Amount
Unsecured long-term bank loans	USD	1.100%~2.100%	2014~2018	$ 20,766,037
Unsecured long-term bank loans	TWD	1.320%~1.795%	2015~2018	1,160,000
Unsecured long-term bank loans	EUR	1.020%~1.200%	2014~2015	437,982
Unsecured long-term bank loans	JPY	0.230%~0.890%	2014	499,625
Secured long-term bank loans	JPY	0.720%~0.790%	2014~2016	24,267
				22,887,911
Less: current portion				(2,519,619)
Total				$ 20,368,292
Unused credit line				$ 1,119,494

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2014			
	Currency	Interest rate collars	Expiration	Amount
Unsecured long-term bank loans	USD	1.406%~2.030%	2016~2018	$ 19,214,805
Unsecured long-term bank loans	TWD	1.390%~1.795%	2015~2018	945,000
Unsecured long-term bank loans	EUR	1.040%	2016	179,288
Unsecured long-term bank loans	JPY	0.820%	2014~2015	384,685
Unsecured long-term bank loans	CNY	5.230%	2016	295,800
Secured long-term bank loans	JPY	0.940%	2014~2016	15,122
				21,034,700
Less: current portion				(1,183,707)
Total				$ 19,850,993
Unused credit line				$ 2,650,047

Breach of covenant

According to the Group's credit loan facility agreement with the Bank, during the credit term, the Group is committed to maintain the financial ratios. If a breach of covenant occurs, the Group's credit facility is immediately restricted. And without the consent of authorized bank, the credit facility is no longer available for the Group. The Group was in compliance with the above financial covenants as of December 31, 2013 and 2014.

(k) Unsecured convertible bonds

	2013.12.31	2014.12.31
Balance at the issuance date	$ 8,387,960	8,387,960
Unamortized bonds payable discount	(252,160)	(2,690)
Repurchase of bond	(149,500)	(8,275,652)
Exercise of conversion options	(11,812)	(11,812)
Foreign currency valuation	(2,379)	510,158
Bonds payable, net balance at year end	$ 7,972,109	607,964
Embedded derivative instrument exercise of conversion options		
-Accounted for under "Financial liabilities at fair value through profit or loss－current"	$ -	58
-Accounted for under "Financial liabilities at fair value through profit or loss－noncurrent"	$ 22,205	-

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2013	2014
Embedded derivative instrument－evaluation gain on conversion options		
-Accounted for under “Financial liabilities at fair value through profit or loss, net”	$ 227,418	22,147
Interest expense (effective rate 7.007%)	$ 565,850	615,601

1. The 2nd overseas convertible bonds

(i) Par value: US$280,000

(ii) Issue date: January 19, 2012

(iii) Maturity date: January 19, 2015

(iv) Coupon rate: 0%

(v) Conversion option:

Bondholders may convert bonds into the Company’s common shares at any time starting the 31st day from the issuance date until 10 days prior to the maturity date. As of December 31, 2014, the conversion price was NT$36.55 per common share, with a fixed exchange rate of NT$29.957 to US$ 1, subject to adjustment by the formula provided under the issue terms if the Company’s outstanding common shares are increased.

(vi) Redemption at the option of the Company

A. At any time on or after July 19, 2013 and prior to the maturity date, the closing price (translated into U.S. dollars at the prevailing rate) of its common shares on the Taiwan Stock Exchange is at least 120% of the early redemption amount for 20 consecutive trading days.

B. If more than 90% of the bonds has been redeemed, repurchased or converted;

C. If the change in the tax regulations of ROC causes the Company to become obliged to pay additional amounts in respect of taxes or expenses.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(vii) Redemption at Maturity

Unless previously redeemed, converted or repurchased and cancelled, the Company shall redeem the bonds at a redemption price of their principal amount plus a gross yield of 1.5% per annum (calculated on a semi-annual basis) on January 19, 2015.

(l) Provisions

	2013	2014
Balance at January 1	$ 1,490,545	1,859,245
Provision made	2,439,753	2,316,959
Provision used	(2,115,400)	(1,984,731)
Provision reversed	-	(571,746)
Effect of changes in foreign exchange rates	44,347	126,266
Balance at December 31	$ 1,859,245	1,745,993

The provision of warranty mainly relates to the selling of electronic products. The provision for warranties represents the estimate basing on historical warranty trends of business, the return of damage products and the warranty term. And the warranty costs are accounted for under “Cost of sales”. The Group estimates that the warranty usually occurs in three to six months after sales.

(m) Operating leases

The Group leases the land, offices, warehouses and facilities under operating leases. The future rental commitments are as follows:

	2013.12.31	2014.12.31
Less than one year	$ 519,104	517,521
Between one and five years	1,452,459	1,170,972
More than five years	741,481	431,378
	$ 2,713,044	2,119,871

The operating lease expenses for the years ended December 31, 2013 and 2014 are $948,402 and $1,109,316, respectively.

Based on the residual value of leased assets not assured by the Group and the risks and rewards of leased asset not transferred to the Group, the lease are considered as operating lease.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(n) Employee benefits

1. Defined benefit plans

The movements in the present value of the defined benefit obligations and fair value of plan assets were as follows:

	2013.12.31	2014.12.31
Total present value of obligations	$ 7,273	7,846
Fair value of plan assets	(23,939)	(9,909)
Deficit in the plan	(16,666)	(2,063)
Unamortized actuarial gains and losses	(1,090)	(1,476)
Recognized assets for defined benefit obligations (accounted for under “Other assets－noncurrent”)	$ (17,756)	(3,539)

	2013.12.31	2014.12.31
Total present value of obligations	$ 1,744,852	1,752,849
Fair value of plan assets	(843,185)	(802,810)
Surplus in the plan	901,667	950,039
Unamortized actuarial gains and losses	(206,352)	(239,628)
Recognized liabilities for defined benefit obligations (accounted for under “other liabilities－noncurrent”)	$ 695,315	710,411

The domestic Group entities make defined benefit plans contributions to the pension fund account to Bank of Taiwan and Taipei Fubon commercial bank that provide pension for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment equal to the average salary based on years or service and six months prior to retirement.

The foreign Group entities, WPH and WJP, adopted defined benefit plans.

(1) Composition of plan assets

The domestic Group entities set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks’ two-year time deposit in accordance with the legislation “Management and Utilization of the Labor Pension Funds”.

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The foreign Group entities make defined benefit plans contributions to the pension fund in accordance with the local regulations.

