

**Macronix International Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2015 and 2014 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and the Stockholders
Macronix International Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Macronix International Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2015 and 2014 and the related consolidated statements of comprehensive income for the three months ended September 30, 2015 and 2014 and for the nine months ended September 30, 2015 and 2014, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some insignificant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2015 and 2014, the combined total assets of these insignificant subsidiaries were NT\$4,585,386 thousand and NT\$4,575,200 thousand, representing 11.82% and 9.62%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$817,659 thousand and NT\$628,287 thousand, representing 4.40% and 2.75%, respectively, of the consolidated total liabilities, and for the three months ended September 30, 2015 and 2014, the combined comprehensive loss of these subsidiaries amounted to NT\$141,678 thousand and NT\$82,640 thousand, representing 13.25% and 7.69%, respectively, of the consolidated total comprehensive loss, and for the nine months ended September 2015 and 2014, the combined comprehensive loss of these subsidiaries amounted to NT\$327,493 thousand and NT\$342,734 thousand, representing 12.39% and 8.75%, respectively, of the consolidated total comprehensive loss. As stated in Note 13 to the consolidated financial statements and other related information disclosed, we did not review the financial statements of equity-method investees as of and for the nine months ended September 30, 2015 and 2014. The carrying value of the related investments as of September 30, 2015 and 2014 were NT\$20,695 thousand and NT\$47,550 thousand, and the share of comprehensive loss of associates were NT\$4,907 thousand and NT\$8,156 thousand for the three months ended September 30, 2015 and 2014, and the share of comprehensive loss of associates were NT\$18,028 thousand and NT\$15,082 thousand for the nine months ended September 30, 2015 and 2014. These amounts as well as the related financial information of the investees as disclosed in Note 39 to the financial statements were based on the subsidiaries' and associates' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except as discussed in the preceding paragraph that the carrying values of the investments in subsidiaries and associates as well as the related disclosures of the investment information were based on unreviewed financial statements of the subsidiaries and associates, and except for the effects of such adjustment, if any, as might have been made had we applied review procedures on the financial statements of the investees referred to in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

As disclosed in Note 3 to the consolidated financial statements, the Group applies the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) endorsed by the FSC starting in 2015. As a result of this retrospective application of the accounting policy, the consolidated financial statements as of December 31, 2014, September 30, 2014 and January 1, 2014 have been restated.

October 28, 2015

Notice to Readers

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

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

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	September 30, 2015 (Reviewed)		December 31, 2014 (Audited after Restated)		September 30, 2014 (Reviewed after Restated)		January 1, 2014 (Audited after Restated)	
ASSETS	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Cash and cash equivalents (Notes 6 and 34)	\$ 3,819,079	10	\$ 7,636,201	17	\$ 7,256,880	15	\$ 11,978,574	22
Financial assets at fair value through profit or loss - current (Notes 7 and 34)	-	-	95	-	43	-	1,358	-
Notes receivable and trade receivables, net (Notes 10 and 34)	3,210,471	8	2,699,155	6	3,363,830	7	2,822,661	5
Receivables from related parties, net (Notes 34 and 35)	480,997	1	483,179	1	1,442,275	3	458,302	1
Other receivables (Notes 10, 34 and 35)	173,642	1	161,304	1	190,602	1	147,208	-
Inventories (Note 11)	10,235,020	26	9,301,643	21	9,553,756	20	8,795,383	17
Other current assets (Notes 16 and 18)	<u>428,171</u>	<u>1</u>	<u>578,319</u>	<u>1</u>	<u>487,750</u>	<u>1</u>	<u>525,959</u>	<u>1</u>
Total current assets	<u>18,347,380</u>	<u>47</u>	<u>20,859,896</u>	<u>47</u>	<u>22,295,136</u>	<u>47</u>	<u>24,729,445</u>	<u>46</u>
NON-CURRENT ASSETS								
Available-for-sale financial assets - non-current (Notes 8 and 34)	1,098,344	3	1,243,142	3	1,197,695	3	951,333	2
Financial assets measured at cost - non-current (Notes 9 and 34)	94,000	-	113,399	-	112,072	-	114,888	-
Investments accounted for using equity method (Note 13)	20,695	-	38,599	-	47,550	-	-	-
Property, plant and equipment (Notes 14 and 36)	17,886,547	46	21,128,358	47	22,420,614	47	26,728,291	49
Intangible assets (Note 15)	139,207	1	238,343	1	292,513	1	316,358	1
Deferred tax assets (Notes 4 and 27)	910,815	2	912,178	2	910,069	2	910,037	2
Other financial assets - non-current (Notes 17, 34 and 36)	181,622	1	182,657	-	183,001	-	185,715	-
Other non-current assets (Notes 16 and 18)	<u>128,540</u>	<u>-</u>	<u>126,003</u>	<u>-</u>	<u>125,084</u>	<u>-</u>	<u>93,934</u>	<u>-</u>
Total non-current assets	<u>20,459,770</u>	<u>53</u>	<u>23,982,679</u>	<u>53</u>	<u>25,288,598</u>	<u>53</u>	<u>29,300,556</u>	<u>54</u>
TOTAL	<u>\$ 38,807,150</u>	<u>100</u>	<u>\$ 44,842,575</u>	<u>100</u>	<u>\$ 47,583,734</u>	<u>100</u>	<u>\$ 54,030,001</u>	<u>100</u>
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Short-term borrowings (Notes 19 and 34)	\$ 1,680,593	4	\$ 2,134,039	5	\$ 1,352,212	3	\$ 566,577	1
Financial liabilities at fair value through profit or loss - current (Notes 7 and 34)	2,828	-	7,113	-	2,544	-	-	-
Notes payable and trade payables (Notes 20 and 34)	1,903,858	5	1,996,003	5	2,080,963	4	2,004,696	4
Payables to related parties (Notes 34 and 35)	51,649	-	63,185	-	68,090	-	90,570	-
Other payables (Notes 21 and 34)	1,040,100	3	1,682,698	4	1,444,774	3	2,226,702	4
Other payables to related parties (Notes 34 and 35)	10,131	-	-	-	9,320	-	14	-
Payables for purchase of equipment (Note 34)	154,422	-	475,285	1	233,178	1	432,797	1
Current tax liabilities (Notes 4 and 27)	183,144	1	302,416	1	298,935	1	355,427	1
Provisions - current (Note 22)	209,941	1	150,617	-	117,007	-	143,399	-
Current portion of long-term borrowings (Notes 19 and 34)	2,311,111	6	12,143,430	27	6,048,124	13	7,648,233	14
Other current liabilities	<u>66,945</u>	<u>-</u>	<u>74,315</u>	<u>-</u>	<u>103,581</u>	<u>-</u>	<u>71,689</u>	<u>-</u>
Total current liabilities	<u>7,614,722</u>	<u>20</u>	<u>19,029,101</u>	<u>43</u>	<u>11,758,728</u>	<u>25</u>	<u>13,540,104</u>	<u>25</u>
NON-CURRENT LIABILITIES								
Long-term borrowings (Notes 19 and 34)	9,851,300	25	2,073,506	5	10,093,810	21	10,935,406	20
Net defined benefit liabilities (Notes 4 and 23)	1,118,687	3	1,116,508	2	1,003,359	2	927,210	2
Other non-current liabilities	<u>4,622</u>	<u>-</u>	<u>17,930</u>	<u>-</u>	<u>16,601</u>	<u>-</u>	<u>3,087</u>	<u>-</u>
Total non-current liabilities	<u>10,974,609</u>	<u>28</u>	<u>3,207,944</u>	<u>7</u>	<u>11,113,770</u>	<u>23</u>	<u>11,865,703</u>	<u>22</u>
Total liabilities	<u>18,589,331</u>	<u>48</u>	<u>22,237,045</u>	<u>50</u>	<u>22,872,498</u>	<u>48</u>	<u>25,405,807</u>	<u>47</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 24)								
Share Capital								
Ordinary shares	36,185,987	93	35,587,740	79	35,214,730	74	35,214,730	65
Capital stock to be cancelled	<u>(7,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>36,178,489</u>	<u>93</u>	<u>35,587,740</u>	<u>79</u>	<u>35,214,730</u>	<u>74</u>	<u>35,214,730</u>	<u>65</u>
Capital surplus	<u>26,866</u>	<u>-</u>	<u>241,652</u>	<u>-</u>	<u>632,199</u>	<u>1</u>	<u>344,166</u>	<u>1</u>
Retained earnings								
Accumulated deficit	<u>(16,341,763)</u>	<u>(42)</u>	<u>(13,812,749)</u>	<u>(31)</u>	<u>(11,444,329)</u>	<u>(24)</u>	<u>(7,280,502)</u>	<u>(14)</u>
Other equity	<u>501,050</u>	<u>1</u>	<u>734,847</u>	<u>2</u>	<u>452,112</u>	<u>1</u>	<u>457,785</u>	<u>1</u>
Treasury shares	<u>(159,061)</u>	<u>-</u>	<u>(159,061)</u>	<u>-</u>	<u>(159,061)</u>	<u>-</u>	<u>(159,061)</u>	<u>-</u>
Equity attributable to shareholders of the parent	20,205,581	52	22,592,429	50	24,695,651	52	28,577,118	53
NON-CONTROLLING INTERESTS (Note 24)	<u>12,238</u>	<u>-</u>	<u>13,101</u>	<u>-</u>	<u>15,585</u>	<u>-</u>	<u>47,076</u>	<u>-</u>
Total equity	<u>20,217,819</u>	<u>52</u>	<u>22,605,530</u>	<u>50</u>	<u>24,711,236</u>	<u>52</u>	<u>28,624,194</u>	<u>53</u>
TOTAL	<u>\$ 38,807,150</u>	<u>100</u>	<u>\$ 44,842,575</u>	<u>100</u>	<u>\$ 47,583,734</u>	<u>100</u>	<u>\$ 54,030,001</u>	<u>100</u>

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

(With Deloitte & Touche review report dated October 28, 2015)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2015		2014		2015		2014	
	(Reviewed)		(Reviewed after Restated)		(Reviewed)		(Reviewed after Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 25 and 35)	\$ 5,647,200	100	\$ 6,691,327	100	\$ 15,328,703	100	\$ 16,454,101	100
OPERATING COSTS (Notes 11, 23, 26 and 35)	<u>4,860,913</u>	<u>86</u>	<u>5,519,772</u>	<u>82</u>	<u>13,283,434</u>	<u>86</u>	<u>14,086,258</u>	<u>86</u>
GROSS PROFIT	786,287	14	1,171,555	18	2,045,269	14	2,367,843	14
REALIZED GAIN TRANSACTIONS WITH ASSOCIATES	<u>147</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>89</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>786,434</u>	<u>14</u>	<u>1,171,631</u>	<u>18</u>	<u>2,045,381</u>	<u>14</u>	<u>2,367,932</u>	<u>14</u>
OPERATING EXPENSES (Notes 23, 26 and 35)								
Selling and marketing expenses	260,093	5	291,333	5	750,350	5	820,936	5
General and administrative expenses	366,783	7	421,931	6	1,115,625	7	1,217,013	8
Research and development expenses	<u>1,209,401</u>	<u>21</u>	<u>1,555,683</u>	<u>23</u>	<u>3,648,046</u>	<u>24</u>	<u>4,492,334</u>	<u>27</u>
Total operating expenses	<u>1,836,277</u>	<u>33</u>	<u>2,268,947</u>	<u>34</u>	<u>5,514,021</u>	<u>36</u>	<u>6,530,283</u>	<u>40</u>
LOSS FROM OPERATIONS	<u>(1,049,843)</u>	<u>(19)</u>	<u>(1,097,316)</u>	<u>(16)</u>	<u>(3,468,640)</u>	<u>(22)</u>	<u>(4,162,351)</u>	<u>(26)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 26 and 35)	76,014	1	64,788	1	1,100,975	7	158,489	1
Other gains and losses (Notes 26 and 30)	112,519	2	12,655	-	86,888	-	50,557	-
Finance costs (Note 26)	(79,758)	(1)	(70,248)	(1)	(218,132)	(1)	(210,578)	(1)
Share of loss of associates	<u>(4,907)</u>	<u>-</u>	<u>(8,156)</u>	<u>-</u>	<u>(18,028)</u>	<u>-</u>	<u>(15,082)</u>	<u>-</u>
Total non-operating income and expenses	<u>103,868</u>	<u>2</u>	<u>(961)</u>	<u>-</u>	<u>951,703</u>	<u>6</u>	<u>(16,614)</u>	<u>-</u>
LOSS BEFORE INCOME TAX	(945,975)	(17)	(1,098,277)	(16)	(2,516,937)	(16)	(4,178,965)	(26)
INCOME TAX EXPENSE (Notes 4 and 27)	<u>4,892</u>	<u>-</u>	<u>1,065</u>	<u>-</u>	<u>12,873</u>	<u>-</u>	<u>4,157</u>	<u>-</u>
NET LOSS FOR THE PERIOD	<u>(950,867)</u>	<u>(17)</u>	<u>(1,099,342)</u>	<u>(16)</u>	<u>(2,529,810)</u>	<u>(16)</u>	<u>(4,183,122)</u>	<u>(26)</u>
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 24)	80,955	1	20,494	-	33,678	-	23,071	-
Unrealized gain (loss) on available-for-sale financial assets (Note 24)	(199,788)	(3)	4,306	-	(147,285)	(1)	242,582	2
Share of the other comprehensive loss of associates accounted for using the equity method (Note 24)	<u>49</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>(830)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(118,784)</u>	<u>(2)</u>	<u>24,821</u>	<u>-</u>	<u>(113,595)</u>	<u>(1)</u>	<u>264,823</u>	<u>2</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (1,069,651)</u>	<u>(19)</u>	<u>\$ (1,074,521)</u>	<u>(16)</u>	<u>\$ (2,643,405)</u>	<u>(17)</u>	<u>\$ (3,918,299)</u>	<u>(24)</u>
NET LOSS ATTRIBUTABLE TO:								
Shareholders of the parent	\$ (949,199)	(17)	\$ (1,094,999)	(16)	\$ (2,524,483)	(16)	\$ (4,163,827)	(26)
Non-controlling interests	<u>(1,668)</u>	<u>-</u>	<u>(4,343)</u>	<u>-</u>	<u>(5,327)</u>	<u>-</u>	<u>(19,295)</u>	<u>-</u>
	<u>\$ (950,867)</u>	<u>(17)</u>	<u>\$ (1,099,342)</u>	<u>(16)</u>	<u>\$ (2,529,810)</u>	<u>(16)</u>	<u>\$ (4,183,122)</u>	<u>(26)</u>

