SENAO NETWORKS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2015 AND 2014

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

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(15)PWCR15000078

To the Board of Directors and Stockholders of Senao Networks, Inc.

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

Except as explained in the following paragraph, our reviews were made in accordance with the Generally Accepted Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As explained in Note 4(3), we did not review the financial statements of certain insignificant consolidated subsidiaries, which statements reflect total assets of $145,714 thousand and $186,694 thousand, constituting 3% and 5% of the consolidated total assets, and total liabilities of $55,271 thousand and $56,958 thousand, constituting 2% and 3% of the consolidated total liabilities as of March 31, 2015 and 2014, respectively, and total comprehensive income of $1,272 thousand and $4,231 thousand, constituting 1% and 3% of the consolidated total comprehensive income for the three-month periods then ended, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of March 31, 2015 and 2014.

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Based on our reviews, except for the effect of such adjustments if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan

April 28, 2015

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

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

SENAO NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2015, DECEMBER 31, 2014 AND MARCH 31, 2014
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2015 and 2014 are unaudited)

		March 31, 2015		December 31, 2014		March 31, 2014	
Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	$ 2,470,061	52	$ 2,535,595	56	$ 2,066,441	56
Financial assets at fair value through profit or loss - current	6(2)	2,525	-	-	-	-	-
Accounts receivable, net	6(3)	1,112,894	23	990,921	22	761,049	20
Other receivables		65,713	1	40,105	1	45,752	1
Other receivables - related parties	7	1,098	-	1,261	-	1,072	-
Inventory	6(4)	661,829	14	542,353	12	548,169	15
Prepayments		23,536	1	28,683	1	23,437	1
Total current assets		4,337,656	91	4,138,918	92	3,445,920	93
Non-current assets							
Property, plant and equipment	6(5)	292,583	6	286,048	7	200,459	6
Intangible assets	6(6)	1,530	-	1,848	-	11,415	-
Deferred income tax assets		50,843	1	46,511	1	47,975	1
Other non-current assets		59,938	2	9,896	-	14,196	-
Total non-current assets		404,894	9	344,303	8	274,045	7
Total assets		$ 4,742,550	100	$ 4,483,221	100	$ 3,719,965	100

(Continued)

SENAO NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2015, DECEMBER 31, 2014 AND MARCH 31, 2014
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2015 and 2014 are unaudited)

		March 31, 2015		December 31, 2014		March 31, 2014	
Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Short-term borrowings	6(7)	$ 17,969	-	$ 16,009	-	$ 16,595	-
Financial liabilities at fair value	6(2)						
through profit or loss - current		-	-	2,028	-	1,847	-
Notes payable		5,290	-	4,373	-	2,159	-
Accounts payable		1,470,208	31	1,360,712	30	1,034,253	28
Other payables	6(8)	517,139	11	565,120	13	402,174	11
Current income tax liabilities		79,354	2	61,243	1	37,726	1
Provisions	6(11)	79,515	2	81,450	2	74,346	2
Other current liabilities	6(12)	154,090	3	163,756	4	129,343	3
Total current liabilities		2,323,565	49	2,254,691	50	1,698,443	45
Non-current liabilities							
Other non-current liabilities	6(9)	25,232	1	23,176	1	25,999	1
Total liabilities		2,348,797	50	2,277,867	51	1,724,442	46
Equity							
Equity attributable to owners of parent							
Share capital	6(13)						
Share capital - common stock		489,319	10	486,929	11	483,669	13
Capital surplus	6(10)(14)						
Capital surplus		702,053	15	700,545	15	698,383	18
Retained earnings	6(15)						
Legal reserve		136,811	3	136,811	3	94,620	3
Special reserve		21,628	-	21,628	1	26,193	1
Unappropriated retained earnings		1,056,674	22	868,767	19	710,128	19
Other equity interest							
Other equity interest		(12,732)	-	(9,326)	-	(17,470)	-
Total equity		2,393,753	50	2,205,354	49	1,995,523	54
Significant contingent liabilities and unrecognised contract commitments	7 and 9						
Significant events after the balance sheet date	11						
Total liabilities and equity		$ 4,742,550	100	$ 4,483,221	100	$ 3,719,965	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated April 28, 2015.

SENAO NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(UNAUDITED)

		Three months ended March 31			
		2015		2014 (adjusted)	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating revenues	6(16) and 7	$ 1,739,031	100	$ 1,341,334	100
Operating costs	6(4)(19) and 7	(1,269,912)	(73)	(953,982)	(71)
Net operating margin		469,119	27	387,352	29
Operating expenses	6(19) and 7				
Selling expenses		(106,049)	(6)	(122,372)	(9)
General and administrative expenses		(73,306)	(4)	(52,446)	(4)
Research and development expenses		(103,074)	(6)	(78,675)	(6)
Total operating expenses		(282,429)	(16)	(253,493)	(19)
Operating profit		186,690	11	133,859	10
Non-operating income and expenses					
Other income	6(17)	30,185	1	7,362	1
Other gains and losses	6(18)	(3,229)	-	1,955	-
Finance costs		(43)	-	(77)	-
Total non-operating income and expenses		26,913	1	9,240	1
Profit before income tax		213,603	12	143,099	11
Income tax expense	6(20)	(25,696)	(1)	(19,768)	(2)
Profit for the period		$ 187,907	11	$ 123,331	9
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		($ 3,406)	-	$ 4,158	1
Total comprehensive income for the period		$ 184,501	11	$ 127,489	10
Profit attributable to:					
Owners of the parent		$ 187,907	11	$ 123,331	9
Comprehensive income attributable to:					
Owners of the parent		$ 184,501	11	$ 127,489	10
Earnings per share (in dollars)	6(23)				
Basic earnings per share		$	3.85	$	2.56
Diluted earnings per share		$	3.81	$	2.51

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated April 28, 2015.

