Taiwan Fertilizer Co., Ltd. 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
Taiwan Fertilizer Co., Ltd.

We have audited the accompanying consolidated balance sheets of Taiwan Fertilizer Co., Ltd. (the "Corporation") and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

However, as stated in Note 4 to the consolidated financial statements, we did not audit the financial statements as of and for the years ended December 31, 2014 and 2013 of some consolidated subsidiaries. The total assets of these subsidiaries as of December 31, 2014 and 2013 were 0.10% (NT$68,957 thousand) and 0.25% (NT$165,326 thousand), respectively, of the total consolidated assets. The total comprehensive losses for 2014 and 2013 were 2.78% (NT$99,401 thousand) and 3.82% (NT$101,137 thousand), respectively, of total consolidated comprehensive income. As stated in Note 12, we also did not audit the financial statements of some investees, the investments in which were accounted for by the equity method. As of December 31, 2014 and 2013, the investments in these investees had amounted to NT$73,044 thousand and NT$170,907 thousand, respectively. The investment losses on these investees in 2014 and 2013 were NT$100,891 thousand and NT$105,405 thousand, respectively. The financial statements of the subsidiaries and the investees had been audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for all these investees and the information disclosed in Note 34, was based solely on the reports of the other auditors.

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 and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements of Taiwan Fertilizer Co., Ltd. and its subsidiaries referred to above present fairly, in all material respects, their consolidated financial position 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.

We have also audited, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the financial statements of the parent company, Taiwan Fertilizer Co., Ltd., as of and for the years ended December 31, 2014 and 2013, and expressed an unqualified opinion with an explanatory paragraph on the parent's financial statements.

Deloitte & Touche

March 27, 2015

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

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

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

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 610,560	1	$ 1,187,396	2
Available-for-sale financial assets - current (Notes 4 and 7)	-	-	351,614	-
Debt investment with no active market - current	22,993	-	64,829	-
Notes receivable	384,125	-	287,870	-
Accounts receivable (Notes 4 and 8)	3,513,547	5	2,022,035	3
Other receivables (Note 30)	1,205,603	2	356,715	1
Current tax assets (Notes 4 and 19)	409,086	1	94,988	-
Inventories (Notes 4 and 10)	2,203,885	3	2,215,720	3
Buildings and land held for sale (Notes 4 and 11)	1,459,774	2	1,126,977	2
Prepayments	704,754	1	566,351	1
Other	19,509	-	25,722	-
Total current assets	10,533,836	15	8,300,217	12
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4 and 7)	106,285	-	125,150	-
Financial assets carried at cost - noncurrent (Notes 4 and 9)	558,456	1	622,991	1
Debt investment with no active market - noncurrent (Note 31)	75,800	-	34,600	-
Investments accounted for by the equity method (Notes 4 and 12)	10,270,530	15	9,644,925	15
Property, plant and equipment (Notes 4, 13 and 31)	33,573,437	48	38,410,112	58
Investment properties (Notes 4 and 14)	12,816,433	18	7,129,257	11
Intangible assets (Notes 4 and 15)	484,830	1	496,880	1
Deferred tax assets (Notes 4 and 24)	314,662	-	307,144	-
Long-term receivables (Note 8)	378,250	-	-	-
Long-term prepayments for lease (Note 16)	1,357,172	2	1,427,783	2
Other noncurrent assets	27,246	-	29,541	-
Total non-current assets	59,963,101	85	58,228,383	88
TOTAL	$ 70,496,937	100	$ 66,528,600	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loan borrowings (Note 17)	$ 1,710,000	3	$ 162,000	-
Notes payable	11,239	-	23,716	-
Accounts payable (Note 30)	1,004,267	2	554,605	1
Other payables (Note 18)	1,212,648	2	570,764	1
Current tax liabilities (Notes 4 and 24)	67,450	-	71,685	-
Receipts in advance (Note 11)	1,647,953	2	2,062,314	3
Long-term liabilities - current portion (Notes 17 and 31)	140,000	-	2,555	-
Other	87,815	-	23,176	-
Total current liabilities	5,881,372	9	3,470,815	5
NONCURRENT LIABILITIES				
Long-term borrowings (Note 17)	790,000	1	-	-
Provisions - noncurrent (Notes 4 and 19)	910,976	1	2,228,068	4
Deferred tax liabilities (Notes 4 and 24)	7,151,048	10	6,696,136	10
Deferred revenue - noncurrent (Note 14)	2,781,006	4	2,855,952	4
Accrued pension liabilities (Notes 4 and 20)	418,961	1	364,801	1
Guarantee deposits received	170,959	-	138,456	-
Total non-current liabilities	12,222,950	17	12,283,413	19
Total liabilities	18,104,322	26	15,754,228	24
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 21)				
Capital stock	9,800,000	14	9,800,000	15
Capital surplus	2,234,334	3	2,234,334	3
Retained earnings				
Legal reserve	3,133,567	4	2,902,726	4
Special reserve	33,590,944	48	33,609,707	51
Unappropriated earnings	3,202,974	5	2,308,409	3
Total retained earnings	39,927,485	57	38,820,842	58
Other equity	430,796	-	(80,804)	-
Total equity	52,392,615	74	50,774,372	76
TOTAL	$ 70,496,937	100	$ 66,528,600	100

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

(With Deloitte & Touche audit report dated March 27, 2015)

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

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

	2014		2013	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4, 14, 22 and 30)	$ 17,510,273	100	$ 16,018,546	100
OPERATING COSTS (Notes 20, 22, 23 and 30)	14,597,642	84	13,771,349	86
GROSS PROFIT	2,912,631	16	2,247,197	14
OPERATING EXPENSES (Notes 20 and 23)				
Marketing	446,535	3	473,827	3
General and administrative	748,536	4	939,156	6
Research and development	57,610	-	46,042	-
Total operating expenses	1,252,681	7	1,459,025	9
OPERATING INCOME	1,659,950	9	788,172	5
NONOPERATING INCOME AND EXPENSES				
Share of profits of associates and joint ventures (Notes 4 and 12)	1,676,767	10	1,657,021	11
Other gains and losses (Note 23)	(485,451)	(3)	35,485	-
Other income (Note 23)	44,610	-	156,584	1
Finance costs	(48,623)	-	(5,520)	-
Total nonoperating income and expenses	1,187,303	7	1,843,570	12
INCOME BEFORE INCOME TAX	2,847,253	16	2,631,742	17
INCOME TAX INCOME (EXPENSE) (Notes 4 and 24)	221,093	1	(93,671)	(1)
NET INCOME	3,068,346	17	2,538,071	16
OTHER COMPREHENSIVE INCOME (LOSS)				
Share of other comprehensive income of associates and joint ventures	643,114	4	254,292	2
Unrealized loss on available-for-sale financial assets	(20,479)	-	(41,059)	-
Exchange differences arising on translation of foreign operations	188	-	(4,532)	-

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TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

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

	2014		2013	
	Amount	**%**	**Amount**	**%**
Actuarial (loss) gain on defined benefit plans	$ (2,052)	-	$ 10,106	-
Income tax expense related to components of other comprehensive income (Notes 4 and 24)	(110,874)	(1)	(112,508)	(1)
Other comprehensive income for the year, net of income tax	509,897	3	106,299	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,578,243	20	$ 2,644,370	17
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	$ 3,068,346	18	$ 2,538,071	16
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	$ 3,587,243	20	$ 2,644,370	17
EARNINGS PER SHARE (Note 25)				
Basic	$3.13		$2.59	
Diluted	$3.13		$2.59	

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

(With Deloitte & Touche audit report dated March 27, 2015) (Concluded

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Corporation								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Total Equity
BALANCE AT JANUARY 1, 2013	$ 9,800,000	$ 2,232,791	$ 2,568,829	$ 33,613,130	$ 2,738,424	$ (302,945)	$ 124,230	$ (178,715)	$ 50,774,459
Appropriation of the 2012 earnings									
Legal reserve	-	-	333,897	-	(333,897)	-	-	-	-
Cash dividends - NT$2.7 per share	-	-	-	-	(2,646,000)	-	-	-	(2,646,000)
Net income in 2013	-	-	-	-	2,538,071	-	-	-	2,538,071
Other comprehensive income in 2013, net of income tax	-	-	-	-	8,388	138,970	(41,059)	97,911	106,299
Total comprehensive income in 2013	-	-	-	-	2,546,459	138,970	(41,059)	97,911	2,644,370
Adjustment to capital surplus due to nonproportional investment in an investee's shares issued for a capital increase	-	1,543	-	-	-	-	-	-	1,543
Reversal of special reserve due to sale of land	-	-	-	(3,423)	3,423	-	-	-	-
BALANCE AT DECEMBER 31, 2013	9,800,000	2,234,334	2,902,726	33,609,707	2,308,409	(163,975)	83,171	(80,804)	50,774,372
Appropriation of the 2013 earnings									
Legal reserve	-	-	230,841	-	(230,841)	-	-	-	-
Cash dividends - NT$2.0 per share	-	-	-	-	(1,960,000)	-	-	-	(1,960,000)
Net income in 2014	-	-	-	-	3,068,346	-	-	-	3,068,346
Other comprehensive income in 2014, net of income tax	-	-	-	-	(1,703)	532,079	(20,479)	511,600	509,897
Total comprehensive income in 2014	-	-	-	-	3,066,643	532,079	(20,479)	511,600	3,578,243
Reversal of special reserve due to sale of land	-	-	-	(18,763)	18,763	-	-	-	-
BALANCE AT DECEMBER 31, 2014	$ 9,800,000	$ 2,234,334	$ 3,133,567	$ 33,590,944	$ 3,202,974	$ 368,104	$ 62,692	$ 430,796	$ 52,392,615

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

(With Deloitte & Touche audit report dated March 27, 2015)

