TEST RESEARCH, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2014 AND 2013

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

PWCR 14003004

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, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain non-significant consolidated subsidiaries, which statements reflect total assets of NT$44,979 thousand and NT$41,780 thousand, both constituting 1% of the consolidated total assets, total liabilities of NT$4,292 thousand and NT$4,098 thousand, both constituting 1% of the consolidated total liabilities as of December 31, 2014 and 2013, respectively, and total operating revenues was both NT$0, constituting 0% of the consolidated total operating revenues for the years then ended. 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 and the reports of the other in dependent accountants 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, 2014 and 2013, and their financial performance and cash flows for the years then ended 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, 2014 and 2013, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 4, 2015

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
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2014 AMOUNT		December 31, 2013 AMOUNT	
Current assets					
Cash and cash equivalents	6(1)	$	2,542,076	$	2,183,286
Notes receivable, net			32,812		34,499
Accounts receivable, net	6(2)		1,125,091		1,005,824
Other receivables			20,763		23,958
Inventory	6(3)		723,630		587,001
Other current assets	8		30,999		47,015
Total current assets			4,475,371		3,881,583
Non-current assets					
Property, plant and equipment	6(4) and 8		2,249,092		2,256,595
Intangible assets			8,350		9,019
Deferred income tax assets	6(15)		60,129		50,340
Other non-current assets			11,435		10,871
Total non-current assets			2,329,006		2,326,825
Total Assets		$	6,804,377	$	6,208,408

(Continued)

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2014 AMOUNT	December 31, 2013 AMOUNT
Current liabilities			
Notes payable		$ 22,513	$ 15,231
Accounts payable		405,005	498,572
Other payables	6(5)	348,508	271,333
Current income tax liabilities	6(15)	160,778	58,744
Other current liabilities		4,153	5,825
Total current liabilities		940,957	849,705
Non-current liabilities			
Provisions for liabilities - non-current		18,305	15,979
Deferred income tax liabilities	6(15)	77,348	70,652
Other non-current liabilities	6(6)	49,298	50,847
Total non-current liabilities		144,951	137,478
Total Liabilities		1,085,908	987,183
Equity attributable to owners of parent			
Share capital	6(7)		
Share capital - common stock		2,362,160	2,362,160
Capital surplus	6(8)		
Capital surplus		53,290	53,290
Retained earnings	6(9)		
Legal reserve		778,269	697,639
Special reserve		14,381	14,381
Unappropriated retained earnings	6(15)	2,486,331	2,086,078
Other equity interest			
Other equity interest		24,038	7,677
Equity attributable to owners of the parent		5,718,469	5,221,225
Total Equity		5,718,469	5,221,225
Significant contingent liabilities and unrecognised contract commitments	9		
Significant subsequent events	11		
Total Liabilities and Equity		$ 6,804,377	$ 6,208,408

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 4, 2015.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31 2014 AMOUNT	Year ended December 31 2013 AMOUNT
Sales revenue	6(10)	$ 5,869,549	$ 4,083,860
Operating costs	6(3)(13)(14)	(3,178,652)	(2,027,984)
Net operating margin		2,690,897	2,055,876
Operating expenses	6(13)(14)		
Selling expenses		(796,111)	(665,170)
General and administrative expenses		(160,433)	(136,525)
Research and development expenses		(378,371)	(341,644)
Total operating expenses		(1,334,915)	(1,143,339)
Operating profit		1,355,982	912,537
Non-operating income and expenses			
Other income	6(11)	48,197	49,448
Other gains and losses	6(12)	72,639	18,709
Finance costs		(115)	(597)
Total non-operating income and expenses		120,721	67,560
Profit before income tax		1,476,703	980,097
Income tax expense	6(15)	(216,307)	(173,797)
Profit for the year		$ 1,260,396	$ 806,300
Other comprehensive income			
Financial statements translation differences of foreign operations		$ 19,712	$ 34,778
Actuarial gain on defined benefit plan	6(6)	-	3,302
Income tax relating to the components of other comprehensive income	6(15)	(3,351)	(5,912)
Total other comprehensive income for the year		$ 16,361	$ 32,168
Total comprehensive income for the year		$ 1,276,757	$ 838,468
Profit attributable to:			
Owners of the parent		$ 1,260,396	$ 806,300
Comprehensive income attributable to:			
Owners of the parent		$ 1,276,757	$ 838,468
Basic earnings per share	6(16)		
Total basic earnings per share		$ 5.34	$ 3.41
Total diluted earnings per share		$ 5.31	$ 3.40

