TEST RESEARCH, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2013 AND 2012

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR13000259

To the Board of Directors and Stockholders of Test Research, Inc.

We have audited the accompanying consolidated balance sheets of Test Research, Inc. and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$46,076 thousand, NT$41,780 thousand and NT$29,761 thousand, all constituting 1% of the consolidated total assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and total operating revenues of NT$0 thousand and NT$2,580 thousand, constituting 0% and 0.05% of the consolidated total operating revenues for the years ended December 31, 2013 and 2012, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed relative to these consolidated subsidiaries, is based solely on the audit reports of the other independent accountants.

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

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Test Research, Inc. and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Test Research, Inc. as of and for the years ended December 31, 2013 and 2012, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan
February 21, 2014

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2013 AMOUNT	%	December 31, 2012 AMOUNT	%	January 1, 2012 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 2,183,286	35	$ 1,906,128	29	$ 1,102,863	22
1150	Notes receivable, net		34,499	1	25,842	1	17,734	-
1170	Accounts receivable, net	6(2)	1,005,824	16	1,538,911	23	937,930	18
1200	Other receivables		23,958	-	6,347	-	21,361	-
130X	Inventory	6(3)	587,001	10	773,533	12	753,719	15
1470	Other current assets	8	47,015	1	21,878	-	15,219	-
11XX	**Total current assets**		3,881,583	63	4,272,639	65	2,848,826	55
	Non-current assets							
1600	Property, plant and equipment, net	6(4) and 8	2,256,595	36	2,251,634	34	2,267,808	44
1780	Intangible assets		9,019	-	6,658	-	4,406	-
1840	Deferred income tax assets	6(15)	50,340	1	44,578	1	23,949	1
1900	Other non-current assets		10,871	-	9,364	-	4,398	-
15XX	**Total non-current assets**		2,326,825	37	2,312,234	35	2,300,561	45
1XXX	**Total assets**		$ 6,208,408	100	$ 6,584,873	100	$ 5,149,387	100

(Continued)

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2013 AMOUNT	%	December 31, 2012 AMOUNT	%	January 1, 2012 AMOUNT	%
	Current liabilities							
2150	Notes payable		$ 15,231	-	$ 11,164	-	$ 13,446	-
2170	Accounts payable		498,572	8	575,392	9	261,435	5
2200	Other payables	6(5)	271,333	5	334,285	5	240,803	5
2230	Current income tax liabilities	6(15)	58,744	1	308,295	5	143,034	3
2300	Other current liabilities		5,825	-	17,215	-	2,497	-
21XX	**Total current liabilities**		849,705	14	1,246,351	19	661,215	13
	Non-current liabilities							
2550	Provisions for liabilities - non-current		15,979	-	21,524	-	14,755	-
2570	Deferred income tax liabilities	6(15)	70,652	1	54,006	1	27,608	1
2600	Other non-current liabilities	6(6)	50,847	1	55,705	1	53,947	1
25XX	**Total non-current liabilities**		137,478	2	131,235	2	96,310	2
2XXX	**Total liabilities**		987,183	16	1,377,586	21	757,525	15
	Equity attributable to owners of parent							
	Share capital	6(7)						
3110	Share capital - common stock		2,362,160	38	2,228,460	34	2,163,560	42
	Capital surplus	6(8)						
3200	Capital surplus		53,290	1	53,290	1	53,290	1
	Retained earnings	6(9)						
3310	Legal reserve		697,639	11	554,330	8	457,958	9
3320	Special reserve		14,381	-	14,381	-	14,381	-
3350	Undistributed earnings		2,086,078	34	2,378,015	36	1,702,673	33
	Other equity interest							
3400	Other equity interest		7,677	-	(21,189)	-	-	-
31XX	**Equity attributable to owners of the parent**		5,221,225	84	5,207,287	79	4,391,862	85
3XXX	**Total equity**		5,221,225	84	5,207,287	79	4,391,862	85
	Significant subsequent events	11						
	Total liabilities and equity		$ 6,208,408	100	$ 6,584,873	100	$ 5,149,387	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 21, 2014.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	2013 AMOUNT	2013 %	2012 AMOUNT	2012 %
			For the years ended December 31			
4000	**Sales revenue**	6(10)	$ 4,083,860	100	$ 5,538,388	100
5000	**Operating costs**	6(3)(13)(14)	(2,027,984)	(50)	(2,489,752)	(45)
5950	**Net operating margin**		2,055,876	50	3,048,636	55
	Operating expenses	6(13)(14)				
6100	Selling expenses		(665,170)	(16)	(768,999)	(14)
6200	General and administrative expenses		(136,525)	(3)	(118,019)	(2)
6300	Research and development expenses		(341,644)	(9)	(329,173)	(6)
6000	**Total operating expenses**		(1,143,339)	(28)	(1,216,191)	(22)
6900	**Operating income**		912,537	22	1,832,445	33
	Non-operating income and expenses					
7010	Other income	6(11)	49,448	1	28,361	1
7020	Other gains and losses	6(12)	18,709	1	(55,025)	(1)
7050	Finance costs		(597)	-	-	-
7000	**Total non-operating income and expenses**		67,560	2	(26,664)	-
7900	**Profit before income tax**		980,097	24	1,805,781	33
7950	Income tax expense	6(15)	(173,797)	(4)	(381,762)	(7)
8200	**Profit for the year**		806,300	20	1,424,019	26
	Other comprehensive income					
8310	Financial statements translation differences of foreign operations		34,778	1	(16,641)	(1)
8360	Actuarial gain (loss) on defined benefit plan	6(6)	3,302	-	(3,244)	-
8399	Income tax relating to the components of other comprehensive income	6(15)	(5,912)	-	(4,548)	-
8300	**Total other comprehensive income (loss) for the year**		32,168	1	(24,433)	(1)
8500	**Total comprehensive income for the year**		$ 838,468	21	$ 1,399,586	25
	Profit (loss), attributable to:					
8610	Owners of the parent		$ 806,300	20	$ 1,424,019	26
	Total comprehensive income, attributable to:					
8710	Owners of the parent		$ 838,468	21	$ 1,399,586	25
	Earnings per share (in dollars)	6(16)				
9750	**Basic earnings per share**		$	3.41	$	6.03
9850	**Diluted earnings per share**		$	3.40	$	6.00

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 21, 2014.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							
		Capital Reserves		Retained Earnings				
	Share capital - common stock	Total capital surplus, additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Total
For the year ended December 31, 2012								
Balance at January 1, 2012	$ 2,163,560	$ 51,874	$ 1,416	$ 457,958	$ 14,381	$ 1,702,673	$ -	$ 4,391,862
Appropriations of 2011 earnings								
Legal reserve	-	-	-	96,372	-	(96,372)	-	-
Stock and cash dividends	64,900	-	-	-	-	(649,061)	-	(584,161)
Net income for the year	-	-	-	-	-	1,424,019	-	1,424,019
Other comprehensive loss for the year	-	-	-	-	-	(3,244)	(21,189)	(24,433)
Balance at December 31, 2012	$ 2,228,460	$ 51,874	$ 1,416	$ 554,330	$ 14,381	$ 2,378,015	($ 21,189)	$ 5,207,287
For the year ended December 31, 2013								
Balance at January 1, 2013	$ 2,228,460	$ 51,874	$ 1,416	$ 554,330	$ 14,381	$ 2,378,015	($ 21,189)	$ 5,207,287
Appropriations of 2012 earnings								
Legal reserve	-	-	-	143,309	-	(143,309)	-	-
Stock and cash dividends	133,700	-	-	-	-	(958,230)	-	(824,530)
Net income for the year	-	-	-	-	-	806,300	-	806,300
Other comprehensive income for the year	-	-	-	-	-	3,302	28,866	32,168
Balance at December 31, 2013	$ 2,362,160	$ 51,874	$ 1,416	$ 697,639	$ 14,381	$ 2,086,078	$ 7,677	$ 5,221,225