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

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

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,847,253	$ 2,631,742
Adjustments for:		
Share of profits of associates and joint ventures	(1,676,767)	(1,657,021)
Depreciation expenses	582,521	289,582
Donation expenses	421,575	209,440
Amortization expenses (amortization of prepayments for lease included)	92,909	86,449
Impairment loss recognized on financial assets	49,510	83,164
Finance costs	48,623	5,520
Dividend income	(23,214)	(21,585)
Net gain on foreign currency exchange	(18,037)	(5,429)
Reversal of write-downs of inventories	(20,000)	(22,113)
Loss (gain) on disposal of investments	9,409	(20,944)
Loss on disposal of property, plant and equipment	7,639	3,253
Loss (gain) on disposal of investment properties	2,675	(746)
Interest income	(2,428)	(15,348)
Gain on the remeasurement of previously held equity interest in the acquiree	-	(336,331)
Provision for doubtful accounts	-	18,186
Changes in operating assets and liabilities		
Notes receivable	(96,255)	(44,037)
Accounts receivable	(1,471,728)	1,180,837
Other receivables	(165,233)	77,576
Inventories	31,835	1,203,200
Buildings and land held for sale	456,707	(426,039)
Prepayments	(1,156,150)	301,885
Other current assets	6,185	7,553
Long-term receivables	(378,250)	-
Notes payable	(12,954)	4,493
Accounts payable	(197,777)	179,149
Other payables	(55,308)	(126,663)
Receipts in advance	(414,361)	(9,017)
Other current liabilities	64,639	(16,304)
Accrued pension liabilities	52,108	32,567
Deferred revenue	(74,946)	(54,524)
Cash (used in) generated from operations	(1,089,820)	3,558,495
Interest received	2,385	15,383
Dividend received	621,474	1,553,969
Interest paid	(11,814)	(5,683)
Income tax paid	(126,481)	(619,397)
Cash (used in) generated from operating activities	(604,256)	4,502,767

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TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

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

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	$ (719,454)	$ (1,226,904)
Proceeds of the sale of available-for-sale financial assets	562,675	3,485,287
Purchase of available-for-sale financial assets	(213,990)	(3,212,039)
Purchase of investment properties	(171,045)	(43,895)
Proceeds of the disposal of property, plant and equipment	18,460	9,898
Return of capital on financial assets carried at cost	18,000	-
Purchase of financial assets measured at cost	(15,000)	(100,000)
Purchase of intangible assets	(10,248)	(14,293)
Proceeds of the disposal of financial assets carried at cost	3,931	3,589
Decrease in refundable deposits	2,295	35,350
Decrease (increase) in debt investments with no active market	636	(24,567)
Net cash outflow on acquisition of subsidiaries	-	(373,963)
Increase in investments accounted for by the equity method	-	(28,505)
Proceeds of the disposal of investment properties	-	746
Net cash used in investing activities	(523,740)	(1,489,296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(1,960,000)	(2,646,000)
Increase in short-term borrowings	1,545,445	82,000
Proceeds from long-term borrowings	1,000,000	-
Repayment of long-term borrowings	(70,000)	(167,177)
Increase in guarantee deposits received	32,503	32,443
Net cash generated from (used in) financing activities	547,948	(2,698,734)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	3,212	1,641
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(576,836)	316,378
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,187,396	871,018
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 610,560	$ 1,187,396

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

(With Deloitte & Touche audit report dated March 27, 2015) (Concluded)

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taiwan Fertilizer Co., Ltd. (the "Corporation") was incorporated in May 1946. It manufactures and sells inorganic and organic fertilizers and other chemical products. The Corporation also constructs and leases real estate.

The Corporation's stock has been listed on the Taiwan Stock Exchange since March 24, 1998.

The functional currency of the Corporation is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 27, 2015.

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

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

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

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods 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
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013

(Continued)

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

(Concluded)

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

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

1) IFRS 13 "Fair Value Measurement"

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

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

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

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

The Group will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and the share of the remeasurements of defined benefit plans of associates and joint ventures accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates and joint ventures accounted for using the equity method. Items expected to be reclassified to profit or loss for 2014 are an unrealized loss of $20,479 thousand on available-for-sale financial assets; the exchange differences of $1,706 thousand on translating foreign operations; and a share, amounting to $533,785 thousand, of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates and joint ventures accounted for using the equity method.

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

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the 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 the 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.

The impairment of financial assets

IFRS 9 requires the recognition of impairment loss on financial assets 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," and 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. For trade receivables with no significant financing component, there should be a loss allowance throughout the lives of the receivables.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition, and these losses should be discounted using the credit-adjusted effective interest rate. Subsequently, any changes from the initial expected credit losses are recognized as a loss allowance, with the gain or loss recognized immediately 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 the current and previous measurements of the recoverable amount if fair value less costs of disposal is measured using a present value technique.

Except for the above impact, as of the date the accompanying consolidated financial statements had been authorized for issue, the Group was continuing to assess the possible impact that the application of other standards and interpretations would have on the Group's financial position and financial performance, and will disclose the impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

a. Principles for preparing consolidated financial statements

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

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

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

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

b. Subsidiary included in consolidated financial statements

			% of Ownership	
			December 31	
Investor	**Investee**	**Main Business**	**2014**	**2013**
The Corporation	Taifer Chemicals International Inc.	International trade, wholesale of fertilizer, real estate rental or leasing and gas station	100	100
	Taifer Biotech Co., Ltd.	Wholesale and retail sale of cosmetics and biotechnology services	100	100
	Taifer (Cayman) International Group Co., Ltd.	Investment and holding	100	100
	Taiwan Yes Deep Ocean Water Co., Ltd.	Wholesale of drinks, food and grocery	100	100
Taiwan Yes Deep Ocean Water Co., Ltd.	Hasbo Biotech Co., Ltd.	Wholesale of Nonalcoholic Beverages and Cosmetics	100	100
Taifer Chemicals International Inc.	Taifer International (Samoa) Group Co., Ltd.	Investment and holding	100	100
Taifer International (Samoa) Group Co., Ltd.	Taifer Chemical International Co., Ltd.	Real estate rental and leasing	100	100

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

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary 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. Nonmonetary items that are measured at historical cost in foreign currencies are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items shall be recognised in profit or loss in the period in which they arise.

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, if any, are recognized in other comprehensive income.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be realized or sold within one year from the end of the reporting period. Assets that are not classified as current such as property, plant and equipments, investment properties and intangible assets are classified as noncurrent assets. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Liabilities that are not classified as current are noncurrent liabilities.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories consist of raw materials, supplies, finished goods, merchandise and buildings and land held for sale 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 stated at weighted-average cost.

Investments Accounted for Using Equity Method

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. Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group accounted for associates and jointly controlled entities by using the equity method. Under the equity method, investments in associates and jointly controlled entities are initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associates and jointly controlled entities as well as the distribution received. The Group also recognized its share in the changes in the equity of associates and jointly controlled entities.

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.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss. Major additions and improvements to properties are capitalized, while costs of repairs and maintenance are expensed currently.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at least once at the end of each reporting period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. 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.

Leases

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use which is regarded as held for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

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

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

a. Financial assets

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

Financial assets are classified into the following categories: Available-for-sale financial assets and loans and receivables.

1) Available-for-sale financial assets

Available-for-sale financial assets are nonderivatives 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.

Stocks held by the Group that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period.

Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other 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.

Available-for-sale equity investments 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 investments are 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 carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

2) Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalents, notes and accounts receivable and other receivables are measured at amortized cost using the effective interest method, less any impairment, except for those loans and receivables with immaterial discounted effect.

3) Impairment of financial assets

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

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

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

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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 are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

4) Derecognition of financial assets

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

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

b. Financial liabilities

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

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. 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.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Revenue Recognition

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

a. Sale of goods

Revenue from the sale of goods is recognized at which time all the following conditions are satisfied:

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

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

3) The amount of revenue can be measured reliably;

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

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

Income from properties developed for sale is recognized when construction is complete, rewards of ownership of the properties are transferred to buyers, and collectability of the related receivables is reasonably assured. Installment payments are carried in the consolidated balance sheets under current liabilities.

Revenue from sales of goods is recognized when the Group has transferred to the buyer the significant risks and rewards of the ownership of the goods.

b. Dividend and interest income

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

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

Retirement Benefits

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.

Taxation

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

a. Current tax

   Income tax on unappropriated earnings at a rate of 10% is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

c. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are 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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. In the process of evaluating the potential impairment, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of the Group's industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years. As of December 31, 2014 and 2013, there were $47,873,385 thousand and $47,105,545 thousand including in the carrying amounts of tangible and intangible assets other than goodwill, respectively.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2014, the carrying amount of goodwill was $358,487 thousand on which there had been no impairment loss recognized.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	$ 4,232	$ 3,331
Checking accounts and demand deposits	606,328	1,184,065
	$ 610,560	$ 1,187,396

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

	December 31	
	2014	2013
Bank balance	0.02%-0.33%	0.02%-0.17%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Domestic listed shares	$ 106,285	$ 125,150
Mutual funds	-	351,614
	$ 106,285	$ 476,764
Current	$ -	$ 351,614
Noncurrent	106,285	125,150
	$ 106,285	$ 476,764

8. ACCOUNTS RECEIVABLE

	December 31	
	2014	2013
Accounts receivable - sales of goods	$ 1,115,997	$ 2,042,917
Real estate receivable	2,796,682	-
Less: Allowance for impairment loss	(20,882)	(20,882)
	$ 3,891,797	$ 2,022,035
Accounts receivable	$ 3,513,547	$ 2,022,035
Long-term receivable	378,250	-
	$ 3,891,797	$ 2,022,035

The average credit period on sales of goods was 30-120 days. Allowance for impairment loss were based on estimated irrecoverable amounts determined by reference to aging analysis, past default experience of the counterparties and an analysis of their current financial position.

Except for those impaired, for the accounts receivable 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 Group did not hold any collateral or other credit enhancements for these balances.

