Pacific Hospital Supply Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2014 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 "Consolidated and Separate Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

PACIFIC HOSPITAL SUPPLY CO., LTD.

By

REN CHUNG
Chairman

February 10, 2015

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Pacific Hospital Supply Co., Ltd.

We have audited the accompanying consolidated balance sheets of Pacific Hospital Supply Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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 audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Pacific Hospital Supply Co., Ltd. as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

Deloitte & Touche

February 10, 2015

<u>*Notice to Readers*</u>

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

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

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 780,329	35	$ 834,607	41
Notes receivable (Notes 4 and 7)	19,022	1	12,082	1
Accounts receivable (Notes 4, 5 and 7)	142,622	6	136,498	7
Other receivables (Notes 4 and 7)	10,906	1	7,096	-
Inventories (Notes 4 and 8)	187,627	8	170,872	9
Prepayments and other current assets (Notes 11 and 19)	50,242	2	46,474	2
Total current assets	1,190,748	53	1,207,629	60
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 9, 19, 23 and 24)	1,011,476	45	783,815	39
Other intangible assets (Notes 4 and 10)	18,766	1	19,043	1
Deferred tax assets (Notes 4 and 17)	6,056	-	9,936	-
Refundable deposits (Notes 11 and 23)	16,241	1	6,179	-
Total non-current assets	1,052,539	47	818,973	40
TOTAL	$ 2,243,287	100	$ 2,026,602	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 12 and 24)	$ 26,989	1	$ -	-
Notes payable	9,728	-	4,743	-
Accounts payable	130,370	6	115,053	6
Other payables (Notes 13 and 19)	131,428	6	124,869	6
Current tax liabilities (Notes 4 and 17)	37,933	2	24,574	1
Advances and other current liabilities (Note 13)	29,969	1	38,364	2
Total current liabilities	366,417	16	307,603	15
NON-CURRENT LIABILITIES				
Accrued pension liabilities (Notes 4 and 14)	33,957	2	36,173	2
Total liabilities	400,374	18	343,776	17
EQUITY (Note 15)				
Share capital				
Ordinary shares	660,152	29	660,152	33
Capital surplus from shares issued in excess of par value	410,354	18	410,354	20
Retained earnings				
Legal reserve	186,100	9	153,910	8
Special reserve	-	-	11,621	-
Unappropriated earnings	586,307	26	446,789	22
Total retained earnings	772,407	35	612,320	30
Total equity	1,842,913	82	1,682,826	83
TOTAL	$ 2,243,287	100	$ 2,026,602	100

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

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 4)				
Sales	$ 1,514,869	101	$ 1,449,920	100
Less: Sales returns and allowances	(8,205)	(1)	(6,024)	-
Net operating revenue	1,506,664	100	1,443,896	100
OPERATING COSTS (Notes 4, 8, 14 and 16)				
Cost of goods sold	963,325	64	902,985	62
GROSS PROFIT	543,339	36	540,911	38
OPERATING EXPENSES (Notes 14, 16 and 23)				
Selling and marketing expense	72,043	5	73,379	5
General and administrative expense	83,892	5	83,414	6
Research and development expense	27,353	2	25,933	2
Total operating expenses	183,288	12	182,726	13
OPERATING INCOME	360,051	24	358,185	25
NON-OPERATING INCOME AND EXPENSES (Notes 16 and 23)				
Other income (Notes 16 and 23)	9,805	1	16,398	1
Other gains and losses (Note 16)	22,984	1	2,152	-
Finance costs (Note 16)	(357)	-	(203)	-
Total non-operating income and expenses	32,432	2	18,347	1
PROFIT BEFORE INCOME TAX	392,483	26	376,532	26
INCOME TAX EXPENSE (Notes 4 and 17)	65,494	4	54,636	4
NET PROFIT FOR THE YEAR	326,989	22	321,896	22
OTHER COMPREHENSIVE INCOME				
Actuarial (loss) gain arising from defined benefit plans	(2,246)	-	4,906	1
Income tax relating to components of other comprehensive income (Note 17)	(382)	-	402	-
Other comprehensive income for the year, net of income tax	(1,864)	-	4,504	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 325,125	22	$ 326,400	23

(Continued)

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 18)				
Basic	$4.95		$4.88	
Diluted	$4.93		$4.86	

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

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 15)	Capital Surplus Issue of Share in Excess of Par Value (Note 15)	Retained Earnings (Notes 4, 15, 16 and 17)				Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total	
BALANCE AT JANUARY 1, 2013	$ 660,152	$ 410,354	$ 122,563	$ 10,998	$ 416,420	$ 549,981	$ 1,620,487
Appropriation of 2012 earnings							
Legal reserve	-	-	31,347	-	(31,347)	-	-
Special reserve	-	-	-	623	(623)	-	-
Cash dividends distributed	-	-	-	-	(264,061)	(264,061)	(264,061)
Net profit for the year ended December 31, 2013	-	-	-	-	321,896	321,896	321,896
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	4,504	4,504	4,504
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	326,400	326,400	326,400
BALANCE AT DECEMBER 31, 2013	660,152	410,354	153,910	11,621	446,789	612,320	1,682,826
Appropriation of 2013 earnings							
Legal reserve	-	-	32,190	-	(32,190)	-	-
Special reserve	-	-	-	(11,621)	11,621	-	-
Cash dividends distributed	-	-	-	-	(165,038)	(165,038)	(165,038)
Net profit for the year ended December 31, 2014	-	-	-	-	326,989	326,989	326,989
Other comprehensive loss for the year ended December 31, 2014, net of income tax	-	-	-	-	(1,864)	(1,864)	(1,864)
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	325,125	325,125	325,125
BALANCE AT DECEMBER 31, 2014	$ 660,152	$ 410,354	$ 186,100	$ -	$ 586,307	$ 772,407	$ 1,842,913