The Group's labor pension reserve account balance amounted to $812,490 as of December 31, 2014. The utilization of the labor pension fund assets includes the asset the domestic Group entities allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) The movements in the present value of the defined benefit obligations

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

	2013	2014
Balance at January 1	$ 1,819,339	1,752,125
Benefit paid by the plan	(115,277)	(96,821)
Current service cost and interests	63,817	63,239
Actuarial losses (gains)	(11,360)	45,267
Effect of change in foreign exchange rates	(4,394)	(3,115)
Balance at December 31	**$ 1,752,125**	**1,760,695**

(3) The movements in the fair value of the plan assets

The movements in the fair value of an employee benefit plan were as follows:

	2013	2014
Fair value of plan assets at January 1	$ 932,919	852,865
Benefit paid by the plan	(115,277)	(96,675)
Expected return on plan assets	16,302	17,269
Contribution from plan participants	38,747	37,417
Actuarial losses (gains)	(5,567)	1,843
Balance at December 31	**$ 867,124**	**812,719**

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2013 and 2014, were as follow:

	2013	2014
Current service cost	$ 31,850	28,050
Interest on obligations	31,967	35,189
Actuarial gains (losses)	971	1,273
Expected return on plan assets	(16,302)	(17,269)
	$ 48,486	47,243
Cost of sales	$ 10,181	9,911
Selling expenses	7,445	7,078
Administrative expenses	6,890	6,850
Research and development expenses	23,970	23,404
	48,486	47,243
Actual return on plan assets	$ 10,735	19,112

(5) Actuarial assumptions

The following were the Group's principal actuarial assumptions at the reporting date:

	2013.12.31	2014.12.31
Discount rate	2.00%~6.10%	2%~4.9%
Expected return on plan assets	2.00%	2.00%
Future salary increases	1.90%~3.00%	1.55%~5.00%

(6) Experience adjustments based on historical information

	2012.1.1	2012.12.31	2013.12.31	2014.12.31
Present value of the defined benefit obligation	$ 1,595,506	1,819,339	1,752,125	1,760,695
Fair value of plan assets	(902,890)	(932,919)	(867,124)	(812,719)
Unrecognized actuarial losses	-	(214,559)	(207,442)	(241,104)
Recognized liabilities for defined benefit obligations, net	$ 692,616	671,861	677,559	706,872
Recognized liabilities for defined benefit obligations	$ 710,271	689,584	695,315	710,411
Recognized assets for defined benefit obligations	(17,655)	(17,723)	(17,756)	(3,539)
Total	$ 692,616	671,861	677,559	706,872
Experience adjustments arising on the present value of defined benefit plans	$ -	188,201	(11,360)	45,267
Experience adjustments arising on the fair value of plan assets	$ -	(10,106)	(5,567)	1,843

The expected allocation payment made by the Group to the defined benefit plans during the annual period after December 31, 2014 was $37,017.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(7) When calculating the present value of defined benefit obligation, the Group used judgments and estimations to determine the actuarial assumptions, including the employee turnover rates and future salary changes as of the end of the reporting period. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2014, the Group's book value of accrued pension liabilities was $706,872. When there is an increase (decrease) of 0.25% of the discount rate at the reporting date, it would decrease the accrued pension liabilities by $58,665 or increase the accrued pension liabilities by $61,346, respectively. When there is an increase (decrease) of 0.25% in the future salary rate, it would increase the accrued pension liabilities by $59,647 or decrease the accrued pension liabilities by $60,040, respectively.

2. Defined contribution plans

The domestic Group entities set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The domestic Group entities set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The foreign Group entities are in accordance with local regulations.

The Group set aside $404,894 and $404,687 of the pension under the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2013 and 2014.

(o) Income Taxes

1. Income tax expense

The details of income tax expense for the years ended December 31, 2013 and 2014, were as follows:

	2013	2014
Current tax expense		
Current period	$ 2,063,587	2,542,926
Adjustments for prior periods	143,201	405,814
	2,206,788	2,948,740
Deferred tax expense (benefit)		
Origination and reversal of temporary difference	(46,329)	(1,695,331)
Income tax expense	$ 2,160,459	1,253,409

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The amounts of income tax benefit (expense) recognized in other comprehensive income for the years ended December 31, 2013 and 2014, were as follows:

	2013	2014
Exchange differences on translation of foreign financial statements	$ (879)	418
Unrealized losses on available-for-sale financial assets	(13,468)	(16,312)
	$ (14,347)	**(15,894)**

2. The reconciliation of income tax expense and profit before tax for the years ended December 31, 2013 and 2014 were as follows:

	2013	2014
Profit before tax	$ 7,915,187	4,842,400
Estimated income tax calculated based on financial income before tax at statutory tax rate	1,345,582	823,208
10% surtax on undistributed earnings	-	149,635
Tax effects of different tax rates applicable in foreign jurisdiction	737,900	422,669
Non-deductible expense and unrealized loss	144,265	161,279
Tax-exempt income and unrealized gain	(289,928)	(210,821)
Investment tax credits	(259,118)	(185,000)
Current-year losses for which no deferred tax asset was recognized	6,473	305,315
Change in unrecognized deductible temporary difference	(8,745)	(22,322)
Prior-period tax adjustments	561,692	405,814
Others	(77,662)	(596,368)
	$ 2,160,459	**1,253,409**

3. Deferred tax assets and liabilities

(1) Unrecognized deferred income tax liability

There was no significant unrecognized deferred tax liability as of December 31, 2013 and 2014.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Unrecognized deferred tax assets

As of December 31, 2013 and 2014, the details of unrecognized deferred tax assets were as follows:

	2013.12.31	2014.12.31
Tax losses	$ 232,700	538,015
Deductable temporary differences	85,548	63,226
	$ 318,248	601,241

(3) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2013 and 2014 were as follows:

	Recognized share of loss of subsidiaries and associates accounted for equity method	Unrealized exchange loss	Provision	Unrealized sales discount	Loss carryforwards	Tax difference arising from depreciation of property, plant and equipment	Others	Total
Deferred tax assets:								
Balance at January 1, 2013	$ 296,008	399,439	253,049	166,211	193,937	536,484	721,954	2,567,082
Recognized in profit or loss	38,281	(39,120)	56,165	64,151	325,710	252,976	(115,357)	582,806
Recognized in other comprehensive income	-	-	-	-	-	-	(1,661)	(1,661)
Effect of changes in foreign exchange rates	-	-	-	-	9	14,988	(1,394)	13,603
Balance at December 31, 2013	$ 334,289	360,319	309,214	230,362	519,656	804,448	603,542	3,161,830
Balance at January 1, 2014	$ 334,289	360,319	309,214	230,362	519,656	804,448	603,542	3,161,830
Recognized in profit or loss	52,490	306,948	(19,186)	48,335	1,015,093	82,179	(188,894)	1,296,965
Recognized in other comprehensive income	-	-	-	-	-	-	16,312	16,312
Balance at December 31, 2014	$ 386,779	667,267	290,028	278,697	1,523,749	886,627	430,960	4,475,107