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

	December 31	
	2014	**2013**
Past due 1-30 days	$ 3,428	$ 139,877
Past due 31-60 days	223	133,336
Past due over 61 days	111	212,545
	$ 3,762	$ 485,758

As of December 31, 2014, real estate receivables amounted to $2,769,682 thousand, including the long-term receivable from sales on installment, amounting to $378,250 thousand. Expected recovery of these long-term receivables is at these amounts: $182,716 thousand in 2015; $98,737 thousand in 2016; and $96,797 thousand in 2017.

On a certain sold real estate for which there are receivables, the Group had a secondary priority mortgage amounting to $571,600 thousand.

9. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2014	**2013**
Noncurrent		
Domestic unlisted shares		
Eminent II VC Corp.	$ 200,000	$ 200,000
Top Taiwan V Venture Capital Co., Ltd.	120,000	120,000
Eminent Venture Capital Corporation	100,000	100,000
Taiwan Stock Exchange Corporation	52,800	52,800
TSCBio Ventures Capital Co.	42,000	60,000
Visgeneer Inc.	20,989	20,989
Green Cellulosity Corporation	15,000	-
TaiAn Technologies Corporation	7,667	7,667
VIBO Telecom Inc.	-	61,535
	$ 558,456	$ 622,991
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 558,456	$ 622,991

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

On March 25, 2014, VIBO Telecom Inc. reduced its capital to decrease its loss; the Corporation thus recognized an impairment loss of $49,510 thousand based on the percentage of its ownership of VIBO Telecom Inc.

The Corporation sold its entire holding of VIBO Telecom Inc.'s shares in the second quarter of 2014 and recognized a disposal loss of $8,094 thousand.

In October 2014, TSCBio Ventures Capital Co. ("TSCBio") reduced its capital, and the Corporation received $18,000 thousand as capital return; the percentage of the Corporation's ownership of TSCBio remained the same despite this capital reduction.

10. INVENTORIES

	December 31	
	2014	2013
Raw materials	$ 1,423,710	$ 1,555,062
Finished goods	773,452	651,365
Merchandise	6,723	9,293
	$ 2,203,885	$ 2,215,720

The costs of inventories recognized as cost of goods sold were $12,961,560 thousand for 2014 and $13,395,679 thousand for 2013.

The cost of inventories recognized as cost of goods sold for 2014 and 2013 included a reversal of inventory write-downs amounting to $20,000 thousand and $22,113 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in chemical product markets.

11. BUILDINGS AND LAND HELD FOR SALE/RECEIPTS IN ADVANCE

	December 31	
	2014	2013
Buildings and land held for sale		
Nangang R5 Residential Project	$ 1,453,770	$ 1,122,046
Others	6,004	4,931
	$ 1,459,774	$ 1,126,977
Receipts in Advance		
Nangang R5 Residential Project	$ 1,580,199	$ 2,005,656

Buildings and land held for sale mainly referred to investment in and development of residential-commercial complexes on self-owned lots.

Nangang R5 Residential Project

The Corporation and seven other landlords (Gu-Ji Chen and others) signed a cooperative construction contract. The Corporation's Lot Nos. 66-1 and 68-2, with a combined area of 2,039.69 pings and a book value of $818,790 thousand, and the other landlords' adjacent Lot Nos. 66-2 and 68-3, with a combined area of 514.38 pings, would be developed into a residential-commercial housing complex and then sold for a joint commission. The construction site totaled 2,554.08 pings. Three parties would cofinance the project in accordance with the percentage of the land area each owned (the Corporation - 79.8605%, Chen - 12.7725%, and Du - 7.3670%). One bank would provide additional capital financing and real estate trust to the parties.

As of December 31, 2014, the land had been transferred to 45 of the buyers, and the Corporation recognized property revenues of $4,023,449 thousand and related costs of $1,047,992 thousand.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2014	2013
Investments in associates	$ 10,201,637	$ 9,479,659
Investments in jointly controlled entities	68,893	165,266
	$ 10,270,530	$ 9,644,925

a. Investment in associates

	December 31	
	2014	2013
Unlisted companies		
Al-Jubail Fertilizer Company (“Al-Jubail”)	$ 10,197,486	$ 9,474,018
Bion Tech Inc.	4,151	5,641
	$ 10,201,637	$ 9,479,659

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	December 31	
Name of Associate	2014	2013
Unlisted companies		
Al-Jubail	50.00%	50.00%
Bion Tech Inc.	22.42%	22.42%

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

	December 31	
	2014	2013
Total assets	$ 24,930,444	$ 22,483,117
Total liabilities	$ 1,745,186	$ 1,484,490

	For the Year Ended December 31	
	2014	2013
Revenue for the year	$ 12,947,238	$ 12,488,006
Profit for the year	$ 3,972,564	$ 4,386,213
Other comprehensive income for the year	$ -	$ -
The Corporation’s share of profits and other comprehensive income of associates	$ 1,776,169	$ 1,758,158

b. Investments in jointly controlled entities

	December 31	
	2014	2013
TR Electronic Chemical Co., Ltd.	$ 68,893	$ 165,266

As the end of the reporting period, the proportion of ownership and voting rights in jointly controlled entities held by the Group were as follows:

	December 31	
Name of Jointly Controlled Entities	2014	2013
TR Electronic Chemical Co., Ltd.	51.00%	51.00%

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

	December 31	
	2014	2013
Current assets	$ 80,663	$ 100,909
Noncurrent assets	$ 507,624	$ 493,370
Current liabilities	$ 517,284	$ 428,004

	For the Year Ended December 31	
	2014	2013
Income recognized in profit or loss		
Profit	$ 45,562	$ 14,275
Loss	$ (144,963)	$ (115,413)
Other comprehensive income	$ -	$ -

c. On March 31, 2011, under the authorization of the Investment Commission of the Ministry of Economic Affairs, the Corporation established TR Electronic Chemical Co., Ltd. (TREC) in the Cayman Islands through a subsidiary, Taifer (Cayman) International Group Co., Ltd. TREC then invested in TR Electronic Chemical (Kunshan) Co., Ltd. (TREC-K), which enabled the Corporation to have a 51% indirect interest in TREC-K. TREC-K manufactures and sells electronic chemicals. Later, under a joint venture agreement between the Corporation and Shiung-Shing Chemical International Trade Corp. ("Shiung-Shing"), another TREC shareholder, Shiung-Shing assigned a manager to handle TREC's daily business and management. Thus, the Corporation had no control over TREC and TREC-K. As of December 31, 2014, the Corporation investment in TREC-K through TREC was US$10,965 thousand.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Cost							
Balance at January 1, 2013	$ 27,414,048	$ 1,511,159	$ 2,632,148	$ 63,900	$ 63,235	$ 9,306,544	$ 40,991,034
Additions	81,587	179,461	13,599	5,431	3,199	943,628	1,226,905
Disposals	(1,448)	(18,778)	(220,837)	(2,381)	(2,977)	-	(246,421)
Acquisitions through business combinations	-	199,016	601,447	925	19,846	11,429	832,663
Decommissioning liabilities accrued	-	-	-	-	156,614	-	156,614

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Effect of foreign currency exchange differences	$ -	$ (17,353)	$ 603	$ -	$ (2,426)	$ -	$ (19,176)
Transfer from completion	-	1,253,736	5,160,377	7,273	65,073	(7,952,932)	(1,466,473)
Balance at December 31, 2013	27,494,187	3,107,241	8,187,337	75,148	302,564	2,308,669	41,475,146
Accumulated depreciation and impairment							
Balance at January 1, 2013	-	(688,594)	(1,964,729)	(42,856)	(38,728)	-	(2,734,907)
Disposals	-	18,232	211,086	2,188	1,763	-	233,269
Depreciation expense	-	(56,920)	(218,975)	(5,950)	(7,721)	-	(289,566)
Acquisitions through business combinations	-	(39,630)	(234,271)	(659)	(14,936)	-	(289,496)
Effect of foreign currency exchange differences	-	3,057	(428)	-	2,097	-	4,726
Transfer from completion	-	-	1,533	2,192	7,215	-	10,940
Balance at December 31, 2013	-	(763,855)	(2,205,784)	(45,085)	(50,310)	-	(3,065,034)
Carrying amounts at December 31, 2013	$ 27,494,187	$ 2,343,386	$ 5,981,553	$ 30,063	$ 252,254	$ 2,308,669	$ 38,410,112
Cost							
Balance at January 1, 2014	$ 27,494,187	$ 3,107,241	$ 8,187,337	$ 75,148	$ 302,564	$ 2,308,669	$ 41,475,146
Additions	-	22,278	266,315	3,298	15,276	918,385	1,225,552
Disposals	-	(34,914)	(593,411)	(2,350)	(5,786)	-	(636,461)
Transfer to investment property	(5,480,245)	-	-	-	-	(38,570)	(5,518,815)
Decommissioning liabilities accrued	-	-	-	-	67,033	-	67,033
Effect of foreign currency exchange difference	-	(1,649)	(45)	-	1,802	-	108
Transfer from completion	-	797,873	1,584,370	(6,670)	62	(2,498,010)	(122,375)
Balance at December 31, 2014	22,013,942	3,890,829	9,444,566	69,426	380,951	690,474	36,490,188
Accumulated depreciation and impairment							
Balance at January 1, 2014	-	(763,855)	(2,205,784)	(45,085)	(50,310)	-	(3,065,034)
Disposals	-	34,096	568,656	2,032	5,608	-	610,362
Depreciation expense	-	(94,186)	(459,963)	(5,669)	(22,694)	-	(582,512)
Effect of foreign currency exchange difference	-	467	38	-	(1,858)	-	(1,353)
Transfer from completion	-	-	120,400	1,239	147	-	121,786
Balance at December 31, 2014	-	(823,478)	(1,976,683)	(47,483)	(69,107)	-	(2,916,751)
Carrying amounts at December 31, 2014	$ 22,013,942	$ 3,067,351	$ 7,467,883	$ 21,943	$ 311,844	$ 690,474	$ 33,573,437