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MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2015		2014		2015		2014	
	(Reviewed)		(Reviewed after Restated)		(Reviewed)		(Reviewed after Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE								
LOSS ATTRIBUTABLE TO:								
Shareholders of the parent	\$ (1,068,152)	(19)	\$ (1,069,699)	(16)	\$ (2,638,132)	(17)	\$ (3,899,290)	(24)
Non-controlling interests	<u>(1,499)</u>	-	<u>(4,822)</u>	-	<u>(5,273)</u>	-	<u>(19,009)</u>	-
	<u>\$ (1,069,651)</u>	<u>(19)</u>	<u>\$ (1,074,521)</u>	<u>(16)</u>	<u>\$ (2,643,405)</u>	<u>(17)</u>	<u>\$ (3,918,299)</u>	<u>(24)</u>
LOSS PER SHARE (Note 28)								
Basic	<u>\$ (0.27)</u>		<u>\$ (0.31)</u>		<u>\$ (0.72)</u>		<u>\$ (1.18)</u>	
Diluted	<u>\$ (0.27)</u>		<u>\$ (0.31)</u>		<u>\$ (0.72)</u>		<u>\$ (1.18)</u>	

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

(With Deloitte & Touche review report dated October 28, 2015)

(Concluded)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent											
						Other Equity						
	Share (Thousands)	Capital Stock Share Capital	Capital Stock to be Cancelled	Capital Surplus	Retained Earnings Accumulated Deficit	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) from Available-for-sale Financial Assets	Employee Unearned Compensation	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	3,521,473	\$ 35,214,730	\$ -	\$ 344,166	\$ (7,178,843)	\$ (49,141)	\$ 506,926	\$ -	\$ (159,061)	\$ 28,678,777	\$ 47,021	\$ 28,725,798
Effect of retrospective application and retrospective restatement	-	-	-	-	(101,659)	-	-	-	-	(101,659)	55	(101,604)
Balance at January 1, 2014 as restated	3,521,473	35,214,730	-	344,166	(7,280,502)	(49,141)	506,926	-	(159,061)	28,577,118	47,076	28,624,194
Net loss for the nine months ended September 30, 2014	-	-	-	-	(4,163,827)	-	-	-	-	(4,163,827)	(19,295)	(4,183,122)
Other comprehensive income for the nine months ended September 30, 2014, net of income tax	-	-	-	-	-	21,955	242,582	-	-	264,537	286	264,823
Total comprehensive income (loss) for the nine months ended September 30, 2014	-	-	-	-	(4,163,827)	21,955	242,582	-	-	(3,899,290)	(19,009)	(3,918,299)
Issue of ordinary shares under employee share options plans	-	-	-	-	-	-	-	-	-	-	51	51
Issue of restricted stock to employees	-	-	-	287,811	-	-	-	(287,811)	-	-	-	-
Compensation cost of restricted stock for employees	-	-	-	-	-	-	-	17,601	-	17,601	-	17,601
Increase (decrease) in non-controlling interests	-	-	-	222	-	-	-	-	-	222	(12,533)	(12,311)
BALANCE AT SEPTEMBER 30, 2014	3,521,473	\$ 35,214,730	\$ -	\$ 632,199	\$ (11,444,329)	\$ (27,186)	\$ 749,508	\$ (270,210)	\$ (159,061)	\$ 24,695,651	\$ 15,585	\$ 24,711,236
BALANCE AT JANUARY 1, 2015	3,558,774	\$ 35,587,740	\$ -	\$ 241,652	\$ (13,640,051)	\$ 27,223	\$ 917,437	\$ (209,813)	\$ (159,061)	\$ 22,765,127	\$ 13,101	\$ 22,778,228
Effect of retrospective application and retrospective restatement	-	-	-	-	(172,698)	-	-	-	-	(172,698)	-	(172,698)
Balance at January 1, 2015 as restated	3,558,774	35,587,740	-	241,652	(13,812,749)	27,223	917,437	(209,813)	(159,061)	22,592,429	13,101	22,605,530
Net loss for the nine months ended September 30, 2015	-	-	-	-	(2,524,483)	-	-	-	-	(2,524,483)	(5,327)	(2,529,810)
Other comprehensive income (loss) for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	33,636	(147,285)	-	-	(113,649)	54	(113,595)
Total comprehensive income (loss) for the nine months ended September 30, 2015	-	-	-	-	(2,524,483)	33,636	(147,285)	-	-	(2,638,132)	(5,273)	(2,643,405)
Issue of restricted stock to employees	61,278	612,787	-	(236,895)	-	-	-	(375,892)	-	-	-	-
Compensation cost of restricted stock for employees	-	-	-	-	-	-	-	255,744	-	255,744	-	255,744
Retirement of restricted stock for employees	(1,454)	(14,540)	(7,498)	22,038	-	-	-	-	-	-	-	-
Difference between purchase price and carrying amount arising from capital injection of subsidiaries	-	-	-	-	(4,531)	-	-	-	-	(4,531)	4,531	-
Increase (decrease) in non-controlling interests	-	-	-	71	-	-	-	-	-	71	(121)	(50)
BALANCE AT SEPTEMBER 30, 2015	3,618,598	\$ 36,185,987	\$ (7,498)	\$ 26,866	\$ (16,341,763)	\$ 60,859	\$ 770,152	\$ (329,961)	\$ (159,061)	\$ 20,205,581	\$ 12,238	\$ 20,217,819

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

(With Deloitte & Touche review report dated October 28, 2015)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Nine Months Ended September 30</u>	
	2015	2014
	(Reviewed)	(Reviewed after Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (2,516,937)	\$ (4,178,965)
Adjustments for:		
Depreciation expense	4,310,537	5,493,037
Amortization expense	129,182	187,204
Impairment loss recognized on trade receivables	-	271
Finance costs	218,132	210,578
Interest income	(23,539)	(45,814)
Dividend income	(95,417)	(89,634)
Compensation cost of employee share options	-	51
Compensation cost of employee restricted shares	255,744	17,601
Share of loss of associates	18,028	15,082
(Gain) loss on disposal of property, plant and equipment	(5,889)	9,535
Gain on disposal of investments	(7,491)	(39,035)
Realized gain on the transactions with associates	(112)	(89)
Gain on foreign currency exchange	(100,861)	(23,485)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	95	1,315
Increase in notes receivable and trade receivables	(499,061)	(478,274)
Decrease (increase) in receivables from related parties	7,117	(982,182)
Increase in other receivables	(14,327)	(47,197)
Increase in inventories	(933,377)	(765,948)
Decrease in other current assets	150,609	32,678
(Decrease) increase in financial liabilities held for trading	(4,285)	2,544
(Decrease) increase in notes payable and trade payables	(85,889)	64,303
Decrease in payables to related parties	(13,871)	(23,851)
Decrease in other payables	(644,529)	(781,896)
Increase in other payables to related parties	10,131	9,306
Increase (decrease) in provisions	59,324	(24,273)
(Decrease) increase in other current liabilities	(7,512)	33,438
Increase in net defined benefit liabilities	2,179	76,149
Cash generated from (used in) operations	207,981	(1,327,551)
Interest received	24,454	45,913
Dividend received	95,063	88,836
Interest paid	(217,085)	(212,646)
Income tax paid	(130,782)	(60,681)
Net cash used in operating activities	(20,369)	(1,466,129)

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2015	2014
	(Reviewed)	(Reviewed after Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of financial assets measured at cost	\$ -	\$ 5,730
Proceeds from return of capital on financial assets measured at cost	28,209	3,481
Disposal of subsidiaries (Note 30)	-	(29,343)
Payments for property, plant and equipment	(1,380,855)	(1,395,577)
Proceeds from disposal of property, plant and equipment	8,277	6,137
Increase in refundable deposits	(15,893)	(460)
Decrease in refundable deposits	17,569	529
Payments for intangible assets	(30,107)	(165,397)
Decrease in other financial assets	542	90
Increase in other non-current assets	<u>(2,222)</u>	<u>(31,256)</u>
Net cash used in investing activities	<u>(1,374,480)</u>	<u>(1,606,066)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	7,320,798	1,963,322
Repayments of short-term borrowings	(7,820,270)	(1,203,590)
Proceeds from long-term borrowings	10,851,747	2,742,372
Repayments of long-term borrowings	(12,911,269)	(5,176,519)
Proceeds from guarantee deposits received	46	13,154
Refund of guarantee deposits received	(13,214)	-
(Decrease) increase in other non-current liabilities	(141)	360
(Decrease) increase in non-controlling interests	<u>(51)</u>	<u>38</u>
Net cash used in financing activities	<u>(2,572,354)</u>	<u>(1,660,863)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>150,081</u>	<u>11,364</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,817,122)	(4,721,694)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>7,636,201</u>	<u>11,978,574</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,819,079</u>	<u>\$ 7,256,880</u>

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

(With Deloitte & Touche review report dated October 28, 2015)

(Concluded)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Macronix International Co., Ltd. (the “Company”) was incorporated in the Republic of China (“ROC”) on December 9, 1989 and commenced business in December 1989. The Company operates principally as a designer, manufacturer and supplier of integrated circuits and memory chips. The Company also performs design, research and development, consultation and trade of relevant products.

The Company’s shares have been listed on the Taiwan Stock Exchange (TSE) since March 15, 1995.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and authorized for issue on October 28, 2015.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC).

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

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Group’s accounting policies:

1) IFRS 10 “Consolidated Financial Statements”

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

2) IFRS 12 “Disclosure of Interests in Other Entities”

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

3) Revision to IAS 28 “Investments in Associates and Joint Ventures”

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

4) IFRS 13 “Fair Value Measurement”

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

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 34 for related disclosures.

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

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

The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates accounted for using the equity method. However, the application of the above amendments will not have any impact on the net profit for the period, other comprehensive income for the period (net of income tax), and total comprehensive income for the period.

6) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Remeasurement of the defined benefit plans is presented separately as accumulated deficits.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

In addition, revised IAS 19 changes the definition of short-term employee benefits. The revised definition is “employee benefits (other than termination benefits) that are expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the related service”. The Group’s unused annual leave, which can be carried forward through 36 months after the end of the annual period in which the employee renders service and which is currently classified as short-term employee benefits, is classified as other long-term employee benefits under revised IAS 19. Related defined benefit obligation of such other long-term benefit is calculated using the Projected Unit Credit Method. However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities, deferred tax assets and retained earnings; the carrying amounts of inventories are not adjusted. In addition, in preparing the consolidated financial statements, the Group elected not to present comparative information about the sensitivity of the defined benefit obligation.

The impact on the current period is set out below:

Impact on Assets, Liabilities and Equity	September 30, 2015
Decrease in net defined benefit liabilities	<u>\$ 4,260</u>
Decrease in accumulated deficit	<u>\$ 4,260</u>
Impact on Total Comprehensive Income	For the Nine Months Ended September 30, 2015
Decrease in operating costs	\$ 2,409
Decrease in operating expenses	<u>1,851</u>
Decrease in net loss for the period	<u>\$ 4,260</u>
Impact on Total Comprehensive Income	For the Three Months Ended September 30, 2015
Decrease in operating costs	\$ 803
Decrease in operating expenses	<u>617</u>
Decrease in net loss for the period	<u>\$ 1,420</u>

The impact on the prior reporting periods is set out below:

Impact on Assets, Liabilities and Equity	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>December 31, 2014</u>			
Net defined benefit liabilities	\$ 943,810	\$ 172,698	\$ 1,116,508
Accumulated deficit	\$ (13,640,051)	\$ (172,698)	\$ (13,812,749)
<u>September 30, 2014</u>			
Net defined benefit liabilities	\$ 907,302	\$ 96,057	\$ 1,003,359
Accumulated deficit	\$ (11,348,217)	\$ (96,112)	\$ (11,444,329)
Non-controlling interests	\$ 15,530	\$ 55	\$ 15,585
<u>January 1, 2014</u>			
Net defined benefit liabilities	\$ 825,606	\$ 101,604	\$ 927,210
Accumulated deficit	\$ (7,178,843)	\$ (101,659)	\$ (7,280,502)
Non-controlling interests	\$ 47,021	\$ 55	\$ 47,076
Impact on Total Comprehensive Income	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>For the nine months ended September 30, 2014</u>			
Operating costs	\$ 14,089,404	\$ (3,146)	\$ 14,086,258
Operating expenses	\$ 6,532,684	\$ (2,401)	\$ 6,530,283
Total effect on net loss for the period	\$ (4,188,669)	\$ 5,547	\$ (4,183,122)
Total effect on total comprehensive loss for the period	\$ (3,923,846)	\$ 5,547	\$ (3,918,299)
Impact on net loss attributable to:			
Shareholders of the parent	\$ (4,169,374)	\$ 5,547	\$ (4,163,827)
Non-controlling interests	(19,295)	-	(19,295)
	\$ (4,188,669)	\$ 5,547	\$ (4,183,122)
Impact on total comprehensive loss attributable to:			
Shareholders of the parent	\$ (3,904,837)	\$ 5,547	\$ (3,899,290)
Non-controlling interests	(19,009)	-	(19,009)
	\$ (3,923,846)	\$ 5,547	\$ (3,918,299)

(Continued)

Impact on Total Comprehensive Income	As Originally Stated	Adjustments Arising from Initial Application	Restated
For the three months ended September 30, 2014			
Operating costs	\$ 5,520,825	\$ (1,053)	\$ 5,519,772
Operating expenses	\$ 2,269,743	\$ (796)	\$ 2,268,947
Total effect on net loss for the period	\$ (1,101,191)	\$ 1,849	\$ (1,099,342)
Total effect on total comprehensive loss for the period	\$ (1,076,370)	\$ 1,849	\$ (1,074,521)
Impact on net loss attributable to:			
Shareholders of the parent	\$ (1,096,848)	\$ 1,849	\$ (1,094,999)
Non-controlling interests	(4,343)	-	(4,343)
	\$ (1,101,191)	\$ 1,849	\$ (1,099,342)
Impact on total comprehensive loss attributable to:			
Shareholders of the parent	\$ (1,071,548)	\$ 1,849	\$ (1,069,699)
Non-controlling interests	(4,822)	-	(4,822)
	\$ (1,076,370)	\$ 1,849	\$ (1,074,521)

(Concluded)

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

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements. Refer to Note 34 for related disclosure.

8) Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

9) Annual Improvements to IFRSs: 2009-2011 Cycle

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

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

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

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

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Refer to Note 40.

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

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

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

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

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

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

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

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

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

The impairment of financial assets

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

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

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

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

3) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

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

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

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

5) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

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

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

6) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

- a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

7) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts".

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

8) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the entity's share of the gain or loss is eliminated.

9) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

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

10) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

11) Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”

The amendments clarified that when the Group (non-investment entity) applies the equity method to an associate or a joint venture that is an investment entity, the Group may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IAS 34 “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in the consolidated financial reports is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

See Note 12 and Table 4 for the detailed information of subsidiaries (including the percentage of ownership and main business).

c. Other important accounting policies

The accounting policies described in the consolidated financial statements were consistent with those applied in the consolidated financial statements for the year ended December 31, 2014, except for the following:

1) Employee benefits

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur and is reflected immediately in accumulated deficit and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2014, except for the following:

a. Useful lives of property, plant and equipment

As described in Note 4 (h) to the consolidated financial statements for the year ended December 31, 2014, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Based on the valuation report provided by China Credit Information Service Ltd., the actual useful lives of certain items of property, plant and equipment have exceeded their estimated useful lives. Due to the consideration of physical depletion, functional depletion and economic depletion, management determined that the useful lives of machinery equipment and R&D equipment, facility equipment and main buildings should be extended from 6 years to 11 years, 6 years to 15 years and 21 years to 31 years, respectively, from January 1, 2016.

The effect of this reassessment within the next 3 years, assuming the assets are held until the end of their extended useful lives, is to decrease the consolidated depreciation expense for, by the following amounts:

Year ended 2016	\$ 3,775,234
Year ended 2017	2,558,159
Year ended 2018	240,530

6. CASH AND CASH EQUIVALENTS

	September 30, 2015	December 31, 2014	September 30, 2014
Cash on hand	\$ 341	\$ 452	\$ 214
Checking accounts and demand deposits	2,325,544	1,893,935	1,595,576
Cash equivalent			
Time deposits	<u>1,493,194</u>	<u>5,741,814</u>	<u>5,661,090</u>
	<u>\$ 3,819,079</u>	<u>\$ 7,636,201</u>	<u>\$ 7,256,880</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Financial assets at FVTPL-current</u>			
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ 43</u>
<u>Financial liabilities at FVTPL-current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 2,828</u>	<u>\$ 7,113</u>	<u>\$ 2,544</u>

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

Contract	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2015</u>			
Sell	USD/NTD	2015.10	USD8,000/NTD262,254
Sell	JPY/NTD	2015.10	JPY400,000/NTD108,600
<u>December 31, 2014</u>			
Sell	USD/NTD	2015.01	USD18,000/NTD562,947

(Continued)

Contract	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2014</u>			
Sell	USD/NTD	2014.10	USD16,000/NTD484,630
Sell	JPY/NTD	2014.10	JPY200,000/NTD55,725 (Concluded)

The Group entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 813,664	\$ 982,975	\$ 989,282
Foreign investments			
Listed shares	<u>284,680</u>	<u>260,167</u>	<u>208,413</u>
	<u>\$ 1,098,344</u>	<u>\$ 1,243,142</u>	<u>\$ 1,197,695</u>

9. FINANCIAL ASSETS MEASURED AT COST

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Non-current</u>			
Domestic unlisted common shares	\$ 58,500	\$ 79,217	\$ 79,218
Overseas unlisted common shares	<u>35,500</u>	<u>34,182</u>	<u>32,854</u>
	<u>\$ 94,000</u>	<u>\$ 113,399</u>	<u>\$ 112,072</u>
Classified according to financial asset measurement categories			
Available-for-sale financial assets	<u>\$ 94,000</u>	<u>\$ 113,399</u>	<u>\$ 112,072</u>

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

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Notes receivable</u>			
Operating	\$ 478	\$ 790	\$ 603
<u>Trade receivables</u>			
Operating	3,210,264	2,698,636	3,363,498
Less: Allowance for impairment loss	<u>271</u>	<u>271</u>	<u>271</u>
	<u>3,209,993</u>	<u>2,698,365</u>	<u>3,363,227</u>
	<u>\$ 3,210,471</u>	<u>\$ 2,699,155</u>	<u>\$ 3,363,830</u>
<u>Other receivables</u>			
Tax receivable	\$ 123,098	\$ 148,843	\$ 175,750
Others	<u>50,544</u>	<u>12,461</u>	<u>14,852</u>
	<u>\$ 173,642</u>	<u>\$ 161,304</u>	<u>\$ 190,602</u>

a. Trade Receivables

The average credit period for sales of goods was 60 days. In determining the recoverability of a trade receivable, the Group evaluates each customer's credibility and financial position and considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Of the trade receivables balance (see aging analysis below) that were past due at the end of the reporting period, the Group had not recognized an allowance for impaired notes receivables and trade receivables, because there had not been a significant change in credit quality and the amounts were still considered recoverable.

The aging of receivables was as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Less than 60 days	\$ 3,209,345	\$ 2,690,795	\$ 3,183,408
61-120 days	-	6,315	154
Over 121 days	<u>919</u>	<u>1,526</u>	<u>179,936</u>
	<u>\$ 3,210,264</u>	<u>\$ 2,698,636</u>	<u>\$ 3,363,498</u>

The aging of receivables that were past due but not impaired was as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Past due but not impaired			
Less than 60 days	\$ 49,482	\$ 54,113	\$ 63,320
61-120 days	-	6,315	154
Over 121 days	<u>648</u>	<u>1,255</u>	<u>179,665</u>
	<u>\$ 50,130</u>	<u>\$ 61,683</u>	<u>\$ 243,139</u>

The above aging schedule was based on the past due date.

As of September 30, 2015, the Group did not hold collateral for most of the receivables.

Movements in the allowance for impairment loss recognized on trade receivables were as follows:

	Individually Assessed for Impairment	Assembly Assessed for Impairment	Total
Balance at January 1, 2014	\$ 1,976	\$ -	\$ 1,976
Add: Impairment losses recognized on receivables	271	-	271
Consolidated entity change effects	<u>(1,976)</u>	<u>-</u>	<u>(1,976)</u>
Balance at September 30, 2014	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ 271</u>
Balance at January 1, 2015 and September 30, 2015	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ 271</u>

b. Notes Receivable and other receivables

No allowance for impairment loss of notes receivable and other receivables was recognized since the notes receivable and other receivables of the Group were not past due and the Group assessed that there was no uncertainty of recoverability.

11. INVENTORIES

	September 30, 2015	December 31, 2014	September 30, 2014
Finished goods and merchandise	\$ 1,718,221	\$ 1,156,530	\$ 967,724
Work in progress	8,228,508	7,857,969	8,300,007
Raw materials	<u>288,291</u>	<u>287,144</u>	<u>286,025</u>
	<u>\$ 10,235,020</u>	<u>\$ 9,301,643</u>	<u>\$ 9,553,756</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2015 included inventory write-downs of NT\$71,831 thousand, and the cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2015 included inventory write-downs of NT\$358,576 thousand. The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2014 included reversal of inventory write-downs of NT\$13,614 thousand, and the cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2014 included inventory

write-downs of NT\$791,497 thousand. The reversal of inventory write-downs was due to disposal of certain long non-moving inventories.

12. SUBSIDIARIES

Subsidiary included in consolidated financial statements

As of September 30, 2015, the Company has direct and indirect majority ownership in the following subsidiaries: Run Hong Investment, Ltd. (“Run Hong”), Hui Ying Investment, Ltd. (“Hui Ying”), Mxtran Inc. (“Mxtran”), Infomax Communication Co., Ltd. (“INFOMAX”), Macronix America Inc. (“MXA”), Macronix (BVI) Co., Ltd. (“MXBVI”), Mxtran Holding (Samoa) Co., Ltd. (“Mxtran Samoa”), Mxtran (H.K.) Holding Co., Limited (“Mxtran HK”), Maxtran Technology Co., Ltd. (“Maxtran Beijing”), Infomax Holding Co., Ltd. (“Infomax Samoa”), Infomax Holding Company Limited (“Infomax HK”), Infomax Communication (Suzhou) Co., Ltd. (“Infomax SU”), New Trend Technology Inc. (“NTTI”), Macronix (Asia) Limited (“MX Asia”), Macronix Pte. Ltd. (“MPL”), Macronix Europe NV. (“MXE”), Macronix (Hong Kong) Co., Ltd. (“MXHK”) and Macronix Microelectronics (Suzhou) Co., Ltd. (“MXm”).

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2015	December 31, 2014	September 30, 2014	
The Company	Run Hong	Investment company	100.00	100.00	100.00	-
The Company	Hui Ying	Investment company	100.00	100.00	100.00	-
The Company and Run Hong	Mxtran	Combi-SIM IC and the related service	94.84	94.15	94.15	-
The Company and Run Hong	INFOMAX	Baseband chip, analog baseband chip, and power management chip	99.02	99.02	99.02	-
The Company	MXA	Sales and marketing	100.00	100.00	100.00	-
The Company	MXBVI	Investment company	100.00	100.00	100.00	-
Mxtran	Mxtran Samoa	Investment company	100.00	100.00	100.00	-
Mxtran Samoa	Mxtran HK	Investment company	100.00	100.00	100.00	-
Mxtran HK	Maxtran Beijing	Technical support of Combi-SIM IC	100.00	100.00	100.00	-
INFOMAX	Infomax Samoa	Investment company	100.00	100.00	100.00	-
Infomax Samoa	Infomax HK	Investment company	100.00	100.00	100.00	-
Infomax HK	Infomax SU	Software, rendering and technical service	100.00	100.00	100.00	-
MXBVI	NTTI	IC design	100.00	100.00	100.00	-
MXBVI	MX Asia	Investment company	100.00	100.00	100.00	-
MXBVI	MPL	After-sales service	100.00	100.00	100.00	-
MXBVI	MXE	After-sales service	100.00	100.00	100.00	-
MXBVI	MXHK	Sales and marketing	100.00	100.00	100.00	-
MXHK	MXm	Development of integrated circuit system and software	100.00	100.00	100.00	-

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	September 30, 2015	December 31, 2014	September 30, 2014
Associates			
MoDioTek Co., Ltd. (“MoDioTek”)	<u>\$ 20,695</u>	<u>\$ 38,599</u>	<u>\$ 47,550</u>

Name of Associate	Main Business	Principal Place of Business	% of Ownership		
			September 30, 2015	December 31, 2014	September 30, 2014
MoDioTek	Wi-Fi video transmission IC and smart security systems	Hsinchu City	23.39	23.39	23.39

14. PROPERTY, PLANT AND EQUIPMENT

Nine Months Ended September 30, 2015						
	Balance, Beginning of Period	Additions	Disposals	Effect of Foreign Currency Exchange Differences	Reclassification	Balance, End of Period
<u>Cost</u>						
Freehold land	\$ 1,294,628	\$ -	\$ -	\$ 26,850	\$ -	\$ 1,321,478
Buildings	23,088,007	-	13,081	(258)	613,754	23,688,422
Machinery equipment	80,734,087	-	212,597	-	2,000,343	82,521,833
Research and development equipment	6,322,265	5,099	7,127	(41)	(1,221,583)	5,098,613
Transportation equipment	30,323	-	900	(2)	900	30,321
Leasehold improvements	41,247	420	2,419	373	3,230	42,851
Miscellaneous equipment	1,198,945	7,764	14,327	192	13,286	1,205,860
Advance payments and construction in progress	1,804,262	1,046,709	-	(42)	(1,409,930)	1,440,999
	<u>114,513,764</u>	<u>\$ 1,059,992</u>	<u>\$ 250,451</u>	<u>\$ 27,072</u>	<u>\$ -</u>	<u>115,350,377</u>
<u>Accumulated depreciation and Impairment</u>						
Freehold land	393,380	\$ -	\$ -	\$ 15,164	\$ -	408,544
Buildings	17,930,640	919,357	13,081	45	-	18,836,961
Machinery equipment	70,414,495	2,834,540	211,005	-	597,284	73,635,314
Research and development equipment	3,520,962	498,968	6,947	17	(597,284)	3,415,716
Transportation equipment	22,073	2,709	465	(2)	-	24,315
Leasehold improvements	26,909	4,132	2,419	388	-	29,010
Miscellaneous equipment	1,076,947	50,831	14,146	338	-	1,113,970
	<u>93,385,406</u>	<u>\$ 4,310,537</u>	<u>\$ 248,063</u>	<u>\$ 15,950</u>	<u>\$ -</u>	<u>97,463,830</u>
Carrying amount at September 30, 2015	<u>\$ 21,128,358</u>					<u>\$ 17,886,547</u>