	Recognized share of gain of subsidiaries and associates accounted for equity method	Unrealized exchange gain	Others	Total
Deferred income tax liabilities:				
Balance at January 1, 2013	$ 3,371,270	806,416	85,821	4,263,507
Recognized in profit or loss	753,858	(236,814)	19,433	536,477
Recognized in other comprehensive income	-	-	(16,008)	(16,008)
Effect of changes in foreign exchange rates	-	-	1,188	1,188
Balance at December 31, 2013	$ 4,125,128	569,602	90,434	4,785,164
Balance at January 1, 2014	$ 4,125,128	569,602	90,434	4,785,164
Recognized in profit or loss	132,736	(567,066)	35,964	(398,366)
Recognized in other comprehensive income	-	-	418	418
Balance at December 31, 2014	$ 4,257,864	2,536	126,816	4,387,216

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. The ROC income tax authorities have examined the Company's income tax returns for all years through 2012.

5. Integrated income tax information

   As of December 31, 2013 and 2014, the Company's integrated income tax information was as follows:

	2013.12.31	2014.12.31
Unappropriated earnings, before January 1, 1998	$ -	-
Unappropriated earnings, from January 1, 1998	16,000,959	15,300,133
	$ 16,000,959	15,300,133
Balance of deductible tax account	$ 1,544,634	1,756,798

	2013(actual)	2014(estimated)
Creditable ratio for earnings distribution to domestic stockholders	11.55%	19.57%

   According to the announcement by the Ministry of Finance on October, 17, 2013 under Decree No. 10204562810, the Company's income tax information and imputation tax credit information should be disclosed in compliance with the Decree. The deductible tax amount of an individual shareholder residing in the territory of R.O.C. is calculated by 50% of its original tax deduction ratio. However, in case that the gross dividends or the gross earnings received by the shareholder residing outside the territory of R.O.C. contain any income subject to a 10% surcharge of a profit-seeking income tax which was actually paid under the provisions of Article 66-9 hereof, half of the amount of the surcharged profit-seeking income tax may be offset against the amount of income tax which should be withheld from the payment of the net amount of such dividends or earnings.

6. Appeals for administrative remedies

   (1) For 2008, the tax authorities assessed the Company for an additional income tax of $57,297 as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investment credits. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2008 income tax returns. The tax authorities rejected the re-examination and re-appeal of its 2008 income tax returns, and subsequently, the Company had filed an administrative litigation.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) For 2009, the tax authorities assessed the Company for an additional income tax of $41,154, as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investment credits. However, the Company disagreed with the tax authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2009 income tax returns. The tax authorities rejected the re-examination and re-appeal of its 2009 income tax returns, and subsequently, the Company had filed an administrative litigation.

(3) For 2010, the tax authorities assessed the Company for an additional income tax of $265,765, as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investment credits. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2010 income tax returns. The tax authorities rejected the re-examination and re-appeal of its 2010 income tax returns, and subsequently, the Company had filed administration litigation.

(4) For 2011, the tax authorities assessed the Company for an additional income tax of $409,169, as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investments credits. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2011 income tax returns. As of December 31, 2014, the case was still in progress.

(5) For 2012, the tax authorities assessed the company for an additional income tax of $307,178 and 10% surtax on undistributed earnings $80,872. The income tax is as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investments credit. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2012 income tax returns. As of December 31, 2014, the case was still in progress.

(p) Capital and Other Equities

As of December 31, 2013 and 2014, the Company's authorized common stock consisted of 3,000,000,000 shares with a par value of $10 per share, of which 2,378,160,000 shares and 2,468,267,000 shares, respectively, were issued and outstanding.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Capital

On June 11, 2014, the Company's shareholders approved a resolution to distribute the stock dividends and stock employee bonuses with the amounts of $475,632 and $617,696, totaling $1,093,328, which consisted 72,571,000 shares, wherein, 20 shares per thousand shares are to be distributed as stock dividend. However, the Company's board of directors approved a resolution to retire the restricted employee shares of stock and to exercise employee stock options, therefore, the distribution had been changed to 20.02637 shares per thousand shares. The dividend distribution date was set on August 4, 2014, and the related registration process had been completed.

On June 14, 2013, the Company's shareholders approved a resolution to distribute the stock dividends and stock employee bonuses with the amounts of $1,091,255 and $640,002, totaling $1,731,257, which consisted 132,629,000 shares, wherein, 50 shares per thousand shares are to be distributed as stock dividend. The dividend distribution date was set on August 7, 2013, and the related registration process had been completed.

On July 9, 2014, the Company's board of directors approved a resolution to retire the restricted employee shares of stock amounting to 3,138,000 shares with a face value of $31,380.

For the years ended December 31, 2013 and 2014, the Company issued 251,000 shares and 20,674,000 shares of common stock, resulting from an exercise of employee stock option.

On August 10, 2013, the Company's board of directors approved a resolution to retire the treasury stock 15,458,000 shares with a face value of $154,580.

2. Capital surplus

Balances of capital surplus at the reporting date were as follows:

	2013.12.31	2014.12.31
A premium issuance of common stock in exchange for the net assets of the DMS business of AI	$ 1,800,000	1,800,000
A premium issuance of common shares for cash	17,810,015	18,520,836
Surplus arising from equity-accounted investees	990	49,095
Employee stock options	65,434	65,434
Restricted employee shares of stock	(24,760)	6,620
	$ 19,651,679	20,441,985

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Amended Companies Act 2012, realized capital surplus can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

3. Unappropriated earnings

The Company's Article of Incorporation stipulate that if the Company has profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reversed special reserve, shall be set aside (hereinafter referred to as "profit from the current year"), along with any undistributed profits accumulated from previous years to be identified as profits to be distributed, in accordance with the Securities and Exchange Act. The balance, if any, will be distributed in accordance with the following:

i) No less than five percent of profit from the current year as employees' bonus shall be included; where such bonus is distributed by shares, employees of controlled companies, with qualifications set by the Board of Directors;

ii) One percent of profit from the current year as the remuneration in cash to the Directors;

iii) The rest as working capital of the Company and dividends to shareholders will not less than ten percent of profit from the current year.