(Concluded)

The following property, plant and equipment were depreciated on a straight-line basis over their useful lives:

Building: Leasehold improvements and others	3-15 years
Building: Buildings, warehouses, storage sheds	16-60 years
Equipment: Production equipment	3-15 years
Equipment: Storage tank, power transmission system, etc.	16-40 years
Transportation equipment	3-15 years
Other equipment	3-15 years

14. INVESTMENT PROPERTIES

	Completed Investment Property	Investment Property Under Construction	Undeveloped Investment Property	Total
Cost				
Balance at January 1, 2013	$ 4,201,469	$ 409,128	$ 3,135,637	$ 7,746,234
Additions	326	43,569	-	43,895
Disposals	-	-	(746)	(746)
Reclassification	-	-	(5,164)	(5,164)
Balance at December 31, 2013	4,201,795	452,697	3,129,727	7,784,219

(Continued)

	Completed Investment Property	Investment Property Under Construction	Undeveloped Investment Property	Total
Accumulated depreciation and impairment				
Balance at January 1, 2013	$ -	$ -	$ (655,692)	$ (655,692)
Depreciation expense	-	-	(16)	(16)
Disposals	-	-	746	746
Balance at December 31, 2013	-	-	(654,962)	(654,962)
Carrying amounts at January 1, 2013	$ 4,201,469	$ 409,128	$ 2,479,945	$ 7,090,542
Carrying amounts at December 31, 2013	$ 4,201,795	$ 452,697	$ 2,474,765	$ 7,129,257
Cost				
Balance at January 1, 2014	$ 4,201,795	$ 452,697	$ 3,129,727	$ 7,784,219
Additions	-	171,045	-	171,045
Disposals	-	-	(47,444)	(47,444)
Reclassification	-	4,428,857	1,089,958	5,518,815
Balance at December 31, 2014	4,201,795	5,052,599	4,172,241	13,426,635
Accumulated depreciation and impairment				
Balance at January 1, 2014	-	-	(654,962)	(654,962)
Disposals	-	-	44,769	44,769
Depreciation expense	-	-	(9)	(9)
Balance at December 31, 2014	-	-	(610,202)	(610,202)
Carrying amounts at December 31, 2014	$ 4,201,795	$ 5,052,590	$ 3,562,039	$ 12,816,433

(Concluded)

The Group pledged land use rights on its completed investment property with an area of 30,692 square meters located in C6/C7/C8/C9 in the Nangang Economic and Trade Park. The main provisions of the contract on the pledging of land use rights were as follows:

a. Land use rights are for 50 years from the date of registration of these rights. When these rights expire or the contract is terminated, the pledgee should cancel its registration for the land use rights and transfer to the Group all the land improvements (including the main building, attached building, parking space and all other attached facilities and improvements such as air-conditioning, and utility fixtures).

b. The land use rights (accounted for as deferred income-noncurrent) amounted to $3,200,889 thousand, which has been treated as royalty revenue (accounted for as operating revenue) amortizable over 50 years from June 13, 2006. As of December 31, 2014 and 2013, the unamortized balances of the land used rights under above mentioned contract were $2,654,270 thousand and $2,718,088 thousand, respectively.

c. In addition to the land use right, the annual rental payable by the pledgee is 8% of the reference land price announced by the local government, with the calculation starting from the contract date. When the reference land price is adjusted, the annual rental will be revised at the percentage the same as that set on the date of the reference price adjustment. The annual rentals in 2014 and 2013 were both $216,781 thousand.

d. The pledgee should not transfer the land use rights or the ownership of leasehold improvements to a third party. Also prohibited are the placing of the land rights under a trust and the use of the rights as collateral.

e. The pledgee should not pledge liabilities on land use rights and improvements to a third party.

The fair value of the Group's completed investment property (land located in C6/C7/C8/C9) as of December 31, 2014 and 2013 were $23,489,684 thousand and $22,746,927 thousand, respectively, which was based on a valuation by a qualified independent professional appraiser on April 25, 2014 and 2013. As of December 31, 2014, the Group noted there was no significant change in fair value after the valuation. The valuation was arrived at by reference to market evidence of transaction prices for similar property.

Investment properties under construction are located in Hsinchu City and Hualien City and included land for "C2 Tourist Hotel Project" (C2) at the Nangang Economic and Trade Park. The fair value of C2 as of December 31, 2014 was $17,839,404 thousand, which was determined by the Group's management by reference to the fair value of similar properties in the vicinity of the Group's investment properties.

The C2 bidding project was won by the Grand Hi-Lai Hotel Co., Ltd. and the Caesar Park Hotel Co., Ltd., which both signed a front-end agreement (FEA) on December 31, 2013; both parties (or the "Hotels") will sign a lease agreement under this FEA.

The main terms of the FEA were as follows:

a. The Group is responsible for the construction of the lease premises (the "Premises"), and the Hotels should assist the Group in construction-related matters. The Group will shoulder the construction cost. Both parties are responsible for the completion of the premises in six years after signing the FEA (the tentative project completion is set for October 8, 2019).

b. The lease contract is for 20 years from the start of the lease contract, and the lessee has the first option to extend the lease for another 10 years. Upon expiry or termination of this lease agreement, the lessee should turn over the Premises as is to the Corporation.

c. The lessee should pay monthly rentals, calculated at the higher of the guaranteed rentals or revenue-based rentals payable to the Group from the Premises opening date. The guaranteed rental will be increased 1% each year, and the revenue-based rentals are 16% of the gross revenue of the hotel each month.

d. Under this FEA and lease agreement, the lessee should not assign and transfer any of its rights or obligation to a third party.

As of December 31, 2014, the Group had applied for the document review of the urban design to the authorities, and land development will continue upon the authorities' approval of the documents.

The undeveloped investment properties are mainly located in C3 of the Nangang Economic and Trade Park. The fair value of C3 as of December 31, 2014 was $31,789,044 thousand, as determined by the Group's management by reference to the fair value of similar properties in the vicinity of the Group's investment properties.

The other investment properties held by the Group are mainly located in different industrial zones. They have no quoted prices in an active market and there was no alternative basis for estimating their fair values. Thus, the fair values of the investment properties were not reliably determinable.

15. INTANGIBLE ASSETS

	Patents	Computer Software	Trademark	Goodwill	Total
Cost					
Balance at January 1, 2013	$ 28,010	$ 88,856	$ -	$ -	$ 116,866
Additions	1,000	13,293	-	-	14,293
Acquisitions through business combinations	-	507	84,900	358,487	443,894
Balance at December 31, 2013	29,010	102,656	84,900	358,487	575,053
Accumulated amortization and impairment					
Balance at January 1, 2013	(19,148)	(45,275)	-	-	(64,423)
Amortization expense	(3,047)	(10,703)	-	-	(13,750)
Balance at December 31, 2013	(22,195)	(55,978)	-	-	(78,173)
Carrying amounts at December 31, 2013	$ 6,815	$ 46,678	$ 84,900	$ 358,487	$ 496,880
Cost					
Balance at January 1, 2014	$ 29,010	$ 102,656	$ 84,900	$ 358,487	$ 575,053
Additions	-	10,248	-	-	10,248
Disposals	-	(433)	-	-	(433)
Balance at December 31, 2014	29,010	112,471	84,900	358,487	584,868
Accumulated amortization and impairment					
Balance at January 1, 2014	(22,195)	(55,978)	-	-	(78,173)
Amortization expense	(3,047)	(19,251)	-	-	(22,298)
Disposals	-	433	-	-	433
Balance at December 31, 2014	(25,242)	(74,796)	-	-	(100,038)
Carrying amounts at December 31, 2014	$ 3,768	$ 37,675	$ 84,900	$ 358,487	$ 484,830

a. The above items of intangible assets with finite useful lives were depreciated on a straight-line basis over the estimated useful life of the asset:

Patents	5-10 years
Computer software	1-5 years

b. The Group acquired trademark and goodwill were acquired through the acquisition of an additional 50% equity in Taiwan Yes Deep Ocean Water Co., Ltd. ("Taiwan Yes", please refer to Note 26). As of December 31, 2014 and 2013, the Group had conducted an impairment test on Taiwan Yes and its subsidiaries, which were considered as a cash-generating unit. The recoverable amount of this cash-generating unit was determined through a value in use calculation which uses cash flow projections based on financial budgets approved by management, and an annual discount rate of 2% and 2.06% per annum for the years ended December 31, 2014 and 2013, respectively. Management believed that any reasonably possible change in the key assumptions on which the recoverable amount was based would not cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

16. LONG-TERM PREPAYMENT FOR LEASE

	December 31	
	2014	2013
Land	$ 1,357,172	$ 1,427,783

On October 31, 2006, the Corporation leased from the Taichung Harbor Bureau, the Ministry of Transportation and Communications ("THB") a 247.298-square meter lot in a special petrochemical industry zone in Taichung to develop wharf areas, called wests 8 and 9, and construct warehouse facilities and public roads. In April 2007, the Corporation informed THB that an inspection showed the area of the land as stated in the lease contract was the same as that to be actually used by the Corporation; thus, the Corporation signed the contract. The main provisions of the lease agreement were as follows:

a. The lease term for the land in a special industrial zone is 20 years, and the agreement is renewable until the total lease reaches 50 years. The ownership of the real estate and its improvements constructed with the Corporation's capital belongs to the Corporation. In principle, the Corporation will return the land to the government on the agreement expiry or upon early termination of the lease agreement.

b. As mentioned above, the Corporation has leased land and developed wests 8 and 9 of the wharf area and constructed warehouse facilities and public roads on behalf of THB. The Corporation used its capital expenses for the construction as rentals in advance. However, once the lease term ends or the agreement is early terminated, all the titles to the facilities and improvements on the leased land should be transferred to THB.

