Dynamic Medical Technologies Inc. and Subsidiaries

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

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Dynamic Medical Technologies Inc.

We have audited the accompanying consolidated balance sheets of Dynamic Medical Technologies Inc. (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 then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation 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 then ended, 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.

Deloitte & Touche

March 11, 2015

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

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES

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

ASSETS	2014 Amount	%	2013 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 540,161	32	$ 578,005	34
Debt investments with no active market - current (Note 9)	44,100	2	110,200	6
Notes receivable (Note 10)	125,514	7	120,111	7
Trade receivables (Note 10)	79,142	5	97,860	6
Lease payments receivable (Note 11)	15,892	1	12,520	1
Trade receivables from related parties (Note 29)	12,543	1	-	-
Other receivables from related parties (Note 29)	10,236	1	-	-
Inventories (Note 12)	304,395	18	336,242	20
Other current assets (Notes 14, 23 and 29)	24,503	1	18,116	1
Total current assets	1,156,486	68	1,273,054	75
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Note 7)	160,677	9	135,096	8
Financial assets measured at cost - non-current (Note 8)	52,407	3	-	-
Investments accounted for using equity method (Note 13)	74,517	4	-	-
Property, plant and equipment (Note 14)	106,110	6	153,656	9
Computer software	354	-	654	-
Other intangible assets	386	-	597	-
Deferred tax assets (Note 23)	32,103	2	30,686	2
Refundable deposits	66,076	4	59,433	4
Long-term notes receivable (Note 10)	7,941	1	6,927	-
Long-term trade receivables (Note 10)	1,658	-	6,343	-
Long-term lease payments receivable (Note 11)	15,324	1	19,713	1
Prepayments for investments	18,000	1	-	-
Prepaid pension cost - non-current (Note 20)	1,364	-	216	-
Other financial assets - non-current (Note 30)	9,000	1	9,000	1
Other non-current assets (Note 15)	3,190	-	5,726	-
Total non-current assets	549,107	32	428,047	25
TOTAL	$ 1,705,593	100	$ 1,701,101	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 17)	$ 8	-	$ 1,021	-
Trade payables (Note 17)	102,584	6	36,156	2
Trade payables to related parties (Note 29)	35	-	73	-
Other payables (Note 18)	117,494	7	120,234	7
Other payables to related parties (Note 29)	436	-	1,750	-
Current tax liabilities (Note 23)	26,103	1	5,759	-
Provisions - current (Note 19)	16,006	1	7,625	1
Collections in advance	220,341	13	102,500	6
Current portion of liability component of convertible bonds (Note 16)	-	-	315,302	19
Other current liabilities (Note 18)	1,209	-	768	-
Total current liabilities	484,216	28	591,188	35
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 19)	5,444	1	11,855	1
Deferred tax liabilities (Note 23)	3,878	-	828	-
Deposits received	103	-	-	-
Total non-current liabilities	9,425	1	12,683	1
Total liabilities	493,641	29	603,871	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares (Note 21)	265,000	15	265,000	16
Capital surplus (Note 21)	440,170	26	433,361	25
Retained earnings (Note 21)				
Legal reserve	88,985	5	84,841	5
Special reserve	-	-	2,050	-
Unappropriated earnings	166,476	10	101,210	6
Total retained earnings	255,461	15	188,101	11
Other equity (Note 21)	130,013	8	85,881	5
Total equity attributable to owners of the Company	1,090,644	64	972,343	57
NON-CONTROLLING INTERESTS (Note 21)	121,308	7	124,887	7
Total equity	1,211,952	71	1,097,230	64
TOTAL	$ 1,705,593	100	$ 1,701,101	100

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

DYNAMIC MEDICAL TECHNOLOGIES INC. 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 29)				
Sales	$ 994,060	82	$ 713,299	80
Workshop service	92,060	8	92,196	10
Other operating revenue	118,359	10	92,930	10
Total operating revenue	1,204,479	100	898,425	100
OPERATING COSTS (Note 22)				
Cost of goods sold	693,271	58	513,749	57
Cost of workshop service	46,686	4	43,115	5
Other operating cost	69,748	6	52,921	6
Total operating costs	809,705	68	609,785	68
GROSS PROFIT	394,774	32	288,640	32
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	162,505	13	168,339	19
General and administrative expenses	104,222	9	77,130	8
Total operating expenses	266,727	22	245,469	27
PROFIT FROM OPERATIONS	128,047	10	43,171	5
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Other income	8,825	1	10,462	1
Other gains and losses	11,193	1	4,860	1
Finance costs	(4,698)	(1)	(7,550)	(1)
Share of profit or loss of associates	(4,320)	-	-	-
Total non-operating income and expenses	11,000	1	7,772	1
PROFIT BEFORE INCOME TAX	139,047	11	50,943	6
INCOME TAX EXPENSE (Note 23)	28,689	2	13,214	2
NET PROFIT FOR THE YEAR	110,358	9	37,729	4

(Continued)

DYNAMIC MEDICAL TECHNOLOGIES INC. 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	%
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	$ 17,009	1	$ 6,035	1
Unrealized gain on available-for-sale financial assets	30,015	3	67,396	8
Actuarial gain arising from defined benefit plans	745	-	3,989	-
Income tax relating to the components of other comprehensive income	(3,019)	-	(1,704)	-
Other comprehensive income for the year, net of income tax	44,750	4	75,716	9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 155,108	13	$ 113,445	13
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 106,492	9	$ 41,439	5
Non-controlling interests	3,866	-	(3,710)	(1)
	$ 110,358	9	$ 37,729	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 151,242	13	$ 117,155	13
Non-controlling interests	3,866	-	(3,710)	-
	$ 155,108	13	$ 113,445	13
EARNINGS PER SHARE (Note 24)				
Basic	$ 4.02		$ 1.56	
Diluted	$ 3.96		$ 1.56	

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

DYNAMIC MEDICAL TECHNOLOGIES INC. 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					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Difference on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2013	$ 265,000	$ 425,604	$ 73,549	$ -	$ 182,427	$ (1,364)	$ 14,840	$ 13,476	$ 960,056	$ 96,804	$ 1,056,860
Appropriation of the 2012 earnings											
Legal reserve	-	-	11,292	-	(11,292)	-	-	-	-	-	-
Special reserve	-	-	-	2,050	(2,050)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(112,625)	-	-	-	(112,625)	-	(112,625)
Adjustments arising from changes in percentage of ownership interest in subsidiaries	-	7,757	-	-	-	-	-	-	7,757	(7,757)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	39,550	39,550
Net profit for the year ended December 31, 2013	-	-	-	-	41,439	-	-	-	41,439	(3,710)	37,729
Other comprehensive income (loss) for the year ended December 31	-	-	-	-	3,311	5,009	67,396	72,405	75,716	-	75,716
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	44,750	5,009	67,396	72,405	117,155	(3,710)	113,445
BALANCE, DECEMBER 31, 2013	265,000	433,361	84,841	2,050	101,210	3,645	82,236	85,881	972,343	124,887	1,097,230
Reversal of special reserve to unappropriated earnings	-	-	-	(2,050)	2,050	-	-	-	-	-	-
Appropriation of the 2013 earnings											
Legal reserve	-	-	4,144	-	(4,144)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(39,750)	-	-	-	(39,750)	-	(39,750)
Adjustments arising from changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	(7,445)	(7,445)
Issue of employee share options	-	6,809	-	-	-	-	-	-	6,809	-	6,809
Net profit for year ended December 31, 2014	-	-	-	-	106,492	-	-	-	106,492	3,866	110,358
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	618	14,117	30,015	44,132	44,750	-	44,750
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	107,110	14,117	30,015	44,132	151,242	3,866	155,108
BALANCE, DECEMBER 31, 2014	$ 265,000	$ 440,170	$ 88,985	$ -	$ 166,476	$ 17,762	$ 112,251	$ 130,013	$ 1,090,644	$ 121,308	$ 1,211,952