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

		Equity attributable to owners of the parent							
			Capital Reserves		Retained Earnings				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
2014									
Balance at January 1, 2014		$ 480,689	$ 686,466	$ 9,863	$ 94,620	$ 26,193	$ 586,797	($ 21,628)	$ 1,863,000
Exercise of employees' stock options	6(10)	2,980	2,054	-	-	-	-	-	5,034
Profit for the period		-	-	-	-	-	123,331	-	123,331
Other comprehensive income for the period		-	-	-	-	-	-	4,158	4,158
Balance at March 31, 2014		$ 483,669	$ 688,520	$ 9,863	$ 94,620	$ 26,193	$ 710,128	($ 17,470)	$ 1,995,523
2015									
Balance at January 1, 2015		$ 486,929	$ 690,682	$ 9,863	$ 136,811	$ 21,628	$ 868,767	($ 9,326)	$ 2,205,354
Exercise of employees' stock options	6(10)	2,390	1,508	-	-	-	-	-	3,898
Profit for the period		-	-	-	-	-	187,907	-	187,907
Other comprehensive income for the period		-	-	-	-	-	-	(3,406)	(3,406)
Balance at March 31, 2015		$ 489,319	$ 692,190	$ 9,863	$ 136,811	$ 21,628	$ 1,056,674	($ 12,732)	$ 2,393,753

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated April 28, 2015.

SENAO NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		$ 213,603	$ 143,099
Adjustments to reconcile net income to net cash used in operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(5)(19)	21,520	14,897
Amortization	6(6)(19)	814	981
Reversal of allowance	6(3)	(5,047)	(168)
Gain on financial assets/liabilities measured at fair value through profit or loss	6(2)	(4,553)	(2,406)
Interest income	6(17)	(3,233)	(2,477)
Interest expense		43	77
Loss on disposal of property, plant and equipment	6(5)(18)	-	6
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		-	15,000
Notes receivable, net		-	630
Accounts receivable		(116,977)	(118,529)
Other receivables		(26,905)	(15,004)
Other receivables - related parties		163	182
Inventory		(119,476)	(57,595)
Prepayments		5,147	5,014
Net changes in liabilities relating to operating activities			
Notes payable		917	(3,661)
Accounts payable		109,496	(28,794)
Other payables		(59,948)	(96,786)
Provisions		(1,935)	7,944
Other current liabilities		(9,666)	26,670
Other non-current liabilities		2,056	10,582
Cash generated from (used in) operations		6,019	(100,338)
Interest recieved		4,530	1,947
Interest paid		(43)	(77)
Income tax paid		(12,005)	(2,421)
Net cash used in operating activities		(1,499)	(100,889)

(Continued)

SENAO NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(5)(23)	($ 16,192)	($ 10,509)
Proceeds from disposal of property, plant and equipment	6(5)	-	9
Increase in intangible assets	6(6)	(497)	-
Increase in other non-current assets		(50,042)	(3,958)
Net cash used in investing activities		(66,731)	(14,458)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(7)	1,960	(7,264)
Exercise of employees' stock options	6(10)	3,898	5,034
Net cash provided by (used in) financing activities		5,858	(2,230)
Effect on foreign exchange difference		(3,162)	3,276
Decrease in cash and cash equivalents		(65,534)	(114,301)
Cash and cash equivalents at beginning of period		2,535,595	2,180,742
Cash and cash equivalents at end of period		$ 2,470,061	$ 2,066,441

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated April 28, 2015.

SENAO NETWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

Senao Networks, Inc. (the "Company") was established as a result of the spin-off of the wireless communication department of Senao International Co., Ltd. The Company assumed all the department's business, assets and liabilities effective October 1, 2006. The Company's registration was approved by the Ministry of Economic Affairs, R.O.C. on October 12, 2006. The Company started selling shares publicly at the Taiwan Over-The-Counter Exchange on December 30, 2013. The Company is mainly engaged in the sales of wireless communication products. As of March 31, 2015, the Company and its subsidiaries (together referred herein as the Group) had 1,091 employees.

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

The consolidated financial statements were authorised for issuance by the Board of Directors on April 28, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

Additional disclosures are required for defined benefit plans.

B. IAS 1, 'Presentation of financial statements'

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

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

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

(2) Basis of preparation

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

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

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

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

(3) Basis of consolidation

A. Principles for preparation of consolidated financial reports:

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

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) March 31, 2015	December 31, 2014	March 31, 2014	Description
Senao Networks, Inc.	EnGenius Technologies, Inc.	Sales of communication products	100	100	100	
Senao Networks, Inc.	Senao International (Samoa) Ltd.	Investment holdings	100	100	100	
Senao Networks, Inc.	EnGenius Networks Malaysia Sdn. Bhd	Development of communictaion products	100	100	100	
Senao International (Samoa) Ltd.	EnGenius International (Samoa) Ltd.	Investment holdings	100	100	100	
EnGenius International (Samoa) Ltd.	EnGenius Networks Singapore Pte. Ltd.	Sales of communication products	100	100	100	
EnGenius Networks Singapore Pte. Ltd.	EnGenius Networks Europe B.V.	Sales of communication products	100	100	100	
EnGenius Technologies, Inc.	EnGenius Technologies, Miami, Inc.	Sales of communication products	100	100	100	
EnGenius Technologies, Inc.	SuperTel Technologies, Inc.	Development of communication products	100	100	100	

Except for EnGenius Technologies, Inc., the financial statements of certain consolidated subsidiaries for the three-month periods ended March 31, 2015 and 2014 were not reviewed by independent accountants. The total assets of these unreviewed subsidiaries as of March 31, 2015 and 2014 were $145,714 and $186,694, respectively, and the total liabilities were $55,271 and $56,958, respectively, and total comprehensive income for the three-month periods then ended were $1,272 and $4,231, respectively.

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

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

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) <u>Cash equivalents</u>

Cash equivalents refer to short-term, highly liquid investments that are:

A. Readily convertible to known amounts of cash;

B. Subject to an insignificant risk of changes in value.

Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets (liabilities) held for trading.

B. On a regular way purchase or sale basis, financial assets held for trading are recognised and derecognised using trade date accounting, and derivative instruments and financial assets (liabilities) recognised at fair value through profit or loss on initial recognition are recognised and derecognised using settlement date accounting.