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

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 392,483	$ 376,532
Adjustments for:		
Depreciation expenses	52,944	47,230
Amortization expenses	7,911	8,842
Impairment loss recognized on accounts receivable	1,394	303
Finance costs	357	203
(Gain) loss on disposal of property, plant and equipment	(2,502)	666
Reversal of write-down of inventories	(87)	(4,607)
Net loss on foreign currency exchange	(2,408)	192
Loss on scrap of inventories	1,653	4,730
Decrease in accrued pension liabilities	(4,462)	(5,016)
Changes in operating assets and liabilities		
(Increase) decrease in notes receivable	(6,940)	17,262
(Increase) decrease in accounts receivable	(5,111)	17,010
Increase in other receivables	(3,804)	(2,192)
Increase in inventories	(18,321)	(7,779)
Decrease (increase) in prepayments and other current assets	1,189	(1,975)
Increase (decrease) in notes payable	4,985	(639)
Increase (decrease) in accounts payable	15,317	(31,455)
Increase in other payables	6,341	12,881
(Decrease) increase in advances and other current liabilities	(8,395)	14,645
Cash generated from operations	432,544	446,833
Interest paid	(357)	(203)
Income tax paid	(47,879)	(57,350)
Net cash generated from operating activities	384,308	389,280
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayments for equipments	(4,957)	(12,465)
Acquisition of property, plant and equipment	(287,333)	(87,806)
Proceeds from disposal of property, plant and equipment	9,449	343
Increase in refundable deposits	(10,062)	(1,449)
Acquisition of other intangible assets	(7,634)	(5,516)
Net cash used in investing activities	(300,537)	(106,893)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	26,989	-
Cash dividends distributed	(165,038)	(264,061)
Net cash used in financing activities	(138,049)	(264,061)

(Continued)

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (54,278)	$ 18,326
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	834,607	816,281
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 780,329	$ 834,607

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Pacific Hospital Supply Co., Ltd. (the "Company") mainly manufactures, processes and sells medical disposable products and equipment and does medical engineering work on centralized medical gas piping systems.

The Company's shares have been traded on the Taiwan GreTai Securities Market (GTSM) since February 2004.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on February 10, 2015.

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

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

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

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

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

1) IFRS 10 "Consolidated Financial Statements"

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

2) IFRS 12 "Disclosure of Interests in Other Entities"

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

3) IFRS 13 "Fair Value Measurement"

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

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

4) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

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

The Group will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates/joint ventures accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

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

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

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

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

1) IFRS 9 "Financial Instruments"

   Recognition and measurement of financial assets

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

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

   a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

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

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

The impairment of financial assets

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

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

2) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

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

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

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

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

3) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

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

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and

- Recognize revenue when the entity satisfies a performance obligation.

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

   The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

   When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

   All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

b. Subsidiaries included in the consolidated financial statements

			Percentage of Ownership	
			December 31	
Name of Investor	Name of Investee	Main Businesses and Products	2014	2013
Pacific Hospital Supply Co., Ltd.	Pacific Precision Technology Co., Ltd.	Manufacturing rubbers	100	100

   The Company established a 100% subsidiary, Pacific Precision Technology Co., Ltd., the investment for which was resolved by the board of directors in January 2013, and was registered by the Ministry of Economic Affairs, R.O.C. on February 7, 2013.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Inventories

Inventories consist of raw materials, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Derecognition of intangible assets

   Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized in profit or loss.

a. Financial assets

Regular way purchases or sales of financial assets are accounted for on a trade date basis.

1) Measurement category

The categories of financial assets held by the Group are loans and receivables.

Loans and receivables (including accounts receivable, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the recognition of interest would be immaterial.