The Corporation uses its expenditures of $1,500,481 thousand for the construction of wests 8 and 9 of Taichung Harbor as rentals until March 20, 2034. The construction had been completed in 2012, and the expenditures were accounted for as long-term prepayments for lease, which should be amortized over its rent-free periods.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2014	2013
Unsecured borrowings		
Fixed rate bank loans	$ 1,710,000	$ 162,000

The effective interest rates for bank loans were from 1.05% to 1.5% and from 1.35% to 2.06% per annum as of December 31, 2014 and 2013, respectively.

b. Long-term borrowings

	December 31	
	2014	2013
Secured borrowings		
Floating rate bank loans	$ 930,000	$ 1,994
Unsecured borrowings	-	561
Floating rate bank borrowings		
Less: Current portion	140,000	2,555
	$ 790,000	$ -

	December 31	
	2014	2013
Interest rate	1.48%	2.00%-2.51%
Maturity date	2018.03.18	2014.03.19

On June 18, 2010, the Corporation signed a syndicated loan agreement with Mega International Commercial Bank and nine other financial institutions to pay for the construction of a factory in Taichung. The Corporation could borrow up to NT$8.4 billion under this loan agreement. The tern of this borrowing is 7 years and have to repay the first installment after 3.5 year. The Corporation also has to pay 7% of the principal for each of first to the seventh installments, and the remaining 51% of the principal has to be repaid on the 8th installment. In September 2014, the Corporation reduced the credit line to NT$1 billion. Under the syndicated loan rule, throughout the loan term, the Corporation's consolidated financial statements should show a current ratio at a minimum of at least 100%, debt ratio less than 100%, and interest coverage ratio at a minimum of 300%, with the tangible assets having a carrying amount of at least NT$40 billion. If the Corporation fails to meet any of the above financial ratio and tangible asset requirements, the Corporation must issue shares or carry out other remedial measures within six months after the approval of the issue date of the consolidated financial statements.

Also under the syndicated loan rule, the Corporation should provide buildings, equipment, and related ancillary facilities of the Taichung factory as collateral and should complete the factory's mortgage registration by June 18, 2015.

Please refer to Note 31 for the borrowings pledged or mortgaged as collaterals.

18. OTHER PAYABLES

	December 31	
	2014	2013
Payable for purchase of equipment	$ 506,098	$ 11,275
Salaries and bonus	170,111	238,529
Payable for land value increment tax	154,762	-
Employees' bonus and remuneration to directors and supervisors	113,474	103,158
Payable for construction	52,149	32,814
Interest Payable	35,791	-
Utilities payable	23,784	29,049
Payable for annual leave	21,926	21,926
Payable for taxation	11,661	9,243
Others	122,892	124,770
	$ 1,212,648	$ 570,764

19. PROVISIONS-NONCURRENT

	December 31	
	2014	2013
Income tax provisions	$ 648,958	$ 2,033,084
Decommissioning liabilities	223,648	156,614
Others	38,370	38,370
	$ 910,976	$ 2,228,068

Income Tax Provisions

On the Corporation's income tax return for 2008, the tax authorities said that the offshore income tax the Corporation paid on its investment in Al-Jubail could not be deducted from the ROC enterprise income tax levied on domestic and foreign-source income. Thus, after examining the Corporation's returns, the tax authorities determined that the Corporation had to pay $2,033,084 thousand on its 2005 to 2009 returns. The Corporation disagreed with the tax authorities' ruling on these returns and thus filed appeals with the Ministry of Finance (MOF) on the returns of 2005, 2006, and 2008 in July 2012, October 2012 and November 2012, respectively. Nevertheless, the Corporation paid $391,738 thousand, half of the authorities' assessment amount on the 2005, 2006 and 2008 returns. During February and March 2013, the Ministry of Finance dismissed all the above appeals. In April 2013, the Corporation made a reappeal. In July 2013, the Taipei High Administrative Court decided against the income tax return for 2005 of the reappeal. In August 2013, the Corporation filed an appeal with the Supreme Administrative Court. In December 2013, the Supreme Administrative Court dismissed the judgment made by the Taipei High Administrative Court and remanded the case to the Taipei High Administrative Court. In addition, the Corporation applied for the reexamination of the returns of 2007 and 2009 in December 2013. The Corporation paid $626,627 thousand, half of the authorities' assessment amount, on its 2005, 2006 and 2008 returns. Nevertheless, under the principle of conservatism, the Corporation accrued $2,033,084 thousand based on the authorities' assessment and classified this amount under other liabilities.

In December 2014, the Corporation and the tax authorities reached a settlement, which included the dismissal of the tax administrative relief on the 2005, 2006 and 2008 returns.

In January 2015, the Corporation received the decision on its appeal on the 2007 and 2009 returns. The tax authorities agreed that the offshore income tax paid by the Corporation can be deducted from the dividend income distributed by Al-Jubail. Thus, the Corporation recognized an income tax benefit of $365,761 thousand based on the decreased tax amount agreed upon by both the authorities and the Corporation.

The Corporation also applied for tax return corrections on its 2010 to 2013 returns based on the dividend income calculation method agreed to by the tax authorities; thus, the decrease of $314,084 thousand in tax amount was recorded under current tax assets.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Taifer Chemicals International Inc., Taifer Biotech Co., Ltd., Taiwan Yes Deep Ocean Water Co., Ltd. and Hasbo Biotech Co., Ltd. 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.

Accordingly, the Group recognized expenses of $14,662 thousand and $11,087 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2014 and 2013, respectively.

b. Defined benefit plans

The Corporation 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 Corporation contributes amounts equal to 9% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with 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 rate	1.50%	1.50%
Expected rate of salary increase	1.00%	1.00%
Expected return on plan assets	1.75%	1.75%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

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

	For the Year Ended December 31	
	2014	**2013**
Current service cost	$ 42,918	$ 58,752
Interest cost	11,040	9,423
Expected return on plan assets	(6,779)	(7,499)
Losses arising from curtailment or settlement	164,928	35,595
	$ 212,107	$ 96,271
An analysis by function		
Operating cost	$ 178,588	$ 48,842
Operating expenses	33,519	47,429
	$ 212,107	$ 96,271

Actuarial gains and losses (net of tax) recognized in other comprehensive income for the years ended December 31, 2014 and 2013 were loss of $1,703 thousand and gains of $8,388 thousand, respectively. The cumulative amounts of actuarial losses recognized in other comprehensive income as of December 31, 2014 and 2013 was $25,954 thousand and $24,251 thousand, respectively.

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

	December 31	
	2014	**2013**
Present value of the funded defined benefit obligation	$ (640,962)	$ (780,157)
Fair value of plan assets	222,001	415,356
Net liability arising from defined benefit obligation	$ (418,961)	$ (364,801)

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	$ (780,157)	$ (774,248)
Current service cost	(42,918)	(58,752)
Interest cost	(11,040)	(9,423)
Actuarial (losses) gains	(4,817)	12,156
Gains on curtailments	169,468	40,344
Benefits paid	28,502	9,766
Closing defined benefit obligation	$ (640,962)	$ (780,157)

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	$ 415,356	$ 431,908
Expected return on plan assets	6,779	7,499
Contributions from the employer	26,651	29,613
Benefits paid	(22,255)	(5,227)
Plan assets gains (losses)	2,765	(2,049)
Assets distributed on settlements	(207,295)	(46,388)
Closing fair value of plan assets	$ 222,001	$ 415,356

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

	December 31	
	2014	2013
Bank deposits	19.12	22.86
Domestic debt securities	13.90	13.47
Domestic equity securities	30.49	29.36
Foreign debt securities	14.46	18.11
Foreign equity securities	19.20	15.41
Others	2.83	0.79

The Group expects to make a contribution of $29,339 thousand to the defined benefit plans during the annual period beginning after 2014.

21. EQUITY

a. Share capital

	December 31	
	2014	2013
Number of shares authorized and issued (in thousands)	980,000	980,000
Capital authorized and issued	$ 9,800,000	$ 9,800,000

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

b. Capital surplus

	December 31	
	2014	2013
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Donations	$ 44,803	$ 44,803
Treasury share transactions	2,187,988	2,187,988
May not be used		
Arising from share of changes in capital surplus of associates	1,543	1,543
	$ 2,234,334	$ 2,234,334

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that the appropriation for legal reserve should be made at 10% of annual net income after deductions for any deficit and payment for income tax. The remainder, less special reserve based on business need, together with unappropriated earnings of prior years, should be distributed as follows:

1) Remuneration to directors and supervisors	Not more than 2%
2) Bonus to employees	3%
3) Dividends	95%

The appropriations will be recommended by the board of directors and resolved in the shareholders' meeting.

Under the Company Law, the Corporation may, by a resolution adopted by the board of directors, have all or a part of the surplus profit distributed as dividends and as bonuses in the form of new shares.

To determine dividend amounts, the Corporation should take into account the diversity of its business, cycles of the industry, and capital demand in relation to specific products and services. To balance business development and shareholders' welfare, the cash dividend should not be less than 10% of total annual dividends, unless there is any capital demand due to essential investment plan, change in financial position, business operation, extension of capacity or any other capital expenditure and should be approved in the shareholders' meetings.

For the years ended December 31, 2014 and 2013, the proposed bonus to employees was $68,084 thousand and $61,895 thousand, respectively, and the proposed remuneration to directors and supervisors was $45,390 thousand and $41,263 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 3% and 2%, respectively, of net income (net of the bonus and remuneration). Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the parent company only financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the parent company only 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. The fair value of the shares refer to the closing price (after considering the effect of cash and share dividends) of the shares on the day immediately preceding the shareholders' meeting.

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

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation'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 Corporation.

