Sirtec International Corp. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Sirtec International Corp.

We have audited the accompanying consolidated balance sheets of Sirtec International Corp. (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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

As discussed in Note 28 to the consolidated financial statements, the former chairman and certain employees of Sirtec International Corp. have set up a remittance account abroad for commission, marketing expenses and employees' salaries. The account was in the name of a shell corporation and the employees. The fees were paid by overseas subsidiaries. The prosecutor's office queried the validity of the remittance and probed into the Company. On July 24, 2014, the Taiwan High Court affirmed the conviction of the accused. As of December 31, 2014, the Company and subsidiaries had received compensation for their loss according to their claims in the case.

We have also audited the parent company only financial statements of Sirtec International Corp. as of and for the years ended December 31, 2014 and 2013 on which we have issued a modified unqualified report.

March 16, 2015

Notice to Readers

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

SIRTEC INTERNATIONAL CORP. 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 (Notes 4 and 6)	$ 969,503	12	$ 1,339,680	22
Held-to-maturity financial assets - current (Notes 4, 5 and 7)	63,286	1	59,598	1
Debt investments with no active market - current (Notes 4, 8 and 27)	1,980,094	25	605,098	10
Notes and accounts receivable, net (Notes 5 and 9)	2,229,855	28	1,823,688	30
Inventories (Notes 4, 5 and 10)	1,370,072	17	1,068,496	18
Other financial assets - current (Note 28)	77,593	1	66,519	1
Other current assets (Notes 14 and 27)	261,918	3	191,923	3
Total current assets	6,952,321	87	5,155,002	85
NON-CURRENT ASSETS				
Held-to-maturity financial assets, non-current (Notes 4, 5 and 7)	-	-	59,417	1
Investments accounted for using equity method	179,497	2	-	-
Property, plant and equipment (Notes 4, 12 and 27)	522,518	7	436,549	7
Investment properties (Notes 4, 13 and 27)	276,854	3	276,754	5
Intangible assets (Note 4)	13,316	-	14,262	-
Deferred income tax assets (Notes 4, 5 and 21)	15,766	-	18,671	1
Other non-current assets (Note 14)	39,278	1	74,723	1
Total non-current assets	1,047,229	13	880,376	15
TOTAL	$ 7,999,550	100	$ 6,035,378	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 15)	$ -	-	$ 200,000	3
Notes and accounts payable (Note 16)	1,373,133	17	1,040,493	17
Other payables (Note 17)	314,674	4	237,752	4
Current tax liabilities (Notes 4 and 21)	161,834	2	69,391	1
Other current liabilities (Note 17)	22,481	1	21,933	1
Total current liabilities	1,872,122	24	1,569,569	26
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	475,489	6	111,061	2
Accrued pension liabilities (Notes 4, 5 and 18)	20,697	-	19,489	-
Guarantee deposits	1,230	-	1,230	-
Total non-current liabilities	497,416	6	131,780	2
Total liabilities	2,369,538	30	1,701,349	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital	1,294,410	16	1,294,410	22
Capital surplus	370,077	5	370,077	6
Retained earnings				
Legal reserve	549,430	7	470,705	8
Special reserve	84,084	1	120,312	2
Unappropriated earnings	3,060,009	38	2,088,677	34
Total retained earnings	3,693,523	46	2,679,694	44
Other equity				
Exchange differences on translating foreign operations	272,002	3	(10,152)	-
Total equity	5,630,012	70	4,334,029	72
TOTAL	$ 7,999,550	100	$ 6,035,378	100

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

SIRTEC INTERNATIONAL CORP. 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)	$ 9,595,616	100	$ 8,478,796	100
OPERATING COSTS (Notes 10, 18 and 20)	8,254,704	86	7,477,716	88
GROSS PROFIT	1,340,912	14	1,001,080	12
OPERATING EXPENSES (Notes 18, 20 and 24)				
Selling and marketing expenses	135,069	2	138,152	2
General and administrative expenses	386,066	4	269,574	3
Research and development expenses	3,158	-	-	-
Total operating expenses	524,293	6	407,726	5
PROFIT FROM OPERATIONS	816,619	8	593,354	7
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 20 and 28)	1,321,829	14	187,067	2
Other gains and losses (Notes 11 and 20)	(17,789)	-	209,702	2
Finance costs (Note 20)	(291)	-	(4,324)	-
Gain from bargain purchase - acquisition of associates (Note 11)	(503)	-	-	-
Total non-operating income and gains	1,303,246	14	392,445	4
INCOME BEFORE INCOME TAX	2,119,865	22	985,799	11
INCOME TAX EXPENSE (Notes 4 and 21)	638,384	7	198,546	2
NET PROFIT FOR THE YEAR	1,481,481	15	787,253	9
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	282,154	3	128,964	2
Actuarial (loss) gain arising from defined benefit plans (Note 18)	(2,005)	-	3,092	-
Income tax relating to components of other comprehensive income	341	-	(526)	-
Other comprehensive income for the year, net of income tax	280,490	3	131,530	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,761,971	18	$ 918,783	11

(Continued)

SIRTEC INTERNATIONAL CORP. 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**	**%**
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 1,481,481	15	$ 787,253	9
Non-controlling interests	-	-	-	-
	$ 1,481,481	15	$ 787,253	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 1,761,971	18	$ 918,783	11
Non-controlling interests	-	-	-	-
	$ 1,761,971	18	$ 918,783	11
EARNINGS PER SHARE (Note 22)				
Basic	$ 11.45		$ 6.08	
Diluted	$ 11.44		$ 6.08	

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

SIRTEC INTERNATIONAL CORP. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							
			Retained Earnings			Other Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2013	$ 1,324,410	$ 444,729	$ 403,831	$ -	$ 2,003,808	$ (139,116)	$ (104,652)	$ 3,933,010
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	84,084	(84,084)	-	-	-
Appropriation and distribution of 2012 earnings								
Legal reserve	-	-	66,874	-	(66,874)	-	-	-
Special reserve	-	-	-	36,228	(36,228)	-	-	-
Cash dividends	-	-	-	-	(517,764)	-	-	(517,764)
Net profit for the year ended December 31, 2013	-	-	-	-	787,253	-	-	787,253
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	2,566	128,964	-	131,530
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	789,819	128,964	-	918,783
Cancel of treasury shares	(30,000)	(74,652)	-	-	-	-	104,652	-
BALANCE AT DECEMBER 31, 2013	1,294,410	370,077	470,705	120,312	2,088,677	(10,152)	-	4,334,029
Appropriation and distribution of 2013 earnings								
Legal reserve	-	-	78,725	-	(78,725)	-	-	-
Cash dividends	-	-	-	(36,228)	36,228	-	-	-
Reversal of special reserve	-	-	-	-	(465,988)	-	-	(465,988)
Net profit for the year ended December 31, 2014	-	-	-	-	1,481,481	-	-	1,481,481
Other comprehensive (loss) income for the year ended December 31, 2014	-	-	-	-	(1,664)	282,154	-	280,490
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	1,479,817	282,154	-	1,761,971
BALANCE AT DECEMBER 31, 2014	$ 1,294,410	$ 370,077	$ 549,430	$ 84,084	$ 3,060,009	$ 272,002	$ -	$ 5,630,012