	Nine Months Ended September 30, 2014						
	Balance, Beginning of Period	Additions	Disposals	Effect of Foreign Currency Exchange Differences	Disposal of Subsidiaries	Reclassification	Balance, End of Period
<u>Cost</u>							
Freehold land	\$ 1,254,023	\$ -	\$ -	\$ 13,535	\$ -	\$ -	\$ 1,267,558
Buildings	22,684,751	-	9,198	2,762	-	260,437	22,938,752
Machinery equipment	78,439,414	-	261,145	-	-	1,789,531	79,967,800
Research and development equipment	6,229,051	5,082	2,538	379	(27,899)	322,284	6,526,359
Transportation equipment	30,816	-	585	18	-	1,200	31,449
Leasehold improvements	45,496	-	4,653	336	(914)	-	40,265
Miscellaneous equipment	1,201,836	11,519	52,757	541	(11,747)	50,372	1,199,764
Advance payments and construction in progress	3,289,120	1,179,357	-	6	-	(2,423,824)	2,044,659
	<u>113,174,507</u>	<u>\$ 1,195,958</u>	<u>\$ 330,876</u>	<u>\$ 17,577</u>	<u>\$ (40,560)</u>	<u>\$ -</u>	<u>114,016,606</u>
<u>Accumulated depreciation and impairment</u>							
Freehold land	370,449	\$ -	\$ -	\$ 7,643	\$ -	\$ -	378,092
Buildings	16,721,347	911,493	6,989	365	-	-	17,626,216
Machinery equipment	65,465,651	3,817,085	247,712	-	-	41,908	69,076,932
Research and development equipment	2,780,190	691,846	2,538	215	(25,775)	(41,908)	3,402,030
Transportation equipment	19,831	2,996	585	16	-	-	22,258
Leasehold improvements	26,528	4,017	4,653	186	(914)	-	25,164
Miscellaneous equipment	1,062,220	65,600	52,727	491	(10,284)	-	1,065,300
	<u>86,446,216</u>	<u>\$ 5,493,037</u>	<u>\$ 315,204</u>	<u>\$ 8,916</u>	<u>\$ (36,973)</u>	<u>\$ -</u>	<u>91,595,992</u>
Carrying amount at September 30, 2014	<u>\$ 26,728,291</u>						<u>\$ 22,420,614</u>

The carrying amount of the freehold land in the U.S.A. which is unutilized by the Group as of September 30, 2015, December 31, 2014 and September 30, 2014 were US\$9,579 thousand, respectively.

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

Buildings	
Main buildings	21-40 years
Electronic equipment	11-20 years
Facility equipment	6 years
Landscape engineering	20 years
Machinery equipment	4-6 years
Research and development equipment	5-6 years
Transportation equipment	5-6 years
Leasehold improvements	3-16 years
Miscellaneous equipment	2-16 years

Refer to note 36 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure long-term bank loans granted to the Group.

15. INTANGIBLE ASSETS

Nine Months Ended September 30, 2015					
	Balance, Beginning of Period	Additions	Disposals	Effect of Foreign Currency Exchange Differences	Balance, End of Period
<u>Cost</u>					
Software	\$ 643,272	\$ 23,368	\$ 300,702	\$ (802)	\$ 365,136
Licenses	58,913	2,859	-	-	61,772
Mask	-	2,535	-	-	2,535
Others	18,459	1,345	1,274	-	18,530
	<u>720,644</u>	<u>\$ 30,107</u>	<u>\$ 301,976</u>	<u>\$ (802)</u>	<u>447,973</u>
<u>Accumulated amortization</u>					
Software	455,190	\$ 110,574	\$ 300,702	\$ (741)	264,321
Licenses	16,629	13,667	-	-	30,296
Mask	-	1,268	-	-	1,268
Others	10,482	3,673	1,274	-	12,881
	<u>482,301</u>	<u>\$ 129,182</u>	<u>\$ 301,976</u>	<u>\$ (741)</u>	<u>308,766</u>
Carrying amounts at September 30, 2015	<u>\$ 238,343</u>				<u>\$ 139,207</u>

Nine Months Ended September 30, 2014							
	Balance, Beginning of Period	Additions	Disposals	Effect of Foreign Currency Exchange Differences	Disposal of Subsidiaries	Reclassification	Balance, End of Period
<u>Cost</u>							
Software	\$ 579,412	\$ 117,681	\$ 37,114	\$ 1,077	\$ (111)	\$ 156	\$ 661,101
Licenses	38,151	45,545	5,866	-	(10,500)	-	67,330
Mask	8,028	83	-	-	(8,111)	-	-
Others	11,545	2,088	789	(2,039)	(1,666)	3,967	13,106
	<u>637,136</u>	<u>\$ 165,397</u>	<u>\$ 43,769</u>	<u>\$ (962)</u>	<u>\$ (20,388)</u>	<u>\$ 4,123</u>	<u>741,537</u>
<u>Accumulated amortization</u>							
Software	289,649	\$ 167,823	\$ 37,114	\$ 1,039	\$ (95)	\$ 156	421,458
Licenses	26,780	10,442	5,866	-	(8,653)	-	22,703
Mask	1,857	4,844	-	-	(6,701)	-	-
Others	2,492	4,095	789	-	(935)	-	4,863
	<u>320,778</u>	<u>\$ 187,204</u>	<u>\$ 43,769</u>	<u>\$ 1,039</u>	<u>\$ (16,384)</u>	<u>\$ 156</u>	<u>449,024</u>
Carrying amounts at September 30, 2014	<u>\$ 316,358</u>						<u>\$ 292,513</u>

The above items of other intangible assets were amortized on a straight-line basis over the following estimated useful life of the asset:

Software	1-6 years
Licenses	1-3 years
Mask	1-3 years
Others	1-3 years

16. PREPAYMENTS FOR LEASE

	September 30, 2015	December 31, 2014	September 30, 2014
Current asset (included in other current assets)	\$ 585	\$ 585	\$ 559
Non-current asset (included in other non-current assets)	<u>23,531</u>	<u>23,994</u>	<u>23,075</u>
	<u>\$ 24,116</u>	<u>\$ 24,579</u>	<u>\$ 23,634</u>

Prepaid lease payments include land use rights are located in Mainland China. The Group has obtained the land use right certificates.

17. OTHER FINANCIAL ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Non-current</u>			
Restricted time deposits (Note 36)	\$ 166,951	\$ 165,799	\$ 165,594
Refundable deposits	11,705	13,088	12,402
Long-term receivables	<u>2,966</u>	<u>3,770</u>	<u>5,005</u>
	<u>\$ 181,622</u>	<u>\$ 182,657</u>	<u>\$ 183,001</u>

18. OTHER ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Current</u>			
Prepayments	\$ 222,053	\$ 197,475	\$ 123,726
Spare parts	174,729	350,070	333,774
Offset against business tax payable	30,747	29,530	28,449
Prepayments for lease	585	585	559
Others	<u>57</u>	<u>659</u>	<u>1,242</u>
	<u>\$ 428,171</u>	<u>\$ 578,319</u>	<u>\$ 487,750</u>

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Non-current</u>			
Prepayments for lease	\$ 23,531	\$ 23,994	\$ 23,075
Prepayments	<u>105,009</u>	<u>102,009</u>	<u>102,009</u>
	<u>\$ 128,540</u>	<u>\$ 126,003</u>	<u>\$ 125,084</u> (Concluded)

19. BORROWINGS

a. Short-term borrowings

	September 30, 2015	December 31, 2014	September 30, 2014
Import loans	\$ 730,593	\$ 535,039	\$ 502,212
Unsecured borrowings	<u>950,000</u>	<u>1,599,000</u>	<u>850,000</u>
	<u>\$ 1,680,593</u>	<u>\$ 2,134,039</u>	<u>\$ 1,352,212</u>
Interest rate	1.07%-1.90%	1.09%-1.92%	1.12%-1.94%

b. Long-term borrowings

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Secured borrowings (Note 36)</u>			
Loans from financial institution	\$ 10,437,491	\$ 9,822,258	\$ 11,454,498
<u>Unsecured borrowings</u>			
Loans from financial institution	<u>1,763,333</u>	<u>4,405,000</u>	<u>4,700,000</u>
	12,200,824	14,227,258	16,154,498
Less: Current portion	2,311,111	12,143,430	6,048,124
Less: Arrangement fee	<u>38,413</u>	<u>10,322</u>	<u>12,564</u>
Long-term borrowings: Non-current	<u>\$ 9,851,300</u>	<u>\$ 2,073,506</u>	<u>\$ 10,093,810</u>
Interest rate	1.80%-3.02%	1.57%-2.52%	1.56%-2.52%

	Repayment Terms And Maturity Date	September 30, 2015	December 31, 2014	September 30, 2014
Secured syndicated loan denominated in NT\$	Repayable semi-annually from June 2015 to June 2018.	\$ 7,650,000	\$ -	\$ -
Unsecured bank borrowing denominated in NT\$	Pay off in October 2016.	1,000,000	-	-
Secured bank borrowing denominated in NT\$	Repayable quarterly from January 2015 to October 2018.	650,000	800,000	800,000
Secured bank borrowing denominated in NT\$	Repayable quarterly from September 2015 to September 2018.	650,000	-	-
Unsecured bank borrowing denominated in NT\$	Repayable quarterly from December 2014 to March 2016.	630,000	855,000	900,000
Secured bank borrowing denominated in NT\$	Repayable monthly from January 2014 to December 2018.	529,719	646,799	685,409
Secured bank borrowing denominated in NT\$	Repayable quarterly from April 2016 to January 2020.	251,900	-	-
Secured bank borrowing denominated in NT\$	Repayable quarterly from September 2015 to September 2017.	250,000	-	-
Secured bank borrowing denominated in NT\$	Repayable quarterly from January 2015 to July 2017.	230,000	320,000	320,000
Unsecured bank borrowing denominated in NT\$	Repayable semi-annually from March 2015 to September 2017.	133,333	200,000	200,000
Secured bank borrowing denominated in JPY	Repayable quarterly from June 2015 to March 2019.	98,981	109,280	114,814
Secured bank borrowing denominated in NT\$	Repayable monthly from September 2015 to February 2018.	87,000	-	-
Secured bank borrowing denominated in NT\$	Repayable monthly from May 2003 to April 2016.	39,891	91,179	108,275
Unsecured bank borrowing denominated in NT\$	Pay off in March 2015.	-	1,200,000	1,200,000
Unsecured bank borrowing denominated in NT\$	Pay off in March 2015.	-	50,000	100,000
Secured syndicated loan denominated in NT\$	Pay off in June 2015.	-	7,855,000	9,426,000
Unsecured syndicated loan denominated in NT\$	Pay off in June 2015.	-	1,500,000	1,500,000
Unsecured bank borrowing denominated in NT\$	Pay off in September 2015.	-	600,000	800,000
Less: Current portion		2,311,111	12,143,430	6,048,124
Arrangement fee		<u>38,413</u>	<u>10,322</u>	<u>12,564</u>
Total long-term borrowings		<u>\$ 9,851,300</u>	<u>\$ 2,073,506</u>	<u>\$ 10,093,810</u>

To repay the vested liabilities, the company has entered into a 3-year syndicated loan agreement with 15 financial institutions including Taiwan Cooperative Bank in June 2015. The total amount of 7.65 billion of the syndicated loan has been fully used as of September 30, 2015.

The Group had provided notes used as refundable guarantees for borrowings that will be cancelled upon termination of the guarantee.

In addition, the Group's interest bearing floating rate borrowing was reset every one to three months.

The loan agreement requires the maintenance of current ratio, debt ratio, and times interest earned ratio based on semi-annual and annual consolidated financial statements. The Group's financial ratios during the first half of 2015 conform to the required ratios.

The details of assets pledged as collaterals for long-term loans are shown in Note 36.

20. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Notes payable</u>			
Operating	\$ 7	\$ 30	\$ 7
<u>Trade payables</u>			
Operating	<u>1,903,851</u>	<u>1,995,973</u>	<u>2,080,956</u>
	<u>\$ 1,903,858</u>	<u>\$ 1,996,003</u>	<u>\$ 2,080,963</u>

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

21. OTHER PAYABLES

	September 30, 2015	December 31, 2014	September 30, 2014
Payable for maintenance and repair	\$ 168,169	\$ 183,195	\$ 150,449
Bonus	141,806	282,949	146,988
Payable for pension	57,992	58,305	58,739
Payable for legal fees	48,037	561,109	176,717
Payable for rework fees	41,736	41,172	374,672
Payable for royalties	19,387	18,937	21,117
Others	<u>562,973</u>	<u>537,031</u>	<u>516,092</u>
	<u>\$ 1,040,100</u>	<u>\$ 1,682,698</u>	<u>\$ 1,444,774</u>

22. PROVISIONS

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Current</u>			
Employee benefits (a)	\$ 78,436	\$ 76,761	\$ 70,793
Customer returns and rebates (b)	<u>131,505</u>	<u>73,856</u>	<u>46,214</u>
	<u>\$ 209,941</u>	<u>\$ 150,617</u>	<u>\$ 117,007</u>

	Employee Benefits	Customer Returns and Rebates	Total
Balance at January 1, 2015	\$ 76,761	\$ 73,856	\$ 150,617
Additional provisions recognized	64,967	178,629	243,596
Reversing un-usage balances/usage	(63,565)	(125,030)	(188,595)
Net exchange differences	<u>273</u>	<u>4,050</u>	<u>4,323</u>
Balance at September 30, 2015	<u>\$ 78,436</u>	<u>\$ 131,505</u>	<u>\$ 209,941</u>

- a. The provision for employee benefits represents vested long service leave entitlements accrued.
- b. The provision of customer returns and rebates was based on historical experience, management's judgments and other known reasons estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the years of the related goods sold.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, Mxtran and INFOMAX of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2014
Present value of defined benefit obligation	\$ 1,576,706
Fair value of plan assets	<u>(839,728)</u>
Net defined benefit liability	<u>\$ 736,978</u>

Movements in net defined benefit liability were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2014	<u>\$ 1,466,736</u>	<u>\$ 797,238</u>	<u>\$ 669,498</u>
Service cost			
Current service cost	6,450	-	6,450
Net interest expense	<u>32,944</u>	<u>-</u>	<u>32,944</u>
Recognized in profit or loss	<u>39,394</u>	<u>-</u>	<u>39,394</u>
Remeasurement			
Return on plan assets	-	10,137	(10,137)
Actuarial loss - experience adjustments	<u>76,340</u>	<u>6,287</u>	<u>70,053</u>
Recognized in other comprehensive income	<u>76,340</u>	<u>16,424</u>	<u>59,916</u>
Contributions from the employer	<u>-</u>	<u>31,830</u>	<u>(31,830)</u>
Benefits paid	<u>(5,764)</u>	<u>(5,764)</u>	<u>-</u>
Balance at December 31, 2014	<u>\$ 1,576,706</u>	<u>\$ 839,728</u>	<u>\$ 736,978</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Operating costs	\$ 3,313	\$ 3,995	\$ 9,959	\$ 12,074
Selling and marketing expenses	278	377	945	1,133
General administration expenses	4,968	28,596	16,264	87,621
Research and development expenses	<u>1,262</u>	<u>1,587</u>	<u>3,702</u>	<u>5,060</u>
	<u>\$ 9,821</u>	<u>\$ 34,555</u>	<u>\$ 30,870</u>	<u>\$ 105,888</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/ foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31, 2014
Discount rate	2.25%
Expected rate of salary increase	3.00%
Expected return on plan assets increase	1.25%
The average duration of the defined benefit obligation	7 years

The Company maintains a separate executive pension plan and the net periodic pension costs were \$3,943 thousand and \$27,418 thousand for the three months ended September 30, 2015 and 2014 and \$13,235 thousand and \$84,151 thousand for the nine months ended September 30, 2015 and 2014.

24. EQUITY

a. Share capital

Ordinary shares

	September 30, 2015	December 31, 2014	September 30, 2014
Numbers of shares authorized (in thousand)	<u>6,550,000</u>	<u>6,550,000</u>	<u>6,550,000</u>
Share authorized	<u>\$ 65,500,000</u>	<u>\$ 65,500,000</u>	<u>\$ 65,500,000</u>
Numbers of shares issued and fully paid (in thousand)	<u>3,618,598</u>	<u>3,558,774</u>	<u>3,521,473</u>
Shares issued	<u>\$ 36,185,987</u>	<u>\$ 35,587,740</u>	<u>\$ 35,214,730</u>

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

A total of 864,704 thousand shares and 650,000 thousand shares of the Company's authorized shares were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	September 30, 2015	December 31, 2014	September 30, 2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from employee share options	\$ 317,204	\$ 317,204	\$ 317,204
Arising from donations	<u>37</u>	<u>37</u>	<u>37</u>
	<u>\$ 317,241</u>	<u>\$ 317,241</u>	<u>\$ 317,241</u>

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
<u>May be used to offset a deficit only (2)</u>			
Arising from changes in percentage of ownership interest in subsidiaries	\$ <u>732</u>	\$ <u>661</u>	\$ <u>645</u>
<u>May not be used for any purpose</u>			
Arising from treasury share transactions	\$ 26,502	\$ 26,502	\$ 26,502
Arising from employee restricted shares	<u>(317,609)</u>	<u>(102,752)</u>	<u>287,811</u>
	<u>\$ (291,107)</u>	<u>\$ (76,250)</u>	<u>\$ 314,313</u> (Concluded)

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).
- 2) Such capital surplus arises from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

The Company's Articles of Incorporation provide that any profit after annual closing should be used first to cover income tax and accumulated deficit and then make appropriation for legal reserve 10% of the remaining amount (until the amount of the legal reserve equals the amount of the Company's paid-in capital) and special reserve in accordance with law. The remaining amount will be distributed in the following order:

- 1) Employee bonus - 15%;
- 2) Directors remuneration - 2%;
- 3) Shareholders' dividends - any remaining amount will be added to the undistributed earnings from previous years.

The company is classified as capital intensive industry. In accordance with the long-term financial program of the company, the above shareholders' dividends can retain as undistributed earnings, and distribute in future, as determined by the shareholders at Annual General Meeting.

Distributions take the form of cash dividend as the first choice. Nevertheless, it still depends on the Company's financial, sales or operating condition. The Company's Articles of Incorporation provide that no more than 50% of the current year's total amount of distributable earnings can be distributed in the form of stock dividend.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Company has made consequential amendments to the Company's Articles of Incorporation and been approved by the annual shareholders' meeting on June 18, 2015. Due to the net loss for the three months ended September 30, 2015 and 2014 and the nine months ended September 30, 2015 and 2014, there were no accrual for bonus to employees and remuneration to directors and supervisors.

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

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

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

d. Others equity items

1) Exchange differences on translating foreign operations

	For the Nine Months Ended September 30	
	2015	2014
Balance at January 1	\$ 27,223	\$ (49,141)
Exchange differences arising on translation of foreign entities	<u>33,636</u>	<u>21,955</u>
Balance at September 30	<u>\$ 60,859</u>	<u>\$ (27,186)</u>

2) Unrealized gain on available-for-sale financial assets

	For the Nine Months Ended September 30	
	2015	2014
Balance at January 1	\$ 917,437	\$ 506,926
Unrealized gain (loss) on available-for-sale financial assets	<u>(147,285)</u>	<u>242,582</u>
Balance at September 30	<u>\$ 770,152</u>	<u>\$ 749,508</u>

3) Unearned employee benefit

In the meeting of shareholders on June 18, 2014, the shareholders approved a restricted share plan for employees. Refer to Note 29 for the information of restricted shares issued.

	For the Nine Months Ended September 30	
	2015	2014
Balance at January 1	\$ (209,813)	\$ -
Issuance of shares	(375,892)	(287,811)
Share-based payment expenses recognized	<u>255,744</u>	<u>17,601</u>
Balance at September 30	<u>\$ (329,961)</u>	<u>\$ (270,210)</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2015	2014
Balance at January 1	\$ 13,101	\$ 47,021
Effect of retrospective application and retrospective restatement	-	55
Attributable to non-controlling interests:		
Share of loss for the period	(5,327)	(19,295)
Issue of employee share options by subsidiaries	-	51
Exchange difference arising on translation of foreign entities	54	286
Non-controlling interest arising from acquisition at a percentage different from its earlier ownership percentage of subsidiaries (Note 31)	4,531	-
Non-controlling interest relating to outstanding vested share options held by the employees of subsidiaries	(121)	-
Disposal of subsidiaries	<u>-</u>	<u>(12,533)</u>
Balance at September 30	<u>\$ 12,238</u>	<u>\$ 15,585</u>

f. Treasury shares

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>September 30, 2015</u>			
Hui Ying	3,899	\$ 159,061	\$ 16,377
<u>December 31, 2014</u>			
Hui Ying	3,899	159,061	27,023
<u>September 30, 2014</u>			
Hui Ying	3,899	159,061	26,594

The Company's shares held by subsidiaries are regarded as treasury shares; shareholder's rights are retained, except the rights to participate in any share issuance for cash and to vote.

25. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Revenue from the sale of goods	\$ 5,640,333	\$ 6,674,918	\$ 15,313,499	\$ 16,428,901
Royalty revenue and others	<u>6,867</u>	<u>16,409</u>	<u>15,204</u>	<u>25,200</u>
	<u>\$ 5,647,200</u>	<u>\$ 6,691,327</u>	<u>\$ 15,328,703</u>	<u>\$ 16,454,101</u>

The analysis of the Group's revenue and main products was disclosed in Note 40.

26. NET LOSS

Net loss was attributable to:

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Intellectual property rights income	\$ -	\$ -	\$ 951,300	\$ -
Interest income	5,121	12,371	23,539	45,814
Dividend income	60,018	41,757	95,417	89,634
Others	<u>10,875</u>	<u>10,660</u>	<u>30,719</u>	<u>23,041</u>
	<u>\$ 76,014</u>	<u>\$ 64,788</u>	<u>\$ 1,100,975</u>	<u>\$ 158,489</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Net foreign exchange gains	\$ 134,668	\$ 4,796	\$ 102,295	\$ 30,175
Net losses arising on financial assets designated as at FVTPL	(7,175)	(2,853)	(7,051)	(7,648)
Gain on disposal investment	-	17,822	7,491	39,035
Others	<u>(14,974)</u>	<u>(7,110)</u>	<u>(15,847)</u>	<u>(11,005)</u>
	<u>\$ 112,519</u>	<u>\$ 12,655</u>	<u>\$ 86,888</u>	<u>\$ 50,557</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Interest on loans	\$ 81,342	\$ 75,657	\$ 224,032	\$ 229,549
Less: Amounts included in the cost of qualifying assets	<u>(1,584)</u>	<u>(5,409)</u>	<u>(5,900)</u>	<u>(18,971)</u>
	<u>\$ 79,758</u>	<u>\$ 70,248</u>	<u>\$ 281,132</u>	<u>\$ 210,578</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Capitalized interest	\$ 1,584	\$ 5,409	\$ 5,900	\$ 18,971
Capitalization rate	1.57%	2.07%	1.67%	1.88%

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Property, plant and equipment	\$ 1,423,454	\$ 1,827,521	\$ 4,310,537	\$ 5,493,037
Intangible assets	<u>37,022</u>	<u>64,645</u>	<u>129,182</u>	<u>187,204</u>
	<u>\$ 1,460,476</u>	<u>\$ 1,892,166</u>	<u>\$ 4,439,719</u>	<u>\$ 5,680,241</u>
An analysis of depreciation by function				
Operating costs	\$ 1,236,308	\$ 1,562,848	\$ 3,733,040	\$ 4,634,093
Operating expenses	<u>187,146</u>	<u>264,673</u>	<u>577,497</u>	<u>858,944</u>
	<u>\$ 1,423,454</u>	<u>\$ 1,827,521</u>	<u>\$ 4,310,537</u>	<u>\$ 5,493,037</u>
An analysis of amortization by function				
Operating costs	\$ 23,701	\$ 39,192	\$ 84,284	\$ 114,429
Selling and marketing expenses	151	198	447	539
General administration expenses	4,938	15,287	19,648	45,893
Research and development expenses	<u>8,232</u>	<u>9,968</u>	<u>24,803</u>	<u>26,343</u>
	<u>\$ 37,022</u>	<u>\$ 64,645</u>	<u>\$ 129,182</u>	<u>\$ 187,204</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Post-employment benefits (Note 23)				
Defined contribution plans	\$ 62,805	\$ 63,127	\$ 186,996	\$ 190,878
Defined benefit plans	<u>9,821</u>	<u>34,555</u>	<u>30,870</u>	<u>105,888</u>
	72,626	97,682	217,866	296,766

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Share-based payments				
Equity-settled share-based payments	\$ 99,070	\$ 17,607	\$ 255,744	\$ 17,652
Other employee benefits	<u>1,388,410</u>	<u>1,395,852</u>	<u>4,225,741</u>	<u>4,263,250</u>
Total employee benefits expense	<u>\$ 1,560,106</u>	<u>\$ 1,511,141</u>	<u>\$ 4,699,351</u>	<u>\$ 4,577,668</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 626,811	\$ 721,128	\$ 2,082,549	\$ 2,192,737
Operating expenses	<u>933,295</u>	<u>790,013</u>	<u>2,616,802</u>	<u>2,384,931</u>
	<u>\$ 1,560,106</u>	<u>\$ 1,511,141</u>	<u>\$ 4,699,351</u>	<u>\$ 4,577,668</u>

(Concluded)

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Current tax				
In respect of the current year	\$ 5,236	\$ 859	\$ 11,509	\$ 4,063
In respect of prior years	-	-	1	126
Deferred tax				
In respect of the current year	<u>(344)</u>	<u>206</u>	<u>1,363</u>	<u>(32)</u>
Income tax expense recognized in profit or loss	<u>\$ 4,892</u>	<u>\$ 1,065</u>	<u>\$ 12,873</u>	<u>\$ 4,157</u>

b. Integrated income tax

	September 30, 2015	December 31, 2014	September 30, 2014
Accumulated deficit			
Unappropriated earnings generated before January 1, 1998	\$ -	\$ -	\$ -
Unappropriated earnings generated on and after January 1, 1998	<u>(16,341,763)</u>	<u>(13,812,749)</u>	<u>(11,444,329)</u>
	<u>\$ (16,341,763)</u>	<u>\$ (13,812,749)</u>	<u>\$ (11,444,329)</u>
Balance of the imputation credit accounts	<u>\$ 421,581</u>	<u>\$ 289,482</u>	<u>\$ 289,482</u>

No tax creditable ratios were calculated for accumulated deficit as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively.

c. Income tax assessments

The Company's tax returns through 2013 have been assessed by the tax authorities except 2010. The Company disagreed with the tax authorities' assessment on its 2013 and 2012 tax returns and had applied for re-examination. The Company was also not satisfied with the results of the review of the 2009 tax returns and had applied for appeal. Nevertheless, the Company has accrued extra income tax base on the assessment by the tax authorities.