The appropriations from the 2013 and 2012 earnings, which included dividends and the bonus to employees and the remuneration to directors and supervisors, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 230,841	$ 333,897		
Cash dividends	1,960,000	2,646,000	$2.0	$2.7

	For the Year Ended December 31			
	2013		**2012**	
	Bonus to Employee Bonus	**Remuneration to Directors and Supervisors**	**Bonus to Employee Bonus**	**Remuneration to Directors and Supervisors**
Amounts approved in shareholders' meetings	$ 61,895	$ 41,263	$ 83,558	$ 55,705
Amounts recognized in respective financial statements	61,895	41,263	74,273	49,516
	$ -	$ -	$ 9,285	$ 6,189

The differences between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the amounts recognized in the financial statements each year were primarily due from changes in estimates and were adjusted to profit and loss in next year.

The appropriations of earnings for 2014 had been proposed by the Corporation's board of directors on March 27, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 306,834	$ -
Cash dividends	2,156,000	2.2

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 24, 2015.

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

d. Special reserves appropriated under Rule No. 1010012865 issued by the FSC

On the first-time adoption of IFRSs, the Corporation appropriated a special reserve, of which the amount was the same as the unrealized revaluation increment transferred to retained earnings. The special reserve can be reversed on the disposal or reclassification of the related assets.

The Corporation's special reserve relating to land reversed on disposal was $18,763 thousand and $3,423 thousand in 2014 and 2013, respectively.

22. OPERATING REVENUES AND COSTS

	For the Year Ended December 31	
	2014	**2013**
Operating revenues		
Sales revenue	$ 12,783,630	$ 13,633,326
Rental revenue	703,613	661,366
Property sales	4,023,449	1,749,568
Other revenue	29,751	33,427
Less: Sales returns and allowances	(30,170)	(59,141)
Net operating revenues	17,510,273	16,018,546
Operating costs		
Cost of goods sold	12,961,559	13,395,679
Rental cost	588,091	319,379
Property selling cost	1,047,992	56,291
Total operating costs	14,597,642	13,771,349
Gross profit	$ 2,912,631	$ 2,247,197

23. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)

Income included the following items:

a. Other gains and losses

	For the Year Ended December 31	
	2014	**2013**
Donation expenses (Note 32)	$ (421,575)	$ (209,440)
Loss on impairment of equipment (Note 9)	(49,510)	(83,164)
Net foreign exchange gain	23,283	26,000
(Loss) gain on disposal of investment	(9,409)	20,944
Loss on disposal of financial assets	(7,639)	(3,253)
(Loss) gain on disposal of investment property	(2,675)	746
Gain on remeasurement of previously held equity interest in the acquiree (Note 26)	-	336,331
Others	(17,926)	(52,679)
	$ (485,451)	$ 35,485

b. Other income

	For the Year Ended December 31	
	2014	2013
Dividends	$ 23,214	$ 21,585
Interest income - bank deposits	2,428	15,348
Income due to default of counterparties	-	84,948
Compensation income	-	22,821
Others	18,968	11,882
	$ 44,610	$ 156,584

c. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Summarized by function		
Operating costs	$ 606,505	$ 318,703
Operating expenses	68,916	57,312
Nonoperating expenses	9	16
	$ 675,430	$ 376,031

d. Employee benefit expense

	For the Year Ended December 31	
	2014	2013
Short-term employee benefits		
Salary	$ 1,002,556	$ 893,749
Labor and health insurance	63,221	51,151
Others	38,380	35,530
	1,104,157	980,430
Retirement benefits (Note 20)		
Defined contribution plans	14,662	11,087
Defined benefit plans	85,005	96,271
	99,667	107,358
Termination benefits	127,102	28,651
Other employee benefits	3,294	3,900
Total employee benefit expense	$ 1,334,220	$ 1,120,339
Summarized by function		
Operating costs	$ 796,087	$ 500,856
Operating expenses	538,133	587,568
Nonoperating expenses	-	31,915
	$ 1,334,220	$ 1,120,339

24. INCOME TAX

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2014	2013
Current tax		
Current year	$ (97,747)	$ (256,125)
Prior periods	341,276	6,923
Deferred tax		
Current year	(22,436)	155,531
Income tax benefit (expense) recognized in profit or loss	$ 221,093	$ (93,671)

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

	For the Year Ended December 31	
	2014	2013
Profit before tax from continuing operations	$ 2,847,253	$ 2,631,742
Income tax expense calculated at the statutory rate	$ 482,614	$ 441,778
Nondeductible expenses in determining taxable income	72,321	39,830
Tax-exempt income	(466,071)	(343,776)
Additional income tax on unappropriated earnings	11,757	35,946
Adjustments for deferred tax	19,562	(73,184)
Adjustments for prior years' tax	(341,276)	(6,923)
Income tax (benefit) expense recognized in profit or loss	$ (221,093)	$ 93,671

The applicable tax rate used by the Corporation and subsidiaries in Taiwan was the corporate tax rate of 17%, and the applicable tax rate used by the subsidiaries in Mongolia was 10%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Deferred tax		
Current year		
Translation of foreign operations	$ (111,223)	$ (110,790)
Actuarial (losses) gains on the defined benefit plan	349	(1,718)
Total income tax recognized in other comprehensive income	$ (110,874)	$ (112,508)

c. 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 Comprehen-sive Income	Others	Closing Balance
Unamortized manufacturing costs	$ 42,353	$ 34,116	$ -	$ -	$ 76,469
Tax losses	62,700	13,000	-	-	75,700
Defined benefit obligation	62,016	8,858	349	-	71,223
Impairment loss on assets	56,426	(208)	-	-	56,218
Deferred estate marketing expense	41,404	(17,344)	-	-	24,060
Other	42,245	(31,253)	-	-	10,992
	$ 307,144	$ 7,169	$ 349	$ -	$ 314,662

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Others	Closing Balance
Land value increment tax	$ 6,420,466	$ -	$ -	$ -	$ 6,420,466
Investment income recognized under the equity method	246,536	28,247	-	314,084	588,867
Exchange difference on the translation of foreign operations	29,134	-	111,223	-	140,357
Other	-	1,358	-	-	1,358
	$ 6,696,136	$ 29,605	$ 111,223	$ 314,084	$ 7,151,048

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Exchange difference of foreign operations	$ 81,656	$ -	$ (81,656)	$ -
Defined benefit obligation	61,700	2,034	(1,718)	62,016
Impairment loss on assets	56,426	-	-	56,426
Deferred estate marketing expense	44,353	(2,949)	-	41,404
Unamortized manufacturing costs	29,359	12,994	-	42,353
Investment loss recognized under the equity method	-	29,031	-	29,031
Unrealized inventory write-downs	13,293	(169)	-	13,124
Unrealized exchange loss	432	(342)	-	90
Tax losses	2,791	59,909	-	62,700
	$ 290,010	$ 100,508	$ (83,374)	$ 307,144

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Land value increment tax	$ 6,420,797	$ (331)	$ -	$ 6,420,466
Investment income recognized under the equity method	301,228	(54,692)	-	246,536
Exchange difference on the translation of foreign operations	-	-	29,134	29,134
	$ 6,722,025	$ (55,023)	$ 29,134	$ 6,696,136

d. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings generated on and after January 1, 1998	$ 3,202,974	$ 2,308,409
Imputation credit accounts	$ 888,952	$ 610,073

The creditable ratios for the distribution of the 2014 and 2013 earnings were 20.97% (expected ratio) and 20.48%, respectively.

e. Income tax assessments

Please refer to Note 19 for the tax authorities' assessments.

25. EARNINGS PER SHARE

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

Net Profit for This Year

	For the Year Ended December 31	
	2014	2013
Earnings used in the computation of basic earnings per share	$ 3,068,346	$ 2,538,071
Earnings used in the computation of diluted earnings per share	$ 3,068,346	$ 2,538,071

Number of Shares

Unit: In Thousands

	For the Year Ended December 31	
	2014	2013
Weighted average number of common shares used in the computation of basic earnings per share	980,000	980,000
Effect of dilutive potential common shares:		
Bonus issue to employee	1,736	1,438
Weighted average number of common shares used in the computation of diluted earnings per share	981,736	981,438

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

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

On December 25, 2012, the Corporation' s board of directors decided to acquire another 50% equity interest in Taiwan Yes Deep Ocean Water Co., Ltd. ("Taiwan Yes") from Young Energy Source Co., Ltd. ("Young Energy") to have an enhanced business management and equity strategy as well as future potential interest. Taiwan Yes is a wholesaler of drinks, food and groceries. Under the share purchase agreement and its supplementary measures, the consideration transferred to Taiwan Yes amounted to $399,500 thousand. After the share purchase on January 7, 2013, the Corporation's equity in Taiwan Yes, increased from 50% to 100%, and the Corporation thus acquired control power over Taiwan Yes. The Corporation and Young Energy then agreed to share in the payment on the land value tax incurred in prior periods, and this tax payment sharing resulted in a $265 thousand decrease in the above consideration. As of December 31, 2013, the Corporation had paid Young Energy $399,235 thousand, net of the above decrease in the consideration. Thus, The Corporation remeasured its previously held 50% equity interest in Taiwan Yes, amounting to $63,169 thousand, to the acquisition-date fair value of $399,500 thousand, and the resulting difference was recognized as gain on investments disposal.

b. Assets acquired and liabilities assumed at the date of acquisition

	Taiwan Yes
Current assets	
Cash and cash equivalents	$ 25,272
Trade and other receivables	66,476
Inventories	2,820
Prepayments	2,718
Other	23,907
Noncurrent assets	
Plant and equipment	543,165
Intangible assets	507
Trademark	84,900
Other	1,716
Current liabilities	
Short-term borrowings	(80,000)
Trade and other payables	(57,577)
Receipts in advance	(450)
Other	(3,474)
Long-term liabilities - current portion	(26,519)
Noncurrent liabilities	
Long-term loans	(143,213)
	$ 440,248

c. Goodwill arising on acquisition

	Taiwan Yes
Consideration transferred	$ 399,235
Add: Fair value of previously held 50% equity interest in acquiree	399,500
Deduct: Fair value of identifiable net assets acquired	(440,248)
Goodwill arising on acquisition	$ 358,487