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 21, 2014.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated profit before tax for the year	$ 980,097	$ 1,805,781
Adjustments to reconcile profit to net cash provided by operating activities		
Income and expenses having no effect on cash flows		
Depreciation	85,642	85,092
Amortization	4,452	4,422
(Reversal of allowance) Provision for bad debts	(4,993)	12,855
Interest expense	597	-
Interest income	(23,199)	(10,084)
(Gain) loss on disposal of property, plant and equipment	(641)	1,582
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Notes receivable, net	(8,657)	(8,108)
Accounts receivable	537,965	(613,513)
Other receivables	(7,107)	15,040
Inventories	124,893	(75,818)
Other current assets	(19,259)	(6,659)
Net changes in liabilities relating to operating activities		
Notes payable	4,067	(2,282)
Accounts payable	(76,820)	313,957
Other payables	(62,952)	93,482
Other current liabilities	(11,390)	14,718
Provisions for liabilities - non-current	(5,545)	6,769
Other non-current liabilities	(1,556)	(1,486)
Cash generated from operations	1,515,594	1,635,748
Interest received	12,695	10,058
Interest paid	(597)	-
Income tax paid	(412,642)	(215,367)
Net cash provided by operating activities	1,115,050	1,430,439
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other financial assets	(5,878)	-
Acquisition of property, plant and equipment	(30,123)	(24,857)
Proceeds from disposal of property, plant and equipment	16,198	4,675
Acquisition of intangible assets	(6,382)	(6,432)
Increase in other non-current assets	(1,507)	(4,966)
Net cash used in investing activities	(27,692)	(31,580)
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of cash dividends	(824,530)	(584,161)
Net cash used in financing activities	(824,530)	(584,161)
Effect of exchange rate changes on cash and cash equivalents	14,330	(11,433)
Increase in cash and cash equivalents	277,158	803,265
Cash and cash equivalents at beginning of year	1,906,128	1,102,863
Cash and cash equivalents at end of year	$ 2,183,286	$ 1,906,128

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 21, 2014.

TEST RESEARCH, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Test Research, Inc. (the Company) was incorporated in April 1989 under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the design, manufacture, sales, repairs and maintenance of semiconductor testers and in-circuit testers.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 21, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

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

IFRS 9, 'Financial Instruments: Classification and measurement of financial assets'

A. The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.

C. The Group has not yet evaluated the overall effect of the IFRS 9 adoption. However, based on our preliminary evaluation, it was noted that the IFRS 9 adoption might not have an impact because the Group does not hold any instrument classified as 'available-for-sale financial assets.'

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

The following are the assessment of new standards, interpretations and amendments issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)
Disclosures-transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes-recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11, 'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	Stripping costs that meet certain criteria should be recognised as the 'stripping activity asset'. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, 'Inventories'.	January 1, 2013
Disclosures-Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, 'Financial instruments', and IAS 20, 'Accounting for government grants and disclosure of government assistance', prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value thourgh profit or loss instead of consolidating them.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered and expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRS 9, "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	1.IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. 2.An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in 'other comprehensive income'.	November 19, 2013 (Not mandatory)
Services related contributions from employees or third-party (amendments to IAS 19)	The amendment allows contributions from employees or third party that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

A. These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

B. In the preparation of the balance sheet as of January 1, 2012 (the Group's date of transition to IFRSs) ("the opening IFRS balance sheet"), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP into IFRSs on the Group's financial position, financial performance and cash flows.

(2) Basis of preparation

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

The net amount of current value of defined benefit obligation less pension asset is recognised as defined benefit liabilities.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

			% of Ownership			
		Main business	December 31,		January 1,	
Name of investor	Name of subsidiary	activities	2013	2012	2012	Description
Test Research, Inc.	DOLI TRADING LIMITED (DOLI)	Trading	100	100	100	-
Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	Trading	100	100	100	-
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100	100	100	-
Test Research, Inc.	TRI JAPAN CORPORATION (TRJ)	Trading	100	100	100	-
Test Research, Inc.	TRI MALAYSIA SND. BHD (TRM)	Trading	100	100	100	-
Test Research, Inc.	TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI ELECTRONIC (SHENZHEN) LIMITED	Manufacture and sales of test equipment	100	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI ELECTRONIC (SUZHOU) LIMITED	Manufacture and sales of test equipment	100	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI ELECTRONIC (SHANGHAI) LIMITED	Import and export of equipment, consulting and after-sale maintenance service of equipment	100	100	100	-

The financial statements of TRU, TRE and TRM for the years ended December 31, 2013 and 2012 were audited by other independent accountants. The total assets of these subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012 were $46,076, $41,780 and $29,761, all constituting 1% of the consolidated total assets, respectively, and the total operating revenues were $0 and $2,580, constituting 0% and 0.05% of the consolidated total operating revenues for the years ended December 31, 2013 and 2012, respectively.

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

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

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Accounts receivable

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

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Inventories

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

(11) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings	50～55 years
Machinery and equipment	2～10 years
Transportation equipment	5 years
Office equipment	3～10 years
Miscellaneous equipment	2～10 years

(12) Intangible assets

A. Trademarks

Separately acquired trademarks are stated at historical cost. Trademarks have a finite useful life and are amortised on a straight-line basis over their estimated useful life of 10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(13) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss recognized in prior years shall be recovered.

(14) Notes and accounts payable

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

(15) Derecognition of financial liabilities

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

(16) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(17) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

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

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

(19) Income tax

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

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

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) Revenue recognition

A. Sales of goods

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

B. Sales of services

The Group provides repairs and maintenance of semiconductor testers and in-circuit testers services, and the sales are recognised when the services are rendered.

C. A sale agreement comprising multiple components

A sale agreement offered by the Group might comprise multiple components, including sale of goods and subsequent repair services, etc. If a sale agreement comprises multiple identifiable components, the fair value of the consideration received or receivable in respect of the sale agreement shall be allocated between those components based on the relative fair value of each component. The amount of proceeds allocated to each component is recognised as revenue in profit or loss following the revenue recognition criteria applied to each component. The fair value of each component is determined by its market value when it is sold separately.

(22) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. In the process of applying the Group's accounting policies, there is no critical accounting judgments, mainly the critical accounting estimates and assumptions are evaluation of inventories, The information is addressed below:

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

As of December 31, 2013, the carrying amount of inventories was $587,001.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand and petty cash	$ 1,917	$ 3,819	$ 3,393
Checking accounts and demand deposits	684,146	510,208	351,430
Time deposits	747,269	242,173	198,046
Repurchase of bonds	749,954	1,149,928	549,994
	$ 2,183,286	$ 1,906,128	$ 1,102,863

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group’s maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

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

(2) Accounts receivable

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts receivable	$ 1,015,680	$ 1,553,645	$ 940,132
Less: Allowance for bad debts	(9,856)	(14,734)	(2,202)
	$ 1,005,824	$ 1,538,911	$ 937,930

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

	December 31, 2013	December 31, 2012	January 1, 2012
Group 1	$ 352,511	$ 684,782	$ 311,564
Group 2	315,279	347,147	190,254
	$ 667,790	$ 1,031,929	$ 501,818

Note：

Group 1: Low-risk clients: clients that have good operating conditions, degree of financial transparency and are approved by the Group's credit control supervisors.

Group 2：Regular-risk clients: clients that are excluded from low-risk clients and are approved by the Group's credit control supervisors.