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

DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES

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

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 139,047	$ 50,943
Adjustments for:		
Depreciation expenses	49,581	46,653
Amortization expenses	3,359	3,755
Impairment loss recognized (reversal of impairment loss) on receivables	1,868	(11,456)
Finance costs	4,698	7,550
Interest income	(7,566)	(9,687)
Dividend income	(1,166)	-
Compensation cost of employee share options	6,809	-
Share of loss of associates	4,320	-
Loss (gain) on disposal of property, plant and equipment	382	(1)
Gain on disposal of investments	(8,637)	-
Impairment loss recognized on non-financial assets	-	1,897
Reversal of impairment loss on non-financial assets	(958)	-
Changes in operating assets and liabilities		
Notes receivable	(5,388)	37,717
Notes receivable from related parties	-	1,710
Trade receivables	16,703	58,277
Trade receivables from related parties	(12,543)	2,404
Other receivables from related parties	(10,236)	-
Inventories	43,650	(4,813)
Prepaid pension cost	(403)	-
Other current assets	(6,505)	1,362
Other operating assets	4,688	7,016
Notes payable	(1,013)	1,021
Trade payables	66,428	(10,449)
Trade payables to related parties	(38)	73
Other payables	(2,740)	25,834
Other payables to related parties	(1,314)	1,172
Provisions	1,970	(5,852)
Collections in advance	117,841	27,729
Other current liabilities	441	(698)
Accrued pension liabilities	-	(356)
Cash generated from operations	403,278	231,801
Interest received	7,589	9,698
Income tax paid	(9,731)	(14,727)
Net cash generated from operating activities	401,136	226,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale financial assets	13,071	-
Purchase of debt investments with no active market	(44,100)	(120,000)
Proceeds from disposal of debt investments with no active market	110,200	129,800

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DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES

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

	2014	2013
Purchase of financial assets measured at cost	$ (52,407)	$ -
Purchase of investments accounted for using equity method	(75,906)	-
Increase in prepayments for investments	(18,000)	-
Payments for property, plant and equipment	(11,947)	(72,070)
Proceeds from disposal of property, plant and equipment	6	329
Increase in refundable deposits	(6,643)	(23,846)
Payments for intangible assets	-	(1,033)
Increase in other financial assets	-	(9,000)
Increase in other non-current assets	(305)	(7,314)
Dividends received	1,166	-
Net cash used in investing activities	(84,865)	(103,134)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	-	(1,525)
Repayments of convertible bonds	(320,000)	-
Increase in deposits received	103	-
Dividends paid to owners of the Company	(39,750)	(112,625)
Partial acquisition of interest in a subsidiary	(7,445)	-
Interest paid	-	(30)
Non-controlling interests subscribed for shares issued by a subsidiary	-	39,550
Net cash used in financing activities	(367,092)	(74,630)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	12,977	6,121
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,844)	55,129
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	578,005	522,876
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 540,161	$ 578,005

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

Dynamic Medical Technologies Inc. (the "Company") was established on October 9, 2003. The Company mainly sells and leases laser medical equipment for beauty treatment and renders related workshop services, and sells the consumables of beauty treatment and cosmetic products.

The Company's shares have been listed on the Taiwan GreTai Securities Market since December 29, 2010.

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 11, 2015.

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

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

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

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended 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)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
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 their 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 12 "Disclosure of Interests in Other Entities"

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

2) 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.

3) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

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

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

b. New IFRSs issued 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 had not yet 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; and the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendments apply to transactions occurring in annual periods beginning on or after January 1, 2016.

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

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

1) IFRS 9 "Financial Instruments"

   Recognition and measurement of financial assets

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

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

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

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

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

The impairment of financial assets

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

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

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

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

3) IFRS 15 "Revenue from Contracts with Customers"

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

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

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

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

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

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 consolidated financial statements shall prevail. However, the accompanying consolidated financial statements do not include English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the FSC for their oversight purposes.

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 presentation

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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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 (i.e. its subsidiaries, including special purpose entities).

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) Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31 2014	2013	Note
The Company	Dynamic Medical Technologies (Hong Kong) Ltd. ("Hong Kong Dynamic", formerly Great China Technology Development Limited)	Retail and wholesale of medical, equipment, cosmetic healthcare products, medical herbs and academic trading	100.0	100.0	-
The Company	Excelsior Beauty Co., Ltd. ("Excelsior Beauty")	Sales of aesthetic medical and cosmetic healthcare products	50.1	46.8	In July 2013, Excelsior Beauty increased its cash capital by issuing 1,925 thousand new ordinary shares, for which the Company did not subscribe; as a result, the Company's ownership decreased from 51.2% to 46.8%. Although the Company held only a 46.8% interest in Excelsior Beauty, the Company has a majority of the seats in the board of directors; hence, Excelsior Beauty is deemed a subsidiary of the Company. In March 2014, the Company acquired 735 thousand ordinary shares of Excelsior Beauty; as a result, the Company's ownership increased from 46.8% to 50.1%.
Hong Kong Dynamic	Guangzhou Dynamic Inc. ("Guangzhou Dynamic")	Sales and maintenance of medical equipment	100.0	100.0	-
Hong Kong Dynamic	Excelsior Beauty Limited of Hong Kong ("Hong Kong Excelsior Beauty")	Sales of professional weight-loss and cosmetic healthcare products	100.0	100.0	-
Hong Kong Dynamic	Beijing Excelsior Beauty Limited ("Beijing Excelsior Beauty")	Sales and maintenance of medical equipment	100.0	100.0	BeiJing Dynamic was established in May 2013 by Hong Kong Dynamic, whose ownership is 100%.
Excelsior Beauty	Join Fun Co., Ltd. ("Join Fun")	Sales of cosmetic healthcare products	51.0	51.0	Join Fun was established in March 2013 by Excelsior Beauty, whose ownership is 51%.

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. 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 attributed to the owners of the Company and non-controlling interests, as appropriate.

f. Inventories

Inventories 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 equity of associates attributable to the Group.

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 or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' 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.

Depreciation is recognized using the straight-line method. Each significant part of depreciable asset 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. Intangible assets

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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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.

j. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets excluding goodwill, 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Company assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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.

An impairment loss is subsequently reversed when the revised estimate of the recoverable amount of the asset or cash-generating unit exceeds the carrying amount; but impairment loss is reversed only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 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: Available-for-sale financial assets, and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

ii. Loans and receivables

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

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition; it must be highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. 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.

Financial assets carried at amortized cost, such as notes receivable, trade receivables, lease payments receivable, long-term notes receivable, long-term trade receivables and long-term lease payments receivable are assessed for impairment on a collective basis even if they were assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience in the collection of payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situations.