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

(8) <u>Accounts receivable</u>

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

(9) Impairment of financial assets

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

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made according to financial assets measured at amortised cost. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

B. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Machinery and equipment	2 ~ 9 years
Molding equipment	2 ~ 9 years
Transportation equipment	5 ~ 8 years
Office equipment	3 ~ 9 years
Other equipment	4 ~ 9 years
Leasehold improvements	2 ~ 4 years

(13) Leased assets/leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 3 years.

B. Other intangible assets

Intangible assets pertain to distribution rights and intellectual property, which are not amortized because of expected cash flows to be derived continually from the asset. This asset is subject to test of impairment on an annual basis.

(15) Impairment of non-financial assets

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

(16) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

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

(18) Provisions

Provisions (including warranties and sales discounts, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

C. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(21) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

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

(22) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(23) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells internet and wireless products. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(b) The Group offers customers discounts and estimates such discounts based on historical experience. Provisions for such liabilities are recorded when the sales are recognised.

B. Sales of services

The Group provides repair and maintenance on communication services. Revenues are recognised once all the criteria below are met and costs are recognised when services are rendered.

(a) revenue can be measured reliably;

(b) it is probable that the future economic benefits associated with the transaction will flow to the company; and

(c) costs incurred or expected to be incurred can be reliably measured.

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies but no critical judgements were made. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

Evaluation of inventories

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

As of March 31, 2015, the carrying amount of inventories was $661,829.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2015	December 31, 2014	March 31, 2014
Cash on hand and petty cash (revolving funds)	$ 121	$ 297	$ 91
Checking accounts and demand deposits	237,340	173,993	146,458
Time deposits	2,232,600	2,361,305	1,919,892
	$ 2,470,061	$ 2,535,595	$ 2,066,441

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

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

Items	March 31, 2015	December 31, 2014	March 31, 2014
Financial assets:			
Financial assets held for trading			
Valuation adjustment	$ 2,525	$ -	$ -
Financial liabilities:			
Financial liabilities held for trading			
Valuation adjustment	$ -	($ 2,028)	($ 1,847)

A. The Group recognised net gain (loss) of $4,104 and ($10,203) on financial assets (liabilities) held for trading for the three-month periods ended March 31, 2015 and 2014, respectively.

B. The unsettled derivative financial liabilities transaction and contract information are as follows:

	March 31, 2015		December 31, 2014	
Derivative financial liabilities	Contract amount (value of return) (in thousands)	Contract period	Contract amount (value of return) (in thousands)	Contract period
Forward foreign exchange contracts-sell in advance	USD 9,000	2015.3.10 ~2015.4.29	USD 6,000	2014.12.16 ~2015.1.21

Derivative financial liabilities	March 31, 2014	
	Contract amount (value of return) (in thousands)	Contract period
Forward foreign exchange contracts-sell in advance	USD 12,000	2014.2.18 ~2014.5.28

C. The Company entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, the forward exchange transactions did not meet the criteria for hedge accounting. Therefore, the Company did not apply hedge accounting.

(3) Accounts receivable

	March 31, 2015	December 31, 2014	March 31, 2014
Accounts receivable	$ 1,113,101	$ 996,226	$ 766,411
Less: Allowance for bad debts	(207)	(5,305)	(5,362)
	$ 1,112,894	$ 990,921	$ 761,049

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Up to 30 days	$ 204,237	$ 49,495	$ 24,179
31 to 90 days	2,743	8,332	2,331
91 to 180 days	-	760	-
Over 180 days	-	-	725
	$ 206,980	$ 58,587	$ 27,235

B. Movements of the allowance for bad debts of financial assets that were past due analysed based on individual and group provisions are provided below:

	2015		
	Individual provision	Group provision	Total
At January 1	$ 4,637	$ 668	$ 5,305
Reversal for impairment	(4,637)	(410)	(5,047)
Effect of exchange rate	-	(51)	(51)
At March 31	$ -	$ 207	$ 207

	2014		
	Individual provision	Group provision	Total
At January 1	$ 4,637	$ 875	$ 5,512
Reversal for impairment	-	(168)	(168)
Effect of exchange rate	-	18	18
At March 31	$ 4,637	$ 725	$ 5,362

C. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	March 31, 2015	December 31, 2014	March 31, 2014
Group 1	$ 746,589	$ 776,400	$ 554,088
Group 2	159,532	156,602	180,451
	$ 906,121	$ 933,002	$ 734,539

Group 1：OEM customer.

Group 2：OBM customer.

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

(4) Inventories

	March 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 294,903	($ 11,056)	$ 283,847
Work in process	209,301	-	209,301
Finished goods	174,747	(6,066)	168,681
	$ 678,951	($ 17,122)	$ 661,829

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 214,965	($ 7,616)	$ 207,349
Work in process	163,058	-	163,058
Finished goods	177,632	(5,686)	171,946
	$ 555,655	($ 13,302)	$ 542,353

	March 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 263,137	($ 8,542)	$ 254,595
Work in process	145,968	-	145,968
Finished goods	153,730	(6,124)	147,606
	$ 562,835	($ 14,666)	$ 548,169

The cost of inventories recognised as expense for the three-month periods ended March 31, 2015 and 2014 was $1,265,464 and $951,343, including $3,985 and $4,680 that the Group wrote down from cost to net realizable value accounted for as cost of goods sold, respectively.