B. The ageing analysis of accounts receivable that were past due is as follows:

(a) Ageing analysis of financial assets that were past due but did not exceed credit limits is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 60 days	$ 178,536	$ 342,238	$ 264,542
61 to 90 days	12,711	55,006	39,835
91 to 180 days	43,965	22,932	73,707
181 to 365 days	58,668	40,438	7,881
Over 365 days	1,486	9,346	4,638
	$ 295,366	$ 469,960	$ 390,603

(b) Ageing analysis of financial assets that were past due and exceeded credit limits is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 60 days	$ 30,318	$ 40,552	$ 18,353
61 to 90 days	2,185	1,742	7,607
91 to 180 days	3,921	5,843	11,608
181 to 365 days	6,904	112	9,776
Over 365 days	9,196	3,507	367
	$ 52,524	$ 51,756	$ 47,711

(c) Movement of changes in allowance for bad debts of financial assets that were past due by group assessment is as follows:

	2013		
	Individual provision	Group provision	Total
At January 1	$ -	$ 14,734	$ 14,734
Reversal of impairment	-	(4,993)	(4,993)
Net exchange differences	-	115	115
At December 31	$ -	$ 9,856	$ 9,856

	2012		
	Individual provision	Group provision	Total
At January 1	$ -	$ 2,202	$ 2,202
Reversal of impairment	-	12,855	12,855
Net exchange differences	-	(323)	(323)
At December 31	$ -	$ 14,734	$ 14,734

C. The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

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

(3) Inventories

	December 31, 2013		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 620,827	($ 130,270)	$ 490,557
Work in process	46,017	(130)	45,887
Finished goods	11,050	(2,354)	8,696
Merchandise	46,745	(4,884)	41,861
	$ 724,639	($ 137,638)	$ 587,001

	December 31, 2012		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 823,193	($ 121,013)	$ 702,180
Work in process	35,978	(64)	35,914
Finished goods	14,277	(2,861)	11,416
Merchandise	26,634	(2,611)	24,023
	$ 900,082	($ 126,549)	$ 773,533

	January 1, 2012		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 707,174	($ 48,643)	$ 658,531
Work in process	52,964	(15)	52,949
Finished goods	17,843	-	17,843
Merchandise	25,231	(835)	24,396
	$ 803,212	($ 49,493)	$ 753,719

The inventories were not pledged.

The cost of inventories recognised as expense for the years ended December 31, 2013 and 2012 was $2,017,527 and $2,479,435, respectively, including the amount of $35,508 and $82,926, respectively, that the Group wrote down from cost to net realizable value accounted for as cost of good sold.

(4) Property, plant and equipment

At January 1, 2013	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Total
Cost	$ 1,166,021	$ 921,538	$ 308,712	$ 5,190	$ 102,520	$ 81,586	$ 2,585,567
Accumulated depreciation	-	(104,563)	(149,746)	(3,284)	(37,626)	(38,714)	(333,933)
	$ 1,166,021	$ 816,975	$ 158,966	$ 1,906	$ 64,894	$ 42,872	$ 2,251,634
2013							
January 1	$ 1,166,021	$ 816,975	$ 158,966	$ 1,906	$ 64,894	$ 42,872	$ 2,251,634
Additions	-	-	12,679	-	9,881	7,563	30,123
Transfer from inventory	-	-	42,712	-	22,411	531	65,654
Disposals	-	-	(14,321)	-	(905)	(331)	(15,557)
Depreciation charge	-	(18,181)	(37,818)	(499)	(16,120)	(13,024)	(85,642)
Net exchange differences	-	-	9,999	98	286	-	10,383
December 31	$ 1,166,021	$ 798,794	$ 172,217	$ 1,505	$ 80,447	$ 37,611	$ 2,256,595
At December 31, 2013							
Cost	$ 1,166,021	$ 921,538	$ 338,171	$ 5,482	$ 130,669	$ 87,714	$ 2,649,595
Accumulated depreciation	-	(122,744)	(165,954)	(3,977)	(50,222)	(50,103)	(393,000)
	$ 1,166,021	$ 798,794	$ 172,217	$ 1,505	$ 80,447	$ 37,611	$ 2,256,595

At January 1, 2012	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Total
Cost	$ 1,166,021	$ 921,538	$ 284,032	$ 5,196	$ 84,641	$ 67,756	$ 2,529,184
Accumulated depreciation	-	(86,381)	(121,122)	(2,971)	(24,475)	(26,427)	(261,376)
	$ 1,166,021	$ 835,157	$ 162,910	$ 2,225	$ 60,166	$ 41,329	$ 2,267,808
2012							
January 1	$ 1,166,021	$ 835,157	$ 162,910	$ 2,225	$ 60,166	$ 41,329	$ 2,267,808
Additions	-	-	4,811	568	6,773	12,705	24,857
Transfer from inventory	-	-	43,075	-	12,526	1,125	56,726
Disposals	-	-	(5,785)	-	(472)	-	(6,257)
Depreciation charge	-	(18,182)	(39,787)	(838)	(13,998)	(12,287)	(85,092)
Net exchange differences	-	-	(6,258)	(49)	(101)	-	(6,408)
December 31	$ 1,166,021	$ 816,975	$ 158,966	$ 1,906	$ 64,894	$ 42,872	$ 2,251,634
At December 31, 2012							
Cost	$ 1,166,021	$ 921,538	$ 308,712	$ 5,190	$ 102,520	$ 81,586	$ 2,585,567
Accumulated depreciation	-	(104,563)	(149,746)	(3,284)	(37,626)	(38,714)	(333,933)
	$ 1,166,021	$ 816,975	$ 158,966	$ 1,906	$ 64,894	$ 42,872	$ 2,251,634

A. Each property, plant and equipment does not include significant components.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(5) Other payables

	December 31, 2013	December 31, 2012	January 1, 2012
Salaries and bonuses payable	$ 115,097	$ 193,379	$ 111,295
Directors' and supervisors' remuneration and employees' bonuses payable	87,752	64,456	53,990
Others	68,484	76,450	75,518
	$ 271,333	$ 334,285	$ 240,803

(6) Pensions

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

b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 86,700	$ 88,745	$ 84,285
Fair value of plan assets	(35,942)	(33,040)	(30,338)
	50,758	55,705	53,947
Present value of unfunded obligations	-	-	-
Unrecognised actuarial losses (gains)	-	-	-
Unrecognised past service cost	-	-	-
Net liability in the balance sheet (shown as “other non-current liabilities”)	-	-	-
	$ 50,758	$ 55,705	$ 53,947

c) Changes in present value of funded obligations are as follows:

	2013	2012
Present value of funded obligations at January 1	$ 88,745	$ 84,285
Current service cost	13	13
Interest expense	1,331	1,475
Actuarial profit and loss	(3,389)	2,972
Present value of funded obligations at December 31	$ 86,700	$ 88,745

d) Changes in fair value of plan assets are as follows:

	2013	2012
Fair value of plan assets at January 1	$ 33,040	$ 30,338
Expected return on plan assets	495	531
Actuarial profit and loss	(87)	(272)
Employer contributions	2,494	2,443
Fair value of plan assets at December 31	$ 35,942	$ 33,040

e) Amounts of expenses recognised in statement of comprehensive income are as follows:

	For the years ended December 31,	
	2013	2012
Current service cost	$ 13	$ 13
Interest cost	1,331	1,475
Expected return on plan assets	(495)	(531)
Current pension costs	$ 849	$ 957

Details of costs and expenses recognised in statement of comprehensive income are as follows:

	For the years ended December 31,	
	2013	2012
Cost of sales	$ 111	$ 123
Selling expenses	308	356
General and administrative expenses	117	129
Research and development expenses	313	349
	$ 849	$ 957

f) Amounts recognised under other comprehensive income are as follows:

	2013	2012
Recognition for current period	$ 3,302	($ 3,244)
Accumulated amount	$ 58	($ 3,244)

g) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

h) The principal actuarial assumptions used were as follows:

	2013	2012	2011
Discount rate	2.00%	1.50%	1.75%
Future salary increases	3.00%	3.00%	3.00%
Expected return on plan assets	2.00%	1.50%	1.75%

For the years ended December 31, 2013 and 2012, assumptions regarding future mortality rate were estimated in accordance with the 5th version of Taiwan Standard Ordinary Experience Mortality Table. For the year ended December 31, 2011, assumptions regarding future mortality rate was estimated in accordance with the 4th version of Taiwan Standard Ordinary Experience Mortality Table.

i) Historical information of experience adjustments was as follows:

	2013	2012
Present value of defined benefit obligation	$ 86,700	$ 88,745
Fair value of plan assets	(35,942)	(33,040)
Deficit in the plan	$ 50,758	$ 55,705
Experience adjustments on plan liabilities	$ 2,634	($ 855)
Experience adjustments on plan assets	($ 87)	($ 272)

j) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2013 are $2,494.