Cash equivalents include time deposits that are highly liquid readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

2) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as accounts receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, 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 was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

b. Financial liabilities

1) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (includes any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns and allowances are subtracted from gross sales, and the related costs of goods returned are reversed.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Specifically, sales of goods are recognized when goods are delivered and title has passed.

b. Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases.

a. The Group as lessor

   Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rent arising under operating leases are recognized as income in the period in which they are incurred.

b. The Group as lessee

   Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rent arising under operating leases are recognized as an expense in the period in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. All actuarial gains and losses on the defined benefit obligation are recognized immediately in the other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

   According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2014 and 2013, the carrying amount of accounts receivable was $142,622 thousand and $136,498 thousand, respectively (after deducting allowance of $1,697 thousand and $1,630 thousand, respectively).

b. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	**2013**
Cash on hand	$ 710	$ 712
Checking accounts and demand deposits	750,619	644,098
Cash equivalents		
Time deposits that are highly liquid, readily convertible into cash and be subject to an insignificant risk of changes in value	29,000	189,797
	$ 780,329	$ 834,607

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2014	**2013**
Bank deposits	0.17%-1.345%	0.17%-3%

7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2014	**2013**
Accounts receivable		
Accounts receivable	$ 144,319	$ 138,128
Less: Allowance for impairment loss	(1,697)	(1,630)
	$ 142,622	$ 136,498

(Continued)

	December 31	
	2014	2013
Other receivables		
Value-added tax refund receivable	$ 10,873	$ 6,939
Others	33	157
	$ 10,906	$ 7,096

(Concluded)

As of December 31, 2014 and 2013, notes receivable were assessed as not impaired and therefore no allowance was recognized.

In determining the recoverability of accounts receivable and notes receivable, the Group considered any change in the credit quality of the accounts receivable and notes receivable since the date credit was initially granted to the end of the reporting period. The Group recognized an allowance for impairment loss of 100% against all accounts receivable and notes receivable over 365 days because historical experience had been that accounts receivable and notes receivable that are past due beyond 365 days were not recoverable. Allowance for impairment loss were recognized against accounts receivable and notes receivable between 181 days and 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

For the accounts receivable balance that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances.

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

	December 31	
	2014	2013
0-180 days	$ 54,442	$ 47,532

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

Movements in the allowance for impairment loss recognized on accounts receivable were as follows:

	2014	2013
Balance at January 1	$ 1,630	$ 1,327
Add: Impairment loss recognized	1,394	303
Less: Amounts written off as uncollectible	(1,327)	-
Balance at December 31	$ 1,697	$ 1,630

Included in the allowance for impairment loss as of December 31, 2014 and 2013 were individually impaired accounts receivable amounting to $2,665 thousand and $1,882 thousand, respectively. These amounts relate to customers that had been under liquidation. The impairment loss recognized represents the difference between the carrying amount of these accounts receivable and the present value of the expected proceeds to be received from liquidation. The Group did not hold any collateral over these balances.

The aging of individually impaired accounts receivable was as follows:

	December 31	
	2014	2013
181-365 days	$ 1,075	$ 279
Over 365 days	1,590	1,603
	$ 2,665	$ 1,882

The above aging of accounts receivable before deducting the allowance for impairment loss was based on the past due date.

8. INVENTORIES

	December 31	
	2014	2013
Finished goods	$ 47,588	$ 47,432
Work in process	27,426	21,778
Raw materials	112,613	101,662
	$ 187,627	$ 170,872

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $963,325 thousand and $902,985 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 included $87 thousand and $4,607 thousand of reversal of inventory write-downs, respectively. Previous write-downs were reversed as a result of sales and disposals of inventories for which write-downs had been recognized in prior periods.

9. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2014	2013
Carrying amount		
Freehold land	$ 223,155	$ 110,767
Buildings	503,285	446,689
Machinery and equipment	217,526	164,445
Transportation equipment	3,400	4,072
Leasehold improvement	-	1,171
Miscellaneous equipment	64,110	56,671
	$ 1,011,476	$ 783,815

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Miscellaneous Equipment	Total
Cost							
Balance at January 1, 2013	$ 110,767	$ 530,485	$ 231,022	$ 14,545	$ 6,040	$ 131,140	$ 1,023,999
Additions	-	9,335	43,493	187	446	20,225	73,686
Disposals	-	-	(1,585)	-	-	(4,236)	(5,821)
Reclassification	-	-	12,107	-	-	1,512	13,619
Balance at December 31, 2013	$ 110,767	$ 539,820	$ 285,037	$ 14,732	$ 6,486	$ 148,641	$ 1,105,483
Accumulated depreciation							
Balance at January 1, 2013	$ -	$ 75,221	$ 104,994	$ 9,164	$ 5,042	$ 84,829	$ 279,250
Disposals	-	-	(1,356)	-	-	(3,456)	(4,812)
Depreciation expenses	-	17,910	16,954	1,496	273	10,597	47,230
Balance at December 31, 2013	$ -	$ 93,131	$ 120,592	$ 10,660	$ 5,315	$ 91,970	$ 321,668
Carrying amount at January 1, 2013	$ 110,767	$ 455,264	$ 126,028	$ 5,381	$ 998	$ 46,311	$ 744,749
Carrying amount at December 31, 2013	$ 110,767	$ 446,689	$ 164,445	$ 4,072	$ 1,171	$ 56,671	$ 783,815
Cost							
Balance at January 1, 2014	$ 110,767	$ 539,820	$ 285,037	$ 14,732	$ 6,486	$ 148,641	$ 1,105,483
Additions	112,388	75,996	53,992	561	-	17,545	260,482
Disposals	-	-	(2,555)	(339)	(5,227)	(9,689)	(17,810)
Reclassification	-	1,259	19,984	-	(1,259)	7,086	27,070
Balance at December 31, 2014	$ 223,155	$ 617,075	$ 356,458	$ 14,954	$ -	$ 163,583	$ 1,375,225
Accumulated depreciation							
Balance at January 1, 2014	$ -	$ 93,131	$ 120,592	$ 10,660	$ 5,315	$ 91,970	$ 321,668
Disposals	-	-	(2,329)	(290)	(4,739)	(3,505)	(10,863)
Depreciation expenses	-	20,083	20,669	1,184	-	11,008	52,944
Reclassification	-	576	-	-	(576)	-	-
Balance at December 31, 2014	$ -	$ 113,790	$ 138,932	$ 11,554	$ -	$ 99,473	$ 363,749
Carrying amount at January 1, 2014	$ 110,767	$ 446,689	$ 164,445	$ 4,072	$ 1,171	$ 56,671	$ 783,815
Carrying amount at December 31, 2014	$ 223,155	$ 503,285	$ 217,526	$ 3,400	$ -	$ 64,110	$ 1,011,476