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(5) Property, plant and equipment

January 1, 2015	Machinery	Molding equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Total
Cost	$ 459,956	$ 64,255	$ 10,686	$ 42,212	$ 5,830	$ 34,138	$ 617,077
Accumulated depreciation and impairment	(222,704)	(41,919)	(5,871)	(33,965)	(3,623)	(22,947)	(331,029)
	$ 237,252	$ 22,336	$ 4,815	$ 8,247	$ 2,207	$ 11,191	$ 286,048
2015							
Opening net book amount	$ 237,252	$ 22,336	$ 4,815	$ 8,247	$ 2,207	$ 11,191	$ 286,048
Additions	-	-	-	118	-	133	251
Other fixed assets-transferred in	19,419	1,475	-	476	1,420	5,118	27,908
Depreciation charge	(15,498)	(2,540)	(316)	(892)	(177)	(2,097)	(21,520)
Net exchange differences	(5)	-	(8)	(90)	-	(1)	(104)
Closing net book amount	$ 241,168	$ 21,271	$ 4,491	$ 7,859	$ 3,450	$ 14,344	$ 292,583
At March 31, 2015							
Cost	$ 479,357	$ 65,730	$ 10,637	$ 42,575	$ 7,251	$ 39,356	$ 644,906
Accumulated depreciation and impairment	(238,189)	(44,459)	(6,146)	(34,716)	(3,801)	(25,012)	(352,323)
	$ 241,168	$ 21,271	$ 4,491	$ 7,859	$ 3,450	$ 14,344	$ 292,583

January 1, 2014	Machinery	Molding equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Total
Cost	$ 344,480	$ 46,805	$ 10,303	$ 41,377	$ 5,770	$ 23,070	$ 471,805
Accumulated depreciation and impairment	(175,402)	(34,253)	(5,400)	(30,571)	(3,764)	(18,130)	(267,520)
	$ 169,078	$ 12,552	$ 4,903	$ 10,806	$ 2,006	$ 4,940	$ 204,285
2014							
Opening net book amount	$ 169,078	$ 12,552	$ 4,903	$ 10,806	$ 2,006	$ 4,940	$ 204,285
Additions	5,463	-	-	212	-	-	5,675
Disposals	-	-	-	(15)	-	-	(15)
Other fixed assets-transferred in	390	3,453	1,000	-	-	410	5,253
Depreciation charge	(10,523)	(1,709)	(323)	(1,076)	(149)	(1,117)	(14,897)
Net exchange differences	12	-	22	108	-	16	158
Closing net book amount	$ 164,420	$ 14,296	$ 5,602	$ 10,035	$ 1,857	$ 4,249	$ 200,459
At March 31, 2014							
Cost	$ 350,367	$ 50,258	$ 11,396	$ 41,795	$ 5,786	$ 23,531	$ 483,133
Accumulated depreciation and impairment	(185,947)	(35,962)	(5,794)	(31,760)	(3,929)	(19,282)	(282,674)
	$ 164,420	$ 14,296	$ 5,602	$ 10,035	$ 1,857	$ 4,249	$ 200,459

(6) Intangible assets

A. Changes to intangible assets are as follows:

	Other intangible assets	Computer software	Total
At January 1, 2015			
Cost	$ 24,054	$ 14,464	$ 38,518
Accumulated amortisation and impairment	(24,054)	(12,616)	(36,670)
	$ -	$ 1,848	$ 1,848
2015			
Opening net book amount	$ -	$ 1,848	$ 1,848
Additions	-	497	497
Amortisation charge	-	(814)	(814)
Net exchange differences	-	(1)	(1)
Closing net book amount	$ -	$ 1,530	$ 1,530
At March 31, 2015			
Cost	$ 23,788	$ 14,934	$ 38,722
Accumulated amortisation and and impairment	(23,788)	(13,404)	(37,192)
	$ -	$ 1,530	$ 1,530

	Other intangible assets	Computer software	Total
January 1, 2014			
Cost	$ 22,652	$ 13,721	$ 36,373
Accumulated amortisation and impairment	(15,201)	(8,950)	(24,151)
	$ 7,451	$ 4,771	$ 12,222
2014			
Opening net book amount	$ 7,451	$ 4,771	$ 12,222
Amortisation charge	-	(981)	(981)
Net exchange differences	166	8	174
Closing net book amount	$ 7,617	$ 3,798	$ 11,415
At March 31, 2014			
Cost	$ 23,157	$ 13,761	$ 36,918
Accumulated amortisation and impairment	(15,540)	(9,963)	(25,503)
	$ 7,617	$ 3,798	$ 11,415

B. Details of amortisation on intangible assets are as follows:

	Three-month periods ended March 31,	
	2015	2014
Manufacturing expenses	$ 22	$ -
General and administrative expenses	303	470
Research and development expenses	489	511
	$ 814	$ 981

(7) Short-term borrowings

	March 31, 2015	December 31, 2014	March 31, 2014
Unsecured bank borrowings	$ 17,969	$ 16,009	$ 16,595
Interest rate range	1.35%	1.35%~1.85%	1.85%

(8) Other payables

	March 31, 2015	December 31, 2014	March 31, 2014
Accrued salary expenses and bonuses	$ 218,195	$ 298,306	$ 189,206
Accrued employees' bonuses and directors' and supervisors' remuneration	92,131	70,478	63,792
Accrued commission expenses	38,993	28,319	26,460
Others	167,820	168,017	122,716
	$ 517,139	$ 565,120	$ 402,174

(9) Pensions

A. Defined benefit plan

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

(b) For the aforementioned pension plan, the Group recognised pension costs of $98 and $138 for the three-month periods ended March 31, 2015 and 2014, respectively.

(c) Expected contributions to the defined benefit pension plans of the Company within one year from March 31, 2015 are $960.

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the three-month periods ended March 31, 2015 and 2014 were $7,460 and $6,370, respectively.

(b) Senao International (Samoa) Ltd., EnGenius International (Samoa) Ltd. and EnGenius Networks Europe B.V. have yet to establish an employee pension plan. EnGenius Technologies, Inc., SuperTel Technologies, Inc., EnGenius Networks Singapore Pte. Ltd., EnGenius Technologies, Miami, Inc. and EnGenius Networks Malaysia Sdn. Bhd follow the established pension regulations of their respective local governments. These subsidiaries pay monthly pension contributions and have no further obligations. The pension costs under the defined contribution pension plans of the above companies for the three-month periods ended March 31, 2015 and 2014 were $881 and $972, respectively.

(10) Share-based payment

A. As of March 31, 2015 and 2014, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options	2009.12.30	3,600	6 years	Note
Cash capital increase reserved for employee preemption	2013.12.23	865	NA	Vested immediately

Note: Employees with 2 service years are entitled to 30%; employees with 3 service years are entitled to 60%; employees with 4 service years are entitled to 100%.