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 4, 2015.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
			Capital Reserves		Retained Earnings				
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total equity
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	6(8)(9)								
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
2014									
Balance at January 1, 2014		$ 2,362,160	$ 51,874	$ 1,416	$ 697,639	$ 14,381	$ 2,086,078	$ 7,677	$ 5,221,225
Appropriations of 2013 earnings	6(8)(9)								
Legal reserve		-	-	-	80,630	-	(80,630)	-	-
Stock and cash dividends		-	-	-	-	-	(779,513)	-	(779,513)
Net income for the year		-	-	-	-	-	1,260,396	-	1,260,396
Other comprehensive income for the year		-	-	-	-	-	-	16,361	16,361
Balance at December 31, 2014		$ 2,362,160	$ 51,874	$ 1,416	$ 778,269	$ 14,381	$ 2,486,331	$ 24,038	$ 5,718,469

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 4, 2015.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 1,476,703	$ 980,097
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(4)(13)	91,905	85,642
Amortization	6(13)	5,309	4,452
Provision (Reversal of allowance) for bad debts	6(2)	8,388	(4,993)
Interest expense		115	597
Interest income	6(11)	(15,402)	(23,199)
Gain on disposal of property, plant and equipment	6(4)(12)	(3,180)	(641)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable, net		1,687	(8,657)
Accounts receivable		(127,605)	537,965
Other receivables		2,857	(7,107)
Inventories		(187,280)	124,893
Other current assets		16,320	(19,259)
Net changes in liabilities relating to operating activities			
Notes payable		7,282	4,067
Accounts payable		(93,567)	(76,820)
Other payables		77,175	(62,952)
Other current liabilities		(1,672)	(11,390)
Provisions for liabilities - non-current		2,326	(5,545)
Other non-current liabilities		(1,549)	(1,556)
Cash generated from operations		1,259,812	1,515,594
Interest received		15,740	12,695
Interest paid		(115)	(597)
Income tax paid		(120,325)	(412,642)
Net cash provided by operating activities		1,155,112	1,115,050
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other financial assets		(304)	(5,878)
Acquisition of property, plant and equipment	6(4)	(25,815)	(30,123)
Proceeds from disposal of property, plant and equipment	6(4)	9,049	16,198
Acquisition of intangible assets		(4,630)	(6,382)
Increase in other non-current assets		(564)	(1,507)
Net cash used in investing activities		(22,264)	(27,692)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	6(9)	(779,513)	(824,530)
Net cash used in financing activities		(779,513)	(824,530)
Effect of exchange rate changes on cash and cash equivalents		5,455	14,330
Increase in cash and cash equivalents		358,790	277,158
Cash and cash equivalents at beginning of year		2,183,286	1,906,128
Cash and cash equivalents at end of year		$ 2,542,076	$ 2,183,286

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 4, 2015.

TEST RESEARCH, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(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 March 4, 2015.

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")

   None.

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

   According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendments to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendments to IFRS 1)	July 1, 2011
Government loans (amendments to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendments to IFRS 7)	July 1, 2011
Disclosures－Offsetting financial assets and financial liabilities (amendments to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11, 'Joint arrangements'	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendments to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendments to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendments to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

Based on the Group's assessment, the adoption of the 2013 version of IFRSs has no significant impact on the consolidated financial statements of the Group, except the following:

A. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

B. IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group will also disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, ‘Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, ‘Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANTACCOUNTING 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

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports 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”).