(1) Legal reserve

According to the amended ROC Company Act, which was published in January 2012, a company shall first set aside ten percent of its net income as legal reserve. When the balance of such legal reserve reaches an amount that is equal to the paid-in capital, the appropriation to legal reserve is discontinued. When a company incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash. Only the portion of legal reserve which exceeds twenty-five percent of the paid-in capital may be distributed.

(2) Special reserve

In pursuant to the regulations promulgated by the Financial Supervisory Commission, a special reserve equal to the total amount of contra accounts that are accounted for as deductions to the stockholders' equity shall be set aside from current earnings, and should not be distributed. This special reserve shall be made available for appropriation when these contra accounts to stockholders' equity are reversed in subsequent periods.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Dividends

As the Company is a technology- and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of stock dividend is not lower than ten of total distribution of dividends.

(4) Earnings Distribution

The appropriation of 2012 and 2013 earnings were approved at the shareholders' meeting on June 14, 2013 and June 11, 2014 were as follows:

	2012	2013
Cash dividends	$ 3,273,767	4,280,688
Stock dividends	1,091,255	475,632
	$ **4,365,022**	**4,756,320**

	2012	2013
Employee bonus-stock	$ 640,002	617,696
Directors' Remuneration-cash	39,489	62,304
	$ **679,491**	**680,000**

For the year ended December 31, 2012, the Company accrued and recognized employee bonus and directors' remuneration amounted to $641,667 and $58,333, respectively. The difference between the actual amounts in the 2012 earnings appropriated for employee bonus and directors' remuneration as approved in the shareholders' meeting and those accrued in the financial statements amounted to $20,509, and it was recognized in 2013. And for the year ended December 31, 2013, the Company's accrued and recognized employee bonus and directors' remuneration amounted to $623,333 and $56,667, respectively. There's no difference between the actual amounts in the 2013 earnings appropriated for employee bonus and directors' remuneration as approved in the shareholders' meeting and those accrued in the financial statement. In addition, the employee bonus of 2012 and 2013 were determined based on the closing price and the price per share (after considering the effect of dividends) on the day before the approval of the shareholders' meeting dated on June 14, 2013 and June 11, 2014.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The employee bonus and the directors' emoluments of the Company were as follows:

	2013	2014
Employee bonus	$ 623,333	354,275
Directors' remuneration	56,667	32,207
	$ 680,000	386,482

The employee bonus and directors' remuneration were estimated based on the net income for the years ended December 31, 2013 and 2014. If there are any significant changes between the accrued amounts and actual amount decided by the board of directors after the year end, the expense for the year accrued should be adjusted. The difference between the amounts of employee bonus and directors' remuneration approved in the shareholders' meeting and those recognized in the financial statements, if any, will be accounted for as a change in accounting estimation and recognized in profit or loss in the following year. In addition, the number of shares distributable to employees as employee bonus is determined based on the closing price (after considering the effect of dividends) on the day before the approval of shareholders' meeting.

Appropriations for 2012 and 2013 employee bonus and directors' remuneration, and the related information can be obtained from the public information website.

4. Other equity, net of tax

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on available-for-sale financial assets		Other equity-deferred compensation
	Group	Associates	Group	Associates	Group
Balance at January 1, 2013	$ (3,269,585)	(9,522)	(639,923)	17,710	-
Foreign currency translation differences (net of tax)	1,283,001	44,692	-	-	-
Unrealized gains (losses) on available-for-sale financial assets (net of tax)	-	-	(233,488)	18,561	-
Other-unearned compensation for restricted employee shares of stock (net of tax)	-	-	-	-	(530,121)
Balance at December 31, 2013	$ (1,986,584)	35,170	(873,411)	36,271	(530,121)
Balance at January 1, 2014	$ (1,986,584)	35,170	(873,411)	36,271	(530,121)
Foreign currency translation differences (net of tax)	3,068,217	64,764	-	-	-
Unrealized gains (losses) on available-for-sale financial assets (net of tax)	-	-	(37,050)	27,216	-
Other-unearned compensation for restricted employee shares of stock (net of tax)	-	-	-	-	219,208
Balance at December 31, 2014	$ 1,081,633	99,934	(910,461)	63,487	(310,913)

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(q) Share-based payment transactions

As of December 31, 2014, the Group's share-based payment transactions were as follows:

	2007 Employee stock options plan	2013 Restricted employee shares of stock
Grant date	2007.10	2013.8.30
Granted units	105,000,000 Units	62,795,000 Shares
Exercise price / share (dollars)	61	0
Contract period	7 yeas	2, 3 and 4 years
Recipients	Employees of the Company	Employees of the Company
Vesting conditions	(Note1)	(Note2)

Note1: The holders of the options can exercise those options at the ratio mentioned below beginning two years at the grant date:

Grant period	Exercise ratio (cumulative)
2 years after the grant date	1/3
3 years after the grant date	2/3
4 years after the grant date	3/3

Note2: During their meeting on June 21, 2012, the Company's stockholders approved a resolution to issue 62,795,000 new restricted employee shares of stock to those full-time employees who conformed to the Company's certain requirements. These restricted employee shares of stock have been registered and approved by the ROC Securities and Futures Bureau of Financial Supervisory Commission. On October 30, 2012, the board of directors approved a resolution to issue 62,795,000 restricted employee shares of stock to their employees.

These employees are entitled to purchase the restricted shares of stock at the price of $0, with the condition that these employees will continue to provide service to the Company for at least 2 years, 3 years and 4 years (from the grant date) and qualify with the Company's certain requirements. Based on the annual achievement situation of the Company's certain requirements, the restricted employee shares of stock are vested from 0% to 33% annually. The restricted shares of stock for employees are kept by a trust, which is appointed by the Company before they are vested. These shares shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act accordingly based on law and regulations. If the shares remain unvested after the vesting period, the Company will retrieve all the unvested shares pricelessly and subsequently retire these shares.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Employee stock option plan:

(i) The information related to the employee stock option plan for the years ended December 31, 2013 and 2014, were as follows:

Stock options	2013 Weighted-average exercise price (NT$)	2013 Number of options (in thousands)	2014 Weighted-average exercise price (NT$)	2014 Number of options (in thousands)
Outstanding balance at the beginning of year	29.2	53,791	26.60	53,540
Options exercised	29.2	(251)	26.60	(20,674)
Options expired	-	-	-	(32,866)
Outstanding balance at the end of year		53,540		-
Exercisable number at the end of year		53,540		-