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 available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by impairment loss directly for all financial assets with the exception of notes receivable, trade receivables, lease payments receivables, long-term notes receivable, long-term trade receivables and long-term lease payments receivables where the carrying amount is reduced through the use of an allowance account. When notes receivable, trade receivables, lease payments receivables, long-term notes receivable, long-term trade receivables and long-term lease payments receivables are considered uncollectible, they are 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. Bad debts are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset 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 the Group 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 the Group are recognized at the proceeds received, net of direct issue costs.

The Group's own equity instruments repurchased are 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 Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

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.

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - other.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

l. Provision

Provisions is measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced by the amount of estimated customer returns, rebates and other similar allowances.

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.

2) Rendering of services

Service income is recognized when the service is provided.

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

3) 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 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.

The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as lessor

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

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. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

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

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

p. Employee share options

Employee share options granted to employee

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is fully recognized as an expense at the grant date when the share options granted vest immediately.

Restricted shares for employees are measured at fair value on the date of grant, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration, and should be returned, they are recognized as payables. Dividends paid to employees on the restricted shares that do not need to be returned if employees resign in the vesting period, are recognized as expenses when the dividends are declared with a corresponding adjustment in capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

q. 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 Group's 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 and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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 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 tax and deferred tax for the year

Current tax 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 tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

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 to be relevant. Actual results may differ from these estimates.

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

a. Estimated impairment of 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.

b. Impairment of property, plant and equipment

The impairment of equipment in relation to the lease was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

c. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

d. The provision for warranties

The provision for warranties was based on contracts, historical experience and other known reasons estimated obligations may occur in the year. The provision was recognized at the date of sale of the relevant products. The Group regularly reviews the reasonableness of estimates.

e. Income taxes

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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	$ 711	$ 564
Checking accounts and demand deposits	539,450	497,441
Cash equivalent		
Time deposits with original maturity less than three months	-	80,000
	$ 540,161	$ 578,005

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%-0.35%	0.01%-0.94%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Non-current		
Listed shares and emerging shares	$ 160,677	$ 135,096

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2014	2013
Non-current		
Foreign unlisted shares	$ 52,407	$ -
Financial asset classification		
Available-for-sale financial assets	$ 52,407	$ -

Management believed that the above unlisted equity investments held by the Group had a fair value that could not be reliably measured because the range of reasonable fair value estimates was so significant; thus, these investments were measured at cost less impairment at the end of reporting period.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2014	2013
Current		
Time deposits with original maturity more than 3 months	$ 44,100	$ 110,200

The market interest rates of the time deposits with original maturity of more than 3 months were 1.13% and 1.04%-1.13% per annum as of December 31, 2014 and 2013, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2014	2013
Notes receivable		
Current		
Notes receivable - operating	$ 125,978	$ 120,758
Less: Allowance for impairment loss	(398)	(413)
Less: Unrealized interest income	(66)	(234)
	$ 125,514	$ 120,111
Non-current		
Notes receivable - operating	$ 7,965	$ 6,929
Less: Unrealized interest income	(24)	(2)
	$ 7,941	$ 6,927

(Continued)

	December 31	
	2014	2013
Trade receivables		
Current		
Trade receivables	$ 89,048	$ 106,367
Less: Allowance for impairment loss	(9,677)	(7,857)
Less: Unrealized interest income	(229)	(650)
	$ 79,142	$ 97,860
Non-current		
Trade receivables	$ 1,694	$ 6,514
Less: Unrealized interest income	(36)	(171)
	$ 1,658	$ 6,343

(Concluded)

The average credit period on sales of goods was 90-180 days. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable.

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

	December 31	
	2014	2013
1-90 days	$ 4,974	$ 16,317
91-180 days	1,891	3,303
181-365 days	25	199
	$ 6,890	$ 19,819

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

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 4,563	$ 15,860	$ 20,423
Add: Impairment losses recognized on receivables	702	-	702
Deduct: Losses written off during the period because the receivables were uncollectible	(496)	-	(496)

(Continued)

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Deduct: Impairment losses reversed	$ -	$ (12,374)	$ (12,374)
Foreign exchange translation gains and losses	15	-	15
Balance at December 31, 2013	4,784	3,486	8,270
Add: Impairment losses recognized on receivables	257	1,611	1,868
Deduct: Losses written off during the period because the receivables were uncollectible	(195)	-	(195)
Foreign exchange translation gains and losses	63	69	132
Balance at December 31, 2014	$ 4,909	$ 5,166	$ 10,075

(Concluded)

At the end of the reporting period, trade receivables from sales on installments by the Group were as follows:

	December 31	
	2014	2013
Current		
Gross amount of receivables	$ 9,004	$ 23,901
Unrealized interests revenue	(295)	(884)
	$ 8,709	$ 23,017
Non-current		
Gross amount of receivables	$ 2,535	$ 8,074
Unrealized interests revenue	(60)	(174)
	$ 2,475	$ 7,900

The amounts of the above trade receivables expected to be recovered during 2015, 2016 and 2017 were $8,709 thousand, $2,411 thousand and $64 thousand, respectively.

Factored trade receivables for the years ended December 31, 2014 and 2013 were as follows:

Counter-parties	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
2014					
Hotai Finance Co., Ltd.	$ 51,509	$ 28,315	$ -	6.00-7.75	$ 200,000
2013					
Hotai Finance Co., Ltd.	$ 22,046	$ 1,055	$ -	6.00-7.75	$ 200,000

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Group, while losses from credit risk were borne by the banks.

11. FINANCE LEASE RECEIVABLES

	December 31	
	2014	2013
Gross investment in leases		
Not later than one year	$ 18,095	$ 15,718
Later than one year and not later than five years	16,434	21,507
	34,529	37,225
Less: Unearned finance income	(3,313)	(4,992)
Present value of minimum lease payments	$ 31,216	$ 32,233
Finance lease receivables		
Not later than one year	$ 15,892	$ 12,520
Later than one year and not later than five years	15,324	19,713
Finance lease receivables	$ 31,216	$ 32,233

The Group entered into finance lease arrangements for certain storage equipment. All leases were denominated in New Taiwan dollars. The average term of finance leases entered into was 3-5 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The interest rate inherent in the finance lease was approximately 9.76% and 9.67% per annum as of December 31, 2014 and 2013, respectively.

The finance lease receivables as of December 31, 2014 and 2013 were neither past due nor impaired.

12. INVENTORIES

	December 31	
	2014	2013
Medical equipment	$ 102,751	$ 154,629
Medical material and parts	177,621	166,074
Others	24,023	15,539
	$ 304,395	$ 336,242

The cost of inventories recognized as cost of goods sold included inventory write-downs of $21,863 thousand and $9,244 thousand for the years ended December 31, 2014 and 2013, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	December 31 2014	December 31 2013
Unlisted companies		
CYJ International Company Limited ("CYJ International")	$ 74,517	$ -

At the end of the reporting period, the percentage of ownership and voting rights in an associated held by the Group were as follows:

Name of Associate	December 31 2014	December 31 2013
CYJ International	50.0%	-

In September 2014, the Company invested $75,906 thousand to establish CYJ International. The Company held an equity interest of 50.0% in CYJ International.