(2) Basis of preparation

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

Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “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,		Description
Name of investor	Name of subsidiary	activities	2014	2013	
Test Research, Inc.	DOLI TRADING LIMITED (DOLI)	Trading	100	100	-
Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	Trading	100	100	-
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100	100	-
Test Research, Inc.	TRI JAPAN CORPORATION (TRJ)	Trading	100	100	-
Test Research, Inc.	TRI MALAYSIA SND. BHD (TRM)	Trading	100	100	-
Test Research, Inc.	TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100	100	-
TRI INVESTMENTS LIMITED (TIL)	ELECTRONIC (SHENZHEN) LIMITED	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	ELECTRONIC (SUZHOU) LIMITED	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	ELECTRONIC (SHANGHAI) LIMITED	Import and export of equipment, consulting and after-sale maintenance service of equipment	100	100	-

The financial statements of TRU, TRE and TRM for the years ended December 31, 2014 and 2013 were audited by other independent accountants. The total assets of these non-significant subsidiaries as of December 31, 2014 and 2013 were $44,979 and $41,780, both constituting 1% of the consolidated total assets, and the total liabilities were $4,292 and $4,098, both constituting

1% of the consolidated total liabilities, respectively. The total operating revenues were both $0, constituting 0% of the consolidated total operating revenues for the years ended December 31, 2014 and 2013.

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

A. 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.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the debtor;

(b) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(c) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(d) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group.

(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 recognising 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) <u>Dividends</u>

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 judgment. The critical accounting estimates and assumptions pertain to the evaluation of inventories. The information is addressed below:

Valuation of inventories

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, 2014, the carrying amount of inventories was $723,630.

6. DETAILS OF SIGNIFICANTACCOUNTS

(1) Cash and cash equivalents

	December 31,	
	2014	2013
Cash on hand and petty cash	$ 806	$ 1,917
Checking accounts and demand deposits	868,089	684,146
Time deposits	673,203	747,269
Repurchase of bonds	999,978	749,954
	$ 2,542,076	$ 2,183,286

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,	
	2014	2013
Accounts receivable	$ 1,143,385	$ 1,015,680
Less: Allowance for bad debts	(18,294)	(9,856)
	$ 1,125,091	$ 1,005,824

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,	
	2014	2013
Group 1	$ 444,200	$ 352,511
Group 2	396,327	315,279
	$ 840,527	$ 667,790

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,	
	2014	2013
Up to 60 days	$ 128,074	$ 178,536
61 to 90 days	19,496	12,711
91 to 180 days	17,796	43,965
181 to 365 days	38,819	58,668
Over 365 days	6,989	1,486
	$ 211,174	$ 295,366

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

	December 31,	
	2014	2013
Up to 60 days	$ 39,564	$ 30,318
61 to 90 days	1,525	2,185
91 to 180 days	28,445	3,921
181 to 365 days	11,692	6,904
Over 365 days	10,458	9,196
	$ 91,684	$ 52,524

The above ageing analysis was based on past due date.

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

	2014		
	Individual provision	Group provision	Total
At January 1	$ -	$ 9,856	$ 9,856
Provision for impairment	-	8,388	8,388
Net exchange differences	-	50	50
At December 31	$ -	$ 18,294	$ 18,294

	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

C.The maximum exposure to credit risk at December 31, 2014 and 2013 was the carrying amount of each class of accounts receivable.

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

(3) Inventories

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 692,533	($ 135,822)	$ 556,711
Work in process	81,955	(309)	81,646
Finished goods	10,567	(2,600)	7,967
Merchandise	83,378	(6,072)	77,306
	$ 868,433	($ 144,803)	$ 723,630

	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

The inventories were not pledged.