Goodwill arose from the acquisition of Taiwan Yes because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Taiwan Yes. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

d. Net cash outflow on the acquisition of subsidiaries

	For the Year Ended December 31, 2013
Consideration paid in cash	$ 399,235
Less: Cash and cash equivalent acquired	(25,272)
	$ 373,963

e. Impact of the acquisitions on the results of the Group

The results of the inclusion of the acquisitions in the consolidated statements of comprehensive income were as follows:

	For the Year Ended December 31, 2013
Revenue	
Taiwan Yes and its subsidiaries	$ 183,912
Profit	
Taiwan Yes and its subsidiaries	$ 47

27. OPERATING LEASE AGREEMENTS

The Group as Lessor

Operating leases relate to the investment property owned by the Corporation with lease terms between 1 to 50 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments of noncancellable operating lease were as follows (not include the royalty the Corporation received for the land use right):

	December 31	
	2014	2013
Not later than 1 year	$ 385,486	$ 342,730
Later than 1 year and not later than 5 years	1,341,169	1,217,206
later than 5 years	8,484,748	8,560,307
	$ 10,211,403	$ 10,120,243

28. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

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

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders or the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

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

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 quoted stocks	$ 106,285	$ -	$ -	$ 106,285

December 31, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic quoted stocks	$ 125,150	$ -	$ -	$ 125,150
Mutual funds	351,614	-	-	351,614
	$ 476,764	$ -	$ -	$ 476,764

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

b. Categories of financial instruments

	December 31	
	2014	2013
Financial assets		
Loans and receivables (1)	$ 6,109,878	$ 3,953,445
Available-for-sale financial assets (2)	664,741	1,099,755
Financial liabilities		
Amortized cost (3)	4,868,154	1,313,640

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

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, long-term loans, trade and other payables.

c. Financial risk management objectives and policies

The Group's Corporate Treasury function is responsible for the preparation of financial plans, capital allocation and risk management, and coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (mainly including currency risk and interest rate 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 sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	December 31	
	2014	2013
Assets		
USD	$ 15,159	$ 17,640
Liabilities		
USD	5,176	11,458

Sensitivity analysis

The Group was mainly exposed to USD.

The following are the details of the Group's sensitivity to a 10% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. For the years ended December 31, 2014 and 2013, for a 10% strengthening weakening of New Taiwan dollars against US dollars there would be an (decrease) increase of $31,596 thousand and $18,413 thousand on pre-tax profit, respectively. The effect of exchange rate changes was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

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

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

	December 31	
	2014	2013
Fair value interest rate risk		
Financial assets	$ 270,527	$ 54,000
Financial liabilities	1,710,000	162,000
Cash flow interest rate risk		
Financial assets	531,290	1,116,758
Financial liabilities	930,000	2,555

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and nonderivative instruments at the end of the reporting period.

If interest rates had been 100 basis point 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 decrease/increase by $3,987 thousand and $11,142 thousand.

2) Credit risk

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

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Credit risk represents the potential loss that would be incurred by the Company if the counter-parties breach contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties to the foregoing financial instruments are reputable financial institutions and business organizations. Management does not expect the Company's exposure to default by those parties to be material.

On some properties sold in installments, the Group had the secondary priority mortgage rights to ensure the protection of the Group's interests.

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.

Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its nonderivative 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 nonderivative financial liabilities were based on the agreed repayment dates.

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

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Nonderivative financial liabilities				
Noninterest bearing	$ 273,107	$ 543,014	$ 1,412,033	$ -
Fixed interest rate liabilities	1,310,870	400,725	-	-
Variable interest rate liabilities	-	72,897	76,402	813,991
	$ 1,583,977	$ 1,016,636	$ 1,488,435	$ 813,991

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Nonderivative financial liabilities				
Noninterest bearing	$ 72,775	$ 540,070	$ 607,925	$ -
Floating interest rate liabilities	112,000	-	50,000	-
Fixed interest rate liabilities	561	1,994	-	-
	$ 185,336	$ 542,064	$ 657,925	$ -

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

Financing facilities

	December 31 2014	December 31 2013
Unsecured bank facility		
Amount used	$ 1,710,000	$ 162,561
Amount unused	14,056,650	13,409,100
	$ 15,766,650	$ 13,571,661
Secured bank facility		
Amount used	$ 930,000	$ 1,994
Amount unused	-	9,580,006
	$ 930,000	$ 9,582,000
Unsecured bank overdraft facility		
Amount used	$ -	$ -
Amount unused	650,000	700,000
	$ 650,000	$ 700,000

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Operating transactions

	Purchase of Goods	
	For the Year Ended December 31	
	2014	2013
Associates	$ 2,680,906	$ 2,419,629

The related-party transactions were conducted under normal terms.

	Receivables to Related Parties	
	December 31	
	2014	2013
Joint controlled entities	$ 144,641	$ -

TR Electronic Chemical Co., Ltd. (TR), a joint controlled entity of the Corporation, had obtained a financing of US$10,000 thousand from a bank, and the Corporation and Jing, a shareholder of TR, guaranteed the repayment of this financing. The loan maturity date was March 27, 2014, but TR failed to repay the loan on time. The bank then required the guarantors to repay a part of the loans. On June 23, 2014, the Corporation's board decided to pay the bank $144,641 thousand (US$4,570 thousand) on TR's behalf.

	Payables to Related Parties	
	For the Year Ended December 31	
	2014	2013
Associates	$ 163,760	$ 300,028

b. Compensation of key management personnel

For 2014 and 2013, the compensation to directors and other key management personnel was as follows:

	For the Year Ended December 31	
	2014	2013
Short-term employee benefits	$ 75,214	$ 76,648
Post-employment benefits	8,433	3,493
	$ 83,647	$ 80,141

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been pledged or mortgaged as collaterals for bank loans.

	December 31	
	2014	**2013**
Pledge deposits	$ 29,800	$ 36,600
Property, plant and equipment	See Note 17	13,116

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2014, the Group had unused letters of credits of US$8,949 thousand.

b. As of December 31, 2014, the Group had guarantee notes payable for its debt of $18,606,088 thousand, which was not reflected in the consolidated financial statements.

c. Huaku Development Co., Ltd. ("Huaku") filed an appeal with the Taipei District Civil Court (the "Court") for the Corporation to pay a co-building trade business tax of $38,370 thousand. The Court ruled that the Corporation should make this payment. The Corporation brought this case to a higher court; as of December 31, 2014, this case was still pending. The Corporation accrued a possible loss of $38,370 thousand for this case in 2012 financial statements.

d. On June 25, 2013, the shareholders resolved that, in order to enhance the long-term business relationship with Saudi Arabian Basic Industries Corporation as well as to maintain the relationship with the Kingdom of Saudi Arabia ("Saudi Arabia"), the Corporation shall donate its share of Al-Jubail's profit, with US$50,000 thousand as the donation limit, to the government or organizations in Saudi Arabia.

   In October 2013, the Corporation and Al-Jubail signed a Memorandum of Understanding (MOU); the main contents of the MOU are summarized as follows:

   1) The Corporation agreed to donate US$42,000 thousand by way of six equal semiannual installments of US$7,000 thousand each, to the government or a nonprofit organization in Saudi Arabia. The first donation should be made by October 31, 2013.

   2) The donation will be funded from the dividends of Al-Jubail that have been declared and are to be distributed to the Corporation. Al-Jubail will keep the above funds in a separate account in its name in a local bank. As administrator of the donations, Al-Jubail should designate the recipient of the donation.

   In October 2013, the Corporation donated $209,440 thousand (US$7,000 thousand), part of its share of Al-Jubail's profit, as the first donation installment. The Corporation donated $208,635 (US$7,000 thousand) in June 2014 and $212,940 thousand (US$7,000 thousand) in December 2014 as the second and third donation installments.

e. On April 29, 2014, the Corporation's board of directors approved the issuance by Taifer (Cayman) International Group Co., Ltd. ("Taifer") of a letter endorsing the request of TR Electronic Chemical (Kunshan) Ltd. (TR) for a bank financing of US$3,000 thousand; the main contents of the letter are summarized as follows:

   1) Taifer will inform the bank if its equity interest in TR becomes less than 51%.

   2) Taifer will maintain its management of and control over TR

3) Taifer will provide TR with appropriate resources (including but not limited to financial, employee and technology support) to help TR carry out its obligations.

4) If TR significantly breaches the contract, Taifer will take lawful measures to assist TR, or monitor TR, in fully repaying its loan or in providing other collaterals to the bank.

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	$ 15,159	31.65	$ 479,782
Financial liabilities			
Monetary items			
USD	5,176	31.65	163,820

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 17,640	29.81	$ 525,848
Financial liabilities			
Monetary items			
USD	11,458	29.81	341,563

34. SEPARATELY DISCLOSED ITEMS

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Corporation and its investees:

1) Financings provided: None

2) Endorsements/guarantees provided: Table 1

3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): Table 2

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

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

7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 3

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 5

11) Information on investees: Table 6

b. Investments in Mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 7)

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

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were fertilizer and chemical and construction (rental is included).

a. Segment revenues and results

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

	Segment Revenues		Segment Income	
	Year Ended December 31		Year Ended December 31	
	2014	2013	2014	2013
Fertilizer and chemical	$ 12,358,261	$ 13,299,691	$ (1,408,745)	$ (1,141,781)
Construction	4,727,062	2,410,934	3,085,750	2,028,109
Others	424,950	307,921	(17,055)	(98,156)
	$ 17,510,273	$ 16,018,546	1,659,950	788,172
Share of the profits of associates and joint ventures			1,676,767	1,657,021
Other gains and losses			(485,451)	35,485
Other income			44,610	156,584
Finance costs			(48,623)	(5,520)
Profit before tax			$ 2,847,253	$ 2,631,742

Segment revenue reported was generated from external customers. There were no intersegment sales in 2014.

b. Segment total assets

	December 31	
	2014	2013
Segment assets		
Fertilizer and chemical	$ 56,085,750	$ 57,278,798
Construction	13,706,964	8,643,315
Others	704,223	606,487
Consolidated total assets	$ 70,496,937	$ 66,528,600

c. Segment total liabilities

	December 31	
	2014	2013
Segment liabilities		
Fertilizer and chemical	$ 13,307,845	$ 10,464,911
Construction	4,597,639	5,056,978
Others	198,838	232,339
Consolidated total liabilities	$ 18,104,322	$ 15,754,228

d. Geographical information

As of December 31, 2014, the revenue-generating units of the Group were mainly in Republic of China. Thus, the disclosure of geographical information was not required.

e. Information about major customers

The Corporation and its subsidiaries had no sales to a single customer that were at least 10% of total sales in 2014.