B. a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

b) The subsidiaries, DOLI, TIL, TRU, TRE, TRJ and TRM, have no pension plan, and its local laws have no compulsory requirements on the establishment of a pension plan. However, the subsidiaries, TRI ELECTRONIC (SHENZHEN) LIMITED, TRI ELECTRONIC (SUZHOU) LIMITED and TRI ELECTRONIC (SHANGHAI) LIMITED, have a defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2013 and 2012 amounted to $28,486 and $24,293, respectively.

(7) Share capital

A. The Company's authorized capital was $2,500,000. As of January 1, 2012, the Company's outstanding capital was $2,163,560. As approved at the shareholders' meeting held in June 2012 and 2013, the Company approved the capitalization of earnings from stock dividends of $64,900 and $133,700, respectively. As of December 31, 2013 and 2012, the Company's outstanding capital was $2,362,160 and $2,228,460, respectively.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2013	2012
At January 1	$ 222,846	$ 216,356
Capitalization of earnings from stock dividends	13,370	6,490
At December 31	$ 236,216	$ 222,846

(8) Capital surplus

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

(9) Retained earnings

A. Under the Company's Articles of Incorporation as amended on June 6, 2012, the residual dividend policy is adopted taking into consideration the Company's capital expenditure budget and future capital requirements. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 50% of the total dividends distributed. However, it shall be raised to 100% of the total dividends distributed as the Company's capital expenditure is low or its capital is sufficient. 10% of the annual net income, after offsetting losses of prior years, if any, shall be set aside as legal reserve. The net income after deducting legal reserve shall be allocated as follows:

(a) 1% to 3% as remuneration to directors and supervisors;

(b) at least 1% as special bonus to employees; and

(c) the remaining balance shall be distributed in accordance with the resolution adopted by the Board of Directors and approved at the shareholders' meeting.

B. The appropriations of 2012 and 2011 earnings had been resolved at the stockholders' meeting on June 13, 2013 and June 6, 2012, respectively. Details are summarized below:

	2012		2011	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 143,309	-	$ 96,372	-
Stock dividends	133,700	$ 0.6	64,900	$ 0.3
Cash dividends	824,530	3.7	584,161	2.7
	$ 1,101,539		$ 745,433	

The abovementioned appropriations for 2012 and 2011 earnings are not different from that proposed by the Board of Directors on March 1, 2013 and February 17, 2012, respectively. As approved by the stockholders, the appropriations for employees' bonus for 2012 and 2011 were $51,556 and $45,300, respectively, and directors' and supervisors' remuneration for 2012 and 2011 were $12,900 and $8,690, respectively. Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

C. The appropriations of 2013 earnings had been proposed by the Board of Directors on February 21, 2014. Details are summarized below:

	2013 earnings	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 80,630	-
Cash dividends	779,513	$ 3.3
	$ 860,143	

As of the report date, the abovementioned appropriations of 2013 earnings had not been resolved by the stockholders. The appropriations of employees' bonus and directors' and supervisors' remuneration for 2013 as proposed by the board of directors were $28,956 and $7,240, respectively, which were recognized as operating costs or operating expenses for 2013. The estimated amounts were based on a certain percentage of the net income, net of legal reserve. While, if the estimated amounts are different from the amounts approved by the stockholders subsequently, the difference is recognized as gain or loss in the following year.

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

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

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

(10) Operating revenue

	For the years ended December 31,	
	2013	2012
Sales revenue	$ 4,011,342	$ 5,473,556
Services revenue	72,518	64,832
	$ 4,083,860	$ 5,538,388

(11) Other income

	For the years ended December 31,	
	2013	2012
Interest income from bank deposits	$ 23,199	$ 10,084
Other income	26,249	18,277
	$ 49,448	$ 28,361

(12) Other gains and losses

	For the years ended December 31,	
	2013	2012
Net currency exchange gain (loss)	$ 25,603	($ 45,389)
Gain (loss) on disposal of property, plant and equipment	641	(1,582)
Other losses	(7,535)	(8,054)
	$ 18,709	($ 55,025)

(13) Expenses by nature

	For the years ended December 31,	
	2013	2012
Employee benefit expense	$ 733,079	$ 806,465
Depreciation charges on property, plant and equipment	85,642	85,092
Amortisation charges on intangible assets	4,452	4,422
	$ 823,173	$ 895,979

(14) Employee benefit expense

	For the years ended December 31,	
	2013	2012
Wages and salaries	$ 629,334	$ 713,606
Labor and health insurance fees	54,974	47,656
Pensions costs	29,335	25,250
Other personnel expenses	19,436	19,953
	$ 733,079	$ 806,465

(15) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2013	2012
Current tax:		
Current tax on profits for the period	$ 176,319	$ 357,128
Adjustments in respect of prior years	(2,946)	18,865
Total current tax	173,373	375,993
Deferred tax:		
Origination and reversal of temporary differences	424	5,769
Income tax expense	$ 173,797	$ 381,762

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2013	2012
Currency translation differences	$ 5,912	$ 4,548

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2013	2012
Tax calculated based on profit before tax and statutory tax rate	$ 169,786	$ 333,468
Effect from investment tax credits	(26,198)	7,600
(Over) under provision of prior year's income tax	(2,946)	18,865
Additional 10% tax on undistributed earnings	33,155	21,829
Tax expense	$ 173,797	$ 381,762

C. Deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	For the year ended December 31, 2013				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
-Temporary differences:					
Accrued warranty	$ 2,303	($ 231)	$ -	$ -	$ 2,072
Unrealized exchange loss	1,507	(1,507)	-	-	-
Unrealized gross profit	9,698	3,300	-	-	12,998
Allowance for inventory obsolescence	19,331	1,494	-	-	20,825
Provision for rework	1,356	(711)	-	-	645
Accrued pension liabilities	4,540	4,089	-	-	8,629
Unpaid annual leave	3,259	(738)	-	-	2,521
Others	82	-	-	-	82
-Loss carryforwards	2,502	66	-	-	2,568
	44,578	5,762	-	-	50,340
Deferred tax liabilities:					
-Temporary differences:					
Unrealized exchange gain	-	(900)	-	-	(900)
Accrued pension liabilities	4,378	(4,378)	-	-	-
Investment income	(58,321)	(911)	-	-	(59,232)
Currency translation differences	-	-	(5,912)	(4,548)	(10,460)
Others	(63)	3	-	-	(60)
	(54,006)	(6,186)	(5,912)	(4,548)	(70,652)
Total	($ 9,428)	($ 424)	($ 5,912)	($ 4,548)	($ 20,312)

	For the year ended December 31, 2012				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
-Temporary differences:					
Accrued warranty	$ 1,972	$ 331	$ -	$ -	$ 2,303
Unrealized exchange loss	(1,879)	3,386	-	-	1,507
Unrealized gross profit	7,698	2,000	-	-	9,698
Allowance for inventory obsolescence	6,843	12,488	-	-	19,331
Provision for rework	538	818	-	-	1,356
Accrued pension liabilities	4,783	(243)	-	-	4,540
Unpaid annual leave	1,159	2,100	-	-	3,259
Others	227	(145)	-	-	82
-Loss carryforwards	2,608	(106)	-	-	2,502
	23,949	20,629	-	-	44,578
Deferred tax liabilities:					
-Temporary differences:					
Accrued pension liabilities	4,388	(10)	-	-	4,378
Investment income	(31,996)	(26,325)	-	-	(58,321)
Others	-	(63)	-	-	(63)
	(27,608)	(26,398)	-	-	(54,006)
Total	($ 3,659)	($ 5,769)	$ -	$ -	($ 9,428)

D. The subsidiary, TEST RESEARCH USA, INC.'s, expiration dates of unused net operating loss carryforwards and unrecognised deferred tax assets are as follows:

December 31, 2013			
Year incurred	Unused Amount	Unrecognised deferred tax assets	Year of expiration
2002~2009	$ 33,036	$ 2,502	Gradually expires during 2017~2030

December 31, 2012			
Year incurred	Unused Amount	Unrecognised deferred tax assets	Year of expiration
2002~2009	$ 35,772	$ 3,407	Gradually expires during 2017~2030

January 1, 2012			
Year incurred	Unused Amount	Unrecognised deferred tax assets	Year of expiration
2002~2009	$ 37,412	$ 3,552	Gradually expires during 2017~2030

E. The Company's income tax returns through 2011, except for 2009~2010 income tax returns, have been assessed and approved by the Tax Authority.