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

	December 31 2014	December 31 2013
Total assets	$ 154,045	$ -
Total liabilities	$ 5,010	$ -

	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Revenue	$ 12	$ -
Loss for the year	$ (8,640)	$ -
Other comprehensive income	$ 5,862	$ -

14. PROPERTY, PLANT AND EQUIPMENT

	Medical Equipment	Office Equipment	Leasehold Improvements	Exhibition Equipment	Lease Equipment	Other Equipment	Property in Construction and Equipment to Be Inspected	Total
Cost								
Balance at January 1, 2013	$ 5,106	$ 13,770	$ 13,211	$ 99,524	$ 107,017	$ 1,806	$ -	$ 240,434
Additions	19,651	2,212	17,386	8,438	16,522	70	7,791	72,070
Disposals	-	(1,830)	(121)	-	(739)	(831)	-	(3,521)
Transferred into inventories	-	(47)	-	(28,628)	(33,498)	-	-	(62,173)
Transferred from inventories	-	-	-	23,288	29,160	-	-	52,448
Effect of foreign currency exchange differences	146	162	205	618	113	-	-	1,244
Balance at December 31, 2013	$ 24,903	$ 14,267	$ 30,681	$ 103,240	$ 118,575	$ 1,045	$ 7,791	$ 300,502
Accumulated depreciation and impairment								
Balance at January 1, 2013	$ 1,702	$ 6,822	$ 8,409	$ 62,021	$ 50,388	$ 1,176	$ -	$ 130,518
Depreciation expense	5,453	3,283	4,841	17,804	15,102	170	-	46,653
Disposals	-	(1,810)	(121)	-	(431)	(831)	-	(3,193)
Transferred into inventories	-	-	-	(22,294)	(7,423)	-	-	(29,717)

(Continued)

	Medical Equipment	Office Equipment	Leasehold Improve-ments	Exhibition Equipment	Lease Equipment	Other Equipment	Property in Construction and Equipment to Be Inspected	Total
Impairment losses recognized in profit or loss	$ -	$ -	$ -	$ -	$ 1,897	$ -	$ -	$ 1,897
Effect of foreign currency exchange differences	102	133	139	239	75	-	-	688
Balance at December 31, 2013	$ 7,257	$ 8,428	$ 13,268	$ 57,770	$ 59,608	$ 515	$ -	$ 146,846
Balance at December 31, 2013, net	$ 17,646	$ 5,839	$ 17,413	$ 45,470	$ 58,967	$ 530	$ 7,791	$ 153,656
Cost								
Balance at January 1, 2014	$ 24,903	$ 14,267	$ 30,681	$ 103,240	$ 118,575	$ 1,045	$ 7,791	$ 300,502
Additions	2,171	325	4,842	475	3,750	-	384	11,947
Disposals	-	(2,051)	(5,933)	(760)	(760)	-	-	(9,504)
Transferred into inventories	(1,473)	-	-	(21,234)	(29,373)	-	(17,690)	(69,770)
Transferred from inventories	-	-	-	14,643	12,704	-	9,515	36,862
Reclassification	(10,132)	-	-	11,256	(1,124)	-	-	-
Effect of foreign currency exchange differences	73	277	667	2,181	258	(70)	-	3,386
Balance at December 31, 2014	$ 15,542	$ 12,818	$ 30,257	$ 109,801	$ 104,030	$ 975	$ -	$ 273,423
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ 7,257	$ 8,428	$ 13,268	$ 57,770	$ 59,608	$ 515	$ -	$ 146,846
Depreciation expense	3,362	3,660	4,634	20,000	17,762	163	-	49,581
Disposals	-	(2,043)	(5,933)	(570)	(570)	-	-	(9,116)
Transferred into inventories	-	-	-	(13,908)	(7,197)	-	-	(21,105)
Impairment losses recognized in profit or loss	-	-	-	-	(958)	-	-	(958)
Reclassification	(5,980)	-	-	6,602	(622)	-	-	-
Effect of foreign currency exchange differences	37	211	396	1,254	174	(7)	-	2,065
Balance at December 31, 2014	$ 4,676	$ 10,256	$ 12,365	$ 71,148	$ 68,197	$ 671	$ -	$ 167,313
Balance at December 31, 2014, net	$ 10,866	$ 2,562	$ 17,892	$ 38,653	$ 35,833	$ 304	$ -	$ 106,110

(Concluded)

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

Medical equipment	2-7 years
Office equipment	2-5 years
Leasehold improvements	2-5 years
Exhibition equipment	2-3 years
Lease equipment	3-7 years
Other equipment	5-7 years

15. OTHER ASSETS

	December 31	
	2014	2013
Current		
Prepayments	$ 21,836	$ 14,130
Temporary payments	1,534	1,757
Others	1,133	2,229
	$ 24,503	$ 18,116

(Continued)

	December 31	
	2014	2013
Non-current		
Long-term prepayments	$ 3,190	$ 5,726

(Concluded)

16. CONVERTIBLE BONDS

	December 31	
	2014	2013
The first domestic secured convertible bonds		
Convertible bonds issued at face value	$ -	$ 320,000
Less: Unamortized discount	-	(4,698)
	-	315,302
Less: Current portion	-	(315,302)
	$ -	$ -

On August 12, 2011, the Company issued the first domestic secured convertible bonds of $320,000 thousand at face value, with a face interest rate of 0% and a maturity date of August 12, 2014. The bonds are guaranteed by Mega International Commercial Bank. The bonds may be converted into ordinary shares of the Company at any time from the day one month after issuance to the day ten days before maturity. The initial conversion price was NT$145.2 per share, which is subject to adjustment according to an agreed formula (since August 23, 2013, the conversion price was adjusted to NT$130.9 per share). From the day one month after issuance to the day forty days before maturity, the Company may redeem all of the bonds at face value, provided that the average closing price exceeds the then conversion price by 30% or more for 30 consecutive trade days or the total amount of the outstanding bonds is less than 10% of the total amount of the bonds initial issue. Other than in the case of conversion or redemption mentioned above, the Company shall redeem the bonds by cash on their maturity. As of December 31, 2014, all of the convertible bonds had been redeemed.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 2.42% per annum on initial recognition.

Proceeds from issue (less transaction costs $3,800 thousand)	$ 316,200
Equity component (less transaction costs allocated to the equity component of $231 thousand and related tax effected of $39 thousand)	(19,232)
Deferred tax assets	646
Liability component at the date of issue (less transaction costs allocated to the liability component of $3,569 thousand and related tax effected of $607 thousand)	297,614
Interest charged at an effective interest rate of 2.42%	22,386
Repayments of convertible bonds	(320,000)
Liability component at December 31, 2014	$ -

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2014	2013
Notes payable		
Notes receivable - operating	$ 8	$ 1,021
Trade payables		
Trade payables	$ 102,584	$ 36,156

The average credit period of purchases of certain goods 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.