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2014	2013
Cost of goods sold	$ 3,148,748	$ 1,982,019
Loss on obsolete inventory	19,958	35,508
	$ 3,168,706	$ 2,017,527

(4) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Total
At January 1, 2014							
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
2014							
Opening net book amount	$ 1,166,021	$ 798,794	$ 172,217	$ 1,505	$ 80,447	$ 37,611	$ 2,256,595
Additions	-	-	4,438	1,577	4,906	14,894	25,815
Transfer from inventory	-	-	40,391	-	13,332	2,857	56,580
Disposals	-	-	(5,620)	(142)	(102)	(5)	(5,869)
Depreciation charge	-	(18,182)	(42,373)	(483)	(18,785)	(12,082)	(91,905)
Net exchange differences	-	-	6,433	35	1,088	320	7,876
Closing net book amount	$ 1,166,021	$ 780,612	$ 175,486	$ 2,492	$ 80,886	$ 43,595	$ 2,249,092
At December 31, 2014							
Cost	$ 1,166,021	$ 921,538	$ 379,158	$ 6,431	$ 146,157	$ 106,642	$ 2,725,947
Accumulated depreciation	-	(140,926)	(203,672)	(3,939)	(65,271)	(63,047)	(476,855)
	$ 1,166,021	$ 780,612	$ 175,486	$ 2,492	$ 80,886	$ 43,595	$ 2,249,092

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Total
At January 1, 2013							
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							
Opening net book amount	$ 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
Closing net book amount	$ 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

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,	
	2014	2013
Salaries and bonus payable	$ 224,814	$ 115,097
Directors' and supervisors' remuneration and employees' bonus payable	56,665	87,752
Others	67,029	68,484
	$ 348,508	$ 271,333

(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,	
	2014	2013
Present value of funded obligations	$ 88,447	$ 86,700
Fair value of plan assets	(39,149)	(35,942)
	49,298	50,758
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")	$ 49,298	$ 50,758

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

	Years ended December 31,	
	2014	2013
Present value of funded obligations		
At January 1	$ 86,700	$ 88,745
Current service cost	13	13
Interest expense	1,734	1,331
Actuarial profit and loss	-	(3,389)
At December 31	$ 88,447	$ 86,700

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

	Years ended December 31,	
	2014	2013
Fair value of plan assets		
At January 1	$ 35,942	$ 33,040
Expected return on plan assets	719	495
Actuarial profit and loss	-	(87)
Employer contributions	2,488	2,494
At December 31	$ 39,149	$ 35,942

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

	Years ended December 31,	
	2014	2013
Current service cost	$ 13	$ 13
Interest cost	1,734	1,331
Expected return on plan assets	(719)	(495)
Current pension costs	$ 1,028	$ 849

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

	Years ended December 31,	
	2014	2013
Cost of sales	$ 138	$ 111
Selling expenses	361	308
General and administrative expenses	148	117
Research and development expenses	381	313
	$ 1,028	$ 849

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

	Years ended December 31, 2014	2013
Recognition for current period	$ -	$ 3,302
Accumulated amount	$ 58	$ 58

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, 2014 and 2013 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:

	2014	2013
Discount rate	2.00%	2.00%
Future salary increases	3.00%	3.00%
Expected return on plan assets	2.00%	2.00%

For the years ended December 31, 2014 and 2013, 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, 2014, 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:

	2014	2013	2012
Present value of defined benefit obligation	$ 88,447	$ 86,700	$ 88,745
Fair value of plan assets	(39,149)	(35,942)	(33,040)
Deficit in the plan	$ 49,298	$ 50,758	$ 55,705
Experience adjustments on plan liabilities	$ 1,786	$ 2,634	($ 855)
Experience adjustments on plan assets	$ 104	($ 87)	($ 272)

j) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2014 are $2,488.

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 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 a 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, 2014 and 2013 amounted to $30,190 and $28,486, respectively.