F. The Company's income tax returns through 2008 and undistributed earnings tax through 2007 have been assessed and approved by the Tax Authority. The Company was assessed with additional tax payable of $112,511 for the 2008 income tax return and the 2007 Undistributed earnings, because the products developed by the Company did not qualify for the relevant regulations under the Statute for Upgrading Industry. Accordingly, the Company had filed for tax re-examination in June, 2013. Instead of the original assessment of $112,511, the Company was reassessed with additional tax payable of $16,642 which has been approved by the Tax Authority in November, 2013. The Company has recognized the additional tax liability as "Income tax expense" and "Current income tax liabilities" for the year ended December 31, 2013.

G. The applicable income tax rate of the Company's indirect subsidiaries, TRI Electronic (Shenzhen) Limited, TRI Electronic (Suzhou) Limited and TRI Electronic (Shanghai) Limited, is 25% in accordance with The Law of the People's Republic of China on Enterprise Income Tax and related policy notifications.

H. The Company's subsidiaries, TEST RESEARCH USA, INC., TRI TEST RESEARCH EUROPE GMBH, TRI JAPAN CORPORATION and TRI MALAYSIA SND. BHD pay income tax based on local tax rates. The deductible amount of loss carryfoward of TEST RESEARCH USA, INC. is calculated based on the laws of U.S. Federal Government and California State Government, and income tax rate was 34% and 8.84%, respectively.

I. The Company's subsidiaries, DOLI TRADING LIMITED and TRI INVESTMENTS LIMITED are exempted from income tax in accordance with the British Virgin Islands and Western Samoa local laws, respectively.

J. Undistributed earnings:

	December 31, 2013	December 31, 2012	January 1, 2012
Earnings generated in and before 1997	$ 270	$ 270	$ 270
Earnings generated in and after 1998	2,085,808	2,377,745	1,702,403
	$ 2,086,078	$ 2,378,015	$ 1,702,673

K. Details of imputation tax system:

	December 31, 2013	December 31, 2012	January 1, 2012
(a) Balance of imputation tax credit account (ICA)	$ 385,337	$ 188,894	$ 84,340

	2013 (Estimated)	2012 (Actual)
(b) Creditable tax ratio	21.71%	18.43%

(16) Earnings per share

A. Basic earnings per share

Basic earnings per share refer to profit or loss attributable to common shareholders of the parent divided by outstanding weighted average number of common shares.

B. Diluted earnings per share

Diluted earnings per share considers the effect of all dilutive potential common shares, and adjustment to the amount attributable to common shareholders of the parent and calculation of weighted average number of outstanding shares.

	For the year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 806,300	236,216	$ 3.41
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	718	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 806,300	236,934	$ 3.40

	For the year ended December 31, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 1,424,019	236,216	$ 6.03
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	976	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,424,019	237,192	$ 6.00

(a) As employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus issuance in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effect of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year including the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends, the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively.

(b) The abovementioned weighted-average number of common shares outstanding has been adjusted retroactively according to the capitalization rate of the 2012 earnings from stock dividends as approved at the shareholders' meeting held in June, 2013.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company shares are widely held. The Company does not have an ultimate parent and ultimate controlling party.

(2) Key management compensation

	For the years ended December 31,	
	2013	2012
Salaries and other short-term employee benefits	$ 19,247	$ 30,506

Salaries and other short-term employee benefits include regular wages, special responsibility allowances, various bonuses, service execution fees, directors' and supervisors' remuneration and employees' bonuses , etc.

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value			
Pledged asset	December 31, 2013	December 31, 2012	January 1, 2012	Purpose
Property, plant and equipment				
- Land	$ 388,990	$ 388,990	$ 388,990	Security for lines of credit
- Buildings	61,692	63,285	64,878	"
Time deposits (shown under "other current assets")	5,878	-	-	Performance bond
	$ 456,560	$ 452,275	$ 453,868	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Except for the matters described in Note 6(9)(c), no other significant subsequent events have occurred.

12. OTHERS

(1) Capital management

The Group's main objectives when managing capital are to ensure solid and good capital ratio in order to support operations and to provide maximum returns for shareholders. The Group manages and adjusts capital structure based on economic situations and debt ratio, and achieves the purpose of maintaining and adjusting capital structure possibly by adjusting dividend payment or shares issuance.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, notes payable, accounts payable and other payables) are approximate to their fair values.

B. Financial risk management policies

The Group adopts an overall risk management and control system to identify and measure a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group's management considers economic environment, competition and market value risk to achieve the best position of investment risk, maximize the investment of excess liquidity and control the overall market risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

B. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2013								
					Sensitivity Analysis				
	Foreign currency amount (in thousands)	Exchange rate		Book value (NTD)	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
Financial assets									
Monetary items									
USD:NTD	$ 44,466	29.81	$	1,325,531	1%	$	13,255	$	-
Non-monetary items									
USD:NTD	689	29.81		20,541	1%		-		205
EUR:NTD	427	41.09		17,551	1%		-		176
RMB:NTD	111,077	4.92		546,830	1%		-		5,468
Financial liabilities									
Monetary items									
USD:NTD	$ 23,265	29.81	$	693,530	1%	$	6,935	$	-
USD:RMB	4,546	6.05		135,316	1%		1,353		-

	December 31, 2012								
						Sensitivity Analysis			
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)		Degree of variation	Effect on profit or loss		Effect on other comprehensive income
Financial assets									
Monetary items									
USD:NTD	$	81,832	29.04	$	2,376,401	1%	$	23,764	$ -
Non-monetary items									
USD:NTD		640	29.04		18,583	1%		-	186
EUR:NTD		475	38.49		18,280	1%		-	183
RMB:NTD		125,564	4.66		585,126	1%		-	5,851
Financial liabilities									
Monetary items									
USD:NTD	$	40,652	29.04	$	1,180,534	1%	$	11,805	$ -
USD:RMB		1,895	6.23		55,031	1%		550	-

	January 1, 2012					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 45,562	30.28	$ 1,379,617	1%	$ 13,796	$ -
Non-monetary items						
USD:NTD	645	30.28	19,539	1%	-	195
EUR:NTD	164	39.18	6,418	1%	-	64
RMB:NTD	116,053	4.77	553,575	1%	-	5,536
Financial liabilities						
Monetary items						
USD:NTD	$ 19,654	30.28	$ 595,123	1%	$ 5,951	$ -
USD:RMB	1,442	6.34	43,664	1%	437	-

Price risk

The Group has no equity instruments held for trading; thus, the Group has no price risk.

Interest rate risk

The Group has no borrowings; thus, the Group has no interest rate risk.

Credit risk

i. The Group has strict credit policy in place. Transactions are conducted only with counterparties with good credit conditions. Appropriate measures are also undertaken where necessary to protect the Group's credit rights and thereby mitigate credit risk. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The credit quality information of financial assets that are neither past due nor impaired is described in Note 6(2).

iv. The ageing analysis of financial assets that were past due but not impaired, and the individual analysis of financial assets that had been impaired, are described in Noted 6(2).

Liquidity risk

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

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

Non-derivative financial liabilities:

December 31, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable	$ 15,231	$ -	$ -	$ -
Accounts payable	498,572	-	-	-
Other payables	271,333	-	-	-

	Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years	
December 31, 2012								
Notes payable	$	11,164	$	-	$	-	$	-
Accounts payable		575,392		-		-		-
Other payables		334,285		-		-		-

	Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years	
January 1, 2012								
Notes payable	$	13,446	$	-	$	-	$	-
Accounts payable		261,435		-		-		-
Other payables		240,803		-		-		-

(3) Fair value estimation

The Group has no financial instruments measured at fair value, by valuation method.

13.SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information :

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The disclosure information as follows is for reference only.

The required information of TEST RESEARCH USA, INC., TRI TEST RESEARCH EUROPE GMBH and TRI MALAYSIA SDN. BHD were based on the investee companies' financial statements which were audited by other independent accountants.