18. OTHER LIABILITIES

	December 31	
	2014	2013
Current		
Other payables		
Salaries or bonus	$ 73,825	$ 67,151
Payable for annual leave	2,107	2,381
Remuneration to directors and supervisors	5,303	5,695
Bonus to employees	7,989	3,750
Others	28,270	41,257
	$ 117,494	$ 120,234
Other liabilities		
Receipts under custody	$ 1,033	$ 604
Temporary receipts	176	164
	$ 1,209	$ 768

19. PROVISION

	December 31	
	2014	2013
Current		
Warranties (a)	$ 15,228	$ 7,575
Sales discounts (b)	778	50
	$ 16,006	$ 7,625
Non-current		
Warranties (a)	$ 5,444	$ 11,855

	Warranties	Sales Discounts	Total
Balance at January 1, 2013	$ 25,332	$ -	$ 25,332
Additional provisions recognized	20,975	50	21,025
Reversing un-usage balances	(26,993)	-	(26,993)
Effect of foreign currency exchange differences	116	-	116
Balance at December 31, 2013	19,430	50	19,480
Additional provisions recognized	23,024	728	23,752
Reversing un-usage balances	(21,979)	-	(21,979)
Effect of foreign currency exchange differences	197	-	197
Balance at December 31, 2014	$ 20,672	$ 778	$ 21,450

a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

b. The provision of sales returns and discounts was based on historical experience, management's judgments and other known reasons estimated product discounts may occur in the year. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and domestic subsidiaries 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. According to local regulations, foreign subsidiaries also make contributions to employees' individual pension accounts, which is defined contribution plan.

b. Defined benefit plans

The Company 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 at specific rate of 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 Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund 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	2.125%	2.000%
Expected return on plan assets	1.750%	2.000%
Expected rates of salary increase	4.000%	3.750%

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
Interest cost	$ 65	$ 100
Expected return on plan assets	(73)	(33)
	$ (8)	$ 67
An analysis by function		
Marketing expenses	$ (5)	$ 48
Administration expenses	(3)	19
	$ (8)	$ 67

Actuarial losses recognized in other comprehensive income or loss for the years ended December 31, 2014 and 2013 were $745 thousand and $3,989 thousand, respectively. The cumulative amount of actuarial losses recognized in other comprehensive income or loss as of December 31, 2014 and 2013 was $4,841 thousand and $4,096 thousand, respectively.

The amounts included in the Group's balance sheet in respect of its obligations for defined benefit plans were as follows:

	December 31	
	2014	2013
Present value of funded defined benefit obligation	$ 2,565	$ 3,233
Fair value of plan assets	(3,929)	(3,449)
Prepayments for pension cost	$ (1,364)	$ (216)

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	$ 3,233	$ 7,539
Interest cost	65	100
Actuarial gains	(733)	(3,978)
Benefits paid	-	(428)
Closing defined benefit obligation	$ 2,565	$ 3,233

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	$ 3,449	$ 3,410
Expected return on plan assets	73	33
Actuarial gains (losses)	12	11
Contributions from the employer	395	423
Benefits paid	-	(428)
Closing fair value of plan assets	$ 3,929	$ 3,449

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $85 thousand and $44 thousand, respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Labor Pension Fund Supervisory Committee:

	December 31	
	2014	2013
Bank deposits	19%	23%
Equity instruments	50%	45%
Debt instruments	28%	31%
Others	3%	1%
	100%	100%

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:

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2013
Present value of defined benefit obligation	$ 2,565	$ 3,233	$ 7,539	$ 7,522
Fair value of plan assets	$ 3,929	$ 3,449	$ 3,410	$ 2,939
Deficit	$ (1,364)	$ (216)	$ 4,129	$ 4,590
Experience adjustments on plan liabilities	$ (733)	$ (3,978)	$ (115)	$ -
Experience adjustments on plan assets	$ 12	$ 11	$ (8)	$ -

The Company and domestic subsidiaries of the group expects to make a contribution of $322 thousand and $390 thousand, respectively to the defined benefit plans during the annual period beginning after 2014 and 2013.

21. EQUITY

Share Capital - Ordinary Shares

	December 31	
	2014	2013
Numbers of shares authorized (in thousands)	50,000	50,000
Shares authorized	$ 500,000	$ 500,000
Number of shares issued and fully paid (in thousands)	26,500	26,500
Shares issued	$ 265,000	$ 265,000

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

On November 6, 2014, the Company's board of directors resolved to issue 3,500 thousand ordinary shares, with a par value of NT$10 each, for consideration of NT$60 per share, which increase the share capital issued to $300,000 thousand. On December 8, 2014, the above transaction was approved by the FSC, and the subscription base date was determined at January 16, 2015 by the board of directors.

Capital Surplus

	December 31	
	2014	2013
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Arising from issuance of ordinary shares	$ 394,860	$ 394,860
May be used only to offset a deficit		
Arising from changes in percentage of ownership interest in subsidiaries (b)	8,477	8,477
Others	30,024	10,792
May not be used for any purpose		
Arising from employee share options	6,809	-
Arising from share warrants	-	19,232
	$ 440,170	$ 433,361

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

b. Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

Retained Earnings and Dividend Policy

The Company's Articles of Incorporation, provide that the following shall be appropriated from the annual net income (less any deficit):

a. 10% thereof as legal reserve;

b. Special reserve provided in accordance with directives issued by the SFB or other authorities;

c. A portion retained for operation needs;

d. A remuneration to directors and supervisors of not more than 5% and a bonus to employees of not less than 1% of the remainder; and

e. Dividends proposed by the board of directors and resolved by the shareholders out of the sum of the remainder and prior years' unappropriated earnings.

The Company's Articles of Incorporation also prescribe that dividends shall not be distributed in such a manner as to negatively affect the Company's financial structure and that 20% to 100% of the dividends shall be paid in cash; however, if the Company has major capital expenditure plans in the future, 100% of the dividends may be distributed in stock, if resolved by the shareholders.

For the years ended December 31, 2014 and 2013, the bonus to employees was $5,751 thousand and $2,238 thousand, respectively, and the remuneration to directors and supervisors was $4,792 thousand and $1,865 thousand, respectively. The bonus to employees represented 6% of the net income for the years ended December 31, 2014 and 2013 minus the legal reserve to be appropriated. The remuneration to directors and supervisors represented 5% for both of the net income for the years ended December 31, 2014 and 2013, respectively, minus the legal reserve to be appropriated. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded 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 fair value of the shares. For the calculation of the number of shares, the fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on 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.

Appropriations 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, bonuses to employees and remuneration to directors and supervisors for 2013 and 2012 approved in the shareholders' meetings on June 18, 2014 and June 11, 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	$ 4,144	$ 11,292		
Special reserve	-	2,050		
Cash dividends	39,750	112,625	$1.50	$4.25

	For the Year Ended December 31	
	2013	2012
Bonuses to employees - cash	$ 2,238	$ 5,975
Remuneration to directors and supervisors	1,865	4,979

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

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

According to the shareholder's equity regulation, in their meeting on June 18, 2015, the Company's shareholders approved the reclassification of a special reserve of $2,050 thousand to unappropriated earnings.

The appropriations of earnings for 2013 had been proposed by the Company's board of directors on March 12, 2014. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 10,649	
Cash dividends	105,000	$3.5

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 18, 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.