(7) Share capital

The Company's authorized capital was $2,500,000. As of January 1, 2013, the Company's outstanding capital was $2,228,460. As approved at the shareholders' meeting held in June 2013, the Company approved the capitalization of earnings from stock dividends of $133,700. As of December 31, 2014, the Company's outstanding capital was $2,362,160.

(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, 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 2013 and 2012 earnings had been resolved at the stockholders' meeting on June 6, 2014 and June 13, 2013, respectively. Details are summarized below:

	2013		2012	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 80,630	$ -	$ 143,309	$ -
Stock dividends	-	-	133,700	0.6
Cash dividends	779,513	3.3	824,530	3.7
	$ 860,143		$ 1,101,539	

The abovementioned appropriations for 2013 and 2012 earnings are not different from that proposed by the Board of Directors on February 21, 2014 and March 1, 2013, respectively. As approved by the stockholders, the appropriations for employees' bonus for 2013 and 2012 were $28,956 and $51,556, respectively, and directors' and supervisors' remuneration for 2013 and 2012 were $7,240 and $12,900, 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 2014 earnings had been proposed by the Board of Directors on March 4, 2015. Details are summarized below:

	2014	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 126,040	
Cash dividends	1,015,729	$ 4.3
	$ 1,141,769	

As of the report date, the abovementioned appropriations of 2014 earnings had not been resolved by the stockholders. The appropriations of employees' bonus and directors' and supervisors' remuneration for 2014 as proposed by the board of directors were $43,305 and $11,360, respectively, which were recognised as operating costs or operating expenses for 2014. 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 recognised 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

	Years ended December 31,	
	2014	2013
Sales revenue	$ 5,777,686	$ 4,011,342
Services revenue	91,863	72,518
	$ 5,869,549	$ 4,083,860

(11) Other income

	Years ended December 31, 2014	Years ended December 31, 2013
Interest income from bank deposits	$ 15,402	$ 23,199
Rental income	1,725	1,320
Other income	31,070	24,929
	$ 48,197	$ 49,448

(12) Other gains and losses

	Years ended December 31, 2014	Years ended December 31, 2013
Net currency exchange gain	$ 87,696	$ 25,603
Gain on disposal of property, plant and equipment	3,180	641
Other losses	(18,237)	(7,535)
	$ 72,639	$ 18,709

(13) Expenses by nature

	Years ended December 31, 2014	Years ended December 31, 2013
Employee benefit expense	$ 873,298	$ 733,079
Depreciation charges on property, plant and equipment	91,905	85,642
Amortisation charges on intangible assets	5,309	4,452
	$ 970,512	$ 823,173

(14) Employee benefit expense

	Years ended December 31, 2014	Years ended December 31, 2013
Wages and salaries	$ 768,294	$ 629,334
Labour and health insurance fees	52,806	54,974
Pensions costs	31,218	29,335
Other personnel expenses	20,980	19,436
	$ 873,298	$ 733,079

(15) Income tax

A.Income tax expense

(a)Components of income tax expense:

	Years ended December 31,	
	2014	2013
Current tax:		
Current tax on profits for the period	$ 222,751	$ 176,319
Adjustments in respect of prior years	-	(2,946)
Total current tax	222,751	173,373
Deferred tax:		
Origination and reversal of temporary differences	(6,444)	424
Income tax expense	$ 216,307	$ 173,797

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

	Years ended December 31,	
	2014	2013
Currency translation differences	$ 3,351	$ 5,912

B.Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2014	2013
Tax calculated based on profit before tax and statutory tax rate	$ 247,109	$ 169,786
Effect from investment tax credits	(30,802)	(26,198)
Over provision of prior year's income tax	-	(2,946)
Additional 10% tax on undistributed earnings	-	33,155
Income tax expense	$ 216,307	$ 173,797