(ii) Aforementioned employee stock option plan is no longer available on November 16, 2014. Therefore, the Company has no outstanding and exercisable stock option as of December 31, 2014. As of December 31, 2013, the outstanding and exercisable options was as follows:

	Options outstanding at December 31, 2013			Options exercisable at December 31, 2013	
Issued date	Range of exercise price (NT$)	Weighted-average Remaining contractual life	Weighted-average exercise price (year)	Shares (in thousands)	Weighted-average exercise price (NT$)
2007.11.16	$ 29.20	53,540	0.87	53,540	$ 29.20

2. Restricted employee shares of stock:

The number of the restricted employee shares of stock (in thousands) for the years ended December 31, 2013 and 2014, were as follows:

	2013	2014
Outstanding at the beginning of year	-	62,795
Granted	62,795	-
Retired	-	(3,138)
Outstanding at the end of year	62,795	59,657

The Company adopted the Black-Sholes model to calculate the fair value of the restricted employee shares of stock at the grant date. The assumptions adopted in this valuation model were as follows:

Current market price	26.85
Exercise price	0
Expected life	4 years
Expected volatility	27.38%
Risk-free interest rate	0.7413% / 0.9031% / 1.0649%

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2013 and 2014, the compensation cost for the restricted employee shares of stock amounted to $73,069 and $219,208, which had been recorded under cost of sales and operating expenses.

(r) Earnings per share

	2013	2014
Basic EPS－retroactively adjusted:		
Net profit belonging to common shareholders	$ 5,751,341	3,578,536
Weighted average common stock outstanding (in thousands)	2,350,801	2,381,456
	$ 2.45	1.50
Diluted EPS:		
Net profit belonging to common shareholders	$ 5,751,341	3,578,536
Effect of potentially dilutive common stock:		
Convertible bonds	333,170	-
Net profit belonging to common shareholders plus the effect of potentially dilutive common stock	$ 6,084,511	3,578,536
Weighted average common stock outstanding (in thousands)	2,350,801	2,381,456
Effect of potentially dilutive common stock (in thousands):		
Employee bonus	35,444	23,375
Restricted employee shares of stock	6,014	35,991
Convertible bonds	207,209	-
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	2,599,468	2,440,822
	$ 2.34	1.47

The following items contain anti-dilutive effect, and hence they are not included in the calculation of weighted average number of shares (diluted) (in thousands).

	2013	2014
Convertible bonds	-	220,464
Employee stock options	4,902	-
	4,902	220,464

(s) Revenue

	2013	2014
Computer, Communication & Consumer electronics	$ 597,299,086	534,966,069
Others	26,709,987	57,380,665
	$ 624,009,073	592,346,734

(t) Non-operating income and expenses

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Other income

	2013	2014
Interest income	$ 1,355,838	2,951,969
Dividend income	154,861	84,445
Rental income	72,242	73,144
	$ 1,582,941	**3,109,558**

2. Other gain and loss

	2013	2014
Foreign exchange gains, net	$ 986,516	313,167
Gains on disposal of investments, net	51,741	10,406
Losses on disposal of fixed property, net	(10,928)	(94,333)
Gains on valuation financial liabilities by fair value, net－convertible bonds	227,418	22,147
Gains (losses) on valuation of financial assets (liabilities) by fair value, net	425,068	(74,319)
Others	171,602	207,141
	$ 1,851,417	**384,209**

3. Finance costs

	2013	2014
Interest expenses		
Bank loans	$ (1,451,847)	(1,782,973)
Amortization of discount for convertible bonds and issue cost	(565,850)	(615,601)
	$ (2,017,697)	**(2,398,574)**

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(u) Financial instruments

1. Category of financial instruments

(i) Financial assets

	2013.12.31	2014.12.31
Financial assets at fair value through profit or loss	$ 824,030	557,344
Available-for-sale financial assets (including financial assets carried at cost)	2,597,475	3,383,143
Loans and receivables:		
Cash and cash equivalents	70,086,875	55,692,329
Notes and accounts receivable and other receivables	88,542,999	103,530,110
Accounts receivable and other receivable－related parties	718,570	377,090
Subtotal	159,348,444	159,599,529
Guarantee deposits	496,287	282,707
Total	**$ 163,266,236**	**163,822,723**

(ii) Financial liabilities

	2013.12.31	2014.12.31
Financial liabilities at fair value through profit or loss	$ 437,903	221,566
Financial liabilities at amortized cost:		
Short-term borrowings	54,552,893	70,423,254
Notes and accounts payable	91,553,094	109,089,271
Accounts payable and other payables－related parties	3,992,451	2,748,528
Other current liabilities－other payables	10,663,744	11,958,209
Bonds payable	7,972,109	607,964
Long-term borrowings (including current potion)	22,887,911	21,034,700
Subtotal	191,622,202	215,861,926
Total	**$ 192,060,105**	**216,083,492**

2. Credit risk

Exposure to credit risk

The maximum exposure to credit risk is mainly from carrying amount of financial assets. As of December 31, 2013 and 2014, the maximum exposure to credit risk amounted to $163,266,236 and $163,822,723, respectively.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
As of December 31, 2013						
Non-derivative financial liabilities						
Secured bank loan	$ 24,267	24,599	8,035	8,102	8,462	-
Unsecured bank loan	77,416,537	78,858,288	57,461,028	1,784,380	19,612,880	-
Notes and accounts payable (including related parties)	95,457,452	95,457,452	95,457,452	-	-	-
Other payables (including related parties)	10,751,837	10,751,837	10,751,837	-	-	-
Bonds payable	7,972,109	8,355,858	-	8,355,858	-	-
Subtotal	191,622,202	193,448,034	163,678,352	10,148,340	19,621,342	-
Derivative financial liabilities						
Embedded derivative instrument - bonds conversion option	22,205	22,205	-	22,205	-	-
Foreign currency swap contacts:						
Outflow	412,694	17,783,694	17,783,694	-	-	-
Inflow	-	(17,371,000)	(17,371,000)	-	-	-
Carrying amount	412,694	412,694	412,694	-	-	-
Foreign currency forward contracts:						
Carrying amount	3,004	3,004	3,004	-	-	-
Subtotal	437,903	437,903	415,698	22,205	-	-
Total	$ 192,060,105	193,885,937	164,094,050	10,170,545	19,621,342	-
As of December 31, 2014						
Non-derivative financial liabilities						
Secured bank loan	$ 15,122	15,277	7,470	7,807	-	-
Unsecured bank loan	91,442,832	92,535,598	72,209,809	2,595,607	17,730,182	-
Notes and accounts payable (including related parties)	111,750,729	111,750,729	111,750,729	-	-	-
Other payables (including related parties)	12,045,279	12,045,279	12,045,279	-	-	-
Bonds payable	607,964	607,964	607,964	-		-
Subtotal	215,861,926	216,954,847	196,621,251	2,603,414	17,730,182	-
Derivative financial liabilities						
Embedded derivative instrument- bonds conversion option	$ 58	58	58	-	-	-
Foreign currency swap contacts:						
Outflow	204,118	38,438,007	38,438,007	-	-	-
Inflow	-	(38,233,889)	(38,233,889)	-	-	-
Carrying amount	204,118	204,118	204,118	-	-	-
Foreign currency forward contracts:						
Outflow	15,679	420,468	420,468	-	-	-
Inflow	-	(404,789)	(404,789)	-	-	-
Carrying amount	15,679	15,679	15,679	-	-	-
Cross currency swap contracts:						
Outflow	1,711	253,744	253,744	-	-	-
Inflow	-	(252,033)	(252,033)	-	-	-
Carrying amount	1,711	1,711	1,711	-	-	-
Subtotal	221,566	221,566	221,566	-	-	-
Total	$ 216,083,492	217,176,413	196,842,817	2,603,414	17,730,182	-