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

SIRTEC INTERNATIONAL CORP. 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		
Income before income tax	$ 2,119,865	$ 985,799
Adjustments for:		
Depreciation	136,236	131,497
Amortization	5,455	6,770
Reversal of allowance for doubtful accounts	(24,118)	(26,648)
Finance costs	291	4,324
Interest income	(32,205)	(39,602)
Share of loss of associates and joint ventures	503	-
(Gain) loss on disposal of property, plant and equipment	(13,326)	1,504
Gain on disposal of non-current assets held for sale	-	(192,656)
Reversal of write-down of inventories	(26,750)	(18,103)
Impairment loss	-	9,202
Changes in operating assets and liabilities		
Decrease (increase)in notes receivable	10,040	(8,967)
(Increase) decrease in accounts receivable	(393,266)	207,666
(Increase) decrease in other financial assets	(13,216)	8,118
(Increase) decrease in Inventories	(276,749)	79,594
(Increase) decrease in other current assets	(69,995)	91,888
Increase in notes payable	14,097	2,120
Increase in accounts payable	318,543	119,722
Increase (decrease) in other payable	77,082	(2,257)
Decrease in accrued pension liabilities	(796)	(1,694)
Increase (decrease) in other current liabilities	548	(68,437)
Cash generated from operations	1,832,239	1,289,840
Interest received	34,347	36,009
Interest paid	(451)	(4,653)
Income tax paid	(178,608)	(259,754)
Net cash generated from operating activities	1,687,527	1,061,442
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	(1,374,996)	-
Proceeds on sale of debt investments	-	369,218
Purchase of held-to-maturity financial assets	60,611	-
Acquisition of associates ventures	(180,000)	-
Proceeds from disposal of non-current assets held for sale	-	202,180
Purchase of property, plant and equipment	(229,635)	(108,905)
Proceeds from disposal of property, plant and equipment	29,994	4,272
Increase in refundable deposits	17,034	(24,119)
Purchase of intangible assets	(4,509)	(8,641)
Purchase of investment properties	-	(181)
Increase in prepayment of equipment	18,465	(40,073)
Net cash (used in) generated from investing activities	(1,663,036)	393,751

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SIRTEC INTERNATIONAL CORP. 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 FINANCING ACTIVITIES		
Decrease in short-term loans	$ (200,000)	$ (500,000)
Decrease in guarantee deposits	-	(27,260)
Dividends paid to owners of the Company	(465,988)	(517,764)
Net cash used in from financing activities	(665,988)	(1,045,024)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	271,320	110,094
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(370,177)	520,263
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,339,680	819,417
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 969,503	$ 1,339,680

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

Sirtec International Corp. (the "Company") was incorporated in the Republic of China ("ROC") in July 1968 and commenced business in January 1969. The Company engaged mainly in electronic products assembly, plastic injection and mold manufacturing.

The Company's shares have been listed on the Taiwan GreTai Securities Market since July 1998.

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 March 16, 2015.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS 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.

The New IFRSs Included in the 2014 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
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

(Continued)

The New IFRSs Included in the 2014 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Amendment to IFRS 1 “Government Loans”	January 1, 2013
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 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.

2) Revision to IAS 19 “Employee Benefits”

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

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

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to retained earnings; the carrying amounts are not adjusted. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation. On the retrospective application of aforementioned amendments, the primary impacts on the Company would include the adjustment to deferred tax assets for a decrease of NT$21 thousand as of December 31, 2014, and adjustments to pension cost for a decrease of NT$126 thousand, actuarial loss on defined benefit plans for an increase of NT$126 thousand and other comprehensive income for an increase of NT$21 thousand for the year ended December 31, 2014.

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
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 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, 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, 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.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be 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 a 12-month expected credit loss 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 loss 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 loss 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 loss on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 19: Amendment in 2013

The amended IAS 19 states that if contributions from employees or third parties are not linked to service, these contributions affect the remeasurement of the net defined benefit liability (asset). If the contributions are linked solely to service, and the employees' service is paid in the period rendered, the contributions may be recognized as a reduction of service cost in the same period. If the contributions depend on the number of years of service, an entity is required to attribute these contributions to service periods as a reduction of service cost.

3) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

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

4) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

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

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

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

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

5) Annual Improvements to IFRSs: 2011-2013 Cycle

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

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

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

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

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

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

The amended IAS 16 "Property, Plant and Equipment" stipulates 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 allow any exception to this principle.

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

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

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

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

7) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” 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 becomes effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

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

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate 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.

9) Annual Improvements to IFRSs: 2012-2014 Cycle

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

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

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

a. Statement of compliance

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

b. 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.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) 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:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) 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.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

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

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

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

2) Subsidiary included in consolidated financial statements

a) Consolidation

The detail information of the subsidiaries at the end of reporting period was as follows:

			% of Ownership December 31		
Investor	**Investee**	**Main Business**	**2014**	**2013**	**Remark**
Sirtec International Corp.	Sirtec International (H.K.) Co., Ltd.	Investment activities	100	100	-
	Sirtec International (B.V.I.) Co., Ltd.	Plastic injection, mold manufacturing and electronic products assembly and selling	100	100	-
	Sirfa (B.V.I.) Co., Ltd.	Investment activities	100	100	-
	Sirlong (B.V.I.) Co., Ltd.	Investment activities	100	100	-
	Sirlight Trading Co., Ltd.	Plastic injection trading business	100	100	-
	Dongguan Sirtec Image Co., Ltd.	Manufacturing photoelectric products.	100	-	-
Sirtec International (B.V.I.) Co., Ltd.	Sirlong (Dong Guan) Plastics & Electronics Co., Ltd.	Manufacturing computer products, printers, household appliances and plastic products	100	100	-
	Dong Guan Shey Sun Plastics & Electronics Co., Ltd.	Manufacturing adaptor, household appliances and plastic products	100	100	-
Sirfa (B.V.I.) Co., Ltd.	Sirtec International (Suzhou) Co., Ltd.	Manufacturing switching power supply devices, adaptor and electronic products assembly and selling	100	100	-
Sirlong (B.V.I.) Co., Ltd.	Sirtec International (Nanjing) Co., Ltd.	Manufacturing PCB and electronic products assembly	100	100	-

b) Subsidiaries excluded from consolidated financial statements: None.

c) All intra-group transactions are eliminated in full upon consolidation.

e. 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.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to equity and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, 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.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associate.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group’s consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Intangible assets

1) 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 and accumulated impairment loss. 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 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.