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

	Year ended December 31, 2014				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
- Deferred tax assets:					
Temporary differences:					
Accrued warranty	$ 2,072	$ 370	$ -	$ -	$ 2,442
Unrealised gross profit	12,998	7,772	-	-	20,770
Allowance for inventory obsolescence	20,825	1,518	-	-	22,343
Provision for rework	645	25	-	-	670
Accrued pension liabilities	8,629	(248)	-	-	8,381
Unpaid annual leave	2,521	193	-	-	2,714
Others	82	-	-	-	82
Loss carryforward	2,568	159	-	-	2,727
	50,340	9,789	-	-	60,129
- Deferred tax liabilities:					
Temporary differences:					
Unrealised exchange gain	(900)	(4,500)	-	-	(5,400)
Investment income	(59,232)	1,155	-	-	(58,077)
Currency translation	(10,460)	-	(3,351)	-	(13,811)
Others	(60)	-	-	-	(60)
	(70,652)	(3,345)	(3,351)	-	(77,348)
Total	($ 20,312)	$ 6,444	($ 3,351)	$ -	($ 17,219)

	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)	-	-	-
Unrealised 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	4,540	4,089	-	-	8,629
Unpaid annual leave	3,259	(738)	-	-	2,521
Others	82	-	-	-	82
Loss carryforward	2,502	66	-	-	2,568
	44,578	5,762	-	-	50,340
- Deferred tax liabilities:					
Temporary differences:					
Unrealised exchange gain	-	(900)	-	-	(900)
Accrued pension	4,378	(4,378)	-	-	-
Investment income	(58,321)	(911)	-	-	(59,232)
Currency translation	-	-	(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)

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, 2014		
Year incurred	Amount filed/ assessed	Unrecognised deferred tax assets	Usable until
2002~2009	$ 29,021	$ 2,568	Gradually expires during 2017~2030

	December 31, 2013		
Year incurred	Amount filed/ assessed	Unrecognised deferred tax assets	Usable until
2002~2009	$ 33,036	$ 2,502	Gradually expires during 2017~2030

E. The Company's income tax returns through 2012, 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, 2014.

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, 2014	December 31, 2013
Earnings generated in and before 1997	$ 270	$ 270
Earnings generated in and after 1998	2,486,061	2,085,808
	$ 2,486,331	$ 2,086,078

K.Details of imputation tax system:

	December 31, 2014	December 31, 2013
(a) Balance of imputation tax credit account (ICA)	$ 329,875	$ 385,337

	2014 (Estimated)	2013 (Actual)
(b) Creditable tax ratio	20.17%	19.98%

(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.

	Year ended December 31, 2014		
	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 ordinary shareholders of the parent	$ 1,260,396	236,216	$ 5.34
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	926	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,260,396	237,142	$ 5.31

	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 ordinary shareholders of 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

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.

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

	Years ended December 31,	
	2014	2013
Salaries and other short-term employee benefits	$ 26,852	$ 19,247
Termination benefits	304	300
	$ 27,156	$ 19,547

A. 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.

B. Termination benefits is Pensions.

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2014	Book value December 31, 2013	Purpose
Property, plant and equipment			
－Land	$ 388,990	$ 388,990	Security for lines of credit
－Buildings	60,099	61,692	"
Time deposits (shown under "other current assets")	6,182	5,878	Performance bond
	$ 455,271	$ 456,560	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2014, the future aggregate rental payables for the lease of offices under operating lease are as follows:

Payment duration	Total rental payables
2015	$ 4,952
2016	5,179
2017	5,448
2018	5,448
2019 and after	2,951
	$ 23,978

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

i. 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.

ii. 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, 2014					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional (currency)						
Financial assets						
Monetary items						
USD:NTD	$ 41,282	31.65	$ 1,306,575	1%	$ 13,066	$ -
RMB:NTD	48,375	5.09	246,326	1%	2,463	-
Non-monetary items						
USD:NTD	645	31.65	20,414	1%	-	204
EUR:NTD	398	38.47	15,311	1%	-	153
RMB:NTD	105,336	5.09	536,371	1%	-	5,364
Financial liabilities						
Monetary items						
USD:NTD	$ 3,701	31.65	$ 117,137	1%	$ 1,171	$ -
USD:RMB	2,995	6.22	$ 18,629	1%	186	-

	December 31, 2013					
				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional (currency)						
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	-

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.