A. Loans to others:

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2013	Balance at December 31, 2013	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 2)	Footnote
1	TRI Electronic (Shenzhen) Limited	TRI Electronic (Suzhou) Limited	Other receivables	Yes	$ 24,614	$ 24,614	$ 24,614	6%	Short-term financing	$ -	Additional operating capital	$ -	None	$ -	$ 49,229	$ 136,550	-

Note 1: The Board of Directors during its meeting on November 8, 2013 adopted a resolution to set rules for " Procedures for Capital Lending to Others" of TRI Electronic (Shenzhen) Limited whereby the maximum amount for lending to individual is CNY$10 million.

Note 2: The Board of Directors during its meeting on November 8, 2013 adopted a resolution to set rules for "Procedures for Capital Lending to Others" of TRI Electronic (Shenzhen) Limited whereby the maximum amount of short-term financing necessary to lend to others shall not exceed 30% of net assets in the most recent financial statements.

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

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

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

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

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

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

			Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/ seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes/ accounts receivable (payable)	Footnote
Test Research, Inc.	DOLI Trading Limited	Subsidiary	Sales	$1,090,507	29%	The collection terms are 90-120 days, and similar to third parties.	If the purchases from TRI will be resold to the indirect 100% owned companies of TRI, the price is 40%-70% of standard prices; otherwise, the price is 93% of final sales price.	The collection terms are 90-120 days, and are similar to third parties.	Accounts Receivable $ 425,154	56%	None
DOLI Trading Limited	TRI Electronic (Shenzhen) Limited	Same ultimate parent company	Sales	$ 294,184	25%	The collection terms are 90-120 days, and similar to third parties.	The price is 40%-70% of standard prices.	The collection terms are 90-120 days, and are similar to third parties.	Accounts Receivable $ 75,260	13%	None
DOLI Trading Limited	Test Research, Inc.	Parent company	Purchases	$1,090,507	100%	The payment terms are 90-120 days.	The price is determined by TRI, the only counterparty for purchase transactions of DOLI.	The payment terms are 90-120 days.	Accounts Payable $ 425,154	100%	None
TRI Electronic (Shenzhen) Limited	DOLI Trading Limited	Same ultimate parent company	Purchases	$ 294,184	79%	The payment terms are 90-120 days.	The price is determined by TRI, the final counterparty is TRI.	The payment terms are 90-120 days.	Accounts Payable $ 75,260	86%	None

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more:

					Overdue receivables			
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2013	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance date (Note 1)	Allowance for doubtful accounts
Test Research, Inc.	DOLI Trading Limited	A company accounted for under the equity method	$ 425,154	1.73	$ -	-	$ 161,289	$ -

Note 1: The subsequent collections were received prior to the opinion date.

I. Derivative financial instruments undertaken during the year ended December 31, 2013: None.

J. Significant inter-company transactions during the year ended December 31, 2013:

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 5)	Transaction terms	Percentage of consolidated total operating revenue or total assets
0	Test Research, Inc.	DOLI TRADING LIMITED	Note 2(1)	Sales revenue	$ 1,090,507	Note 3	27%
0	Test Research, Inc.	DOLI TRADING LIMITED	〃	Accounts receivable	425,154	〃	7%
0	Test Research, Inc.	TEST RESEARCH USA, INC.	〃	Agency expenses	33,740	Note 4	1%
0	Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH	〃	〃	15,397	〃	0%
0	Test Research, Inc.	TRI JAPAN CORPORATION	〃	〃	13,153	〃	0%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	Note 2(2)	〃	19,611	None	0%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Sales revenue	294,184	Note 3	7%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	56,863	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	94,045	〃	2%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Accounts receivable	75,260	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	40,419	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	52,281	〃	1%
2	TRI ELECTRONIC (SHENZHEN) LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	〃	Other receivables	24,614	Note 6	0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Company to the consolidated subsidiary.

(2) Consolidated subsidiary to indirect wholly-owned subsidiary.

Note 3：The purchases from the Company will be resold to the indirect 100% owned companies of TRI, and the price is 40%-70% of standard prices; otherwise, the price is 93% of final sales price. The collection terms are 90-120 days, and are similar to third parties.

Note 4：The Company signed agency agreements with subsidiaries, and the subsidiaries act as product sales agent.

Note 5：Only related party transactions in excess of $10,000 are disclosed.

Note 6：The amount refer to other receivables from TRI Electronic (Shenzhen) Limited from lending capital to TRI Electronic (Suzhou) Limited.

(2) Information on investee (excluding investees in Mainland China):

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The disclosure information as follows is for reference only.

The required information of TEST RESEARCH USA, INC., TRI TEST RESEARCH EUROPE GMBH and TRI MALAYSIA SDN. BHD were based on the investee companies' financial statements which were audited by other independent accountants.

				Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee	Investment income (loss) recognised by the Company	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value	for the year ended December 31, 2013	for the year ended December 31, 2013	Footnote
Test Research, Inc.	TRI Investments Limited	SAMOA	Investment holdings	$ 219,811	$ 219,811	6,724,109	100	$ 546,948	($ 53,970)	($ 53,970)	None
Test Research, Inc.	DOLI Trading Limited	British Virgin Islands	Trading	131,973	131,973	801	100	142,783	50,672	47,925	Note 2
Test Research, Inc.	Test Research USA, Inc.	United States	Trading	30,297	30,297	1,018,935	100	20,541	1,463	1,463	None
Test Research, Inc.	TRI Test Research Europe GmbH	Germany	Trading	17,679	17,679	-	100	17,551	(1,979)	(1,979)	Note 1
Test Research, Inc.	TRI Japan Corporation	Japan	Trading	10,750	10,750	720	100	10,203	1,680	1,680	None
Test Research, Inc.	TRI MALAYSIA SDN. BHD	Malaysia	Trading	2,066	2,066	500,000	100	7,947	(473)	(473)	None

Note 1: A limited liability company.

Note 2: The investment loss included the elimination of intercompany transactions.

(3) Information on investments in Mainland China

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The disclosure information as follows is for reference only.

A. The related information of investments in Mainland China are as follows:

Investee in Mainland China	Main business activities	Paid-in capital (Note 5)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2013 (Note 5)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013 (Note 5)	Net income of investee as of December 31, 2013	Ownership held by Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(2)B.)	Book value of investments in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Footnote
TRI Electronic (Shenzhen) Limited	Manufacture and sales of test equipment	$ 90,905	Note 1.(2) (TRI INVESTMENTS LIMITED)	$ 22,354	$ -	$ -	$ 22,354	$ 8,411	100	$ 8,411	$ 393,150	None	
TRI Electronic (Suzhou) Limited	Manufacture and sales of test equipment	77,163	Note 1.(2) (TRI INVESTMENTS LIMITED)	59,610	-	-	59,610	(34,929)	100	(34,929)	60,641	None	
TRI Electronic (Shanghai) Limited	Import and export of equipment, consulting and after-sale maintenance service of equipment	116,240	Note 1.(2) (TRI INVESTMENTS LIMITED)	116,240	-	-	116,240	(27,452)	100	(27,452)	93,039	None	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013 (Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
Test Research, Inc.	$ 198,204	$ 265,679	$ 3,132,735

B.Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas.

Investee in Mainland China	Sales (Purchases)	Sale (purchase) Amount	%	Accounts receivable (payable) Balance at December 31, 2013	%	Others (Note 4)
TRI Electronic (Shenzhen) Limited	Sales	$ 294,184	7	$ 75,260	1	$ 20,291
TRI Electronic (Suzhou) Limited	Sales	56,863	1	40,419	1	14,109
TRI Electronic (Shanghai) Limited	Sales	94,045	2	52,281	1	5,222

Note 1: Investment methods are classified into the following three categories:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3)Others.

Note 2: Investment income (loss) recognised by the Company for the year:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Investment income (loss) recognition is classified into one of the following three categories:

A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements were audited and attested by R.O.C. parent company's CPA.

C.Others.

Note 3: The highest of $80,000, 60% of the stockholder's equity and 60% of consolidated net assets.