B. Details of the share-based payment arrangements are as follows:

	Three-month periods ended March 31,			
	2015		2014	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the period	368	$ 16.31	1,016	$ 16.89
Options exercised	(239)	16.31	(298)	16.89
Options outstanding at the end of the period	129	-	718	-
Options exercisable at the end of the period	129	16.31	718	16.89

C. The weighted-average stock price of stock options at exercise dates for the three-month periods ended March 31, 2015 and 2014 was $178.25 and $154.15, respectively.

D. As of March 31, 2015, December 31, 2014 and March 31, 2014, the exercise prices of stock options outstanding was $16.31, $16.31 and $16.89, respectively; and the weighted-average remaining contractual periods were 0.75 year, 1 year and 1.75 years, respectively.

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

Type of arrangement	Grant date	Weighted-average stock price/ exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options plan	2009.12.30	$31.06/$32.57	44%	4.8 years	0%	1%	$ 11.74
Cash capital increase reserved for employee preemption	2013.12.23	$92.74/$99	24.41%	3 days	0%	0.88%	$ 0.00

(11) Provisions

	2015		
	Warranty provision	Discount provision	Total
At January 1	$ 66,564	$ 14,886	$ 81,450
Additional provisions	10,838	10,700	21,538
Used during the period	(7,779)	(14,748)	(22,527)
Exchange difference	(810)	(136)	(946)
At March 31	$ 68,813	$ 10,702	$ 79,515

	2014		
	Warranty provision	Discount provision	Total
At January 1	$ 48,028	$ 18,374	$ 66,402
Additional provisions	14,264	9,410	23,674
Used during the period	(4,851)	(11,861)	(16,712)
Exchange difference	579	403	982
At March 31	$ 58,020	$ 16,326	$ 74,346

The Group's liability provisions are related to the products sold. Provision for warranty is estimated based on past experience of the use of warranties on the product; allowance provision is estimated based on past experience and the sale of the product. It is expected that the provision will start to be used within the next year.

(12) Other current liabilities

	March 31, 2015	December 31, 2014	March 31, 2014
Sales revenue received in advance	$ 55,656	$ 63,910	$ 86,188
Collection of project development on behalf of others	29,292	37,247	-
Others	69,142	62,599	43,155
	$ 154,090	$ 163,756	$ 129,343

(13) Share capital

As of March 31, 2015, the Company's authorised capital was $1.2 billion (including 18 million shares reserved for employee stock options), 48,932 thousand shares of common stock are outstanding, with a par value of $10 (in dollars) per share. Movements in the number of the Company's ordinary shares outstanding (in thousands) for the three-month periods ended March 31, 2015 and 2014 are as follows:

	2015	2014
At January 1	48,693	48,069
Employee stock options exercised	239	298
At March 31	48,932	48,367

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	Share premium	Employee stock options
At January 1, 2015	$ 690,682	$ 9,863
Employee stock options	1,508	-
At March 31, 2015	$ 692,190	$ 9,863

	Share premium	Employee stock options
At January 1, 2014	$ 686,466	$ 9,863
Employee stock options	2,054	-
At March 31, 2014	$ 688,520	$ 9,863

(15) Retained earnings

	2015	2014
At January 1	$ 868,767	$ 586,797
Profit for the year	187,907	123,331
At March 31	$ 1,056,674	$ 710,128

A. The Company is currently in the growth stage. Based on capital expenditures and needs for branching out and completing financial plans to pursue sustainable development, the Company's dividend policy is in accordance with the future budget of capital expenditure and capital needs. Cash dividends and stock dividends are to be distributed to the shareholders. Cash dividends shall account for at least 5% of the total dividends distributed.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. However, there is no need to appropriate for legal reserve if the legal reserve has reached the Company's total capital. Bonus distributed to the employees should not be lower than 3% of the remainder while bonus distributed as directors' compensation should not be higher than 3%. The remaining surplus shall be combined with the remaining surplus at the beginning of the year and counted as unappropriated retained earnings. The method of distribution shall be proposed by the board of directors and presented to the shareholders for approval.

The qualifications of employees who are entitled to receive dividends are to be set by the Board of Directors.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. The Company's regulations on the appropriation and reversal of special reserve are as follows:

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. The appropriations of 2014 and 2013 earnings had been resolved by the Board of Directiors and approved by the stockholders on April 28, 2015 and June 25, 2014, respectively. Details are summarized below:

	2014		2013	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 61,178	$ -	$ 42,192	$ -
Special reserve	(12,302)	-	(4,566)	-
Cash dividends	464,853	9.5	294,800	6.1
	$ 513,729	$ 9.5	$ 332,426	$ 6.1

As of April 28, 2015, the abovementioned 2014 earnings appropriation had not been approved by the stockholders. As approved at the stockholders' meeting, employees' bonuses and directors' and supervisors' remuneration amounted to $37,971 and $11,385, respectively, for the year ended December 31, 2013. The employees' bonuses and directors' and supervisors' remuneration amount as approved by the shareholders was $6 less than the amount recognised in the financial statements for the year ended December 31, 2013, and the difference had been adjusted in the second quarter of 2014. Employees' bonuses and directors' and supervisors' remuneration amounted to $53,978 and $16,500 for the year ended December 31, 2014, respectively, which were the same with the amounts proposed at the Board of Directors' meeting in 2014. However, as of the reporting date, employees' bonuses and directors' and supervisors' remuneration for 2014 had not been resolved by the shareholders.

Retained earnings as of December 31, 2014 have not been distributed. Information on the appropriation of the Company's earnings as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. The estimated amounts for employees' bonuses for the three-month periods ended March 31, 2015 and 2014, was accrued at $16,580 and $11,100, while directors' and supervisors' remuneration was accrued at $5,073 and $3,330, respectively. The estimation was based on a certain percentage stated in the Company's Articles of Incorporation, and the Company uses the post-tax profit and considers the appropriation of legal reserve and other factors to estimate and recognize the amount as operating expenses for the year. If the estimated amount is different from the amount approved by the stockholders, the difference shall be recognised as gain or loss in the year the bonus was approved.