On December 25, 2013, the Company's board of directors resolved the acquisition of property from a related party, Zhi-Qun Co., Ltd. The purchase agreement was entered into on January 6, 2014, and the delivery of property was completed on February 5, 2014. The total payment amount was $184,790 thousand (tax excluded).

No impairment assessment was performed for the years ended December 31, 2014 and 2013 as there was no indication of impairment.

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

Buildings	
Plant	27-51 years
Electrical power equipment	15-30 years
Others	2-51 years
Machinery and equipment	2-26 years
Transportation equipment	5-11 years
Leasehold improvement	2-6 years
Miscellaneous equipment	2-26 years

Refer to Note 24 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

10. OTHER INTANGIBLE ASSETS

	December 31	
	2014	2013
Carrying amount		
Computer software	$ 18,766	$ 19,043

	Computer Software
Cost	
Balance at January 1, 2013	$ 29,621
Additions	5,516
Balance at December 31, 2013	$ 35,137
Accumulated amortization	
Balance at January 1, 2013	$ (7,252)
Amortization expenses	(8,842)
Balance at December 31, 2013	$ (16,094)
Carrying amount at January 1, 2013	$ 22,369
Carrying amount at December 31, 2013	$ 19,043
Cost	
Balance at January 1, 2014	$ 35,137
Additions	7,634
Others	(5,712)
Balance at December 31, 2014	$ 37,059
Accumulated amortization	
Balance at January 1, 2014	$ (16,094)
Amortization expenses	(7,911)
Others	5,712
Balance at December 31, 2014	$ (18,293)
Carrying amount at January 1, 2014	$ 19,043
Carrying amount at December 31, 2014	$ 18,766

The computer software is amortized using the straight-line method over the estimated useful lives of 1 to 5 years.

11. OTHER ASSETS

	December 31	
	2014	2013
Current		
Prepayments for purchases	$ 2,682	$ 3,208
Prepayments for equipment	34,454	29,497
Prepaid expenses	9,489	9,924
Input tax	1,410	1,653
Others	2,207	2,192
	$ 50,242	$ 46,474
Non-current		
Refundable deposits	$ 16,241	$ 6,179

12. SHORT-TERM BORROWINGS

	December 31	
	2014	2013
Unsecured borrowings		
Line of credit borrowings	$ 26,989	$ -

The range of weighted average effective interest rate on bank loans was 1.7418%-1.7454% as of December 31, 2014.

13. OTHER LIABILITIES

	December 31	
	2014	2013
Current		
Other payables		
Payables for purchase of equipment	$ 7,687	$ 7,468
Accrued salary and compensation	68,280	64,467
Accrued vacation compensation	2,145	1,985
Accrual amounts for bonuses to employees	19,000	19,000
Accrual amounts for remuneration to directors and supervisors	2,120	2,120
Other accrued expenses	32,119	29,756
Others	77	73
	$ 131,428	$ 124,869
Other liabilities		
Advance receipts	$ 28,889	$ 37,043
Others	1,080	1,321
	$ 29,969	$ 38,364

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. From January and July 2005, the contribution amounts were changed to 6% and 3%, respectively. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

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

	December 31	
	2014	**2013**
Discount rates	2.00%	2.00%
Expected rates of salary increase	2.00%	2.00%

Amounts recognized in profit or loss in respect of these defined benefit plans as follows:

	For the Year Ended December 31	
	2014	**2013**
Current service cost	$ 731	$ 830
Interest cost	1,621	1,325
Expected return on plan assets	(920)	(760)
Past service cost	(1,261)	-
Gains arising from curtailment or settlement	-	(1,494)
	$ 171	$ (99)
An analysis by function		
Operating costs	$ -	$ (99)
Administrative expenses	$ 171	$ -

The amount included in the consolidated balance sheets arising from the Group's obligation in respect of its defined benefit plans was as follows:

	December 31	
	2014	**2013**
Present value of funded defined benefit obligation	$ 80,694	$ 81,537
Fair value of plan assets	(46,737)	(45,364)
Accrued pension liabilities	$ 33,957	$ 36,173

Actuarial gains and losses recognized in other comprehensive loss (income) for the years ended December 31, 2014 and 2013 was $2,246 thousand and $(4,906) thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive loss (income) as of December 31, 2014 and 2013 was $99 thousand and $1,963 thousand, respectively.