Note 4: Warranty expenses, agency expenses and expenses on purchases made by related parties on behalf of the Company.

Note 5: The amount was originally denominated in USD and was translated to NTD at the exchange rate prevailing at the balance sheet date.

14. SEGMENT INFORMATION

(1) General information

The businesses of the Group are mainly divided into two parts: Board tester and Semiconductor tester.

Circuit board inspection department manufactures equipment that can precisely detect those bad parts on circuit boards to elevate the quality of manufacturing process of circuit boards.

Semiconductor testing department manufactures wafer testing and related finished goods testing equipment to check whether IC meets qualified standards.

(2) Measurement of segment information

The accounting policies of the operating segments and the Group are the same. The Group uses the operating profit as the measurement for operating segment profit and the basis of performance assessment.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

For the year ended December 31, 2013	Board Tester	Semiconductor Tester	Total
Revenue from external customers	$ 3,998,342	$ 85,518	$ 4,083,860
Segment profit	909,870	2,667	912,537
Depreciation and amortisation	87,354	2,740	90,094

For the year ended December 31, 2012	Board Tester	Semiconductor Tester	Total
Revenue from external customers	$ 5,487,154	$ 51,234	$ 5,538,388
Segment profit	1,876,471	(44,026)	1,832,445
Depreciation and amortisation	85,726	3,788	89,514

(4) Reconciliation for segment income (loss)

Net profit (loss) of segments reported to the chief operating decision-maker is measured in a manner consistent with revenues and expenses in the income statement. Amounts of total assets and total liabilities of segments are not provided to the chief operating decision-maker to make strategic decisions. A reconciliation of segment profit (loss) to profit (loss) before tax and discontinued operations is provided as follows:

	For the years ended December 31,	
	2013	2012
Reportable segments profit	$ 912,537	$ 1,832,445
Unallocated profit or loss		
Non-operating income and expenses	67,560	(26,664)
Profit before tax from continuing operations	$ 980,097	$ 1,805,781

(5) Information on product and service

Revenues from external customers are mainly from sales of Board tester and Semiconductor tester, and the components of revenues are as follows:

	For the years ended December 31,			
	2013		2012	
Sales revenue				
Board Tester	$	3,930,047	$	5,425,662
Semiconductor Tester		81,295		47,894
Maintenance income				
Board Tester		68,367		61,492
Semiconductor Tester		4,151		3,340
	$	4,083,860	$	5,538,388

(6) Geographical information

Geographical information for the years ended December 31, 2013 and 2012 is as follows:

	As of and for the year ended December 31, 2013				As of and for the year ended December 31, 2012			
	Revenues		Non-current assets		Revenues		Non-current assets	
Taiwan	$	358,583	$	2,121,615	$	365,361	$	2,120,121
China		3,186,604		143,806		3,334,729		137,152
USA		211,059		349		1,444,017		380
Others		327,614		1,757		394,281		1,453
	$	4,083,860	$	2,267,527	$	5,538,388	$	2,259,106

The Group allocates the revenues on the basis of the customers' location of the single country or area.

(7) Major customer information

Sales to customers constituting more than 10 percent of the Group's total sales revenue in consolidated statements of comprehensive income for the years ended December 31, 2013 and 2012 are as follows:

	For the year ended December 31, 2013			For the year ended December 31, 2012		
	Revenues		Segment	Revenues		Segment
F	$	1,486,723	Board Tester	$	-	Board Tester
G		142,279	"		1,192,104	"
H		10,829	"		851,882	"

15. <u>INITIAL APPLICATION OF IFRSs</u>

These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions elected by the Group

A. Deemed cost

For property, plant and equipment that were revalued under R.O.C. GAAP before the transition date, the Group has elected to use the revalued amount under R.O.C. GAAP at the date of the revaluation as the 'deemed cost' of these assets under IFRSs.

B. Employee benefits

The Group has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

C. Cumulative translation differences

The Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, 'The Effects of Changes in Foreign Exchange Rates'.

(2) Except hedge accounting and non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that entity should make reconciliation for equity, comprehensive income and cash flows for the comparative periods. Reconciliation for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 1,102,863	$ -	$ 1,102,863	
Notes receivable, net	17,734	-	17,734	
Accounts receivable, net	937,930	-	937,930	
Other receivables	21,361	-	21,361	
Inventory	753,719	-	753,719	
Deferred income tax assets	15,399	(15,399)	-	(a)
Other current assets	15,219	-	15,219	
Total current assets	2,864,225	(15,399)	2,848,826	
Non-current assets				
Property, plant and equipment, net	2,265,204	2,604	2,267,808	(e)
Intangible assets	4,406	-	4,406	
Deferred income tax assets	2,608	21,341	23,949	(a)(b)(c)
Other non-current assets	7,002	(2,604)	4,398	(e)
Total non-current assets	2,279,220	21,341	2,300,561	
Total assets	$ 5,143,445	$ 5,942	$ 5,149,387	
Current liabilities				
Notes payable	$ 13,446	$ -	$ 13,446	
Accounts payable	261,435	-	261,435	
Other payables	233,985	6,818	240,803	(c)
Current income tax liabilities	143,034	-	143,034	
Other current liabilities	17,252	(14,755)	2,497	(f)
Total current liabilities	669,152	(7,937)	661,215	
Non-current liabilities				
Provisions for liabilities - non-current	-	14,755	14,755	(f)
Deferred income tax liabilities	27,608	-	27,608	
Other non-current liabilities	25,814	28,133	53,947	(b)
Total non-current liabilities	53,422	42,888	96,310	
Total Liabilities	$ 722,574	$ 34,951	$ 757,525	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Equity attributable to owners of the				
Share capital				
Common stock	$ 2,163,560	$ -	$ 2,163,560	
Capital surplus	53,290	-	53,290	
Retained earnings				
Legal reserve	457,958	-	457,958	
Special reserve	-	14,381	14,381	(d)
Undistributed earnings	1,702,673	-	1,702,673	(b)(c)(d)
Other equity	43,390	(43,390)	-	(d)
Total equity	4,420,871	(29,009)	4,391,862	
Total liabilities and equity	$ 5,143,445	$ 5,942	$ 5,149,387	

Reasons for reconciliation are outlined below:

(a) In accordance with R.O.C. GAAP, a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. A deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, "Presentation of Financial Statements", an entity should not classify a deferred tax asset or liability as current. Therefore, the Group decreased deferred income tax assets - current by \$15,399 and increased deferred income tax assets - non-current by \$15,399 at the transition date.

(b) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, "Employee Benefits", requires an entity to determine the rate used to discount employee benefits with reference to use market yields on government bonds at the end of the reporting period. In accordance with the Group's accounting policies, unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provision in IAS 19 are not applied to the Group as the first-time adoption of IFRSs, so the Group has no unrecognized transitional liabilities. In accordance with R.O.C. GAAP, actuarial pension gain or loss of the Group is recognised in net pension cost of current period using the 'corridor' method. However, in accordance with IAS 19, 'Employee Benefits', the Group elected to recognise immediately actuarial pension gain or loss in other comprehensive income. Therefore, the Group increased accrued pension liabilities by \$28,133, decreased undistributed earnings by \$23,350 and increased deferred income tax assets - non-current by \$4,783 at the transition date.

(c) R.O.C. GAAP does not specify the rules on recognition of the cost of accumulated unused compensated absences. The Group recognizes such costs as expense upon actual payment. However, IAS 19, “Employee Benefits”, requires that the costs of accumulated unused compensated absences should be accrued as expense at the balance sheet date. Therefore, the Group increased other payables by $6,818, decreased undistributed earnings by $5,659 and increased deferred income tax assets - non-current by $1,159 at the transition date.

(d) In accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards” and subsequently appropriated under the requirements of Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865 of FSC, the cumulative translation adjustment was reclassified to special reserve, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, “The Effect of Changes in Foreign Exchange Rates”. Therefore, the Group decreased cumulative translation adjustments by $43,390, increased undistributed earnings by $29,009 and increased special reserve by $14,381 at the transition date.