2) Derecognition of intangible assets

Gains or losses arising from derecognition of an intangible asset, which are 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.

k. 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 is subsequently 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.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group 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 immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables.

i. Held-to-maturity investments

Corporate bonds which are specific credit ratings and the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

ii. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) 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 trade receivables, 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 of 90 days, 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 future 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.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is 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 except for uncollectible trade receivables that are written off against the allowance account.

c) 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 is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at fair value through profit or loss

  Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

  Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 25.

b) Derecognition of financial liabilities

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

m. 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 are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

1) 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:

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

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

c) The amount of revenue can be measured reliably;

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

e) 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.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

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.

n. Leasing

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

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

Lease incentives included in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term.

2) The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

o. 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. 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.

p. Taxation

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

1) 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.

2) 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 loss carry forward and 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 and associates, and interests in joint ventures, 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.

3) 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS 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 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. Held-to-maturity financial assets

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity. As of December 31, 2014 and 2013, the carrying amount of the held-to-maturity financial asset was $63,286 thousand and $119,015 thousand, respectively.

b. Income taxes

As of December 31, 2014 and 2013, the carrying amount of deferred tax assets in relation to unused tax losses was $15,766 thousand and $18,671 thousand, respectively. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

c. Estimated impairment of trade receivables

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 the trade receivable was $2,229,819 thousand and $1,813,612 thousand, respectively (net of allowance for doubtful accounts of $54,546 thousand and $77,487 thousand, respectively).

d. Write-down of inventory

Inventories are stated at the lower of cost or net realizable value. Allowance for inventory losses is provided for items deemed as obsolete, slow-moving, unrecoverable, or not appropriate for production. The management should estimate the selling prices and usage conditions of inventory. Significant inventory write-downs could occur if estimated selling price was too low or estimated usage conditions was not precise.

As of December 31, 2014 and 2013, the carrying amount of the inventory was $1,370,072 thousand and $1,068,496 thousand, respectively (net of allowance for inventory write-downs of $43,873 thousand and $68,701 thousand, respectively). For the years ended December 31, 2014 and 2013 the reversal of inventory write-downs was $26,750 thousand and $18,103 thousand, respectively.

e. 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	$ 4,487	$ 2,944
Checking accounts and demand deposits	511,900	219,174
Cash equivalent		
Time deposits with original maturities less than three months	453,116	1,117,562
	$ 969,503	$ 1,339,680

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

	December 31	
	2014	**2013**
Bank balance	0.01%-2.85%	0.17%-3.00%

7. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2014	2013
Current		
Foreign investments		
Corporate bonds - Morgan Stanley	$ 63,286	$ 59,598
Non-current		
Foreign investments		
Corporate bonds - Morgan Stanley	$ -	$ 59,417

In 2012, the Company invested in overseas unsecured corporate bonds at par value of US$4,000 thousand issued by Morgan Stanley with coupon rates of 4.1% and 4.2%. The maturity dates of the corporate bonds are November 24, 2014 and January 26, 2015, respectively.

8. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2014	2013
Current		
Time deposits with original maturity more than 3 months	$ 1,980,094	$ 605,098

a. The market interest rates of the time deposits with original maturity more than 3 months were 1.15%-3.25% and 1.13%-3.30% per annum respectively as of December 31, 2014 and 2013.

b. Refer to Note 27 for information relating to bond investments with no active market pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2014	2013
Notes receivable		
Bank acceptances receivable - operating	$ -	$ 10,076
Notes receivable - operating	36	-
Less: Allowance for doubtful accounts	-	-
	36	10,076
Trade receivables		
Trade receivables	2,284,365	1,891,099
Less: Allowance for doubtful accounts	(54,546)	(77,487)
	2,229,819	1,813,612
	$ 2,229,855	$ 1,823,688

The average credit period on sales of goods was 2 to 4 months. In addition, the Group individually accessed the collection period. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.

As of December 31, 2014 and 2013, the carrying amount of the trade receivables that were past due but not impaired was both zero.

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 102,874	$ -	$ 102,874
Less: Amounts written off during the period as uncollectible	(26,637)	-	(26,637)
Foreign exchange translation gains and losses	1,250	-	1,250
Balance at December 31, 2013	$ 77,487	$ -	$ 77,487
Balance at January 1, 2014	$ 77,487	$ -	$ 77,487
Less: Amounts written off during the period as uncollectible	(24,118)	-	(24,118)
Foreign exchange translation gains and losses	1,177	-	1,177
Balance at December 31, 2014	$ 54,546	$ -	$ 54,546

Age of trade receivables was as follow:

	December 31	
	2014	2013
Less than 60 days	$ 1,783,720	$ 1,436,863
61-90 days	335,100	333,982
91-120 days	79,393	88,932
More than 121 days	86,152	31,322
	$ 2,284,365	$ 1,891,099

The above aging of trade receivables before deducting the allowance for impairment loss was presented based on the invoice date.

10. INVENTORIES

	December 31	
	2014	2013
Materials and supplies	$ 411,030	$ 376,940
Work in process	62,216	50,373
Finished goods	896,826	641,183
	$ 1,370,072	$ 1,068,496

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $8,254,704 thousand and $7,477,716 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 included reversal of inventory write-downs of $26,750 thousand and $18,103 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2014	**2013**
Top Taiwan X Venture Capital Co., Ltd.	$ 179,497	$ -

At the end of the reporting period, the proportions of ownership and voting rights in the associate held by the Group were as follows:

	December 31	
	2014	**2013**
Top Taiwan X Venture Capital Co., Ltd.	36%	-

In November 2014, the Group subscribed 18,000 thousand shares of Top Taiwan X Venture Capital Co., Ltd. through a private placement for cash of $180,000 thousand (ownership:36%) and the Group has a significant influence over Top Taiwan X Venture Capital Co., Ltd. Transfer of the aforementioned common shares within three years from the acquisition date is prohibited by regulations.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2014 were based on the associate's financial statements audited by the auditors for the same years.

The summarized financial information in respect of the Group's is set out below:

	December 31, 2014
Total assets	$ 498,753
Total liabilities	$ 150

	For the Year Ended December 31
Operating revenue	$ -
Net loss for the year	$ 1,397
Other comprehensive income	$ -