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Guaranteed Party's Endorsement/ Guarantee Amounts (Note 1)	Maximum Balance for the Period	Ending Balance	Ending Used Balance	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
0	Taiwan Fertilizer Co., Ltd. (the "Corporation")	TR Electronic Chemical Co., Ltd.	Indirect equity-method investee in which the Corporation provided endorsement and guarantee according to the percentage of ownership	$ 162,482 (Note 3)	$ 298,890 (US$ 10,000 thousand)	$ 162,438 (US$ 5,430 thousand)	$ 162,438	$ -	0.31	$ 26,196,308	No	No	No
		Taifer Chemicals International Inc.	Subsidiary	26,154	30,000	23,500	23,500	-	0.04	26,196,308	Yes	No	No
		Taiwan Yes Deep Ocean Water Co., Ltd.	Subsidiary	63,193	50,000	50,000	-	-	0.01	26,196,308	Yes	No	No

Note 1: The total amount of the guarantee provided by the Corporation to any individual entity shall not exceed twenty percent (20%) of the Company's net worth, or fifty percent (50%) of net worth of such entity.

Note 2: The total amount of guarantee shall not exceed fifty percent (50%) of the Corporation's net worth.

Note 3: The Corporation originally provided TR Electronic Chemical Co., Ltd. (TR) with a guarantee amounting to US$10,000 thousand. (The exchange rate on the guarantee contract date was US$1=NT$29.889). In April 2014, the Corporation's Board of Directors approved the reduction of the guarantee amount to US$5.43 million (approximately NT$162 million) because of the decline in carrying value of TR's net assets. On March 27, 2015, the Board of Directors decided to reduce the guarantee amount to US$2.13 million.

TABLE 2

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type/ Name and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Taiwan Fertilizer Co., Ltd.	Common stocks							
	Ding-Tang	-	Financial assets carried at cost - noncurrent	1,500	$ 15,000	6.71	$ 12,124	Note 1
	Top Taiwan V Venture Capital Co., Ltd.	-	Financial assets carried at cost - noncurrent	12,000	120,000	9.76	129,282	Note 1
	Eminent Venture Capital Corporation	-	Financial assets carried at cost - noncurrent	10,000	100,000	10.00	144,849	Note 1
	Eminent II VC Corp	-	Financial assets carried at cost - noncurrent	20,000	200,000	18.50	203,006	Note 1
	TSCBio Ventures Capital Co.	-	Financial assets carried at cost - noncurrent	4,200	42,000	19.75	45,146	Note 1
	Taiwan Stock Exchange Corporation	-	Financial assets carried at cost - noncurrent	12,568	52,800	2.00	923,897	Note 1
	Visgeneer Inc.	-	Financial assets carried at cost - noncurrent	2,855	20,989	10.42	32,502	Note 1
	TaiAn Technologies Corporation	-	Financial assets carried at cost - noncurrent	741	7,667	16.67	13,537	Note 1
	China Petrochemical Development Corporation	-	Available-for-sale financial assets - noncurrent	9,202	106,285	0.40	106,285	Note 2

Note 1: The market value was calculated on the basis of the net asset value as of the balance sheet date.

Note 2: The market value was calculated on the basis of the closing price on the Taiwan Stock Exchange as of the balance sheet date.

TABLE 3

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Taiwan Fertilizer Co., Ltd.	AI-Jabail Fertilizer Company	Equity-method investee	Purchase	$ 2,680,906	18	Same as those for third parties	Determined under the considerations of international market price and production cost	30 days	$ (163,760)	43	-

TABLE 4

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Fertilizer Co., Ltd.	TR Electronic Chemical Co., Ltd.	Jointly controlled entity	Other receivable $144,641	-	$ -	-	$ -	$ -

TABLE 5

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Number	Company Name	Counter-party	Flow of Transaction (Note)	Transaction Details			Percentage of Transaction Amount to Consolidated Operating Revenue or Total Assets
				Account	Amount	Transaction Terms	
0	Taiwan Fertilizer Co., Ltd.	Taiwan Yes Deep Ocean Water Co., Ltd.	1	Sales revenue	$ 1,430	Based on regular terms	-
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Rental revenue	10,525	Based on regular terms	-
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Other revenue	1,235	Based on regular terms	-
		Taifer Chemicals International Inc.	1	Rental revenue	6,165	Based on regular terms	-
1	Taiwan Yes Deep Ocean Water Co., Ltd.	Hasbo Biotech Co., Ltd.	2	Accounts receivable	25,565	Based on regular terms	-
		Hasbo Biotech Co., Ltd.	2	Sales revenue	45,841	Based on regular terms	-
		Taifer Biotech Co., Ltd.	2	Account payable - related party	12,736	Based on regular terms	-

Note 1: Parent to subsidiary.

Note 2: Between subsidiaries.

TABLE 6

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2014			Net (Loss) Income of the Investee	Investment (Loss) Income	Note
				December 31, 2014	December 31, 2013	Shares/Units (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Fertilizer Co., Ltd.	Al-Jubail Fertilizer Company	Kingdom of Saudi Arabia	Manufacture of urea, 2-EH (2-ethyl hexanol), and DOP (dioctyl phthalate)	$ 3,050,000	$ 3,050,000	6,715 units	50.00	$10,197,486	$ 3,979,208	$ 1,777,659	Associate
	Taifer Chemicals International Inc.	Taiwan	International trade; wholesale of fertilizer, tobacco, liquor, beverage, forage, machinery, electrical equipment, etc.; development, operation and management of residential buildings and factory buildings; special zone development; investment in and construction of public works; development of new towns and districts; agent services on regional district requisition; land adjustment; and real estate rental or leasing	126,300	101,300	5,500	100.00	70,418	1,083	1,083	Subsidiary
	Taiwan Yes Deep Ocean Water Co., Ltd.	Taiwan	a) Wholesale of drinks, food and grocery and other articles for daily use; tobacco and liquor; glass and pottery; hygiene products; fertilizers and other chemical products; and cosmetics; and b) International trade	1,224,235	974,235	95,000	100.00	957,813	2,015	(29,845)	Subsidiary
	Bion Tech Inc.	Taiwan	Manufacture of biopesticides, microbial fertilizers, animal feed additives and probiotics	50,004	50,004	4,167	22.42	4,151	(6,646)	(1,490)	Associate
	Taifer (Cayman) International Group Co., Ltd.	Cayman Islands	Investment and holding	321,900	321,900	10,966 units	100.00	68,893	(99,401)	(99,401)	Subsidiary
	Taifer Biotech Co., Ltd.	Taiwan	Wholesale and retail of products for organic agriculture	100,000	100,000	10,000	100.00	70,695	115	115	Subsidiary
Taifer (Cayman) International Group Co., Ltd.	TR Electronic Chemical Co., Ltd.	Cayman Islands	Investment and holding	321,962	321,962	-	51.00	68,893	(194,905)	(99,401)	Jointly controlled entity
Taiwan Yes Deep Ocean Water Co., Ltd.	Hasbo Biotech Co., Ltd.	Taiwan	Wholesale of Nonalcoholic Beverages and Cosmetics	240,000	240,000	24,000	100.00	(103,530)	(13,471)	(13,471)	Subsidiary
Taifer Chemicals International Inc.	Taifer International (Samoa) Group Co., Ltd.	Samoa	Investment and holding	42,618	42,618	-	100.00	46,619	6,500	6,500	Subsidiary
Taifer International (Samoa) Group Co., Ltd.	Taifer Chemical International Co., Ltd.	Mongolia	Real estate rental and leasing	41,077	41,077	-	100.00	46,354	6,533	6,533	Subsidiary

TABLE 7

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investment	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow						
TR Electronic Chemical (Kunshan) Ltd.	Manufacture of nitric acid, hydrofluoric acid, ammonia, phosphoric acid, oxalic acid, ammonia fluoride and LCD and IC Stripper	US$ 21,500 (NT$ 680,475) (Note 3)	The investor companies were incorporated in Mainland China by the Company which was incorporated in the area other than Taiwan and Mainland China in order to invest in Mainland China.	US$ 10,965 (NT$ 347,042 (Note 3)	US$ -	US$ -	US$ 10,965 (NT$ 347,042) (Note 3)	US$ (6,431) (NT$ (194,905)) (Note 3)	51	US$ (3,280) (NT$ (99,401)) (Note 4)	US$ 2,177 (NT$ 68,893) (Note 3)	US$ -

Accumulated Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
NT$347,042 (US$10,965) (Note 3)	NT$347,042 (US$10,965) (Note 3)	NT$31,435,569 (Note 2)

Note 1: The amount was based on the financial statements reviewed by the auditors for the same year.

Note 2: The limit is based on the “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission under the Ministry of Economic Affairs; the amount is 60% of shareholders’ equity or of consolidated shareholders’ equity.

Note 3: The foreign currency amounts of original investment amount and carrying value were translated into New Taiwan dollars at the exchange rate as of December 31, 2014.

Note 4: The foreign currency amount of investment gain/loss was translated into New Taiwan dollars at an average exchange rate for the year ended December 31, 2014.