(e) Leased assets are listed under ‘other assets’ in accordance with “Rules Governing the Preparation of Financial Statements by Securities Issuers”; however, due to the condition of leasing is noncontiguous, they shall be listed under ‘property, plant and equipment’ in accordance with IFRSs. Therefore, the Group decreased other non-current assets by $2,604 and increased property, plant and equipment by $2,604 at the transition date.

(f) Provision for warranty is listed under ‘other current liabilities,’ in accordance with “Rules Governing the Preparation of Financial Statements by Securities Issuers,” but under ‘provision for liabilities – non-current’ in accordance with IFRSs. Therefore, the Group decreased other current liabilities by $14,755 and increased provisions for liabilities - noncurrent by $14,755 at the transition date.

B. Reconciliation for equity on December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 1,906,128	$ -	$ 1,906,128	
Notes receivable, net	25,842	-	25,842	
Accounts receivable, net	1,538,911	-	1,538,911	
Other receivables	6,347	-	6,347	
Inventory	773,533	-	773,533	
Deferred income tax assets	34,277	(34,277)	-	(a)
Other current assets	21,878	-	21,878	
Total current assets	4,306,916	(34,277)	4,272,639	
Non-current assets				
Property, plant and equipment, net	2,251,634	-	2,251,634	
Intangible assets	6,658	-	6,658	
Deferred income tax assets	2,502	42,076	44,578	(a)(b)(c)
Other non-current assets	9,364	-	9,364	
Total non-current assets	2,270,158	42,076	2,312,234	
Total assets	$ 6,577,074	$ 7,799	$ 6,584,873	
Current liabilities				
Notes payable	$ 11,164	$ -	$ 11,164	
Accounts payable	575,392	-	575,392	
Other payables	315,112	19,173	334,285	(c)
Current income tax liabilities	308,295	-	308,295	
Other current liabilities	38,739	(21,524)	17,215	(e)
Total current liabilities	1,248,702	(2,351)	1,246,351	
Non-current liabilities				
Provisions for liabilities - non-current	-	21,524	21,524	(e)
Deferred income tax liabilities	54,006	-	54,006	
Other non-current liabilities	25,754	29,951	55,705	(b)
Total non-current liabilities	79,760	51,475	131,235	
Total Liabilities	$ 1,328,462	$ 49,124	$ 1,377,586	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Equity attributable to owners of the parent				
Share capital				
Common stock	$ 2,228,460	$ -	$ 2,228,460	
Capital surplus	53,290	-	53,290	
Retained earnings				
Legal reserve	554,330	-	554,330	
Special reserve	-	14,381	14,381	(d)
Undistributed earnings	2,390,331	(12,316)	2,378,015	(b)(c)(d)
Other equity	22,201	(43,390)	(21,189)	(d)
Total equity	5,248,612	(41,325)	5,207,287	
Total liabilities and equity	$ 6,577,074	$ 7,799	$ 6,584,873	

Reasons for reconciliation are outlined below:

(a) In accordance with R.O.C. GAAP, a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. A deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements”, an entity should not classify a deferred tax asset or liability as current. Therefore, the Group decreased deferred income tax assets - current by $34,277 and increased income tax assets - non-current by $34,277.

(b) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to use market yields on government bonds at the end of the reporting period. In accordance with the Group’s accounting policies, unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provision in IAS 19 are not applied to the Group as the first-time adoption of IFRSs, so the Group has no unrecognized transitional liabilities. In accordance with R.O.C. GAAP, actuarial pension gain or loss of the Group is recognised in net pension cost of current period using the ‘corridor’ method. However, in accordance with IAS 19, ‘Employee Benefits’, the Group elected to recognise actuarial pension gain or loss immediately in other comprehensive income. Therefore, the Group increased accrued pension liabilities by $29,951, decreased undistributed earnings by $25,411 and increased deferred income tax assets - non-current by $4,540.

(c) R.O.C. GAAP does not specify the rules on recognition of the cost of accumulated unused compensated absences. The Group recognizes such costs as expense upon actual payment. However, IAS 19, “Employee Benefits”, requires that the costs of accumulated unused compensated absences should be accrued as expense at the balance sheet date. Therefore, the Group increased other payables by $19,173, decreased undistributed earnings by $15,914 and increased deferred income tax assets - non-current by $3,259.

(d) In accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards” and subsequently appropriated under the requirements of Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865 of FSC, the cumulative translation adjustment was reclassified to special reserve, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, “The Effect of Changes in Foreign Exchange Rates”. Therefore, the Group decreased cumulative translation adjustments by $43,390 and increased undistributed earnings by $29,009 and increased special reserve by $14,381.

(e) Provision for warranty is listed under ‘other current liabilities,’ in accordance with “Rules Governing the Preparation of Financial Statements by Securities Issuers,” but under ‘provision for liabilities – non-current’ in accordance with IFRSs. Therefore, the Group decreased other current liabilities by $21,524 and increased provisions for liabilities - noncurrent by $21,524.

C. Reconciliation for comprehensive income for the year ended December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 5,538,388	$ -	$ 5,538,388	
Operating costs	(2,488,537)	(1,215)	(2,489,752)	(a)(b)
Net operating margin	3,049,851	(1,215)	3,048,636	
Operating expenses				
Selling expenses	(762,981)	(6,018)	(768,999)	(a)(b)
General and administrative expenses	(117,049)	(970)	(118,019)	(a)(b)
Research and development expenses	(326,446)	(2,727)	(329,173)	(a)(b)
Operating income	1,843,375	(10,930)	1,832,445	
Non-operating income and expenses				
Other income	28,361	-	28,361	
Other gains and losses	(55,025)	-	(55,025)	
Profit before income tax	1,816,711	(10,930)	1,805,781	
Income tax expense	(383,620)	1,858	(381,762)	(a)(b)
Profit for the year	1,433,091	(9,072)	1,424,019	
Other comprehensive income				
Financial statement translation differences of foreign operations	-	(16,641)	(16,641)	(c)
Actuarial gain (loss) on defined benefit plan	-	(3,244)	(3,244)	(b)
Income tax relating to the components of other comprehensive income	-	(4,548)	(4,548)	(c)
Total comprehensive income for the year	1,433,091	(33,505)	1,399,586	
Profit attributable to:				
Owners of the parent	1,433,091	(9,072)	1,424,019	
Comprehensive income attributable to:				
Owners of the parent	1,433,091	(33,505)	1,399,586	

Reasons for reconciliation as outlined below:

(a) R.O.C. GAAP does not specify the rules on recognition of the cost of accumulated unused compensated absences. The Group recognizes such costs as expenses upon actual payment. However, IAS 19, “Employee Benefits”, requires that the costs of accumulated unused compensated absences should be accrued as expense at the balance sheet date. Therefore, the Group increased operating costs by $1,397, increased selling expenses by $6,549, increased general and administrative expenses by $1,161, increased research and development expenses by $3,248 and decreased income tax expense by $2,100.

(b) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, "Employee Benefits", requires an entity to determine the rate used to discount employee benefits with reference to use market yields on government bonds at the end of the reporting period. In accordance with the Group's accounting policies, unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provision in IAS 19 are not applied to the Group due to the first-time adoption of IFRSs, so the Group has no unrecognized transitional liabilities. In accordance with R.O.C. GAAP, actuarial pension gain or loss of the Group is recognised in net pension cost of current period using the 'corridor' method. However, in accordance with IAS 19, 'Employee Benefits', the Group elected to recognise actuarial pension gain or loss immediately in other comprehensive income. Therefore, the Group decreased operating costs by $182, decreased selling expenses by $531, decreased general and administrative expenses by $191, decreased research and development expenses by $521, increased income tax expense by $242 and decreased actuarial gain (loss) on defined benefit plan by $3,244.

(c) The Group translates the differences of net investment of foreign operations in accordance with IAS 21, "The Effect of Changes in Foreign Exchange Rates." Therefore, the Group decreased currency translation differences by $16,641 and increased income tax relating to the components of other comprehensive income by $4,548.

D. Major adjustments for the consolidated statements of cash flows for the year ended December 31, 2012:

(a) The transition of R.O.C. GAAP to IFRSs has no effect on the Group's cash flows reported.

(b) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group's cash flows reported.