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

4. Currency risk

(1) Exposure to currency risk

The Group's significant exposures to foreign currency risk were as follows:

	2013.12.31			2014.12.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	823.57	USD/BRL=2.357	24,666	4,237.87	USD/BRL=2.661	134,417
	3,693.33	USD/COP=1,925.600	110,615	118.00	USD/COP=2,424.700	3,743
	27,774.64	USD/CZK=19.890	831,851	44,580.04	USD/CZK=22.820	1,413,990
	9.82	USD/EUR=0.725	294	32.22	USD/HKD=7.756	1,022
	25.02	USD/INR=61.790	749	254.00	USD/INR=62.880	8,056
	4,458.73	USD/JPY=104.910	133,539	6,794.38	USD/JPY=119.550	215,504
	1,515.54	USD/MXN=13.075	45,390	1,742.36	USD/MXN=14.738	55,264
	1,520,446.92	USD/TWD=29.950	45,537,385	14.47	USD/MYR=3.502	459
	49,294.02	USD/CNY=6.058	1,476,356	1,635,100.18	USD/TWD=31.718	51,862,107
	9,463.64	USD/SGD=1.265	283,436	33,671.04	USD/CNY=6.194	1,067,978
	452.83	USD/TRY=2.117	13,562	25,530.67	USD/SGD=1.320	809,782
				673.18	USD/TRY=2.329	21,352
CNY	513,825.83	CNY/TWD=4.944	2,540,304	59,944.00	CNY/TWD=5.121	306,985
	3,726,980.83	CNY/USD=0.165	18,425,821	5,113,895.04	CNY/USD=0.161	26,189,279
Financial liabilities						
Monetary items						
USD	10,006.12	USD/BRL=2.357	299,683	9,312.39	USD/BRL=2.661	295,370
	69.32	USD/COP=1,925.600	2,076	2,000.00	USD/COP=2,424.700	63,436
	7,716.89	USD/CZK=19.890	231,121	6,893.97	USD/CZK=22.820	218,663
	1,166.32	USD/INR=61.790	34,931	0.62	USD/HKD=7.756	20
	7,177.99	USD/MXN=13.075	214,981	3,202.00	USD/INR=62.880	101,561
	3,462,935.07	USD/TWD=29.950	103,714,905	35.70	USD/JPY=119.550	1,132
	81,008.43	USD/CNY=6.058	2,426,203	6,041.86	USD/MXN=14.738	191,636
	12,185.49	USD/SGD=1.2650	364,955	1,000.00	USD/MYR=3.502	31,718
				3,492,619.20	USD/TWD=31.718	110,778,896
				29,695.44	USD/CNY=6.190	941,880
				70,420.69	USD/SGD=1.320	2,233,603
CNY	86.00	CNY/TWD=4.944	425	861,493.48	CNY/TWD=5.121	4,411,880
	1,767,087.30	CNY/USD=0.165	8,736,303	1,944,679.82	CNY/USD=0.161	9,959,094

(2) Currency risk sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans and borrowings, accounts payable and other payables that are denominated in foreign currency.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

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A Strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD and the CNY as of December 31, 2013 and 2014, would increase (decrease) the net profit after tax by $1,933,967 and $1,956,266, respectively. The analysis assumes that all other variables remain constant.

5. Interest analysis

Please refer to the attached note for the liquidity risk management and the Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increase / decrease by 25 basis points, the Group's net profit after tax would increase (decrease) by $213,080 and $162,829 for the years ended December 31, 2013 and 2014, with all other variable factors that remain constant. This is mainly due to the Group's borrowings in floating variable rate.

6. Fair value

(i) Fair value and Carrying amounts

Aside from those listed as follows, the Group's management believes the carrying amounts of its financial assets and financial liabilities measured at amortized cost agreed to its fair value approximately.

	2013.12.31		2014.12.31	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities:				
Bonds payable	$ 7,972,109	8,467,411	607,964	609,689
Guarantee deposits	496,287	467,986	282,707	191,404
	$ 8,468,396	**8,935,397**	**890,671**	**801,093**

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(ii) Valuation techniques and assumptions used in fair value determination

The Group uses the following methods in determining the fair value of its financial assets and liabilities:

A. The fair value of investments in securities of listed companies, with standard terms and conditions which are traded in active markets, is based on quoted market price.

B. The fair value of derivative instruments is based on quoted prices.

C. For all other financial assets and financial liabilities, the fair value is determined using a discounted cash flow analysis based on expected future cash flows.