(16) Operating income

	Three-month periods ended March 31, 2015	Three-month periods ended March 31, 2014
Sales revenue	$ 1,732,464	$ 1,337,557
Services revenue	6,567	3,777
	$ 1,739,031	$ 1,341,334

(17) Other income

	Three-month periods ended March 31, 2015	Three-month periods ended March 31, 2014
Interest income	$ 3,233	$ 2,477
Other income	26,952	4,885
	$ 30,185	$ 7,362

(18) Other gains and losses

	Three-month periods ended March 31, 2015	Three-month periods ended March 31, 2014
Net gain (loss) on financial assets (liabilities) at fair value through profit or (loss)	$ 4,104	($ 10,203)
Net currency exchange (loss) gain	(7,126)	12,367
Loss on disposal of property, plant and equipment	-	(6)
Other losses	(207)	(203)
	($ 3,229)	$ 1,955

(19) Expenses by nature

	Three-month periods ended March 31,	
	2015	2014
Wages and salaries	$ 279,977	$ 199,231
Labor and health insurance fees	18,349	14,625
Pension costs	8,439	7,480
Other personnel expenses	2,670	11,092
Employee benefit expense	$ 309,435	$ 232,428
Depreciation charges on property, plant and equipment	$ 21,520	$ 14,897
Amortisation charges on intangible assets	$ 814	$ 981

(20) Income tax

A. Income tax expense

Components of income tax expense:

	Three-month periods ended March 31,	
	2015	2014
Current tax:		
Current tax on profits for the period	$ 22,797	$ 17,110
Adjustments in respect of prior years	1,258	(623)
Total current tax	24,055	16,487
Deferred tax:		
Origination and reversal of temporary differences	1,641	3,281
Income tax expense	$ 25,696	$ 19,768

B. The Company's income tax returns through 2012 have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings

	March 31, 2015	December 31, 2014	March 31, 2014
Earnings generated in and before 1997	$ -	$ -	$ -
Earnings generated in and after 1998	1,056,674	868,767	710,128
	$ 1,056,674	$ 868,767	$ 710,128

D. Details related to the imputation tax system are as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Imputation tax credit account balance	$ 68,753	$ 68,753	$ 45,213
		2014 (Estimated)	2013 (Actual)
Creditable tax rate		13.78%	13.87%

The dividend distribution date for 2013 had been proposed by the Board of Directors on August 20, 2014. The creditable tax rate is the balance of the imputation tax credit account divided by the balance of unappropriated retained earnings.

(21) Earnings per share (EPS)

	Three-month period ended March 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 187,907	48,765	$ 3.85
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	184	
Employees' bonus	-	347	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 187,907	49,296	$ 3.81

	Three-month period ended March 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 123,331	48,126	$ 2.56
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	702	
Employees' bonus	-	312	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 123,331	49,140	$ 2.51

(22) Operating leases

The Group leases offices and plants with terms between 2015 and 2017. The Group recognised rental expenses of $22,185 and $19,851 for the three-month periods ended March 31, 2015 and 2014, respectively.

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Three-month periods ended March 31,	
	2015	2014
Purchase of fixed assets	$ 28,159	$ 10,928
Less: ending balance of payable on equipment	(25,374)	(10,349)
Add: opening balance of payable on equipment	13,407	9,930
Cash paid during the period	$ 16,192	$ 10,509

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

As of March 31, 2015 and 2014, the Group does not have a parent company. Senao International Co., Ltd. (SIC) holds 33.88% and 34.31% of the Group's shares as of March 31, 2015 and 2014, respectively, and is the most influential entity to the Group.

(2) Significant related party transactions

A. Other receivables

	March 31, 2015	December 31, 2014	March 31, 2014
Payment on behalf of others -Entities with joint control or significant influence over the Company	$ 1,098	$ 1,261	$ 1,072

B. Rent expense

Details of office buildings leased from SIC for the three-month periods ended March 31, 2015 and 2014 are as follows:

			Three-month periods ended March 31,	
Item	Lease period	Guarantee	2015	2014
Office in Hua-Ya Science Park	2012.4.1~ 2015.3.31 (Note 1)	$ -	$ 7,803	$ 7,803

Note 1: In March 2010, the Company renewed the agreement with the new expiration date set on March 31, 2011. The rental agreement had an automatic extention after expiration date.

Note 2: The lease terms and prices were determined in accordance with mutual agreement, and rent is paid monthly.

(3) Key management compensation

	Three-month periods ended March 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 16,602	$ 14,954
Post-employment benefits	390	389
	$ 16,992	$ 15,343

(4) Commitments

The Company entered into a rental agreement with SIC for the lease of its office. As of March 31, 2015, the outstanding amount due within one year is $31,211.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The Company and its subsidiaries, EnGenius Networks Singapore Pte. Ltd., EnGenius Technologies, Inc., EnGenius Networks Europe B.V. and EnGenius Technologies, Miami, Inc., signed a comprehensive financial contract for a $250,000 credit limit with the Land Bank of Taiwan. The drawdown period is from March 24, 2015 to March 24, 2016. The Company is required to maintain an average balance for the most recent three months of the demand deposit at the Land Bank of Taiwan to a minimum of 10 percent of the amount of loans taken out and the total balance of deposits should be at least 30 percent of the loans.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Details of appropriation of earnings for the year ended December 31, 2014 are provided in Note 6(15)E.

(2) The Company's indirect subsidiary, SuperTel Technologies, Inc., has transferred the primary software technology to Taiwan. In order to reduce operating costs, on April 28, 2015, the Board of Directors has resolved to liquidate the indirect subsidiary. The liquidation will be performed once the proposal of liquidation is sent to and is approved by Taipei Exchange.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to maintain an optimal capital ratio to support the Group's operations and to maximise the shareholders' equity. The Group builds a suitable capital structure based on the future growths and gearing ratios of the industry and the consideration of costs and risks that may result from different capital structures. The Group normally utilises a meticulous risk management policy.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), short-term loans, notes payable, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

The Group adopts overall risk management and control systems to identify, measure and control all kinds of risk (including market risk, credit risk and liquidity risk and cash flow risk), so that the management of the Group can effectively control and evaluate market risk, credit risk, liquidity risk and cash flow risk.