Other Equity Items

a. Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 3,645	$ (1,364)
Exchange differences arising on translating the foreign operations	17,009	6,035
Income tax relating to gain arising on translating the net assets of foreign operations	(2,892)	(1,026)
Balance at December 31	$ 17,762	$ 3,645

b. Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 82,236	$ 14,840
Unrealized gain arising on revaluation of available-for-sale financial assets	38,652	67,396
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	(8,637)	-
Balance at December 31	$ 112,251	$ 82,236

Non-controlling Interests

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 124,887	$ 96,804
Attributable to non-controlling interests:		
Share of profit (loss) for the year	3,866	(3,710)
Acquisition of non-controlling interests in subsidiaries	(7,445)	-
Adjustments arising from changes in percentage of ownership interest in subsidiaries	-	(7,757)
Non-controlling interests subscribed for shares issued by subsidiaries	-	39,550
Balance at December 31	$ 121,308	$ 124,887

22. NET PROFIT

The following items were included in net profit:

a. Other income

	For the Year Ended December 31	
	2014	2013
Interest income		
Bank deposits	$ 2,718	$ 3,067
Receivables	4,848	6,620
	7,566	9,687
Dividend income	1,166	-
Others	93	775
	$ 8,825	$ 10,462

b. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Gain (loss) on disposal of property, plant and equipment	$ (382)	$ 1
Gain on disposal of available-for-sale financial assets	8,637	-
Net foreign exchange gains	3,449	1,652
Others	(511)	3,207
	$ 11,193	$ 4,860

c. Finance costs

	For the Year Ended December 31	
	2014	2013
Interest on bank loans	$ -	$ 30
Interest on convertible bonds	4,698	7,520
	$ 4,698	$ 7,550

d. Impairment loss (reversal of impairment loss) on financial assets

	For the Year Ended December 31	
	2014	2013
Notes receivable	$ 15	$ (579)
Trade receivables	1,853	(11,093)
Other receivables	-	216
	$ 1,868	$ (11,456)

e. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 49,581	$ 46,653
Others	3,359	3,755
	$ 52,940	$ 50,408
An analysis of depreciation by function		
Operating costs	$ 26,530	$ 22,629
Operating expenses	23,051	24,024
	$ 49,581	$ 46,653
An analysis of amortization by function		
Operating costs	$ 530	$ 732
Operating expenses	2,829	3,023
	$ 3,359	$ 3,755

f. Employee benefit expense

	For the Year Ended December 31	
	2014	2013
Post-employment benefits (Note 20)		
Defined contribution plans	$ 5,479	$ 6,214
Defined benefit plans	(8)	67
	5,471	6,281
Termination benefits	353	2,419
Other employee benefits	168,896	159,499
Total employee benefit expense	$ 174,720	$ 168,199
An analysis of employee benefit expense by function		
Operating costs	$ 29,202	$ 37,449
Operating expenses	145,518	130,750
	$ 174,720	$ 168,199

g. Gain on foreign currency exchange

	For the Year Ended December 31	
	2014	2013
Foreign exchange gains	$ 7,531	$ 2,492
Foreign exchange losses	(4,082)	(840)
	$ 3,449	$ 1,652

h. Impairment loss (reversal of impairment loss) on non-financial assets

	For the Year Ended December 31	
	2014	2013
Inventories (included in cost of goods sold)	$ 21,863	$ 9,244
Property, plant and equipment (included in other operating cost)	$ (958)	$ 1,897

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 29,318	$ 8,657
Tax at 10% of unappropriated earnings	291	-
In respect of prior years	466	2,380
	30,075	11,037
Deferred tax		
In respect of the current year	(1,386)	2,177
Income tax expense recognized in profit or loss	$ 28,689	$ 13,214

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

	For the Year Ended December 31	
	2014	2013
Profit before tax	$ 139,047	$ 50,943
Income tax expense calculated at the statutory rate	$ 27,339	$ 8,836
Nondeductible expenses in determining taxable income	1,723	72
Tax-exempt income	(1,666)	
Unrecognized loss carryforwards	301	1,918
Unrecognized deductible temporary differences	235	9
Income tax on unappropriated earnings	291	-
Adjustments for prior years' tax	466	2,379
Income tax expense recognized in profit or loss	$ 28,689	$ 13,214

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in the ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of appropriations of 2014 earnings in 2015 is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 2,892	$ 1,026
Actuarial gain arising from defined benefit plans	127	678
Total income tax expense recognized in other comprehensive income	$ 3,019	$ 1,704

c. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Tax refund receivable (included in other current assets)	$ 593	$ 1,462
Current tax liabilities		
Income tax payable	$ 26,103	$ 5,759

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

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Allowance for impaired receivables	$ 888	$ 169	$ -	$ 1,057
Inventory write-downs	2,179	3,682	-	5,861
Provision for warranties	2,689	467	-	3,156
Payable for bonus	8,414	343	-	8,757
Unrealized gain on sales	1,304	889	-	2,193
Impairment loss on properties for lease	3,755	(163)	-	3,592
Recognition of foreign investment loss using equity method	6,471	(3,714)	-	2,757
Difference in depreciation property, plant and equipment	4,383	(390)	-	3,993
Others	603	134	-	737
	$ 30,686	$ 1,417	$ -	$ 32,103

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange difference on foreign operations	$ 747	$ -	$ 2,892	$ 3,639
Defined benefit obligation	43	69	127	239
Others	38	(38)	-	-
	$ 828	$ 31	$ 3,019	$ 3,878

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange difference on foreign operations	$ 279	$ -	$ (279)	$ -
Allowance for impaired receivables	2,867	(1,979)	-	888
Inventory write-downs	2,648	(469)	-	2,179
Provision for warranties	4,013	(1,324)	-	2,689
Payable for bonus	5,705	2,709	-	8,414
Unrealized gain on sales	234	1,070	-	1,304
Impairment loss on properties for lease	3,432	323	-	3,755
Recognition of foreign investment loss using equity method	6,624	(153)	-	6,471
Difference in depreciation property, plant and equipment	6,059	(1,676)	-	4,383
Defined benefit obligation	696	(52)	(644)	-
Others	1,182	(579)	-	603
	$ 33,739	$ (2,130)	$ (923)	$ 30,686

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange difference on foreign operations	$ -	$ -	$ 747	$ 747
Defined benefit obligation	-	9	34	43
Others	-	38	-	38
	$ -	$ 47	$ 781	$ 828

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31 2014	December 31 2013
Loss carryforwards		
Expire in 2016	$ 12,932	$ 13,579
Expire in 2017	7,688	7,688
Expire in 2018	2,390	2,352
Expire in 2019	4,809	-
Expire in 2022	-	7,656
Expire in 2023	5,790	7,229
No expiration date	22,298	16,232
	$ 55,907	$ 54,736
Deductible temporary differences	$ 1,434	$ 50

f. Integrated income tax

	December 31 2014	December 31 2013
Unappropriated earnings of the Company		
Unappropriated earnings generated on and after January 1, 1998	$ 166,476	$ 101,210
Imputation credits accounts of the Company	$ 42,502	$ 48,041

The creditable ratio for distribution of earnings of 2014 and 2013 was 30.10% (expected ratio) and 35.88%, respectively.

g. Income tax assessments

The Company and Excelsior Beauty's income tax returns through 2012 have been assessed by the tax authority.

24. 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 computation of basic earnings per share	$ 106,492	$ 41,439
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	4,698	-
Earnings used in the computation of diluted earnings per share	$ 111,190	$ 41,439

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	26,500	26,500
Effect to potentially dilutive ordinary shares:		
Convertible bonds	1,500	-
Bonus to employees	92	69
Weighted average number of ordinary shares in computation of dilutive earnings per share	28,092	26,569

If the Company can settle the bonus to employees by cash or shares, the Company presumes that the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares is 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.

If the outstanding convertible bonds issued by the Company were converted to ordinary shares during the year ended December 31, 2013, they were anti-dilutive and excluded from the computation of diluted earnings per share.

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On July 9, 2013, the Group subscribed for additional new shares of Excelsior Beauty at a percentage different from its original ownership percentage; thus, the Group's equity interest decreased from 51.2% to 46.8%.

The above transaction was accounted for as an equity transaction since the Group did not cease to have control over this subsidiary.