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Leasehold Improvement	Miscellaneous Equipment	Total
Cost								
Balance at January 1, 2013	$ 168,743	$ 236,269	$ 620,845	$ 23,716	$ 38,373	$ 19,232	$ 54,939	$ 1,162,117
Additions	-	7,831	47,874	2,572	8,109	13,327	29,192	108,905
Disposals	-	(470)	(24,718)	(691)	(850)	(4,073)	(2,144)	(32,946)
Reclassified	-	-	(216)	-	-	-	216	-
Translation adjustment	-	4,945	30,964	551	1,201	1,243	4,701	43,605
Balance at December 31, 2013	$ 168,743	$ 248,575	$ 674,749	$ 26,148	$ 46,833	$ 29,729	$ 86,904	$ 1,281,681
Accumulated depreciation								
Balance at January 1, 2013	$ -	$ 183,355	$ 380,460	$ 9,598	$ 13,727	$ 6,479	$ 31,046	$ 624,665
Disposals	-	(470)	(11,170)	(380)	(493)	(1,033)	(1,550)	(15,096)
Reclassified	-	-	(38)	-	-	-	38	-
Depreciation expense	-	17,937	76,132	4,232	8,950	9,114	15,073	131,438
Translation adjustment	-	3,682	18,259	285	628	507	1,613	24,974
Balance at December 31, 2013	$ -	$ 204,504	$ 463,643	$ 13,735	$ 22,812	$ 15,067	$ 46,220	$ 765,981
Accumulated impairment								
Balance at January 1, 2013	$ 33,129	$ 1,378	$ 43,255	$ 972	$ 385	$ -	$ 1,075	$ 80,194
Disposals	-	-	(11,623)	(285)	(357)	-	(563)	(12,828)
Reclassified	-	-	(13)	-	-	-	13	-
Impairment losses recognized in profit or loss	-	-	6,918	229	108	1,947	-	9,202
Translation adjustment	-	-	2,417	56	19	39	52	2,583
Balance at December 31, 2013	$ 33,129	$ 1,378	$ 40,954	$ 972	$ 155	$ 1,986	$ 577	$ 79,151
Carrying amounts at January 1, 2013	$ 135,614	$ 51,536	$ 197,130	$ 13,146	$ 24,261	$ 12,753	$ 22,818	$ 457,258
Carrying amounts at December 31, 2013	$ 135,614	$ 42,693	$ 170,152	$ 11,441	$ 23,866	$ 12,676	$ 40,107	$ 436,549
Cost								
Balance at January 1, 2014	$ 168,743	$ 248,575	$ 674,749	$ 26,148	$ 46,833	$ 29,729	$ 86,904	$ 1,281,681
Additions	-	1,515	158,155	4,686	10,012	26,022	29,245	229,635
Disposals	(42,341)	(3,264)	(4,821)	(1,846)	(7,714)	(974)	(8,418)	(69,378)
Reclassified	-	(399)	-	-	-	-	264	(135)
Translation adjustment	-	5,251	32,916	598	407	2,772	6,936	48,880
Balance at December 31, 2014	$ 126,402	$ 251,678	$ 860,999	$ 29,586	$ 49,538	$ 57,549	$ 114,931	$ 1,490,683
Accumulated depreciation								
Balance at January 1, 2014	$ -	$ 204,504	$ 463,643	$ 13,735	$ 22,812	$ 15,067	$ 46,220	$ 765,981
Disposals	-	(1,631)	(1,842)	(1,313)	(4,501)	(974)	(7,410)	(17,671)
Reclassified	-	(13)	-	-	-	-	56	43
Depreciation expense	-	12,397	83,124	4,901	8,440	10,592	16,704	136,158
Translation adjustment	-	4,886	26,897	385	736	1,322	2,868	37,094
Balance at December 31, 2014	$ -	$ 220,143	$ 571,822	$ 17,708	$ 27,487	$ 26,007	$ 58,438	$ 921,605
Accumulated impairment								
Balance at January 1, 2014	$ 33,129	$ 1,378	$ 40,954	$ 972	$ 155	$ 1,986	$ 577	$ 79,151
Disposals	(33,129)	(1,378)	-	(532)	-	-	-	(35,039)
Translation adjustment	-	-	2,263	30	10	116	29	2,448
Balance at December 31, 2014	$ -	$ -	$ 43,217	$ 470	$ 165	$ 2,102	$ 606	$ 46,560
Carrying amounts at January 1, 2014	$ 135,614	$ 42,693	$ 170,152	$ 11,441	$ 23,866	$ 12,676	$ 40,107	$ 436,549
Carrying amounts at December 31, 2014	$ 126,402	$ 31,535	$ 245,960	$ 11,408	$ 21,886	$ 29,440	$ 55,887	$ 522,518

For the year ended December 31, 2013, as the result of the declining sale of one of the products in the market, the estimated future cash flows expected to arise from the related equipment was decreased. The Group carried out a review of the recoverable amount of that related equipment and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of $9,202 thousand which was included in other gains and losses.

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

Building	
Main buildings	28-35 years
Wall system and repair project	8-15 years
Air-conditioning and fire-fighting equipment	3-5 years

(Continued)

Machinery	
Elevators	15 years
Others	2-10 years
Transportation equipment	3-5 years
Office equipment	
Elevators	15 years
Others	2-6 years
Leasehold improvement	2-5 years
Miscellaneous equipment	2-10 years
	(Concluded)

Refer to Note 27 for the carrying amount of property, plant and equipment pledged by the group to secure borrowings/general banking facilities granted to the Group.

13. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1, 2013	$ 308,409
Additions	181
Balance at December 31, 2013	$ 308,590
Accumulated depreciation	
Balance at January 1, 2013	$ (21,150)
Depreciation expense	(59)
Balance at December 31, 2013	$ (21,209)
Accumulated impairment	
Balance at January 1, 2013	$ (10,627)
Balance at December 31, 2013	$ (10,627)
Carrying amounts at January 1, 2013	$ 276,632
Carrying amounts at December 31, 2013	$ 276,754
Cost	
Balance at January 1, 2014	$ 308,590
Disposals	(157)
Reclassified	191
Balance at December 31, 2014	$ 308,624
	(Continued)

	Completed Investment Property
Accumulated depreciation	
Balance at January 1, 2014	$ (21,209)
Depreciation expense	(78)
Disposals	157
Reclassified	(13)
Balance at December 31, 2014	$ (21,143)
Accumulated impairment	
Balance at January 1, 2014	$ (10,627)
Balance at December 31, 2014	$ (10,627)
Carrying amounts at January 1, 2014	$ 276,754
Carrying amounts at December 31, 2014	$ 276,854

(Concluded)

The investment properties held by the Group were depreciated over their estimated useful lives, using the straight-line method.

Main buildings	35 years
Others	3 years

The fair value was arrived at on the basis of a valuation carried out at that date by CCIS Real Estate Joint Appraisers Firm, independent qualified professional valuers not connected to the Group. The land valuation was arrived at by reference to present earning value method and market evidence of transaction prices for similar properties. The building valuation was arrived at by reference to cost method. The important assumptions and fair value were as follows:

	December 31	
	2014	2013
Fair value	$ 851,574	$ 767,216
Discount rate	1.36%	1.36%

All of the Group's investment property was held under freehold interests. The carrying amount of investment properties pledged by the Group to secure borrowings/general banking facilities granted to the Group, were reflected in Note 27.

14. OTHER ASSETS

	December 31 2014	December 31 2013
Current		
Prepayment for purchases	$ 196,643	$ 138,388
Prepayments	22,794	20,187
Restricted deposits (Note 27)	-	1,955
Temporary payments	5,638	15,342
Others	36,843	16,051
	$ 261,918	$ 191,923
Non-current		
Prepayments on purchase of property, plant and equipment	$ 26,705	$ 45,170
Refundable deposits	8,538	25,572
Others	4,035	3,981
	$ 39,278	$ 74,723

The market interest rates of the time deposits with original maturity less than 3 months (under restricted deposits) were 1.345%-3.250% per annum as of December 31, 2013.