(b)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 Note 6(2).

(c) 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, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable	$ 22,513	$ -	$ -	$ -
Accounts payable	405,005	-	-	-
Other payables	348,508	-	-	-

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	-	-	-

(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 loan balance during the year ended December 31, 2014	Balance at December 31, 2014	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 outstanding 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	$ 25,460	$ 50,920	$ 25,460	6%	Short-term financing	$ -	Additional operating capital	$ -	None	$ -	$ 50,920	$ 143,018	-

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	$ 1,606,620	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 94% of final sales price.	The collection terms are 90-120 days, and are similar to third parties.	Accounts Receivable $461,078	47%	None
DOLI TRADING LIMITED	TRI Electronic (Shenzhen) Limited	Same ultimate parent company	Sales	$ 234,590	14%	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 $ 76,866	12%	None
DOLI TRADING LIMITED	Test Research, Inc.	Parent company	Purchases	$ 1,606,620	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 $ 461,078	100%	None
TRI Electronic (Shenzhen) Limited	DOLI TRADING LIMITED	Same ultimate parent company	Purchases	$ 234,590	82%	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 $ 76,866	83%	None

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

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2014	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance date (Note)	Allowance for doubtful accounts
Test Research, Inc.	DOLI TRADING LIMITED	A company accounted for using equity method	$ 461,078	3.63	$ -	-	$ 272,386	$ -
DOLI TRADING LIMITED	TRI Electronic (Shenzhen) Limited	Same ultimate parent company	$ 103,711	1.08	$ -	-	$ 818	$ -

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

I. Derivative financial instruments undertaken during the year ended December 31, 2014: None.

J. Significant inter-company transactions during the year ended December 31, 2014:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenue or total assets
0	Test Research, Inc.	DOLI TRADING LIMITED	Note 2(1)	Sales revenue	$ 1,606,620	Note 3	27%
0	Test Research, Inc.	TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	19,262	〃	1%
0	Test Research, Inc.	DOLI TRADING LIMITED	〃	Accounts receivable	461,078	〃	7%
0	Test Research, Inc.	TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	19,826	〃	1%
0	Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	〃	Agency expenses	29,931	Note 6	1%
0	Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	〃	〃	25,631	〃	1%
0	Test Research, Inc.	TRI JAPAN CORPORATION	〃	〃	11,160	〃	1%
0	Test Research, Inc.	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	〃	91,681	〃	2%
0	Test Research, Inc.	TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	28,893	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	Note 2(2)	Sales revenue	234,590	Note 3	4%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	77,582	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	15,233	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Accounts receivable	76,866	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	103,711	〃	2%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	11,825	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Agency expenses	60,058	Note 6	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	14,930	〃	1%
2	TRI ELECTRONIC (SHENZHEN) LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	〃	Other receivables	25,460	Note 5	1%

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 94% of final sales price. The collection terms are 90-120 days, and are similar to third parties.

Note 4: Only related party transactions in excess of $10,000 are disclosed.

Note 5: The amount refer to other receivables from TRI Electronic (Shenzhen) Limited from lending capital to TRI Electronic (Suzhou) Limited.

Note 6: Companies signed agency agreements with subsidiaries, and the subsidiaries act as product sales agent.