	Excelsior Beauty
Cash consideration paid	$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	7,757
Differences arising from equity transaction	$ 7,757
<u>Line items adjusted for equity transaction</u>	
Capital surplus - changes in percentage of ownership interest in subsidiaries	$ 7,757

On March 12, 2014, the Group acquired a 3.3% interest in Excelsior Beauty, increasing the Group's interest from 46.8% to 50.1%.

The above transaction was accounted for as an equity transaction because the Group did not cease to have control over Excelsior Beauty.

	Excelsior Beauty
Cash consideration paid	$ (7,445)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	7,445
Differences arising from equity transaction	$ -

26. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of building with lease terms between 1 and 10 years.

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

	December 31	
	2014	2013
Not later than 1 year	$ 35,642	$ 33,056
Later than 1 year and not later than 5 years	50,202	43,912
Later than 5 years	10,560	10,494
	$ 96,404	$ 87,462

The lease payments recognized in profit or loss for the current period were as follows:

	For the Year Ended December 31	
	2014	2013
Minimum lease payment	$ 27,440	$ 26,725

b. The Group as lessor

Operating leases relate to the lease assets owned by the Group with lease terms between 1 to 3 years. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

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

	December 31	
	2014	2013
Not later than 1 year	$ 4,856	$ 17,923
Later than 1 year and not later than 5 years	1,613	90
	$ 6,469	$ 18,013

27. CAPITAL MANAGEMENT

Key management personnel of the Group regularly review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure and ensure that financial resources are available for working capital and capital expenditures, the Group may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

28. 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 liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ -	$ -	$ 315,302	$ 316,074

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed securities				
Equity securities	$ 160,677	$ -	$ -	$ 160,677

December 31, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed securities				
Equity securities	$ 135,096	$ -	$ -	$ 135,096

There were no transfers between Levels 1 and 2 for the years ended December 31, 2014 and 2013.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2013

	Available-for-sale Financial Assets
	Equity Instruments
Financial assets	
Balance at January 1, 2013	$ 67,700
Total gains or losses	
In other comprehensive income	36,946
Transfers out of level 3	(104,646)
Balance at December 31, 2013	$ -

All gains and losses included in other comprehensive income relate to unlisted shares held at the end of the reporting period and were reported as changes in unrealized gain or loss on available-for-sale financial assets.

4) 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 estimation of fair value of listed equity instruments traded in emerging market is based on the analysis in relation to the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities.

c) 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**
Financial assets		
Loans and receivables (1)	$ 927,587	$ 1,020,112
Available-for-sale financial assets (2)	213,084	135,096
Financial liabilities		
Amortized cost (3)	102,730	352,552

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, lease payments receivable, refundable deposits, long-term notes receivable, long-term trade receivables and long-term lease payments receivable.

2) The balances included the carrying amount of available-for-sale financial assets measured at cost.

3) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, bonds payable and other financial liabilities.

c. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, equity investments, notes receivable, trade receivables, trade payables, trade payables and bonds payable. The Group's Finance division provides services to the business, monitors and manages the financial risks relating to the operations of the Group through the analysis of 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.

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the currency USD.

The following table details the Group's sensitivity to a 1% increase in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is 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 under the assumption of a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit when New Taiwan dollars weakened by 1% against the relevant currency. For a 1% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2014	**2013**
Profit or loss	$ 920 *	$ (98) *

* This was mainly attributable to the exposure on outstanding USD bank deposits and trade payables, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increased during the current period mainly due to the increase in USD bank deposits.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group held bank deposits and debt instruments with no active market at both fixed and floating interest rates, and borrowed funds at fixed interest rates. The Group pays attention to changes in market interest rates in order to make plans to manage interest rate risk.

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

	December 31	
	2014	2013
Fair value interest rate risk		
Financial assets	$ 95,500	$ 197,720
Financial liabilities	-	315,302
Cash flow interest rate risk		
Financial assets	-	70,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the assets outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2014 and 2013 would increase/decrease by $0 thousand and $700 thousand, respectively.

The Group's sensitivity to interest rates decreased during the current period mainly due to the decrease in variable rate time deposits.

c) Other price risk

The Group was exposed to price risk through its investments in listed equity securities. The Group has appointed a special team to monitor and evaluate the price risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity price of the aforementioned investments had been 1% higher/lower, the Group's pre-tax other comprehensive income for the years ended December 31, 2014 and 2013 would increase/decrease by $1,607 thousand and $1,351 thousand, respectively; the sensitivity was mainly due to the changes in the fair value of available-for-sale financial assets.

The Group's sensitivity to equity prices increased during the current period mainly due to the increase in fair value of available-for-sale financial assets.

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 to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.

In order to minimize credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

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 unused short-term bank loan facilities amounting to $307,916 thousand and $518,089 thousand, respectively.

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	3-6 Months	6 Months to 1 Year	1-2 Years	2+ Years
Non-derivative financial liabilities						
Non-interest bearing	$ 81,488	$ 17,447	$ 2,117	$ 1,575	$ -	$ 103

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1-2 Years	2+ Years
Non-derivative financial liabilities						
Non-interest bearing	$ 22,420	$ 11,867	$ 1,840	$ 1,123	$ -	$ -
Fixed interest rate liabilities	-	-	-	320,000	-	-
	$ 22,420	$ 11,867	$ 1,840	$ 321,123	$ -	$ -

29. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Excelsior Medical Co., Ltd., which held 39.7% and 42.6% of ordinary shares of the Company as of December 31, 2014 and 2013, respectively.

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

a. Operating revenues

Line Items	Related Party Categories	For the Year Ended December 31 2014	2013
Sales	Parent entity	$ 232	$ 377
	Fellow subsidiaries	1,033	-
	Associates	678	-
	Subsidiaries of associates	9,426	-
		$ 11,369	$ 377

b. Purchases of goods

Related Party Categories	For the Year Ended December 31 2014	2013
Parent entity	$ 62	$ 178
Associates of parent entity	101	124
Fellow subsidiaries	7	-
Parent entity is one of its directors	57	86
	$ 227	$ 388

c. Receivables from related parties

Line Items	Related Party Categories	December 31 2014	2013
Trade receivables from related parties	Parent entity	$ 18	$ -
Trade receivables from related parties	Fellow subsidiaries	1,462	-
Trade receivables from related parties	Associates	678	-
Trade receivables from related parties	Subsidiaries of associates	10,385	-
Other receivables from related parties	Fellow subsidiaries	96	-
Other receivables from related parties	Associates	4,267	-
Other receivables from related parties	Subsidiaries of associates	5,873	-
		$ 22,779	$ -

d. Payables to related parties

Line Items	Related Party Categories	December 31 2014	December 31 2013
Trade payables to related parties	Parent entity	$ 14	$ 10
Trade payables to related parties	Fellow subsidiaries	-	6
Trade payables to related parties	Associates of parent entity	21	27
Trade payables to related parties	Parent entity is one of its directors	-	30
Other payables to related parties	Parent entity	427	1,037
Other payables to related parties	Fellow subsidiaries	-	10
Other payables to related parties	Associates of parent entity	9	703
		$ 471	$ 1,823

e. Prepayments (included in other current assets)