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

	For the Year Ended December 31	
	2014	**2013**
Opening defined benefit obligation	$ 81,537	$ 88,767
Current service cost	731	830
Interest cost	1,621	1,325
Actuarial losses (gains)	2,406	(5,109)
Gains on curtailments	(3,102)	(3,535)
Benefits paid	(2,499)	(741)
Closing defined benefit obligation	$ 80,694	$ 81,537

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2014	**2013**
Opening fair value of plan assets	$ 45,364	$ 42,672
Expected return on plan assets	920	760
Gains (losses) on plan assets	160	(204)
Contributions to plan assets	4,633	4,591
Benefits paid	(2,499)	(741)
Settlements paid	(1,841)	(1,714)
Closing fair value of plan assets	$ 46,737	$ 45,364

The major categories of plan assets at the end of the reporting period for each category were as follows:

	December 31	
	2014	**2013**
Others (Note)	100%	100%

Note: In accordance with the Labor Standards Act, monthly contributions made to the retirement benefit reserve fund are deposited in the designated financial institution and are under centralized management by the Labor Retirement Fund Supervisory Committee set up by the central competent authority. The fund can only be used to pay the pension benefits required by the Labor Standards Act and the statutory maximum amount available for payment is the balance of the accumulated contributions plus the accumulated earnings distributions minus the payment amount. In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the earnings distribution depends on the fund's annual performance but shall not be less than that accrued from two-year time deposits with the interest rates offered by local banks. Any loss sustained or deficiency shall be compensated by the National Treasury. Employers cannot decide the investment target of the fund by themselves. According to "The Asset Allocation of the Labor Pension Fund" announced by the Labor Retirement Fund Supervisory Committee, as at November 2014 and November 2013, the asset allocation breakdowns of the Labor Pension Fund were as follow:

	November	
	2014	**2013**
Banks deposits	18.82%	22.17%
Equity securities	10.78%	8.30%
Short-term notes	2.50%	4.34%
Government bonds, financial bonds and corporate bonds	11.53%	9.83%
Overseas investment	39.87%	34.26%
Others	19.50%	21.10%

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of related obligation, with reference to the investment performance of Labor Pension Fund by the Labor Pension Fund Supervisory Committee, taking into consideration the effect of required minimum earnings accrued from two-year time deposits with interest rates offered by local banks.

The Company chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (January 1, 2012):

	December 31, 2014	**December 31, 2013**	**December 31, 2012**	**January 1, 2012**
Present value of defined benefit obligation	$ 80,694	$ 81,537	$ 88,767	$ 84,338
Fair value of plan assets	$ 46,737	$ 45,364	$ 42,672	$ 37,788
Deficit	$ 33,957	$ 36,173	$ 46,095	$ 46,550
Experience adjustments on plan assets	$ (160)	$ 204	$ 384	$ -

15. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2014	**2013**
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	66,015	66,015
Shares issued	$ 660,152	$ 660,152

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

b. Capital surplus

The capital surplus arising from shares issued in excess of par (including share premium from issuance of ordinary shares and conversion of bonds) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

The Company's Articles of Incorporation provide that 10% of annual net income less any deficit should be appropriated as legal reserve and then as special reserve. From the remainder, the board of directors should propose the appropriation of up to 5% as remuneration to directors and supervisors and 1% to 15% as bonus to employees, for resolution at the shareholders' meeting.

The Company has adopted the equalization dividend policy for the payment of dividends, which may be paid either in the form of share dividends (including dividends from earnings and capital surplus) or cash dividends. Dividend payments are made from current year earnings of the Company after the appropriation for remuneration to directors and supervisors and bonus to employees. In determining distribution of dividends, the board of directors shall take into consideration the general business and financial conditions of the Company, and shall be approved in the shareholders' meetings. The distribution method shall take into consideration the Company's operational needs and both divend equality and shareholder rights protection policies; therefore distributions of cash dividends shall not be less than 20% of total dividends.

For the years ended December 31, 2014 and 2013, the bonus to employees was both $19,000 thousand and the remuneration to directors and supervisors was both $2,120 thousand. The bonus to employees and remuneration to directors and supervisors were estimated based on net profit (net of the bonus and remuneration) multiplied by a percentage in accordance with the Company's Articles of Incorporation. Material differences between such estimated amounts and the amounts proposed by the board of directors are adjusted in the year the bonus and remuneration were recognized. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and share dividends) of the shares of the day immediately preceding the shareholders' meeting.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following the Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve approprated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

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

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

The appropriations of earnings and the bonus to employees and remuneration to directors and supervisors for 2013 and 2012 were approved in the shareholders' meetings on June 11, 2014 and 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Year 2013	For Year 2012	For Year 2013	For Year 2012
Legal reserve	$ 32,190	$ 31,347		
Special reserve	(11,621)	623		
Cash dividends	165,038	264,061	$ 2.5	$ 4.0

For 2013 and 2012, the bonus to employees and the remuneration to directors and supervisors were as follows:

	Cash Bonus	
	For Year 2013	For Year 2012
Bonus to employees	$ 19,000	$ 19,000
Remuneration to directors and supervisors	2,120	2,120

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"), and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Regulaitons Governing the Preparation of Financial Reports by Securities Issuers (revised) and IFRSs.