(iii) Discount rate to determine the Fair value

The interest rates for discounting estimating cash flows were as follows:

	2013	**2014**
Guarantee deposits	1.370%~1.415%	1.370%~1.415%
Bonds payable	1.477%~1.636%	1.346%~1.448%

(iv) Fair value hierarchy

The table below analyses financial instruments measured at fair value, classified by measurement method. The definitions of fair value hierarchy were as follows:

−Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

−Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

−Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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As of December 31, 2013		Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$	1,578,056	318,894	-	1,896,950
Financial assets at fair value through profit or loss		-	824,030	-	824,030
	$	1,578,056	1,142,924	-	2,720,980
Financial liabilities at fair value through profit or loss	$	-	437,903	-	437,903
As of December 31, 2014					
Available-for-sale financial assets	$	1,816,049	597,951	-	2,414,000
Financial assets at fair value through profit or loss		-	557,344	-	557,344
	$	1,816,049	1,155,295	-	2,971,344
Financial liabilities at fair value through profit or loss	$	-	221,566	-	221,566

For the year ended December 31, 2014, the available-for-sale financial assets measured at fair value with a carrying amount of $0 were transferred from Level 1 to Level 2 because the fair value for such equity securities had became unavailable from the active market. Except for the aforementioned transfer, there were no transfers of financial assets from each level for the years ended December 31, 2013 and 2014.

(v) Concentration of financial risk

1. By using financial instruments, the Group is exposed to risks as below:

   (1) Credit risk

   (2) Liquidity risk

   (3) Market risk

   Detailed information about exposure risk arising from the aforementioned risks was listed below. The Group’s objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments.

2. Risk management framework

   The Group’s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

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The Group minimizes the risk exposure through derivative financial instruments. The Shareholder's meeting regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments to which the Group is exposed to. The Group's internal auditors continue with the review of the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. Derivative contracts of the Group with several financial institutions were intended to manage foreign currency exchange and interest rate fluctuation risks.

The chief of finance management department arranges a meeting to review the strategy and performance, then reports the results to Chief Financial Officer and Chairman periodically.

3. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's accounts receivable and investment in securities.

(1) Notes and accounts receivable

The Group's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group will transact with corporations of credit ratings equivalent to investment grade and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and counterparty credit rating, and evaluate the customers' credit rating and credit limit via automatic finance system to manage the credit exposure.

The Group's majority customers are in high-tech industries. To reduce concentration of credit risk, the Group evaluates customers' financial positions periodically and requires customers to provide collateral or promissory notes, if necessary. In addition, the Group evaluates the aging of accounts receivable periodically, accrue allowance for doubtful accounts and purchasing insurance contracts of accounts receivable, if necessary. Historically, bad debt expense has always been under management's expectation. As of December 31, 2013 and 2014, 73% and 72% of the Group's accounts receivable were concentrated on six and five specific customers, respectively. Accordingly, concentrations of credit risk exist.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) investment

The credit risk exposure in the bank deposits, other financial instruments and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stocks companies and non publicly-traded stocks companies, there are no incompliance issues and therefore no significant credit risk.

(3) guarantee

According to the Group's policy, the Group can only provide guarantee to which is listed under the regulation. The Group didn't provide guarantees to any non-consolidated subsidiaries as of December 31, 2013 and 2014.

4. Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the bank loan facilities and ensures in compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2013 and 2014, the Group has unused credit facilities for short-term and long-term loans of $138,019,200, and $122,342,101, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the TWD, USD and CNY. The currencies used in these transactions are denominated in TWD, EUR, USD, JPY and CNY.

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The foreign currency assets and liabilities might lead to the interest risk since the fluctuation of the market exchange rate influence the Group's future cash flow. The Group entering into forward and swap contracts are intended to manage the exchange rate risk due to the Group's current and future demand for foreign currency. The contract periods are decided in consideration of the Group's foreseeable assets and liabilities and expected cash flow. At the maturity date of the derivative contract, the Group will settle these contracts using the foreign currencies arising from the assets denominated in foreign currency.

(2) Interest risk

The Group's short-term borrowings, long-term borrowings and advances from factoring of accounts receivable bear floating interest rates. The changes in effective rate along with the fluctuation of the market interest rate influence the Group's future cash flow. The Group reduces the interest risks by negotiating the loan interest rates frequently with banks.

(3) Other market price risk

The Group monitors the risk arising from its available-for-sale security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of directors.

(w) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, and provide a return to the shareholders, also, to benefit other related parties, at the same time, to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities. The Group uses the debt-to-equity ratio to manage capital. This ratio uses the total net debt to be divided by the total capital.

The total net debt from the balance sheet are derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital suplus, retained eanings, other equity, plus, net debt.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Group's debt to equity ratio at the end of the reporting period as of December 31, 2013 and 2014, were as follows:

	2013.12.31	2014.12.31
Total liabilities	$ 204,345,756	229,321,723
Less: cash and cash equivalents	(70,086,875)	(55,692,329)
Net debt	$ 134,258,881	173,629,394
Total equity	$ 66,196,018	70,248,200
Total capital	$ 200,454,899	243,877,594
Debt to capital ratio	67%	71%

7. Related Party Transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Transactions with key management personnel

Key management personnel compensation:

	2013	2014
Short-term employee benefits	$ 55,130	48,468
Post-employment benefits	1,110	19,039
Directors' remuneration	56,667	32,207
Employee bonus	80,240	45,605
	$ 193,147	145,319

(c) Related party transactions

1. Sales

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

	Sales		Receivables from related parties	
	2013	2014	December 31, 2013	December 31, 2014
Associates	$ 7,713,513	5,141,755	711,319	367,420

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

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WISTRON CORPORATION AND SUBSIDARIES

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2. Purchases

The amounts of significant purchase transactions and outstanding balances between the Group and related parties were as follows:

	Purchases		Payables to related parties	
	2013	2014	December 31, 2013	December 31, 2014
Associates	$ 14,641,831	10,676,592	3,904,358	2,661,458

Trading terms of purchase transactions with related parties are not significantly different from those with third-party vendors.

3. Other income and other

	Amount		Other receivables from related parties	
	2013	2014	December 31, 2013	December 31, 2014
Associates				
Rental income	$ 6,827	6,741	9	9
Property transactions	3,543	6,535	3,594	4,822
	$ 10,370	13,276	3,603	4,831

4. Operating expense and other

	Amount		Other payables to related parties	
	2013	2014	December 31, 2013	December 31, 2014
Associates				
Property transactions	$ 151,104	173,706	78,200	70,844
Other related parties				
Contribution	8,100	7,650	-	-
	$ 159,204	181,356	78,200	70,844

5. Advances to related parties

The Group paid certain expenses on behalf of related parties were as follows:

	Other receivables from related parties	
	December 31, 2013	December 31, 2014
Associates	$ 3,648	4,839

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WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Advances from related parties

Related parties paid certain expenses on behalf of the Group, including warranty expenses, traveling expenses, and salaries for overseas employees were as follows:

	Other Payables to related parties	
	December 31, 2013	December 31, 2014
Associates	$ 9,893	16,226

7. Receivables from related parties resulting from the above transactions were as follows:

	December 31, 2013	December 31, 2014
Receivables from related parties, net:		
Notes and accounts receivable	$ 711,319	367,420
Other receivable－related parties:		
Rental receivable	$ 9	9
Receivable from sale of property, plant and equipment	3,594	4,822
Other receivables	3,648	4,839
	$ 7,251	9,670

8. Payables to related parties resulting from the above transactions were as follows:

	December 31, 2013	December 31, 2014
Payables to related parties:		
Notes and accounts payable	$ 3,904,358	2,661,458
Other payables－related parties:		
Payable to purchase of property, plant and equipment	$ 78,200	70,844
Other payables	9,893	16,226
	$ 88,093	87,070

9. Endorsements and guarantees

As of December 31, 2013 and 2014, the Group provided endorsements and guarantees to subsidiaries to secure their bank loans and guarantees to vendors amounting to $24,900,601 and $24,711,167, respectively.