28. LOSS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Basic and diluted loss per share	\$ (0.27)	\$ (0.31)	\$ (0.72)	\$ (1.18)

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

Net Loss for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Loss for the period attributable to owners of the parent	\$ (949,199)	\$ (1,094,999)	\$ (2,524,483)	\$ (4,163,827)

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Weighted average number of ordinary shares in computation of basic and diluted loss per share	3,522,841	3,517,574	3,519,349	3,517,574

As disclosed in Note 29 to the financial statements in determining whether the share-based payments are potential ordinary shares. The aforementioned stock options were not included in the calculation of diluted loss per share because they were antidilutive for the nine months ended September 30, 2015 and 2014.

29. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

Mxtran

Approved by the Board of Directors of Mxtran on August 12, 2011, Mxtran was authorized to issue employee stock options for 2,344 thousand units. Each stock option may subscribe for one new share of common stock of Mxtran. The options are valid for six years and exercisable at certain percentages after the second anniversary from the grant date. For any subsequent changes in Mxtran's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Nine Months Ended September 30			
	2015		2014	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,309	\$ 10.00	1,732	\$ 10.00
Options cancelled	<u>(52)</u>	-	<u>(350)</u>	-
Balance at September 30	<u>1,257</u>	10.00	<u>1,382</u>	10.00

As of September 30, 2015, information about Mxtran's outstanding and exercisable option was as follows:

Range of Exercise Price (NT\$)	Options Issued on or After January 1, 2004 and Outstanding			Options Exercisable	
	Number Outstanding Options (Thousand)	Remaining Contractual Life (In Years)	Exercise Price (NT\$/Per Share)	Number Exercisable Options (Thousand)	Exercise Price (NT\$/Per Share)
\$ 10.00	<u>1,257</u>	1.86	\$ 10.00	<u>1,257</u>	\$ 10.00

Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

Grant-date share price (NT\$)	\$ 3.23
Exercise price (NT\$)	10.00
Expected volatility	44.82%
Expected life (years)	4.25 years
Expected dividend yield	-
Risk-free interest rate	1.11%

For the three months ended September 30, 2015 and 2014, the compensation cost recognized was NT\$0 and NT\$6 thousand, respectively. For the nine months ended September 30, 2015 and 2014, the compensation cost recognized was NT\$0 and NT\$51 thousand, respectively. As of September 30, 2015 and 2014, the estimated percentages of forfeiture due to termination of employment over the remaining vesting period were 4.1% and 6%, respectively.

INFOMAX

Approved by the Board of Directors of INFOMAX on December 21, 2007, April 2, 2010 and January 26, 2011, INFOMAX was authorized to issue employee stock options for 1,910 thousand units, 8,654 thousand units and 1,346 thousand units, respectively. Each stock option may subscribe for one new share of common stock of INFOMAX. The options authorized on December 21, 2007 are valid for eight years. The options authorized on April 2, 2010 and January 26, 2011 are valid for the earlier of six years to the grant dates or two months to the date of application for share listing on the TSE or Taipei Exchange. The options granted are exercisable at certain percentages after the second anniversary from the grant date. For any subsequent changes in INFOMAX's capital surplus, the exercise price is adjusted accordingly.

INFOMAX made capital deduction and increased its share capital by 109,797 thousand shares and 100,000 thousand shares on December 1, 2012 and April 3, 2013, respectively. Each stock option has subscribed for 0.3 common stock share and the exercise price was subject to adjustments for any change of capital structure.

Information on employee share option was as follows:

	For the Nine Months Ended September 30			
	2015		2014	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	7,116	\$ 31.87	7,341	\$ 31.87
Options cancelled	<u>(93)</u>	-	<u>(225)</u>	-
Balance at September 30	<u>7,023</u>	31.87	<u>7,116</u>	31.87

As of September 30, 2015, information about INFOMAX's outstanding and exercisable option was as follows:

Range of Exercise Price (NT\$)	Options Issued on or After January 1, 2004 and Outstanding			Options Exercisable	
	Number Outstanding Options (Thousand)	Remaining Contractual Life (In Years)	Exercise Price (NT\$/Per Share)	Number Exercisable Options (Thousand)	Exercise Price (NT\$/Per Share)
\$ 31.87	1,111	0.22	\$ 31.87	1,111	\$ 31.87
31.87	5,363	0.50	31.87	5,363	31.87
31.87	<u>549</u>	1.32	31.87	<u>549</u>	31.87
	<u>7,023</u>			<u>7,023</u>	

Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

Grant-date share price (NT\$)	\$ 5.17
Exercise price (NT\$)	10.00
Expected volatility	37.82%
Expected life (years)	4.25 years
Expected dividend yield	-
Risk-free interest rate	0.91%

For the three months ended September 30, 2015 and 2014, and the nine months ended September 30, 2015 and 2014, the compensation cost recognized both were NT\$0. As of September 30, 2015 and 2014, the estimated percentages of forfeiture due to termination of employment over the remaining vesting period were both 3%.

b. Restricted Stock Plan for employees

In the shareholders' meeting on June 18, 2014, the shareholders approved a restricted stock plan for employees of 2014, consisting of 123,251 thousand shares and issuance price of NT\$ 0 per share, which has also been approved by the board of directors on July 24, 2014. On August 19, 2014, the FSC issued approval No. 1030031466 which approved this plan. The board of directors approved a restricted stock plan were as below:

Grant Date	Grant Shares (Thousand)	Fair Value	Issued Date	Issued Shares (Thousand)
2014/08/28	38,365	\$ 7.76	2014/12/25	37,301
2015/03/16	62,213	6.82	2015/07/22	61,279

To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period, as follows:

- 1) Remain employed by the Company within one year after the grant date; and has a current year's performance rating of "successful" (or higher) - 40% of restricted shares will be vested;
- 2) Remain employed by the Company within two years after the grant date; and has a current year's performance rating of "successful" (or higher) - 30% of restricted shares will be vested;
- 3) Remain employed by the Company within three years after grant date; and has a current year's performance rating of "successful" (or higher) - 30% of restricted shares will be vested.

In addition to the vesting conditions, the limitations are as follows:

- 1) Employees, except for inheritance, should not sell, transfer, pledge, donate or in any other way dispose of the shares.
- 2) The shares should be held in stock trust.
- 3) Except for the above two paragraphs, other rights of restricted stock plan for employees, including but not limited to, dividends, bonuses, the distribution rights of legal reserve and capital surplus, share options of cash capital and voting rights of shareholders, etc. are the same as the Group's issued ordinary shares.
- 4) The dividends of restricted stock plan for employees are not restricted by existing conditions.

When employees do not reach the vesting conditions of restricted stock plan for employees during the year, the Company will recover and cancel the shares.

Information on restricted stock plan for employees was as follows:

	Number of Shares (In Thousands)	
	For the Nine Months Ended September 30	
	2015	2014
Balance at January 1	\$ 37,301	\$ -
Granted (Note 1)	62,213	38,365
Vested	(14,253)	-
Forfeited (Note 2)	<u>(3,138)</u>	<u>-</u>
Balance at September 30	<u>\$ 82,123</u>	<u>\$ 38,365</u>

Note 1: The given shares in this year is not equal to the actual issued shares.

Note 2: The forfeited shares in this period were consisted of 750 thousand shares which will be cancelled, 1,454 thousand shares have been cancelled and 934 thousand shares were the difference between granted and issued on March 16, 2015.

For the three months ended September 30, 2015 and 2014, the compensation cost recognized was NT\$99,070 thousand and NT\$17,601 thousand, respectively. For the nine months ended September 30, 2015 and 2014, the compensation cost recognized was NT\$255,744 thousand and NT\$17,601 thousand, respectively.

30. DISPOSAL OF SUBSIDIARIES

On April 23, 2014, the Group did not participate in MoDioTek's capital increase. Since the Group has lost control over MoDioTek, it was no longer consolidated. MoDioTek was required to be recognized on the same basis as if it had been disposed of.

On August 28, 2014, the Group entered into a sale agreement to dispose of Magic Pixel Inc. ("MPI"), the disposal was completed on September 10, 2014, on which date control of MPI passed to the acquirer.

MoDioTek

a. Analysis of assets and liabilities on the date control was lost

	April 23, 2014
Current assets	
Cash and cash equivalents	\$ 50,687
Trade receivables	4,163
Other receivables	3,538
Inventories	2,412
Others	603
Non-current assets	
Property, plant and equipment	2,599
Intangible assets	2,100
Others	1,665
Current liabilities	
Trade payables	(2,948)
Other payables	(4,464)
Others	<u>(2,449)</u>
Net assets disposed of	<u>\$ 57,906</u>

b. Gain on disposal of subsidiary

**For the Nine
Months Ended
September 30,
2014**

Fair value of interest retained	\$ 64,205
Net assets disposed of	(57,906)
Non-controlling interests	<u>9,179</u>
Gain on disposal	<u>\$ 15,478</u>

MPI

a. Consideration received from the disposal

**September 10,
2014**

Consideration received in cash and cash equivalents	<u>\$ 32,448</u>
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b. Analysis of assets and liabilities on the date control was lost

**September 10,
2014**

Current assets	
Cash and cash equivalents	\$ 11,104
Trade receivables	2,697
Other receivables	168
Inventories	5,163
Others	2,087
Non-current assets	
Property, plant and equipment	988
Intangible assets	1,904
Others	1,054
Current liabilities	
Trade payables	(1,822)
Other payables	(5,049)
Others	<u>(1,362)</u>
Net assets disposed of	<u>\$ 16,932</u>

c. Gain on disposal of subsidiary

**For the Nine
Months Ended
September 30,
2014**

Consideration received	\$ 32,448
Net assets disposed of	(16,932)
Non-controlling interests	<u>2,311</u>
Gain on disposal	<u>\$ 17,827</u>

d. Net cash inflow on disposal of subsidiary

**For the Nine
Months Ended
September 30,
2014**

Consideration received in cash and cash equivalents	\$ 32,448
Less: Cash and cash equivalent balances disposed of	<u>11,104</u>
	<u>\$ 21,344</u>

31. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

On April 30, 2015, the Group subscribed for additional new shares of Mxtran at a percentage different from its exiting ownership percentage, raising its continuing interest from 94.15% to 94.84%.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over the subsidiary.

	Mxtran
Cash consideration paid	\$ (89,995)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>85,464</u>
Difference arising from equity transactions	<u>\$ (4,531)</u>
<u>Line items adjusted for equity transaction</u>	
Accumulated deficits	<u>\$ (4,531)</u>

32. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of land, offices, employee dormitories and office equipment with lease terms between 1 and 50 years. The Group does not have a bargain purchase option to acquire the leased land, offices, employee dormitories and office equipment at the expiry of the lease periods.

The future minimum lease payments for non-cancellable operating lease commitments were as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Not later than 1 year	\$ 40,176	\$ 62,176	\$ 74,927
Later than 1 year and not later than 5 years	123,169	119,670	123,303
Later than 5 years	<u>201,470</u>	<u>217,055</u>	<u>222,552</u>
	<u>\$ 364,815</u>	<u>\$ 398,901</u>	<u>\$ 420,782</u>

The lease payments recognized as expenses were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Minimum lease payment	<u>\$ 25,460</u>	<u>\$ 26,699</u>	<u>\$ 79,251</u>	<u>\$ 80,978</u>

b. The Group as lessor

Operating leases relate to the building owned by the Group with lease terms between 1 to 5 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease revenue from non-cancellable operating leases was as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Not later than 1 year	\$ 4,142	\$ 4,433	\$ 3,950
Later than 1 year and not later than 5 years	<u>1,649</u>	<u>4,509</u>	<u>5,437</u>
	<u>\$ 5,791</u>	<u>\$ 8,942</u>	<u>\$ 9,387</u>

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to operate under the premises of going concern and growth while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group's strategy for managing the capital structure is to lay out the plan of product development and expand the market share considering the growth and the magnitude of industry and further developing an integral plan founded on the required capacity, capital outlay, and magnitude of assets in long-term development. Ultimately, considering the risk factors such as the fluctuation of the industry cycle and the life cycle of products, the Group determines the optimal capital structure by estimating the profitability of products, operating profit ratio, and cash flow based on the competitiveness of products. The management of the Group periodically examines the capital structure and contemplates on the potential costs and risks involved while exerting different financial tools. In general, the Group implements prudent strategy of risk management.

34. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value

1) Fair value hierarchy

September 30, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
- non-current				
Securities listed in ROC	\$ 813,664	\$ -	\$ -	\$ 813,664
Securities listed in other countries	<u>284,680</u>	<u>-</u>	<u>-</u>	<u>284,680</u>
	<u>\$ 1,098,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,098,344</u>
Financial liabilities at FVTPL				
Derivative financial instrument	<u>\$ -</u>	<u>\$ 2,828</u>	<u>\$ -</u>	<u>\$ 2,828</u>

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instrument	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ 95</u>
Available-for-sale financial assets				
- non-current				
Securities listed in ROC	\$ 982,975	\$ -	\$ -	\$ 982,975
Securities listed in other countries	<u>260,167</u>	<u>-</u>	<u>-</u>	<u>260,167</u>
	<u>\$ 1,243,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,243,142</u>
Financial liabilities at FVTPL				
Derivative financial instruments	<u>\$ -</u>	<u>\$ 7,113</u>	<u>\$ -</u>	<u>\$ 7,113</u>

September 30, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instrument	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 43</u>
Available-for-sale financial assets				
- non-current				
Securities listed in ROC	\$ 989,282	\$ -	\$ -	\$ 989,282
Securities listed in other countries	<u>208,413</u>	<u>-</u>	<u>-</u>	<u>208,413</u>
	<u>\$ 1,197,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,197,695</u>
Financial liabilities at FVTPL				
Derivative financial instruments	<u>\$ -</u>	<u>\$ 2,544</u>	<u>\$ -</u>	<u>\$ 2,544</u>

There were no transfers between Level 1 and Level 2 in the current and prior periods.

- 2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates.

c. Categories of financial instruments

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Held for trading	\$ -	\$ 95	\$ 43
Loans and receivables (i)	7,865,811	11,162,496	12,436,588
Available-for-sale financial assets (ii)	1,192,344	1,356,541	1,309,767
<u>Financial liabilities</u>			
Fair value through profit or loss (FVTPL)			
Held for trading	2,828	7,113	2,544
Amortized cost (iii)	17,003,164	20,568,146	21,330,471

- i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables (including receivables from related parties), other receivables and other financial assets (including current and non-current).
- ii) The balances included the carrying amount of available-for-sale financial assets measured at cost.
- iii) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes payable and trade payables (including payables to related parties), other payables (including other payables to related parties), payable for purchase of equipment and long-term loans (including current portion).

d. Financial risk management objectives and policies

The Group manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and other price risk (see (c) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

Sensitivity analysis

The Group was mainly exposed to the USD and JPY.

Sensitivity analysis of rate is for the transactions in currencies other than the entity's functional currency (foreign currencies) which are recognized at the rates of exchange prevailing at the dates of the transactions.

The following table details the Group's sensitivity to a 3% and 10% increase in New Taiwan dollars (the functional currency) against the relevant foreign currencies, respectively. The sensitivity rates used are 3% and 10% when reporting foreign currency risk internally to key management personnel.

	Currency USD Impact		Currency JPY Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2015	2014	2015	2014
Pre-tax loss	\$ 26,565	\$ 10,389	\$ 19,236	\$ 116,162

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	September 30, 2015	December 31, 2014	September 30, 2014
Fair value interest rate risk			
Financial assets	\$ 1,575,525	\$ 4,868,205	\$ 5,784,237
Financial liabilities	1,500,234	1,599,000	850,000
Cash flow interest rate risk			
Financial assets	2,410,164	2,933,344	1,638,023
Financial liabilities	12,342,770	14,751,975	16,644,146

Sensitive analysis

Sensitivity analysis of interest is calculated based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period.

If interest rates had been 50 basis points higher/lower, the Group's pre-tax loss for the nine months ended September 30, 2015 and 2014 would increase/decrease by \$46,285 thousand and \$62,416 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitive analysis

Sensitivity analysis of equity price is calculated based on the fair values of available-for-sale investments at the end of each reporting period.

If equity prices had been 10% higher/lower, equity for the nine months ended September 30, 2015 and 2014 would have increased/decreased by \$109,834 thousand and \$119,770 thousand, respectively, as a result of the changes in fair value of available-for-sale investments.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions. The Group holds some of the credit enhancements such as prepayments and collateral to mitigate its credit risks.

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

As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group's ten largest customers accounted for 47%, 52% and 60% of total trade receivables (including receivables from related parties), respectively. The Group believed the concentration of credit risk was relatively insignificant for the remaining trade receivables.

Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Group only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

3) Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group had available unutilized overdraft and short-term bank loan facilities of approximately \$2,375,728 thousand, \$3,922,524 thousand and \$4,676,131 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

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

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the expected borrowing interest rate at the end of the reporting period.

September 30, 2015

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 3,160,160	\$ -	\$ -	\$ -	\$ 3,160,160
Variable interest rate liabilities	2,747,942	9,916,052	201,738	-	12,865,732
Fixed interest rate liabilities	<u>1,503,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,503,440</u>
	<u>\$ 7,411,542</u>	<u>\$ 9,916,052</u>	<u>\$ 201,738</u>	<u>\$ -</u>	<u>\$ 17,529,332</u>

December 31, 2014

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 4,217,171	\$ -	\$ -	\$ -	\$ 4,217,171
Variable interest rate liabilities	12,929,684	1,704,910	443,796	-	15,078,390
Fixed interest rate liabilities	<u>1,603,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,603,482</u>
	<u>\$ 18,750,337</u>	<u>\$ 1,704,910</u>	<u>\$ 443,796</u>	<u>\$ -</u>	<u>\$ 20,899,043</u>

September 30, 2014

	On Demand or Less than 1 Year	1-3 Years	3-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 3,836,325	\$ -	\$ -	\$ -	\$ 3,836,325
Variable interest rate liabilities	6,790,758	9,720,275	510,011	-	17,021,044
Fixed interest rate liabilities	<u>852,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>852,665</u>
	<u>\$ 11,479,748</u>	<u>\$ 9,720,275</u>	<u>\$ 510,011</u>	<u>\$ -</u>	<u>\$ 21,710,034</u>

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

Liquidity and interest risk rate tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

September 30, 2015

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 370,854	\$ -	\$ -	\$ -	\$ -
Outflows	373,682	-	-	-	-

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 562,947	\$ -	\$ -	\$ -	\$ -
Outflows	569,965	-	-	-	-

September 30, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 540,355	\$ -	\$ -	\$ -	\$ -
Outflows	542,856	-	-	-	-

35. TRANSACTIONS WITH RELATED PARTIES

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

a. Operating revenues

Listed Account	Related Parties Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2015	2014	2015	2014
Sales	Key management personnel	\$ 937,062	\$ 1,978,161	\$ 1,994,512	\$ 3,415,861
	Others	-	517	1,447	2,144
	Associates	1,594	644	2,616	1,044
		<u>\$ 938,656</u>	<u>\$ 1,979,322</u>	<u>\$ 1,998,575</u>	<u>\$ 3,419,049</u>

Sales prices to related parties were not comparable to those with external customers as the Group was the sole provider for them. The sales terms to the related parties were between 30 to 60 days after monthly closing, similar to those with external customers.

b. Purchases

Related Parties Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Key management personnel	\$ <u>-</u>	\$ <u>184,016</u>	\$ <u>24,419</u>	\$ <u>187,672</u>

Materials purchased from related parties were for manufacturing process. The payment term was 30 days after monthly closing, similar to those with external vendors.

c. Trade receivables from related parties

Listed Account	Related Parties Categories	September 30, 2015	December 31, 2014	September 30, 2014
Receivables from Related parties, net	Key management personnel	\$ 479,717	\$ 482,213	\$ 1,441,750
	Others	-	182	175
	Associates	<u>1,280</u>	<u>784</u>	<u>350</u>
		<u>\$ 480,997</u>	<u>\$ 483,179</u>	<u>\$ 1,442,275</u>
Other receivables	Associates	\$ 277	\$ 217	\$ 126
	The Group is its major management authority	<u>91</u>	<u>32</u>	<u>-</u>
		<u>\$ 368</u>	<u>\$ 249</u>	<u>\$ 126</u>

The outstanding trade receivables from related parties are unsecured. No expense was recognized for the nine months ended September 30, 2015 and 2014 for allowance for impaired trade receivables with respect to the amounts owed by related parties.

d. Trade payables to related parties

Listed Account	Related Parties Categories	September 30, 2015	December 31, 2014	September 30, 2014
Payables to related parties	The Group is its major management authority	\$ 51,649	\$ 62,957	\$ 66,532
	Associates	<u>-</u>	<u>228</u>	<u>1,558</u>
		<u>\$ 51,649</u>	<u>\$ 63,185</u>	<u>\$ 68,090</u>
Other payables To related parties	Others	\$ 9,770	\$ -	\$ 9,320
	Associates	<u>361</u>	<u>-</u>	<u>-</u>
		<u>\$ 10,131</u>	<u>\$ -</u>	<u>\$ 9,320</u>

The outstanding trade payables from related parties are unsecured and will be settled in cash.

e. Other transactions

Listed Account	Related Parties Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2015	2014	2015	2014
Manufacturing expense	The Group is its major management authority	<u>\$ 59,057</u>	<u>\$ 68,305</u>	<u>\$ 179,580</u>	<u>\$ 211,553</u>
Operating expense	Others	\$ 5,550	\$ 6,000	\$ 16,650	\$ 18,000
	The Group is its major management authority	156	67	586	152
	Key management personnel	-	10	2,727	10
	Associates	<u>450</u>	<u>760</u>	<u>1,281</u>	<u>760</u>
		<u>\$ 6,156</u>	<u>\$ 6,837</u>	<u>\$ 21,244</u>	<u>\$ 18,922</u>
Software and pattern revenue	Associates	\$ 282	\$ 502	\$ 1,202	\$ 598
	The Group is its major management authority	<u>140</u>	<u>10</u>	<u>355</u>	<u>134</u>
		<u>\$ 422</u>	<u>\$ 512</u>	<u>\$ 1,557</u>	<u>\$ 732</u>
Rental revenue	Associates	<u>\$ 1,606</u>	<u>\$ 1,211</u>	<u>\$ 4,820</u>	<u>\$ 2,018</u>

The subcontract processing charges and operating expense of related parties were comparable to those with other vendors. The payment term was 75 days after monthly closing.

The Group leases offices to associates (rentals are classified under other gains and losses). The amount of lease payment was based on the office space leased by each related party and was collected on a monthly basis.

Under certain contracts, the Group authorized the above related parties to use the Group's pattern and software. The specifically negotiated terms were not comparable to those with external customers.

f. Other assets disposed

Listed Account	Parties Categories	For the Three Months Ended September 30			
		Price		Gain (Loss) on Disposal	
		2015	2014	2015	2014
Gain on disposal investment	Associates	<u>\$ -</u>	<u>\$ 32,448</u>	<u>\$ -</u>	<u>\$ 17,827</u>

Listed Account	Parties Categories	For the Nine Months Ended September 30			
		Price		Gain (Loss) on Disposal	
		2015	2014	2015	2014
Gain on disposal investment	Associates	<u>\$ -</u>	<u>\$ 32,448</u>	<u>\$ -</u>	<u>\$ 17,827</u>

g. Compensation of key management personnel

The remuneration of key management personnel for the three and nine months ended September 30, 2015 and 2014 was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Short-term benefits	\$ 25,885	\$ 25,570	\$ 89,210	\$ 94,579
Post-employment benefits	3,969	27,445	11,909	84,446
Share-based payments	<u>9,076</u>	<u>1</u>	<u>24,800</u>	<u>5</u>
	<u>\$ 38,930</u>	<u>\$ 53,016</u>	<u>\$ 125,919</u>	<u>\$ 179,030</u>

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

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees, natural gas agreement, land lease agreement or the deposit for hiring foreign workers:

	September 30, 2015	December 31, 2014	September 30, 2014
Property, plant and equipment, net	\$ 13,691,542	\$ 14,573,603	\$ 15,150,660
Pledge deposits (classified as other financial assets - non-current)	<u>166,951</u>	<u>165,799</u>	<u>165,594</u>
	<u>\$ 13,858,493</u>	<u>\$ 14,739,402</u>	<u>\$ 15,316,254</u>

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2015 were as follows:

- As of September 30, 2015, December 31, 2014 and September 30, 2014, unused letters of credit amounted to approximately \$0, \$6,647 thousand and \$0, respectively.
- Unrecognized commitments are as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Acquisition of property, plant and equipment	<u>\$ 411,508</u>	<u>\$ 639,834</u>	<u>\$ 855,142</u>

- The Company entered into the Phase-change memory technology agreement with IBM Company in January 2010, and the term of the agreement is from January 2010 to January 2013. Under the agreement, both parties have to share in the related expenditures of the technology development, and the Company has completed the payment in January, 2013. The Company entered into another Phase-change memory technology agreement with IBM Company in January 2013. The term of the agreement is from January 2013 to January 2016. As of September 30, 2015, the Company has paid US\$7,700 thousand and unrecognized commitment is US\$700 thousand.