(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, 2014					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014	Footnote
Test Research, Inc.	TRI INVESTMENTS LIMITED	Samoa	Investment holdings	$ 219,811	$ 219,811	6,724,109	100	$ 536,489	($ 30,814)	(24,169)	None
Test Research, Inc.	DOLI TRADING LIMITED	British Virgin Islands	Trading	131,973	131,973	801	100	168,430	23,766	25,647	Note 2
Test Research, Inc.	TEST RESEARCH USA, INC.	United States	Trading	30,297	30,297	1,018,935	100	20,399	(1,354)	(1,354)	None
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH	Germany	Trading	17,679	17,679	-	100	15,314	(1,170)	(1,170)	Note 1
Test Research, Inc.	TRI JAPAN CORPORATION	Japan	Trading	10,750	10,750	720	100	9,823	340	340	None
Test Research, Inc.	TRI MALAYSIA SDN. BHD	Malaysia	Trading	2,066	2,066	500,000	100	8,456	558	558	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, 2014 (Note 5)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2014		Accumulated remittance from amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 5)	Net income of investee as of December 31, 2014	Ownership held by Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2(2)C.)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
TRI Electronic (Shenzhen) Limited	Manufacture and sales of test equipment	$ 96,533	Note 1.(2) (TRI INVESTMENTS LIMITED)	$ 23,738	-	-	$ 23,738	$ 5,731	100	$ 5,731	$ 408,228	None	
TRI Electronic (Suzhou) Limited	Manufacture and sales of test equipment	81,939	Note 1.(2) (TRI INVESTMENTS LIMITED)	63,300	-	-	63,300	(31,169)	100	(31,169)	33,072	None	
TRI Electronic (Shanghai) Limited	Import and export of equipment, consulting and after-sale maintenance service of equipment	123,435	Note 1.(2) (TRI INVESTMENTS LIMITED)	123,435	-	-	123,435	(5,377)	100	(5,377)	95,071	None	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (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.	$ 210,473	$ 282,125	$ 3,431,081

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)	Sales (Purchases) Amount	%	Accounts receivable (payable) Balance at December 31, 2014	%	Others (Note 4)
TRI Electronic (Shenzhen) Limited	Sales	$ 240,051	4	$ 77,684	1	$ 151,739
TRI Electronic (Suzhou) Limited	Sales	96,844	1	123,537	2	22,155
TRI Electronic (Shanghai) Limited	Sales	23,710	-	11,825	-	32,991

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. The financial statements of investees were unaudited.

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

Note 4: Represents 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 (1:31.65) 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:

Year ended December 31, 2014	Board Tester	Semiconductor Tester	Total
Revenue from external customers	$ 5,779,660	$ 89,889	$ 5,869,549
Segment profit	1,343,438	12,544	1,355,982
Segment profit includes:			
Depreciation and amortisation	93,908	3,306	97,214

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
Segment profit includes:			
Depreciation and amortisation	87,354	2,740	90,094

(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:

	Years ended December 31,	
	2014	2013
Reportable segments profit	$ 1,355,982	$ 912,537
Unallocated profit or loss：		
Non-operating income and expenses	120,721	67,560
Profit before tax from continuing operations	$ 1,476,703	$ 980,097

(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:

	Years ended December 31,	
	2014	2013
Sales revenue		
Board Tester	$ 5,691,717	$ 3,930,047
Semiconductor Tester	85,787	81,295
Maintenance income		
Board Tester	87,943	68,367
Semiconductor Tester	4,102	4,151
	$ 5,869,549	$ 4,083,860

(6) Geographical information

Geographical information for the years ended December 31, 2014 and 2013 is as follows:

	As of and for the year ended December 31, 2014		As of and for the year ended December 31, 2013	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 506,044	$ 2,097,121	$ 358,583	$ 2,121,615
China	4,145,861	157,613	3,186,604	143,806
USA	494,898	877	211,059	349
Others	722,746	3,013	327,614	1,757
	$ 5,869,549	$ 2,258,624	$ 4,083,860	$ 2,267,527

Note: 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, 2014 and 2013 are as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Revenue	Segment	Revenue	Segment
F	$ 2,368,645	Board Tester	$ 1,486,723	Board Tester