Related Party Categories	December 31 2014	December 31 2013
Parent entity	$ 15	$ 18

f. Financial assets acquired

For the year ended December 31, 2014

Related Party Categories	Line Items	Number of Shares	Underlying Assets	Price
Parent entity	Investments accounted for using the equity method	734,925	Ordinary shares of Excelsior Beauty	$ 7,445

g. Property, plant and equipment acquired

Related Party Categories	Price For the Year Ended December 31 2014	Price For the Year Ended December 31 2013
Fellow subsidiaries	$ 871	$ -

h. Other assets acquired

Line Items	Related Party Categories	Price For the Year Ended December 31 2014	Price For the Year Ended December 31 2013
Long-term prepayments	Associates of parent entity	$ 77	$ -

i. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31 2014	2013
Rental expense (included in other operating cost)	Parent entity	$ 6,525	$ -
Rental revenue	Subsidiaries of associates	$ 93	$ -
Other income	Associates of parent entity	$ -	$ 18
	Subsidiaries of associates	372	-
		$ 372	$ 18
Rental expense (included in operating expenses)	Parent entity	$ 963	$ 5,399
	Fellow subsidiaries	60	-
	Associates of parent entity	-	4
		$ 1,023	$ 5,403
Service expense	Parent entity	$ 1,496	$ 1,468
Other expense	Parent entity	$ 725	$ 769
	Fellow subsidiaries	2	-
	Associates of parent entity	47	1
		$ 774	$ 770

The aforementioned transactions were conducted on normal commercial terms

The aforementioned rentals collected or paid monthly were based on prevailing market rates.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2014 and 2013, no impaired loss was recognized for receivables with from related parties.

The outstanding payables to related parties are unsecured.

j. Compensation of key management personnel

	For the Year Ended December 31 2014	2013
Short-term employee benefits	$ 18,785	$ 11,354
Post-employment benefits	368	194
	$ 19,153	$ 11,548

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank letter of guarantees:

	December 31	
	2014	2013
Pledged time deposits (included in other financial assets - non-current)	$ 9,000	$ 9,000

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2014 were as follows:

The Group's unused letters of credit were approximately $87,900 thousand.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

a. On January 26, 2015, the Group invested $18,000 thousand to establish Medytox Taiwan Co., Ltd. The Group's interest in this investee was 40%.

b. On January 29, 2015, the Group issued the second domestic secured convertible bonds of $300,000 thousand at face value, with a face interest rate of 0% and for an issuance period of 3 years.

33. 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	$ 3,803	31.650-31.818 (USD:NTD)	$ 120,362
USD	866	7.8 (USD:HKD)	27,566
USD	995	6.12-6.124 (USD:RMB)	30,977
RMB	271	5.092 (RMB:NTD)	1,382
RMB	804	1.078-1.268 (RMB:HKD)	3,545
EUR	210	38.47-38.669 (EUR:NTD)	8,075
			$ 191,907
Non-monetary items			
KRW	1,807,138	0.029 (KRW:NTD)	$ 52,407

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 2,681	31.65 (USD:NTD)	$ 84,860
USD	15	7.8 (USD:HKD)	467
USD	51	6.124 (USD:RMB)	1,586
EUR	38	38.47 (EUR:HKD)	1,462
EUR	11	10.692 (EUR:NTD)	480
SGD	11	23.940 (SGD:NTD)	263
NTD	4,547	0.245 (NTD:HKD)	4,547
NTD	114	0.193 (NTD:RMB)	114
			$ 93,779

(Concluded)

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 182	29.545-29.805 (USD:NTD)	$ 5,428
USD	97	7.756 (USD:HKD)	2,895
USD	180	6.097 (USD:RMB)	5,370
HKD	4,769	3.843 (HKD:NTD)	18,327
RMB	271	4.919 (RMB:NTD)	1,331
RMB	491	1.272 (RMB:HKD)	2,400
EUR	23	40.121-41.09 (EUR:NTD)	928
			$ 36,679
Financial liabilities			
Monetary items			
USD	660	29.805 (USD:NTD)	$ 19,686
USD	15	7.8 (USD:HKD)	440
USD	110	6.097 (USD:RMB)	3,282
EUR	11	10.69 (EUR:HKD)	452
NTD	7,035	0.26 (NTD:HKD)	7,035
NTD	3,127	0.206 (NTD:RMB)	3,127
			$ 34,022

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on results of operations by company. The reportable segments are as follows:

- Dynamic segment - the Company.
- Excelsior Beauty segment - Excelsior Beauty and Join Fun.
- Hong Kong Dynamic segment - Hong Kong Dynamic, Guangzhou Dynamic, Hong Kong Excelsior - Beauty and BeiJing Excelsior Beauty.

a. The following are the information of the reportable segments:

	Dynamic Segment	Excelsior Beauty Segment	Hong Kong Dynamic Segment	Adjustments and Eliminations	Consolidated
For the year ended December 31, 2014					
Revenues from external customers	$ 726,779	$ 116,864	$ 360,836	$ -	$ 1,204,479
Inter-segment revenues	189,702	160	212	(190,074)	-
Segment revenues	$ 916,481	$ 117,024	$ 361,048	$ (190,074)	$ 1,204,479
Interest income	$ 3,367	$ 3,976	$ 223	$ -	$ 7,566
Finance costs	$ 4,698	$ -	$ -	$ -	$ 4,698
Depreciation expenses	$ 26,120	$ 13,712	$ 11,166	$ (1,417)	$ 49,581
Amortization expenses	$ 2,751	$ 433	$ 201	$ (26)	$ 3,359
Other significant non-cash items					
Impairment losses on assets	$ (958)	$ -	$ -	$ -	$ (958)
Segment income (loss)	$ 127,581	$ 7,677	$ 17,154	$ (13,365)	$ 139,047
Unallocated amount					-
Profit before income tax					$ 139,047
For the year ended December 31, 2013					
Revenues from external customers	$ 582,424	$ 60,236	$ 255,765	$ -	$ 898,425
Inter-segment revenues	56,432	290	1,122	(57,844)	-
Segment revenues	$ 638,856	$ 60,526	$ 256,887	$ (57,844)	$ 898,425
Interest income	$ 5,635	$ 3,789	$ 283	$ (20)	$ 9,687
Finance costs	$ 7,520	$ -	$ 30	$ -	$ 7,550
Depreciation expenses	$ 29,783	$ 5,917	$ 10,953	$ -	$ 46,653
Amortization expenses	$ 3,073	$ 522	$ 160	$ -	$ 3,755
Other significant non-cash items					
Impairment losses on assets	$ 1,897	$ -	$ -	$ -	$ 1,897
Segment income (loss)	$ 51,924	$ (7,496)	$ (1,540)	$ 8,055	$ 50,943
Unallocated amount					-
Profit before income tax					$ 50,943

b. Revenue from major products and services

The Group mainly sells and leases laser medical equipment for beauty treatment and renders related workshop services, and has no other industrial segment.

c. Geographical information

The Group operates in three principal geographical areas - Taiwan, Hong Kong and Mainland China.

The Group's revenue 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 For the Year Ended December 31		Non-current Assets December 31	
	2014	2013	2014	2013
Taiwan	$ 843,643	$ 642,660	$ 88,323	$ 137,196
Hong Kong	255,107	91,786	7,971	9,970
Mainland China	105,729	163,979	13,746	13,467
	$ 1,204,479	$ 898,425	$ 110,040	$ 160,633

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

d. Information about major customers

No individual customer contributed more than 10% to the Group's revenue for the years ended December 31, 2014 and 2013.