15. SHORT-TERM BORROWINGS

	December 31 2014	December 31 2013
Secured borrowings (Note 27)		
Bank loans	$ -	$ 200,000

The range of weighted average effective interest rate on bank loans was 1.270%-1.276% per annum as of December 31, 2013.

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2014	December 31 2013
Notes payable	$ 16,480	$ 2,383
Accounts payable	1,356,653	1,038,110
	$ 1,373,133	$ 1,040,493

Notes and accounts payable were all arising from operating activities. The average payment term was three months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2014	2013
Current		
Other payables		
Salaries or bonus	$ 138,074	$ 96,832
Processing charges	39,460	46,482
Payable for annual leave	5,461	3,720
Freight	41,206	4,118
Commission	3,225	2,752
Insurance	4,078	3,558
Professional fees	6,980	4,225
Bonus to directors and supervisors	17,820	10,800
Bonus to employees	6,667	3,543
Payable for purchase of equipment	10,109	7,209
Others	41,594	54,513
	$ 314,674	$ 237,752
Other liabilities		
Unearned receipts	$ 18,317	$ 14,578
Temporary receipts	2,735	6,192
Others	1,429	1,163
	$ 22,481	$ 21,933

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Company of 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 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Enforcement Rules of the Labor Pension Act, the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

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	2.25%	2.00%
Expected return on plan assets	2.25%	1.75%
Expected rates of salary increase	3.00%	3.00%

The assessment of 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 the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

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

	For the Year Ended December 31	
	2014	**2013**
Current service cost	$ 1,630	$ 2,133
Interest cost	1,403	1,260
Expected return on plan assets	(886)	(823)
	$ 2,147	$ 2,570
An analysis by function		
Operating cost	$ 1,415	$ 1,666
Marketing expenses	209	319
Administration expenses	523	585
	$ 2,147	$ 2,570

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013 were $1,664 thousand and $2,566 thousand. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2014 and 2013 were $902 thousand and $2,566 thousand.

The amount included in the consolidated balance sheet 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	$ 72,891	$ 70,134
Fair value of plan assets	(52,194)	(50,645)
Net liability arising from defined benefit obligation	$ 20,697	$ 19,489

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	$ 70,134	$ 71,300
Current service cost	1,630	2,133
Interest cost	1,403	1,260
Actuarial gains	2,295	(3,777)
Benefits paid	(2,571)	(782)
Closing defined benefit obligation	$ 72,891	$ 70,134

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	$ 50,645	$ 47,025
Expected return on plan assets	886	823
Contributions from the employer	2,944	4,264
Actuarial losses	290	(685)
Benefits paid	(2,571)	(782)
Closing fair value of plan assets	$ 52,194	$ 50,645

The major categories of plan assets at the end of the reporting period were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31	
	2014	2013
Deposits of financial institutions	19.42	22.86
Short-term transactions instruments	2.38	4.10
Government bonds, financial assets, corporate bonds and securitization products	10.11	9.37
Money market fund	2.58	-
Stock and beneficiary securities	9.93	8.41
Foreign investments	11.38	12.41
Domestic delegated management	18.57	20.95
Foreign delegated management	25.63	21.90
	100.00	100.00

The Group 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	$ 72,891	$ 70,134	$ 71,300	$ 69,504
Fair value of plan assets	$ 52,194	$ 50,645	$ 47,025	$ 41,391
Deficit	$ 20,697	$ 19,489	$ 24,275	$ 28,113

The Group expects to make a contribution of $2,944 thousand and $4,264 thousand, respectively to the defined benefit plans during the annual period beginning after 2014 and 2013.

19. EQUITY

a. Share capital

	December 31	
	2014	2013
Numbers of shares authorized (in thousands)	240,000	240,000
Shares authorized	$ 2,400,000	$ 2,400,000
Number of shares issued and fully paid (in thousands)	129,441	129,441
Shares issued	$ 1,294,410	$ 1,294,410

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

A reconciliation of the Company's outstanding ordinary shares was as follows:

	Numbers of Shares (In Thousands)	Ordinary Shares	Share Premium
Balance at January 1, 2013	132,441	$ 1,324,410	$ 366,604
Cancellation of ordinary shares	(3,000)	(30,000)	(8,305)
Balance at December 31, 2013	129,441	$ 1,294,410	$ 358,299

Sources of ordinary shares were as follows:

	Amount
Initial	$ 400
Issuance of ordinary shares	609,840
Transfer of capital reserve to ordinary shares	205,938
Transfer of bonuses to employees to ordinary shares	66,945
Transfer of stock dividends to ordinary shares	729,527
Cancellation of ordinary shares	(318,240)
	$ 1,294,410

b. Capital surplus

	December 31	
	2014	2013
Share premium	$ 358,299	$ 358,299
Treasury share transactions	11,778	11,778
	$ 370,077	$ 370,077

A reconciliation of the carrying amount at the beginning and at the end of year ended 2013, for each class of capital surplus was as follows:

	Treasury Share Transactions	Share Premium
Balance at January 1, 2013	$ 78,125	$ 366,604
Cancellation of ordinary shares	(66,347)	(8,305)
Balance at December 31, 2013	$ 11,778	$ 358,299

The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

The Company's Articles of incorporation provide that, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years and then set aside the following items accordingly:

1) Legal capital reserve at 10% of the profit left over, until the accumulated legal capital reserve equals the Company's paid-in capital;

2) Special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;

3) The remaining balance shall be appropriated 3% or less as bonuses to directors and supervisors, 0.5% as bonuses to employees, and, if any, the remaining as dividends to stockholders.

The Company has many products, so it is difficult to identify the Company's business growth stage and Company wishes to retain additional operating funds for operating purpose. Thus, the Company has determined its dividend policy as follows:

Undistributed earnings may be distributed as either cash or stock dividends (based on Sirtec's business plan, cash budget and resolution in stockholders' meeting). From 20% to 100% of dividends declared shall be distributed in cash. From zero to 80% of dividends declared shall be distributed in stock.

For the years ended December 31, 2014 and 2013, the bonus to employees was $6,667 thousand and $3,543 thousand, respectively, and the remuneration to directors and supervisors was $17,820 thousand and $10,800 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 0.5% and 1.34%, respectively, of 90% of net income (net of the bonus and remuneration) for the year ended December 31, 2014. The bonus to employees and remuneration to directors and supervisors represented 0.50% and 1.52%, respectively, 90% of net income (net of the bonus and remuneration) for the year ended December 31, 2013. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. 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 a share bonus is 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 stock 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 Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated 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, bonus to employees and remuneration to directors and supervisors for 2013 and 2012 approved in the shareholders' meetings on June 17, 2014 and June 13, 2013, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 78,725	$ 66,874	$ -	$ -
Cash dividends	465,988	517,764	3.6	4

Bonuses to employees and remuneration to directors and supervisors for 2013 and 2012 approved in the shareholders' meetings on June 17, 2014 and June 13, 2013, respectively, were as follows:

	For the Year Ended December 31			
	2013		**2012**	
	Cash Dividends	**Share Dividends**	**Cash Dividends**	**Share Dividends**
Bonus to employees	$ 3,543	$ -	$ 2,828	$ -
Remuneration of directors and supervisors	10,800	-	9,000	-

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 17, 2014 and June 13, 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012.