- d. The Company entered into the Patents Cross-License Agreement with J Company in December 2009, and the term of the agreement is from December 2009 to December 2015. Under the agreement, the Company has completed in April 2011.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
JPY	\$ 2,252,008	0.27	\$ 608,042
USD	87,208	32.87	<u>2,866,527</u>
			<u>\$ 3,474,569</u>

Financial liabilities

Monetary items			
JPY	1,139,578	0.27	\$ 307,686
USD	52,269	32.87	<u>1,718,082</u>
			<u>\$ 2,025,768</u>

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
JPY	\$ 3,208,671	0.26	\$ 834,254
USD	85,878	31.65	<u>2,718,039</u>
			<u>\$ 3,552,293</u>

Financial liabilities

Monetary items			
JPY	1,894,756	0.26	\$ 492,637
USD	56,627	31.65	<u>1,792,245</u>
			<u>\$ 2,284,882</u>

September 30, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
JPY	\$ 5,728,959	0.28	\$ 1,604,109
USD	85,584	30.42	<u>2,603,465</u>
			<u>\$ 4,207,574</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	1,380,302	0.28	\$ 386,485
USD	58,200	30.42	<u>1,770,444</u>
			<u>\$ 2,156,929</u>

For the three months ended September 30, 2015 and 2014 and for the nine months ended September 30, 2015 and 2014, realized and unrealized net foreign exchange gains were \$134,668 thousand, \$4,796 thousand, \$102,295 thousand and \$30,175 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

39. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

- a. Financing provided to others: None
- b. Endorsements/guarantees provided: None
- c. Marketable securities held (excluding investment in subsidiaries and associates): Table 1 (attached)
- d. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
- e. Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2 (attached)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- i. Trading in derivative instruments: Please see Note 7
- j. Intercompany relationships and significant intercompany transactions: Table 5 (attached)

k. Information on investees: Table 4 (attached)

l. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the period, repatriated investment gains or losses, and limit on the amount of investment in the mainland China area: Table 6 (attached)

2) Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

Memory products and wafer fabrication
IC design

The Group's reportable segments were separated according to the nature of its business activities. The accounting policies adopted by the reportable segments had no material difference from those disclosed in Note 4.

a. Segment revenues and results

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

	Segment Net Operating Revenue				Segment Loss from Operations and Net Loss			
	For the Three Months Ended September 30		For the Nine Months Ended September 30		For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014	2015	2014	2015	2014
Memory products and wafer fabrication	\$ 5,644,713	\$ 6,672,528	\$ 15,312,101	\$ 16,403,309	\$ (958,302)	\$ (981,882)	\$ (3,188,260)	\$ (3,788,224)
IC design	2,487	18,799	16,602	50,792	(91,541)	(115,434)	(280,380)	(374,127)
Loss from operations	<u>\$ 5,647,200</u>	<u>\$ 6,691,327</u>	<u>\$ 15,328,703</u>	<u>\$ 16,454,101</u>	(1,049,843)	(1,097,316)	(3,468,640)	(4,162,351)
Other income					76,014	64,788	1,100,975	158,489
Other gains and losses					112,519	12,655	86,888	50,557
Finance costs					(79,758)	(70,248)	(218,132)	(210,578)
Share of loss of associates					(4,907)	(8,156)	(18,028)	(15,082)
Loss before tax (continuing operations)					<u>\$ (945,975)</u>	<u>\$ (1,098,277)</u>	<u>\$ (2,516,937)</u>	<u>\$ (4,178,965)</u>

b. Segment total assets and liabilities

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Segment assets</u>			
Memory products and wafer fabrication	\$ 38,253,696	\$ 44,087,905	\$ 46,724,402
IC design	<u>553,454</u>	<u>754,670</u>	<u>859,332</u>
Consolidated total assets	<u>\$ 38,807,150</u>	<u>\$ 44,842,575</u>	<u>\$ 47,583,734</u>

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Segment liabilities</u>			
Memory products and wafer fabrication	\$ 18,546,367	\$ 22,176,137	\$ 22,823,730
IC design	<u>42,964</u>	<u>60,908</u>	<u>48,768</u>
Consolidated total liabilities	<u>\$ 18,589,331</u>	<u>\$ 22,237,045</u>	<u>\$ 22,872,498</u> (Concluded)

TABLE 1**MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY****MARKETABLE SECURITIES HELD****SEPTEMBER 30, 2015****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2015				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership	Fair Value (Note 3)	
The Company	<u>Stock</u> Ardentec Corporation	The Company serves as member of its board of directors	Available-for-sale financial assets - non-current	35,595,830	\$ 761,751	7.40	\$ 761,751	Note 1
	United Industrial Gases Co., Ltd.	None	Financial assets measured at cost - non-current	6,671,877	58,500	3.06	141,434	Note 2
	Aetas Technology Inc.	None	Financial assets measured at cost - non-current	145,850	-	0.29	-	-
	Zowie Technology Co., Ltd.	None	Financial assets measured at cost - non-current	20,426	-	0.18	56	Note 2
	Quality Test System Inc.	None	Financial assets measured at cost - non-current	4,538,333	-	14.64	-	-
	Honbond Venture Capital Co., Ltd.	The Company serves as member of its board of directors	Financial assets measured at cost - non-current	1,803,526	-	15.00	1,582	Note 2
MXBVI	<u>Stock</u> Chipbond Technology Corporation	None	Available-for-sale financial assets - non-current	1,088,319	51,913	0.17	51,913	Note 1
	Key ASIC Bhd	None	Available-for-sale financial assets - non-current	26,924,500	37,249	3.34	37,249	Note 1
	Tower Semiconductor Ltd.	None	Available-for-sale financial assets - non-current	584,893	247,431	0.75	247,431	Note 1
	Global Strategic Investment Fund (Cayman)	None	Financial assets measured at cost - non-current	490,000	-	2.52	10,386	Note 2
	Global Strategic Investment Fund (Samoa)	None	Financial assets measured at cost - non-current	1,739,783	35,500	4.90	60,477	Note 2
Hui Ying	<u>Stock</u> Macronix International Co., Ltd.	The Company	Available-for-sale financial assets - non-current	3,899,382	16,377	0.11	16,377	Note 1
	Raio Technology Co., Ltd.	None	Financial assets measured at cost - non-current	947,125	-	10.43	22,275	Note 2

Note 1: The market value was based on the closing price as of September 30, 2015.

Note 2: The calculation is based upon the most recent financial statements available to the Company.

Note 3: Active market is market value; and no market is net value, which calculated by closing rate.

TABLE 2

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	MegaChips Corporation	Its subsidiary, Shun Ying Investment, is represented in MXIC’s board of directors	Sales	\$ 1,994,512	13	30 days after monthly closing	Note 35	Note 35	\$ 479,717	13	-
	MXHK MXA	Indirect subsidiary Subsidiary	Sales	2,461,036	16	45 days after monthly closing	Note 35	Note 35	535,505	14	-
			Sales	515,074	3	Net 60 days	Note 35	Note 35	79,926	2	-
MXHK	The Company	Indirect subsidiary	Purchase	US\$ 78,552	100	45 days after monthly closing	No material difference	No material difference	US\$ 16,292	100	-
MXA	The Company	Subsidiary	Purchase	US\$ 16,442	100	Net 60 days	No material difference	No material difference	US\$ 2,432	100	-

TABLE 3

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	MegaChips Corporation	Its subsidiary, Shun Ying Investment, is represented in MXIC’s board of directors	\$ 479,717	5.53 times	\$ -	-	JPY 1,521,229 thousand	\$ -
	MXHK	Indirect subsidiary	535,505	7.37 times	-	-	US\$ 9,464 thousand	-

TABLE 4

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2015			Net Income (Loss) of the Investee (Note 3)	Share of Profit (Loss)	Note
				September 30, 2015 (Note 1)	December 31, 2014 (Note 1)	Shares	Percentage of Ownership	Carrying Amount (Note 2)			
The Company	MXA	San Jose, California, U.S.A.	Sales and marketing	\$ 2,640	\$ 2,640	100,000	100.00	\$ 180,409	\$ (45,577)	\$ (45,568)	
	MXBVI	Tortola, British Virgin Islands	Investment holding company	7,348,057	7,348,057	223,300,000	100.00	1,633,550	22,395	22,395	
	Hui Ying	Taipei, Taiwan	Investment	500,000	500,000	-	100.00	24,003	(236)	(236)	
	Run Hong	Taipei, Taiwan	Investment	984,432	984,432	-	100.00	25,214	(7,639)	(7,639)	
	INFOMAX	Hsinchu, Taiwan	Baseband chip, analog baseband chip, and power management chip	1,502,711	1,502,711	150,271,240	97.25	421,141	(214,692)	(208,788)	
	Mxtran	Hsinchu, Taiwan	Combi-SIM IC and the related service	697,374	607,379	69,627,323	90.43	66,116	(58,962)	(52,988)	
MXBVI	MoDioTek	Hsinchu, Taiwan	Wi-Fi video transmission IC and security systems	59,944	59,944	5,994,371	20.61	18,248	(77,127)	(15,885)	
	NTTI	San Jose, California, U.S.A.	IC design	853,767	850,637	25,950,000	100.00	317,361	(3,860)	Note 4	
	MXE	Belgium	After-sales service	2,106	2,106	999	100.00	96,929	5,688	Note 4	
	MPL	Singapore	After-sales service	3,291	3,291	174,000	100.00	16,895	984	Note 4	
	MXHK	Hong Kong	Sales and marketing	378,427	378,427	89,700,000	100.00	519,898	9,743	Note 4	
	MX Asia	Cayman Island	Investment holding company	26,325	26,325	800,000	100.00	53,761	3,107	Note 4	
Run Hong	INFOMAX	Hsinchu, Taiwan	Baseband chip, analog baseband chip, and power management chip	27,423	27,423	2,742,506	1.77	7,665	(214,692)	Note 4	
	Mxtran	Hsinchu, Taiwan	Combi-SIM IC and the related service	34,271	34,271	3,393,200	4.41	3,229	(58,962)	Note 4	
	MoDioTek	Hsinchu, Taiwan	Wi-Fi video transmission IC and security systems	4,241	4,241	403,245	1.39	1,224	(77,127)	Note 4	
Hui Ying	MoDioTek	Hsinchu, Taiwan	Wi-Fi video transmission IC and security systems	4,241	4,241	403,245	1.39	1,224	(77,127)	Note 4	
INFOMAX	Infomax Samoa	Samoa	Investment holding company	283,030	264,448	9,170,000	100.00	8,741	(23,205)	Note 4	
Infomax Samoa	Infomax HK	Hong Kong	Investment holding company	97,521	97,521	23,352,500	100.00	5,332	(2,391)	Note 4	
Mxtran	Mxtran Samoa	Samoa	Investment holding company	27,809	27,809	920,000	100.00	(3,706)	(4,886)	Note 4	
Mxtran Samoa	Mxtran HK	Hong Kong	Investment holding company	23,880	23,880	6,152,000	100.00	(4,030)	(4,886)	Note 4	

Note 1: The foreign currency amount was converted into New Taiwan dollars at the historical exchange rate.

Note 2: The foreign currency amount was based on unreviewed financial statements for the same reporting period; the amount was converted into New Taiwan dollars at the exchange rate on September 30, 2015

Note 3: The foreign currency amount was based on unreviewed financial statements for the same reporting period; the amount was converted into New Taiwan dollars at the average exchange rate for the nine months ended September 30, 2015.

Note 4: Under relevant regulations, no disclosure of investment gain (loss) is needed.

TABLE 5

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Counterparty	Relationship (Note 1)		Transaction Summary		
			Account	Amount	Payment Terms (Note 4)	% to Total Revenues or Assets
MXIC	MXHK	2	Sales	\$ 2,461,036	Note 2	16
			Notes receivable and trade receivables	535,505		1
	MXE	2	Operating expenses	84,957		1
			Other payables	30,096		-
	MXA	1	Sales	515,074	Note 2	3
			Operating expenses	105,319		1
			Notes receivable and trade receivables	79,926		-
			Other payables	51,915		-
	Mxtran	1	Rental revenue	2,591	Note 3	-
	MX Asia	2	Operating expenses	70,014		-
			Other payables	21,066		-
	INFOMAX	1	Rental revenue	5,649	Note 3	-

Note 1: 1. Transaction was between the parent company and subsidiaries.
2. Transaction was between the parent company and indirect subsidiaries.

Note 2: The sale price referred to the product price to end customer.

Note 3: The Company leased office to related parties and collected rental revenue according to the floor space per month.

Note 4: The transaction terms with related parties were 30 to 60 days after monthly closing and were similar to those with third parties.

TABLE 6

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARY

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2015 (Note 3)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2015 (Note 3)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment (Note 4)	Investment Gain (Loss) (Note 5)	Carrying Amount as of September 30, 2015 (Note 6)	Accumulated Inward Remittance of Investment Income as of September 30, 2015
					Outward	Inward						
MXm	Development of integrated circuit system and software	\$ 296,160	(Note 1)	\$ 296,160	\$ -	\$ -	\$ 296,160	\$ 12,368	100.00	\$ 12,368	\$ 366,836	\$ -
Infomax SU	Software, rendering and technical service	82,415	(Note 2)	82,415	-	-	82,415	(1,830)	99.02	(1,812)	4,266	-
Maxtran Beijing	Technical support of Combi-SIM IC	23,435	(Note 2)	23,435	-	-	23,435	(4,885)	94.84	(4,633)	(4,278)	-

Accumulated Investment in Mainland China as of September 30, 2015	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 402,010 (Note 3)	\$ 402,010 (Note 3)	\$ 12,123,349

Note 1: The Company invested in a company located in Mainland China indirectly through the existing company in the third country.

Note 2: The Company invested in a company located in Mainland China indirectly through the investing company in the third country.

Note 3: The foreign currency amount was converted into New Taiwan dollars at the historical exchange rate.

Note 4: The percentage of ownership is based on the total holding percentage owned by the Company and its subsidiaries.

Note 5: The foreign currency amount was based on unreviewed financial statements for the same reporting period; the amount was converted into New Taiwan dollars at the average exchange rate for the nine months ended September 30, 2015.

Note 6: The foreign currency amount was based on unreviewed financial statements for the same reporting period; the amount was converted into New Taiwan dollars at the exchange rate on September 30, 2015.