The Group maintains an optimal level of liquidity and centralises risk management operations in order to effectively monitor and control the various kinds of market risks and to achieve management objectives. This decision is made with consideration of the economic environment, competitive status and market value risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

	March 31, 2015				
(Foreign currency: functional currency)	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)	
Financial assets					
Monetary items					
USD:NTD	USD	41,301	31.300	NTD	1,292,721
Non-monetary items					
USD:NTD	USD	6,035	31.300	NTD	188,902
MYR:NTD	MYR	64	8.116	NTD	519
EUR:USD (Note)	EUR	253	1.083	NTD	8,563
Financial liabilities					
Monetary items					
USD:NTD	USD	23,666	31.300	NTD	740,746

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is USD, the subsidiary's segments that are involved with EUR have to be taken into consideration.

(Foreign currency: functional currency)	December 31, 2014 Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)	
Financial assets					
Monetary items					
USD:NTD	USD	42,238	31.650	NTD	1,336,833
Non-monetary items					
USD:NTD	USD	6,005	31.650	NTD	190,072
MYR:NTD	MYR	65	8.692	NTD	567
EUR:USD (Note)	EUR	152	1.216	NTD	5,848
Financial liabilities					
Monetary items					
USD:NTD	USD	21,837	31.650	NTD	691,155

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is USD, the subsidiary's segments that are involved with EUR have to be taken into consideration.

(Foreign currency: functional currency)	March 31, 2014 Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)	
Financial assets					
Monetary items					
USD:NTD	USD	33,538	30.470	NTD	1,021,903
Non-monetary items					
USD:NTD	USD	5,079	30.470	NTD	154,745
MYR:NTD	MYR	204	8.955	NTD	1,825
EUR:USD (Note)	EUR	11	0.727	NTD	443
Financial liabilities					
Monetary items					
USD:NTD	USD	17,096	30.470	NTD	520,915

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is USD, the subsidiary's segments that are involved with EUR have to be taken into consideration.

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

	Three-month period ended March 31, 2015		
	Exchange gain (loss) (Note)		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	-	31.523	(NTD 5,870)
Financial liabilities			
Monetary items			
USD:NTD	-	31.523	(NTD 3,263)

Note: The exchange gain (loss) is unrealised.

	Three-month period ended March 31, 2014		
	Exchange gain (loss) (Note)		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	-	30.270	NTD 5,836
Financial liabilities			
Monetary items			
USD:NTD	-	30.270	NTD 5,231

Note: The exchange gain (loss) is unrealised.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Three-month period ended March 31, 2015		
(Foreign currency: functional currency)	Sensitivity analysis degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	NTD 12,927	NTD -
Financial liabilities			
Monetary items			
USD:NTD	1%	NTD 7,407	NTD -

	Three-month period ended March 31, 2014		
(Foreign currency: functional currency)	Sensitivity analysis degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	NTD 10,219	NTD -
Financial liabilities			
Monetary items			
USD:NTD	1%	NTD 5,209	NTD -

Price risk

The Group is not exposed to commodity price risk. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Interest rate risk

The Group's interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

(a) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Credit risk arises from cash and cash equivalents, derivative financial instruments, notes payable and other receivables as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only the parties with excellent credit ratings are accepted.

ii. No credit limits were exceeded during the reporting periods for the three-month periods ended March 31, 2015 and 2014, and management does not expect any significant losses from non-performance by these counterparties.

iii. For credit quality information of financial assets that are neither past due nor impaired, please refer to Note 6(3).

iv. For details on the ageing analysis of financial assets that were past due but not impaired, please refer to Note 6(3).

v. The group analysis of financial assets that had been impaired is provided in the statement for each type of financial assets in Note 6(3).

(b) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above the balance required for working capital management are invested in interest bearing current accounts, time deposits, and marketable securities. The Group chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

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

Non-derivative financial liabilities:

March 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 17,991	$ -	$ -	$ -
Notes payable	5,290	-	-	-
Accounts payable	1,470,208	-	-	-
Other payables	517,139	-	-	-

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 16,019	$ -	$ -	$ -
Notes payable	4,373	-	-	-
Accounts payable	1,360,712	-	-	-
Other payables	565,120	-	-	-

March 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 17,085	$ -	$ -	$ -
Notes payable	2,159	-	-	-
Accounts payable	1,034,253	-	-	-
Other payables	402,174	-	-	-

Derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Forward exchange contracts	$ 2,028	$ -	$ -	$ -

March 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Forward exchange contracts	$ 1,847	$ -	$ -	$ -

The Group has no derivative financial liabilities as of March 31, 2015.

(3) Fair value information

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

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly that is, derived from prices). The fair value of the Group's investment in financial liabilities at fair value through profit or loss is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2015, December 31, 2014 and March 31, 2014 is as follows:

March 31, 2015	Level 1	Level 2	Level 3
Assets			
Recurring fair value measurements			
Financial assets at fair value through profit or loss			
Forward exchange contracts	$ -	$ 2,525	$ -

December 31, 2014	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measuremnts				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	($ 2,028)	$ -	($ 2,028)

March 31, 2014	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measuremnts				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	($ 1,847)	$ -	($ 1,847)

D. The methods and assumptions used by the Group to measure fair value are as follows:

The valuation amount of forward foreign exchange contracts is calculated by applying the difference between the spot exchange rates and the forward exchange rates discounted back to present value at the balance sheet date, to the notional principal.

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

F. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information:

A: Loan to others: None.

B: Provisions of endorsements and guarantees to others: None.

C: Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more:

			Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/ seller	Counterparty	Relationship with the company	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes/accounts receivable (payable)	Remarks
Senao Networks, Inc.	EnGenius Technologies, Inc.	A wholly-owned subsidiary	Sales	$ 193,605	12%	Note 1	Note 1	Note 1	$ 97,184	9%	Note 2
EnGenius Technologies, Inc.	Senao Networks, Inc.	Parent company	Purchases	193,605	100%	Note 1	Note 1	Note 1	(97,184)	100%	Note 2

Note 1: Sales prices to EnGenius Technologies, Inc. is based on the sales volume. The payment term is 60 days from the first day of the month following the month of purchase.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Derivative financial instruments undertaken during the period ended March 31, 2015: Notes 6(2), 12(2) and (3).