The appropriations of earnings for 2014 had been proposed by the Company's board of directors on March 16, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 148,148	
Cash dividends	711,926	$5.5

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 25, 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.

d. Special reserves

	For the Year Ended December 31	
	2014	2013
Beginning at January 1	$ 120,312	$ -
Appropriation in respect of		
First-time adoption of IFRSs	-	84,084
Debit to other equity items	-	36,228
Reversal of the debit to other equity items	(36,228)	-
Balance at December 31	$ 84,084	$ 120,312

The unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were $58,515 thousand and $36,830 thousand, respectively. The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of $84,084 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

e. Others equity items

Exchange differences on translating foreign operations

The exchange differences on translating the net assets of foreign operations from their functional currencies into the presentation currency (New Taiwan dollars) were recognized under other comprehensive income.

f. Treasury shares

	Shares Cancelled (In Thousands of Shares)
Number of shares at January 1, 2013	3,000
Increase during the year	-
Decrease during the year	3,000
Number of shares at December 31, 2013	-

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

20. NET PROFIT FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operating

a. Other income

	For the Year Ended December 31	
	2014	2013
Interest income	$ 32,205	$ 39,602
Rental income	7,606	7,606
Compensation income (Note 28)	1,177,177	58,242
Others	104,841	81,617
	$ 1,321,829	$ 187,067

b. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Gain/(loss) on disposal of property, plant and equipment	$ 13,326	$ (1,504)
Net foreign exchange (losses)/gains	(29,815)	31,143
Gain on disposal of non-current assets held for sale	-	192,656
Impairment loss	-	(9,202)
Others	(1,300)	(3,391)
	$ (17,789)	$ 209,702

c. Finance costs

	For the Year Ended December 31	
	2014	2013
Other interest expense	$ 291	$ 4,324

d. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 136,158	$ 131,438
Investment property	78	59
Intangible assets	5,455	6,770
	$ 141,691	$ 138,267
An analysis of deprecation by function		
Operating costs	$ 45,887	$ 105,862
Operating expenses	90,349	25,635
	$ 136,236	$ 131,497

(Continued)

	For the Year Ended December 31	
	2014	2013
An analysis of amortization by function		
Operating costs	$ 1,505	$ 960
Selling and marketing expenses	2,520	4,252
General and administrative expenses	1,430	1,558
	$ 5,455	$ 6,770

(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2014	2013
Short-term benefits	$ 1,094,031	$ 902,872
An analysis of employee benefits expense by function		
Operating costs	$ 821,174	$ 680,033
Operating expenses	272,857	222,839
	$ 1,094,031	$ 902,872

f. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2014	2013
Foreign exchange gains	$ 132,254	$ 72,893
Foreign exchange losses	(162,069)	(41,750)
	$ (29,815)	$ 31,143

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 241,841	$ 165,474
Income tax expense of unappropriated earnings	27,877	4,786
In respect of prior periods	975	1,096
Deferred tax		
In respect of the current year	367,691	27,190
Income tax expense recognized in profit or loss	$ 638,384	$ 198,546

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

	For the Year Ended December 31	
	2014	2013
Profit before tax from continuing operations	$ 2,119,865	$ 985,799
Income tax expense calculated at the statutory rate	$ 360,377	$ 167,586
Nondeductible expenses in determining taxable income	25	25
Additional income tax on unappropriated earnings	27,877	4,786
Unappropriated earnings of subsidiaries	415,067	73,209
Unrecognized temporary differences	(178,244)	(60,943)
Effect of different tax rate of group entities operating in other jurisdictions	12,307	12,787
Adjustments for prior years' tax	975	1,096
Income tax expense recognized in profit or loss	$ 638,384	$ 198,546

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

The major components of tax expense (income) were as follows:

	For the Year Ended December 31	
	2014	2013
Actuarial gains and losses on defined benefit plan	$ 341	$ (526)

c. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax liabilities		
Income tax payable	$ 161,834	$ 69,391

d. Deferred tax assets and liabilities

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	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Defined benefit obligation	$ 3,313	$ (136)	$ 341	$ -	$ 3,518
Doubtful debts	8,530	(5,784)	-	-	2,746

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Inventory write-downs	$ 5,575	$ (3,099)	$ -	$ -	$ 2,476
Unrealized exchange gains/losses	-	5,806	-	-	5,806
Payable for annual leave	486	36	-	17	539
Unrealized profit on intercompany sales	767	(86)	-	-	681
	$ 18,671	$ (3,263)	$ 341	$ 17	$ 15,766
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gains/losses	$ 168	$ (168)	$ -	$ -	$ -
Unappropriated earnings of subsidiaries	70,003	364,596	-	-	434,599
Exchange difference on foreign operations	7,544	-	-	-	7,544
Reserve for land value increment tax	33,346	-	-	-	33,346
	$ 111,061	$ 364,428	$ -	$ -	$ 475,489

(Concluded)

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Defined benefit obligation	$ 4,127	$ (288)	$ (526)	$ -	$ 3,313
Doubtful debts	11,700	(3,170)	-	-	8,530
Inventory write-downs	5,796	(221)	-	-	5,575
Unrealized exchange gains/losses	293	(293)	-	-	-
Payable for annual leave	489	-	-	(3)	486
Unrealized profit on intercompany sales	432	335	-	-	767
	$ 22,837	$ (3,637)	$ (526)	$ (3)	$ 18,671
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gains/losses	$ -	$ 168	$ -	$ -	$ 168
Unappropriated earnings of subsidiaries	46,618	23,385	-	-	70,003
Exchange difference on foreign operations	7,544	-	-	-	7,544
Reserve for land value increment tax	33,346	-	-	-	33,346
	$ 87,508	$ 23,553	$ -	$ -	$ 111,061

e. Investments for which deferred tax liabilities have not been recognized

The Group makes long-term investment in foreign subsidiaries in accordance with IAS, the Group can control the time of distribution of earnings and does not intend to distribute earnings in the near future. As of December 31, 2014 and 2013, the taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were $213,519 thousand and $413,464 thousand, respectively. The aforementioned deferred tax liabilities will be recognized when subsidiaries declare dividend.

f. Integrated income tax

	December 31	
	2014	**2013**
Unappropriated earnings		
Unappropriated earnings generated on and after January 1, 1998	$ 3,060,009	$ 2,088,677
Imputation credits accounts	$ 325,735	$ 286,505

	For the Year Ended December 31	
	2014 (Excepted)	**2013 (Actual)**
Creditable ratio for distribution of earning	15.51%	16.59%

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

g. Income tax assessments

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

22. EARNINGS PER SHARE

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	$ 1,481,481	$ 787,253
Earnings used in the computation of diluted earnings per share	$ 1,481,481	$ 787,253

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	129,441	129,441
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	102	64
Weighted average number of ordinary shares used in the computation of diluted earnings per share	129,543	129,505

If the Group offered to settle 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.

23. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of plant and employee dormitory with lease terms between 1 and 5 years.

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

	December 31	
	2014	**2013**
Not later than 1 year	$ 38,730	$ 24,244
Later than 1 year and not later than 5 years	113,692	13,863
	$ 152,422	$ 38,107

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 2 to 5 years.

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

	December 31	
	2014	**2013**
Not later than 1 year	$ 7,365	$ 6,234
Later than 1 year and not later than 5 years	3,051	6,145
	$ 10,416	$ 12,379

24. 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 Group's overall strategy remains unchanged during the reporting period.

The capital structure of the Group consists of equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity (Note 18).

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

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31			
	2014		2013	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Refundable deposits	$ 8,538	$ 8,425	$ 25,572	$ 25,228
Financial liabilities				
Guarantee deposits	1,230	1,214	1,230	1,213

2) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

b) The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	December 31	
	2014	**2013**
<u>Financial assets</u>		
Available-for-sale financial assets, current	$ 63,286	$ 59,598
Available-for-sale financial assets, non-current	-	59,417
Loans and receivables (1)	5,257,045	3,834,985
<u>Financial liabilities</u>		
Amortized cost (2)	1,687,807	1,478,245

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, trade and other receivables, and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, trade and other payables.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivable, trade payables and short-term borrowings. The Group's Corporate Treasury function 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, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporate Treasury function reports quarterly to the board of directors.

1) Market risk

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

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities were as follows:

	December 31	
	2014	**2013**
Assets		
USD	$ 5,580,528	$ 3,482,610
RMB	167,904	265,672
Liabilities		
USD	4,599,758	1,594,835
RMB	738	18,733

Sensitivity analysis

The Group was mainly exposed to US dollars and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. 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. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Profit or loss	$ 35,924	$ 19,876	$ 7,000	$ 8,787

i. This was mainly attributable to the exposure outstanding on USD/RMB monetary assets and monetary liabilities, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amount of the Group’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2014	2013
Fair value interest rate risk		
Financial assets	$ 63,286	$ 119,015
Cash flow interest rate risk		
Financial liabilities	-	200,000

Sensitivity analysis

The Group is exposed to interest rate risk because it invests in fixed interest rate debt instruments, of which the fair values are affected by changes in market interest rates. When the market interest rate increases by 1% in 2014, the fair value will decrease by $627 thousand based on the amount of principal on December 31, 2014.

The Group’s short-term loans are floating-rate loans. When the market interest rate increases by 1% in 2014, the cash outflow will increase by $0 thousand based on the amount of principal on December 31, 2014.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers.

The receivables from Company A, the largest customer, amounted to $1,116,696 thousand and $1,021,465 thousand as of December 31, 2014 and 2013, respectively. The receivables from Company B amounted to $139,481 thousand and $249,309 thousand as of December 31, 2014 and 2013, respectively. The receivables from Company C amounted to $185,767 thousand and $155,416 thousand. The receivables from Company D amounted to $153,069 thousand and $0 thousand. Apart from Company A, Company B, Company C and Company D, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk related to Company A did not exceed

25% of gross monetary assets at any time during the years ended 2014 and 2013. Concentration of credit risk to any other counterparty did not exceed 6% of gross monetary assets at any time during the years ended 2014 and 2013.

The Group's concentration of credit risk of 70% and 54% in total trade receivables as of December 31, 2014 and 2013, respectively, was related to the Group's largest customer.

3) 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. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2014 and 2013, the Group had available unutilized short-term bank loan facilities set out in (2) below.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Non-derivative financial liabilities				
Short-term borrowing	$ -	$ -	$ -	$ -
Non-interest bearing	1,054,472	550,392	82,943	1,687,807
	$ 1,054,472	$ 550,392	$ 82,943	$ 1,687,807

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Non-derivative financial liabilities				
Short-term borrowing	$ 200,036	$ -	$ -	$ 200,036
Non-interest bearing	909,182	282,426	86,637	1,278,245
	$ 1,109,218	$ 282,426	$ 86,637	$ 1,478,281

c) Financing facilities

	December 31	
	2014	2013
Unsecured bank loan facilities which may be extended by mutual agreement:		
Amount used	$ -	$ -
Amount unused	940,000	750,000
	$ 940,000	$ 750,000
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	$ -	$ 200,000
Amount unused	520,000	425,000
	$ 520,000	$ 625,000

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have 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. Prepayments

	December 31	
Related Party Categories	**2014**	**2013**
Taiwan Fire & Marine Insurance Co., Ltd	$ 467	$ -

b. Insurance fee

	December 31	
Related Party Categories	**2014**	**2013**
Taiwan Fire & Marine Insurance Co., Ltd	$ 1,081	$ -

c. Rental expense

	December 31	
Related Party Categories	**2014**	**2013**
Taiwan Fire & Marine Insurance Co., Ltd	$ 682	$ -

d. Refundable deposits

	December 31	
Related Party Categories	**2014**	**2013**
Taiwan Fire & Marine Insurance Co., Ltd	$ 1,005	$ -

e. Compensation of key management personnel

	For the Year Ended December 31	
	2014	2013
Short-term employee benefits	$ 65,084	$ 50,341

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of post clearance duty payment system or duty paid after customs release guarantees and Handbook of Processing Trade guarantees:

	December 31	
	2014	2013
Property, plant and equipment		
Land	$ 95,848	$ 95,848
Buildings	13,935	15,418
Investment properties		
Land	97,067	96,932
Other current assets		
Pledge deposits (under debt investments with no active market)	1,155	30,473
Pledge deposits (under other current assets)	-	1,955
	$ 208,005	$ 240,626

28. OTHER

The Company complied with the probe of Banciao District Prosecutor's Office. The related information is as follows:

a. The Company's ex-chairman Jun-Liang, Wu (hereinafter referred to as ex-chairman) remitted commission, marketing expense and employees' salaries to an account abroad which was in the name of the Company's employees and a shell corporation. The fees were paid by the Company's overseas subsidiaries - Sirtec International (B.V.I.) Co., Ltd. and Sirlong (B.V.I.) Co., Ltd. The prosecutor's office queried the validity of the remittance and probed into Sirtec on February 10, 2010.

b. In order to assist the inspection of the prosecutor's office, the Company's lawyer had provided criminal presentation to the Banciao District Prosecutor's Office on February 25, 2010.