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 11, 2014 and June 11, 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012, respectively.

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2014 are subject to the resolution of the shareholders' meeting to be held on June 10, 2015.

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

16. PROFIT BEFORE INCOME TAX

a. Other income

	For the Year Ended December 31	
	2014	2013
Operating lease rental income	$ 806	$ 917
Interest income - bank deposits	2,624	3,311
Others	6,375	12,170
	$ 9,805	$ 16,398

b. Other gains and losses

	For the Year Ended December 31	
	2014	**2013**
Gain (loss) on disposal of property, plant and equipment	$ 2,502	$ (666)
Net foreign currency exchange gains	20,482	2,817
Others	-	1
	$ 22,984	$ 2,152

c. Finance costs

	For the Year Ended December 31	
	2014	**2013**
Interest on bank borrowings	$ 357	$ 203

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2014	**2013**
Property, plant and equipment	$ 52,944	$ 47,230
Intangible assets	7,911	8,842
	$ 60,855	$ 56,072
An analysis of depreciation by function		
Operating costs	$ 48,902	$ 43,985
Operating expenses	4,042	3,245
	$ 52,944	$ 47,230
An analysis of amortization by function		
Operating costs	$ 4,320	$ 4,728
Operating expenses	3,591	4,114
	$ 7,911	$ 8,842

e. Employee benefits expense

	For the Year Ended December 31	
	2014	**2013**
Short-term benefits	$ 319,093	$ 306,561
Post-employment benefits		
Defined contribution plans	11,186	10,672
Defined benefit plans	171	(99)
	$ 330,450	$ 317,134
An analysis of employee benefits expense by function		
Operating costs	$ 224,990	$ 213,863
Operating expenses	105,460	103,271
	$ 330,450	$ 317,134

f. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2014	2013
Foreign exchange gains	$ 28,158	$ 10,863
Foreign exchange losses	(7,676)	(8,046)
Net gains	$ 20,482	$ 2,817

17. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 62,118	$ 49,633
Adjustments for prior periods	(886)	1,632
	61,232	51,265
Deferred tax		
In respect of the current year	4,262	3,371
Income tax expense recognized in profit or loss	$ 65,494	$ 54,636

A reconciliation of accounting profit and income tax expenses was as follows:

	For the Year Ended December 31	
	2014	2013
Profit before tax	$ 392,483	$ 376,532
Income tax expense calculated at the statutory rate	$ 66,722	$ 64,010
Nondeductible expenses in determining taxable income	28	656
Effect of subsidiary earnings on deferred income tax	35	-
Temporary differences	(4,461)	(3,224)
Tax-exempt income	(13,835)	(13,553)
Additional income tax on unappropriated earnings	13,629	1,744
Current tax	62,118	49,633
Deferred tax		
Temporary differences	4,262	3,371
Adjustments for prior years' tax	(886)	1,632
Income tax expense recognized in profit or loss	$ 65,494	$ 54,636

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Tax refund receivable (included in other receivables)	$ 6	$ 6
Current tax liabilities		
Income tax payable	$ 37,933	$ 24,574

c. Deferred tax assets and liabilities

The Group offset certain deferred tax assets and deferred tax liabilities which met the offset criteria.

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Defined benefit obligation	$ 6,149	$ (758)	$ 382	$ 5,773
Allowance for loss on inventories	3,085	(15)	-	3,070
Allowance for impaired receivables	25	74	-	99
Unrealized exchange losses	322	(3,682)	-	(3,360)
Unrealized overheads	165	(26)	-	139
Realized two-year overdue advance sales revenue	190	-	-	190
Loss carryforwards	-	145	-	145
	$ 9,936	$ (4,262)	$ 382	$ 6,056

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Defined benefit obligation	$ 7,404	$ (853)	$ (402)	$ 6,149
Allowance for loss on inventories	3,868	(783)	-	3,085
Allowance for impaired receivables	114	(89)	-	25

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Unrealized exchange losses	$ 1,973	$ (1,651)	$ -	$ 322
Unrealized overheads	145	20	-	165
Realized two-year overdue advance sales revenue	205	(15)	-	190
	$ 13,709	$ (3,371)	$ (402)	$ 9,936

(Concluded)

d. The Company has expansion projects and sales from such projects, based on the Tax Law, are exempt from income tax for the five-year period beginning January 1, 2011. Such sales were summarized as follows:

Approval Date and Reference Number	Expansion Commencement Date	Tax Exemption Period	Tax Exemption Cost
April 20, 2011 (Ref No. 10005108240)	January 1, 2011	January 1, 2011 to December 31, 2015	$ 100,813

e. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings generated on and after January 1, 1998	$ 586,307	$ 446,789
Imputation credits accounts	$ 68,231	$ 51,669

The creditable ratio for distribution of earnings of 2014 and 2013 was 11.64% (estimated) and 16.87%, respectively.

f. Income tax assessments

The tax returns through 2012 had been assessed by the tax authorities.

18. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2014	2013
Basic earnings per share	$ 4.95	$ 4.88
Diluted earnings per share	$ 4.93	$ 4.86

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2014	2013
Earnings used in the computation of basic earnings per share and diluted earnings per share	$ 326,989	$ 321,896

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

	For the Year Ended December 31	
	2014	2013
Weighted average number of ordinary shares in computation of basic earnings per share	66,015	66,015
Effect of potentially dilutive ordinary shares:		
Bonus issue to employee	377	275
Weighted average number of ordinary shares used in the computation of diluted earnings per share	66,392	66,290

If the Group offered to settle the bonuses paid to employees in cash or shares, the Group assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

19. NON-CASH TRANSACTIONS

For the years ended December 31, 2014 and 2013, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

a. The Group reclassified prepayments for equipment (included in prepayments and other current assets) of $27,070 thousand and $13,619 thousand to property, plant and equipment for the years ended December 31, 2014 and 2013, respectively.

b. The amount of cash paid for acquisition of property, plant and equipment included an increase of $219 thousand and a decrease of $501 thousand payable for equipment purchased (included in other payables) for the years ended December 31, 2014 and 2013, respectively.

20. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of office parking lot and land with lease terms between 1 to 20 years.

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

	December 31 2014	December 31 2013
Not later than 1 year	$ 7,577	$ 962
Later than 1 year and not later than 5 years	30,135	44
Later than 5 years	113,005	-
	$ 150,717	$ 1,006

21. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt and equity of the Group (comprising issued capital, reserves, and retained earnings).

The Group is not subject to any externally imposed capital requirements.

22. FINANCIAL INSTRUMENTS

a. Fair value and categories of financial instruments

	December 31 2014	December 31 2013
Financial assets		
Loans and receivables (Note a)	$ 952,879	$ 990,283
Financial liabilities		
Measured at amortized cost (Note b)	$ 298,515	$ 244,665

Note a: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable and other receivables.

Note b: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings notes and accounts payable and other payables.

b. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and accounts payable. The Group's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest risk) and liquidity risk.

1) Market risk

a) Foreign currency risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

Refer to Note 25 for the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

Sensitivity analysis

The Group was mainly exposed to the fluctuation of U.S. dollars, Japanese yen, Euros and Chinese yuan.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

For a 1% strengthening of New Taiwan dollars against the relevant currency, post-tax profit for the years ended December 31, 2014 and 2013 would have decreased by $3,720 thousand and $3,560 thousand, respectively. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit.

b) Interest rate risk

The interest risk of the Group arises primarily from the floating rate of the short-term borrowings. Interest rate fluctuation affects future cash flows, but not the fair value.

Sensitivity analysis

Assuming the floating rate borrowings outstanding at the end of the reporting period were outstanding for the entire period, if interest rate had been 100 basis point (1%) higher and all other conditions remain constant, the Group's post-tax interest expense of the floating rate borrowings for the year ended December 31, 2014 would have increased by $224 thousand.

2) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

23. TRANSACTIONS WITH RELATED PARTIES

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

a. Property, plant and equipment acquired

	Price	
	For the Year Ended December 31	
Related Party Category	**2014**	**2013**
Common chairman with the Company	$ 184,790	$ -

b. Other transactions with related parties

Zhi-Qun Co., Ltd. (common chairman with the Company) performed certain rental services for the Company. For the years ended December 31, 2014 and 2013, a rental fee of $595 thousand and $7,141 thousand, respectively, were charged and paid. As of December 31, 2014 and 2013, the refundable deposits were $0 thousand and $1,200 thousand, respectively.

The Company provided rental services for Zhi-Qun Co., Ltd. For the year ended December 31, 2014, a rental revenue of $22 thousand were billed and received.

Ren Chung (chairman of the Company) provided rental services for the Company. For the years ended December 31, 2014 and 2013, a rental fee of $74 thousand and $72 thousand, respectively, were charged and paid.

c. Compensation of key management personnel

The remuneration of directors and members of key management personnel were as follows:

	For the Year Ended December 31	
	2014	**2013**
Short-term benefits	$ 29,439	$ 29,336

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

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collaterals for short-term and long-term bank loans facilities.