J. Relationship and significant transactions between the Company and its subsidiaries:

Number (Note 1)	Name	Name of transaction parties	Relationship with the Company (Note 2)	Transaction situation			Percentage of total combined revenue or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Senao Networks, Inc.	EnGenius Technologies, Inc.	1	Sales	$ 193,605	Note 4	11
0	Senao Networks, Inc.	EnGenius Technologies, Inc.	1	Accounts receivable	97,184	Note 4	2
0	Senao Networks, Inc.	EnGenius Networks Singapore Pte. Ltd.	1	Sales	79,471	Note 4	5
0	Senao Networks, Inc.	EnGenius Networks Singapore Pte. Ltd.	1	Accounts receivable	49,532	Note 4	1
0	Senao Networks, Inc.	EnGenius Networks Europe B.V.	1	Sales	27,556	Note 4	2
0	Senao Networks, Inc.	EnGenius Networks Europe B.V.	1	Accounts receivable	14,153	Note 4	0

Note 1: The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

1. Number 0 represents the Company.
2. The consolidated subsidiaries are in order from number 1.

Note 2: The relationship with the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

Note 3: Ratios of asset/liability are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note 4: Sales prices are based on sales volume. The credit terms were approximately the same with third parties, which is 60 days from the first day of the month following the month of sales.

Note 5: Only amounts in excess of $10 million of related party transactions are disclosed, and the opposite side of the transaction is not disclosed.

(2) Information on investments

				Initial investment amount		Shares held as at March 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2015	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2014 (Note 1)	Remarks
Senao Networks, Inc.	EnGenius Technologies, Inc.	California	Sales of communication products	$ 62,600	$ 62,600	60,000	100	$ 144,376	$ 3,861	$ 4,892	Note 2
Senao Networks, Inc.	Senao International (Samoa) Ltd.	Samoa	Investment holdings	61,786	61,786	1,974,000	100	18,813	1,285	1,718	Note 2
Senao Networks, Inc.	EnGenius Networks Malaysia SDN BHD	Malaysia	Development of communication products	2,532	2,532	312,197	100	519	(13)	(13)	Note 2
Senao International (Samoa) Ltd.	EnGenius International (Samoa) Ltd.	Samoa	Investment holdings	46,637	46,637	1,490,000	100	44,697	1,291	-	Note 2
EnGenius International (Samoa) Ltd.	EnGenius Networks Singapore Pte. Ltd.	Singapore	Sales of communication products	46,011	46,011	1,470,000	100	44,526	1,293	-	Note 2
EnGenius Technologies, Inc.	EnGenius Technologies Miami, Inc.	Miami	Sales of communication products	9,421	9,421	100	100	4,368	(23)	-	Note 2
EnGenius Technologies, Inc.	SuperTel Technologies, Inc.	Seattle	Development of communication products	10,611	10,611	10,000	100	2,347	1	-	Note 2
EnGenius Networks Singapore Pte. Ltd.	EnGenius Networks Europe B.V.	Netherlands	Sales of communication products	7,067	7,067	210,000	100	8,563	3,676	-	Note 2

Note 1: The column "Investment income (loss) recognised by the Company" represents the income (loss), including the amount of investment income or loss from reinvestment, of directly invested subsidiaries and subsidiaries under equity method.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

(1) General information

The information about geographical areas is provided to the chief operating decision-maker to make decisions. The sales orders will be divided into three main areas, namely Taiwan, America and Others (including Europe, Asia and Africa). Because the nature of the product and the model of sales of the three areas are different, and the chief operating decision-maker also uses the information on the three areas in financial management and operational performance evaluation, therefore, the reportable segments are Taiwan, America and Others.

(2) Assessment of segment information

The operational performance evaluation of each segment is based on operating revenue and income (not including administrative expense). All the operating segments consistently apply uniform accounting policies as described in Note 4 of the summary of significant accounting policies. The interdepartmental sales are in accordance with the fair value principle. Revenues from external customers provided to the chief operating decision-maker are measured in a manner consistent with that used for the income statement. The segment information for the three-month periods ended March 31, 2015 and 2014 is provided as follows:

	Three-month period ended March 31, 2015				
	Taiwan	America	Others	Eliminated transactions during the consolidation	Total
Revenue from external customers	$ 1,319,474	$ 266,377	$ 153,180	$ -	$ 1,739,031
Inter-segment revenue	301,550	1,560	7,350	(310,460)	-
Total segment revenue	$ 1,621,024	$ 267,937	$ 160,530	($ 310,460)	$ 1,739,031
Segment income	$ 223,259	$ 26,157	$ 10,580	$ -	$ 259,996

	Three-month period ended March 31, 2014				
	Taiwan	America	Others	Eliminated transactions during the consolidation	Total
Revenue from external customers	$ 946,390	$ 227,491	$ 167,453	$ -	$ 1,341,334
Inter-segment revenue	292,787	41	1,747	(294,575)	-
Total segment revenue	$ 1,239,177	$ 227,532	$ 169,200	($ 294,575)	$ 1,341,334
Segment income	$ 159,762	$ 10,571	$ 15,972	$ -	$ 186,305

(3) Reconciliation for segment income (loss)

The Group's segments' operating income reported to the chief operating decision-maker is measured in a manner consistent with the revenue and expenses in the statement of comprehensive income. The Group did not provide the chief operating decision-maker with the amount of total assets and liabilities for decision making purposes. A reconciliation of reportable segment's profit or loss and continuing operations' income before tax is provided as follows:

	Three-month periods ended March 31,	
	2015	2014
Reportable segments profit	$ 259,996	$ 186,305
Undistributed amount		
General administrative expenses	(73,306)	(52,446)
Non-operating income	26,913	9,240
Income from continuing operations before income tax	$ 213,603	$ 143,099