c. Based on the result of the probe, the Banciao District Prosecutor's Office sued the Company's ex-chairman and some employees on August 26, 2010. They sued the Company's ex-chairman for violation of paragraph 2 of Article 171 of the Securities and Exchange Act, and paragraph 1 of Article 11 of Money Laundering Control Act. The amount of the funds in question is about $13 billion. The Banciao District Prosecutors have seized properties equivalent to $13 billion.

d. The Banciao District Court pronounced against the Company's ex-chairman on August 31, 2011. The Banciao District Prosecutor's Office sued the Company's ex-chairman for violation of paragraph 2 of Article 171 of the Securities and Exchange Act. The amounts of the illegally gotten funds in question are about NT$542,500 thousand and US$23,084 thousand. The US$1,950 thousand illegally gotten income was returned to Sirtec International (B.V.I.) by the Court in advance in July 2011. The rest of the illegally gotten income will be returned at the exchange rate when the order of the court on this case is executed.

e. On March 11, 2013, the Company received an official letter from the Securities and Futures Investors Protection Center to confirm whether the Company agrees to make a civil reconciliation with the Company's ex-chairman. If a settlement is reached, the Company's ex-chairman will compensate for the above illegally gotten income even if in the future the amounts judged to be returned by the Taiwan High Court is a lesser amount. On April 16, 2013, the Company and the Securities and Futures Investors Protection Center signed the settlement agreement with the Company's ex-chairman. The amount received in advance, US$1,950 thousand, was recorded as other income in 2013.

f. On June 25, 2014, the Taiwan High Court has declared the Company's ex-chairman guilty for violation of the Securities and Exchange Act. The illegally gotten funds in question are about NT$536,110 thousand and US$23,084 thousand. In accordance with the Code of Criminal Procedure, illegally gotten funds should be returned to the aggrieved party. In this case, illegal income of US$1,950 thousand had been returned.

g. On July 24, 2014, the Taiwan High Court affirmed the conviction of the accused.

h. In accordance with the Code of Criminal Procedure, the Company demanded for the return of the remaining illegal income, and within the period for appeal, the defendants and prosecutors have not lodged an appeal; therefore, the Company's overseas subsidiaries - Sirtec International (B.V.I.) Co., Ltd., Sirlong (B.V.I.) Co., Ltd. and Sirfa (B.V.I.) Co., Ltd. recognized compensation income of NT$54,250 thousand and US$21,130 thousand that were recorded in the court's verdict (including compensation income of NT$6,390 thousand that the defendant should also pay as additional amount). As of December 31, 2014, the Company and subsidiaries had received the compensation claimed by the Company.

29. 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	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 95,702	31.65	(USD:NTD)	$ 3,028,968
USD	76,535	6.215632	(USD:RMB)	2,422,333
USD	4,083	7.757353	(USD:HKD)	129,227
HKD	1,287	0.12891	(HKD:USD)	5,251
HKD	985	4.08	(HKD:NTD)	4,019
HKD	5,909	0.801257	(HKD:RMB)	24,109

(Continued)

	Foreign Currencies	Exchange Rate		Carrying Amount
RMB	$ 32,974	0.16343	(RMB:USD)	$ 167,904
JPY	89,686	0.008360	(JPY:USD)	23,731
				$ 5,805,542
Financial liabilities				
Monetary items				
USD	106,962	31.65	(USD:NTD)	$ 3,385,347
USD	38,370	6.215632	(USD:RMB)	1,214,411
HKD	6,358	0.12891	(HKD:USD)	25,941
HKD	3,865	4.08	(HKD:NTD)	15,769
JPY	39,241	0.008360	(JPY:USD)	10,383
JPY	84,790	0.051964	(JPY:RMB)	22,435
NTD	2,364	0.031596	(NTD:USD)	2,364
				$ 4,676,650

(Concluded)

December 31, 2013

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 70,115	29.805	(USD:NTD)	$ 2,089,778
USD	54,478	6.09682	(USD:RMB)	1,623,717
USD	4,332	7.75566	(USD:HKD)	129,115
HKD	14,117	0.12894	(HKD:USD)	54,252
HKD	4,332	0.78611	(HKD:RMB)	16,648
RMB	54,345	0.16402	(RMB:USD)	265,672
				$ 4,179,182
Financial liabilities				
Monetary items				
USD	51,090	29.805	(USD:NTD)	$ 1,522,737
USD	2,419	6.09682	(USD:RMB)	72,098
HKD	3,873	0.12894	(HKD:USD)	14,884
RMB	3,832	0.16402	(RMB:USD)	18,733
JPY	27,566	0.00953	(JPY:USD)	7,826
				$ 1,636,278

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Electronics division engages in:

- The use of SMT (surface mount technology) and testing of TFT display panel drive card module,
- The order reception and planning for development, production and selling of electronic products, and
- The molding, injection and assembling of electronics-related plastic tools.

Plastics division engages in:

- The planning and execution for development, manufacturing and selling of steel mold, and
- The planning and execution for materials preparing, manufacturing, quality control and selling of plastic products.

a. Segment revenues and results

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

	Plastics Division	Electronics Division	Total
For the year ended December 31, 2014			
Revenues from external customers	$ 8,182,374	$ 1,413,242	$ 9,595,616
Inter-segment revenues	12,147,415	354,621	12,502,036
Segment revenues	$ 20,329,790	$ 1,767,863	22,097,653
Eliminations			(12,502,036)
Consolidated revenues			$ 9,595,616
Segment income	$ 657,966	$ 264,606	$ 922,572
Interest income			32,205
General income			1,265,017
General expenses and losses			(99,638)
Financial costs			(291)
Profit before tax (continuing operations)			$ 2,119,865

(Continued)

For the year ended December 31, 2013	Plastics Division	Electronics Division	Total
Revenues from external customers	$ 7,292,852	$ 1,185,944	$ 8,478,796
Inter-segment revenues	5,888,489	366,179	6,254,668
Segment revenues	$ 13,181,341	$ 1,552,123	14,733,464
Eliminations			(6,254,668)
Consolidated revenues			$ 8,478,796
Segment income	$ 526,188	$ 149,002	$ 675,190
Interest income			39,602
General income			346,673
General expenses and losses			(71,342)
Financial costs			(4,324)
Profit before tax (continuing operations)			$ 985,799

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group operates in two principal geographical areas - the Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2014	2013	2014	2013
Taiwan	$ 1,044,648	$ 937,300	$ 547,508	$ 528,885
China	2,297,004	1,575,518	304,458	273,403
USA	493,460	330,104	-	-
Suisse	5,270,179	5,424,600	-	-
Others	490,325	211,274	-	-
	$ 9,595,616	$ 8,478,796	$ 851,966	$ 802,288

Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets.

c. Information about major customers

Included in revenues arising from sales of $9,595,616 thousand and $8,478,796 thousand in 2014 and 2013 respectively, are revenues of approximately $5,275,469 thousand and $5,425,923 thousand which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2014 and 2013.