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8. Pledged assets

The carrying values of pledged assets are as follow:

Pledged assets	Object	December 31, 2013	December 31, 2014
Property, plant and equipment-lands and buildings	Long-term borrowings	$ 345,586	320,526
Other noncurrent assets -restricted bank deposit	Stand by L/C	9,751	10,013
Other noncurrent assets -restricted bank deposit	Litigation guarantee	131	369
Other noncurrent assets -restricted bank deposit	Custom guarantee	5,990	6,344
Other noncurrent assets -restricted bank deposit	Performance guarantee	26,597	27,551
		$ 388,055	364,803

9. Significant Commitments and Contingencies:

As of December 31, 2013 and 2014, the unused letters of credit were as follows:

	2013.12.31	2014.12.31
Unused letters of credit	$ 57,076	702

10. Significant Casualty Loss: None.

11. Significant Subsequent Events: None.

12. Other

Total personnel, depreciation and amortization expenses categorized by function for the years ended December 31, 2013 and 2014 were as follows:

	2013			2014		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	9,728,206	7,656,782	17,384,988	13,561,252	8,729,228	22,290,480
Labor and health insurance	1,045,111	731,517	1,776,628	1,351,468	895,978	2,247,446
Pension	121,038	332,342	453,380	93,285	358,645	451,930
Others	3,046,909	641,010	3,687,919	2,744,656	828,732	3,573,388
Depreciation	4,575,722	2,938,621	7,514,343	4,907,246	2,858,543	7,765,789
Amortization	10,800	378,885	389,685	7,641	365,545	373,186

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13. Segment Information

(a) General information

The major activities of the Group are the design, manufacture and sale of information technology products. The chief operating decision maker of the Group determines each business group as an operating segment. According to the provisions of the accounting standard, only the "Research and Manufacturing Service Department" qualifies under the quantitative threshold criteria as a reportable segment. Other operating departments are deemed immaterial and need not be disclosed as reportable segment including the client service group and the related new business investment. The performance of the department is evaluated based on the operating profit of the Group.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations:

No tax expenses or non-operating income and expenses are allocated to the reporting segment. In addition, the reporting segment does not include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker. The accounting policies of the operating segments are the same as those described in note 4. The Group evaluates the performance of operating segment on the basis of operating income. The Group treats intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2013			
	R&D and Manufacturing	**Others**	**Eliminations**	**Total**
Revenues from external customers	$ 597,299,086	26,709,987	-	624,009,073
Segment revenues	5,105,249	4,267,029	(9,372,278)	-
Total revenues	**$ 602,404,335**	**30,977,016**	**(9,372,278)**	**624,009,073**
Segment profit	**$ 6,372,285**	**(286,359)**	**1,829,261**	**7,915,187**
Accounts receivable	$ 78,561,352	6,791,640		85,352,992
Inventories	40,659,828	9,325,613		49,985,441
Segment identifiable assets	**$ 119,221,180**	**16,117,253**		**135,338,433**
General assets				**135,203,341**
Total assets				**$ 270,541,774**
Accounts payable	$ 89,949,557	5,507,895		95,457,452
Segment identifiable liabilities	**$ 89,949,557**	**5,507,895**		**95,457,452**
General liabilities				**117,570,994**
Total liabilities				**$ 213,028,446**

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	2014			
	R&D and Manufacturing	Others	Eliminations	Total
Revenues from external customers	$ 534,966,069	57,380,665	-	592,346,734
Segment revenues	7,373,851	3,908,231	(11,282,082)	-
Total revenues	**$ 542,339,920**	**61,288,896**	**(11,282,082)**	**592,346,734**
Segment profit	**$ 4,058,441**	**(294,421)**	**1,078,380**	**4,842,400**
Accounts receivable	$ 82,151,317	17,916,907		100,068,224
Inventories	54,958,295	18,805,688		73,763,983
Segment identifiable assets	**$ 137,109,612**	**36,722,595**		**173,832,207**
General assets				**125,737,716**
Total assets				**$ 299,569,923**
Accounts payable	$ 94,154,950	14,934,321		109,089,271
Segment identifiable liabilities	**$ 94,154,950**	**14,934,321**		**109,089,271**
General liabilities				**120,232,452**
Total liabilities				**$ 229,321,723**

(c) Information about the products and services

Information about the Group's revenue from external customers was as follows:

	2013	2014
Computer, Communication & Consumer electronics	$ 597,299,086	534,966,069
Others	26,709,987	57,380,665
	$ 624,009,073	**592,346,734**

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Revenue from external customers:

Geography	2013	2014
Taiwan	$ 404,958,182	338,690,884
Asia	105,244,164	159,580,103
Others	113,806,727	94,075,747
	$ 624,009,073	**592,346,734**

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Noncurrent assets:

Geography	2013	2014
Taiwan	$ 9,455,548	7,916,974
Asia	28,449,585	31,803,725
Others	4,514,678	4,350,362
	$ 42,419,811	44,071,061

Noncurrent assets include all the noncurrent assets, except for financial instruments, deferred tax assets and goodwill.

(e) Information about revenue from major customers

For the years ended December 31, 2013 and 2014, sales to customers representing greater than 10% of net revenue were as follows:

	2013		2014	
Customer	Net revenue TWD	Percentage of net revenue	Net revenue TWD	Percentage of net revenue
Customer H	$ 117,884,186	19	171,207,103	29
Customer B	155,568,098	25	96,834,949	16
Customer A	68,686,472	11	47,102,458	8
Customer D	61,689,253	10	42,898,221	7
Customer E	81,260,144	13	15,999,297	3

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