	December 31	
	2014	**2013**
Land and building, net	$ 518,866	$ 344,509

25. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On December 15, 2014, the Company’s board of directors resolved to purchase an automated storage equipment and signed a construction contract with Gnpack Corp Ltd. on January 7, 2015. The contract price amounted to $172,000 thousand (tax excluded)

26. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2014		
	Foreign Currencies (Thousands)	Exchange Rate	Carrying Amount (Thousands)
Financial assets			
Monetary items			
USD	$ 13,230	31.65	$ 418,745
JPY	149,837	0.2646	39,647
EUR	324	38.47	12,477
RMB	1,989	5.092	10,125
			$ 480,994
Financial liabilities			
Monetary items			
JPY	102,000	0.2646	$ 26,989
USD	166	31.65	5,266
EUR	15	38.47	577
			$ 32,832

	December 31, 2013		
	Foreign Currencies (Thousands)	Exchange Rate	Carrying Amount (Thousands)
Financial assets			
Monetary items			
USD	$ 10,197	29.805	$ 303,922
JPY	246,051	0.2839	69,854
RMB	10,764	4.919	52,948
EUR	304	41.09	12,491
			$ 439,215
Financial liabilities			
Monetary items			
USD	224	29.805	$ 6,676
EUR	87	41.09	3,575
			$ 10,251

27. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and investees:

a. Financing provided to others: None.

b. Endorsements or guarantees provided for others: None.

c. Marketable securities held at the end of the period (excluding investments in subsidiaries): None.

d. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of paid-in capital: None.

e. Acquisition of individual real estate at cost of at least NT$300 million or 20% of paid-in capital: Table 1.

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of paid-in capital: None.

g. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of paid-in capital: None.

h. Receivables from related parties amounting to at least NT$100 million or 20% of paid-in capital: None.

i. Transaction of derivative instruments: None.

j. Others: Intercompany relationships and significant intercompany transactions: Table 2.

k. Information on investees: Table 3.

Information on investments in mainland China: None.

28. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

In accordance with the provisions under IFRS 8, "Operating Segments," the Group's operating decision was mainly based on the Group's overall operating performance and economic resource, so it was determined that the Group had only one reportable segment.

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date (Note)	Transaction Amount (Tax Excluded)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Pacific Hospital Supply Co., Ltd.	Land	2013.12.25	$ 112,350	$ 112,350	Zhi-Qun Co., Ltd	Common Chairman with the Company	Lin, Zhou-Ming	None	2003.11.18	$ 64,870	Valuation report	Office	None
	Building	2013.12.25	72,440	72,440	Zhi-Qun Co., Ltd	Common Chairman with the Company	Qiaoding Construction Co., Ltd.	None	2003.11.18	34,778	Valuation report	Office	None

Note: Event date refers to the date of contract signing, date of payment, date of consignment trade, date of delivery, date of boards of directors resolutions, or other date that can confirm the counterparty and amount of the transaction, whichever is earlier. The event date is the date of board of directors resolution.

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amounted in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Operating Revenue or Total Assets (Note 3)
0	Pacific Hospital Supply Co., Ltd.	Pacific Precision Technology Co., Ltd.	a.	Cost of goods sold	$ 23,467	Transaction terms are same as third parties	1.55
		Pacific Precision Technology Co., Ltd.	a.	Rental income	818	Transaction terms are same as third parties	0.05
		Pacific Precision Technology Co., Ltd.	a.	Inventories	2,207	Transaction terms are same as third parties	0.10
		Pacific Precision Technology Co., Ltd.	a.	Accounts payable	5,768	Transaction terms are same as third parties	0.26
1	Pacific Precision Technology Co., Ltd.	Pacific Hospital Supply Co., Ltd.	b.	Sales	25,744	Transaction terms are same as third parties	1.70
		Pacific Hospital Supply Co., Ltd.	b.	Sales return	70	Transaction terms are same as third parties	-
		Pacific Hospital Supply Co., Ltd.	b.	Rental expense	818	Transaction terms are same as third parties	0.05
		Pacific Hospital Supply Co., Ltd.	b.	Accounts receivable	5,768	Transaction terms are same as third parties	0.26

Note 1: Significant transactions between the parent company and its subsidiaries or among subsidiaries are numbered as follows:

a. “0” for the parent company.
b. Subsidiaries are numbered from “1”.

Note 2: Related party transactions are divided into two categories as follows:

a. The parent company to subsidiaries.
b. Subsidiaries to the parent company.

Note 3: Balance sheet items are shown as a percentage to consolidated total assets as of December 31, 2014, while income statement items are shown as a percentage to consolidated total operating revenue for the year ended December 31, 2014.

Note 4: The above transaction amounts were eliminated upon consolidation.

PACIFIC HOSPITAL SUPPLY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2014			Net Profit (Loss) of the Investee	Recognized Gain (Loss)	Note
				December 31, 2014	December 31, 2013	Shares	Percentage of Ownership (%)	Carrying Value			
Pacific Hospital Supply Co., Ltd.	Pacific Precision Technology Co., Ltd.	Taiwan	Manufacturing rubbers	$ 100,000	$ 60,000	10,000,000	100	$ 96,452	$ 2,120	$ 115	Notes 1 and 2

Note 1: Investment income (loss) was recognized based on the investee's audited financial statements for the same period.

Note 2: The difference between investee company's net loss and recognized loss was due to deferral of unrealized gain from upstream transaction.

Note 3: In preparing the consolidated financial statements, gains and losses between the investor and investee, investor's long-term equity investment account, and investee's equity were eliminated in full.