TEST RESEARCH, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2017 AND 2016

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.

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 17003220

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

Opinion

We have audited the accompanying consolidated balance sheets of Test Research, Inc. and its subsidiaries (the "Group") as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to "***other matter***"), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended 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 Financial Supervisory Commission.

Basis for opinion

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 (ROC GAAS). Our responsibilities under those standards are further described in the Independent Accountant's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit maters for the Group's consolidated financial statements of the current period are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(10) for accounting policies adopted for the evaluation of inventories, Note 5 for critical accounting estimates and assumptions related to the evaluation of inventories, and Note 6(3) for details of inventories. As of December 31, 2017, inventory and allowance for valuation losses are NT$822,966 thousand and NT$87,512 thousand, respectively.

The Group is primarily engaged in the design, manufacture, sales, repairs and maintenance of automated inspection and testing equipment, and inventories are stated at the lower of cost and net realisable value. Management considers the rapidly changing technology and the short life cycle of electronic products in evaluating inventories. For inventories that are over certain aging and individually identified obsolete or slow-moving items, the net realisable value is determined based on inventory aging and the market demand of such items in the future for a specific period, which are based on sales, obsolescence and the inventory quality. As the amount of inventory is significant, involves numerous items, and the evaluation of inventory requires critical judgement and a high degree of uncertainty in estimation, we consider the evaluation of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above included the following:

1. Understanding the industry and operations of the Group, and assessing the reasonableness of accounting policies applied in the evaluation of inventory provision.
2. Understanding the inventory management processes, examining the annual physical count plan, and performing physical inventory observation to assess the effectiveness of judgement and control of obsolete or slow-moving inventory.

3. Obtaining inventory aging report, and testing movements to confirm whether they are assigned to the correct aging category by the system and are in accordance with the Group's accounting policy. We also recalculated to check the adequacy of the allowance for valuation losses.
4. Analysing and comparing the difference of inventory valuation losses between the latest two years and examining the difference between the historical record of allowance for inventory valuation losses and the actual write off amount; and selecting samples from details of inventory valuation losses, checking changes incurred after the balance sheet date and assessing the propriety of inventory valuation losses.

Cutoff of export revenue recognition

Description

For accounting policies adopted for revenue recognition, refer to Note 4(21).

The Group recognises export revenue in accordance with the terms of the transaction with the customer. Export revenue constitutes more than 80% of consolidated operating revenue and the period of revenue recognition is based on transaction terms of different customers. As the timing of revenue recognition might be based on management judgement depending on past experience, revenue may not be recorded in the proper period. Thus, we consider the cutoff of export revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above included the following:

1. Understanding and assessing the effectiveness of export revenue recognition control processes.
2. Obtaining detailed listing of export sales within a certain period before and after period end, selecting samples and assessing the completeness by agreeing the sale to supporting documentation (such as export bill of lading and proof of delivery) to ascertain whether the sale was recorded in the proper period.

Other matter - Audits of the other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$55,029 thousand and NT$33,945 thousand, both constituting 1% of the consolidated total assets as at December 31, 2017 and 2016, respectively, and total operating revenue were both NT$0 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.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Test Research, Inc. as at and for the years ended December 31, 2017 and 2016.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements 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 Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

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the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan, Hui-Lin Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

February 21, 2018

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, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2017	December 31, 2017
	Current assets			
1100	Cash and cash equivalents		$ 1,230,388	$ 1,727,314
1150	Notes receivable, net		48,819	37,269
1170	Accounts receivable, net		1,662,196	1,185,421
1200	Other receivables		24,015	16,894
130X	Inventory		822,966	531,712
1470	Other current assets		38,015	21,793
11XX	**Total current assets**		3,826,399	3,520,403
	Non-current assets			
1600	Property, plant and equipment		2,166,358	2,183,004
1780	Intangible assets		8,089	8,048
1840	Deferred income tax assets		52,341	52,574
1900	Other non-current assets		8,713	9,504
15XX	**Total non-current assets**		2,235,501	2,253,130
1XXX	**Total Assets**		$ 6,061,900	$ 5,773,533

(Continued)

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2017	December 31, 2016
	Current liabilities			
2150	Notes payable		$ 42,998	$ 15,896
2170	Accounts payable		563,775	271,149
2200	Other payables		224,338	208,204
2230	Current income tax liabilities		73,377	21,578
2300	Other current liabilities		33,678	17,207
21XX	**Total current liabilities**		938,166	534,034
	Non-current liabilities			
2550	Provisions for liabilities - non-current		19,260	19,264
2570	Deferred income tax liabilities		40,572	36,689
2600	Other non-current liabilities		54,948	54,287
25XX	**Tatal non-current liabilities**		114,780	110,240
2XXX	**Total Liabilities**		1,052,946	644,274
	Equity attributable to owners of parent			
	Share capital			
3110	Common stock		2,362,160	2,362,160
	Capital surplus			
3200	Capital surplus		53,290	53,290
	Retained earnings			
3310	Legal reserve		1,047,121	1,004,199
3320	Special reserve		25,803	14,381
3350	Unappropriated retained earnings		1,550,703	1,721,032
	Other equity interest			
3400	Other equity interest		(30,123)	(25,803)
31XX	**Equity attributable to owners of the parent**		5,008,954	5,129,259
3XXX	**Total Equity**		5,008,954	5,129,259
	Significant contingent liabilities and unrecognised contract commitments			
	Significant subsequent events			
3X2X	**Total Liabilities and Equity**		$ 6,061,900	$ 5,773,533

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	Items	Notes	2017	2016
4000	**Operating revenue**		$ 3,601,158	$ 3,099,686
5000	**Operating costs**		(1,693,553)	(1,404,300)
5950	**Net operating margin**		1,907,605	1,695,386
	Operating expenses			
6100	Selling expenses		(706,730)	(703,973)
6200	General and administrative expenses		(128,825)	(120,890)
6300	Research and development expenses		(314,368)	(325,806)
6000	**Total operating expenses**		(1,149,923)	(1,150,669)
6900	**Operating profit**		757,682	544,717
	Non-operating income and expenses			
7010	Other income		26,806	28,954
7020	Other gains and losses		(68,295)	(42,329)
7000	**Total non-operating income and expenses**		(41,489)	(13,375)
7900	**Profit before income tax**		716,193	531,342
7950	Income tax expense		(121,328)	(102,124)
8200	**Profit for the year**		$ 594,865	$ 429,218
	Other comprehensive loss			
	Components of other comprehensive loss that will not be reclassified to profit or loss			
8311	Remeasurement arising on defined benefit plans		($ 2,202)	($ 1,856)
	Components of other comprehensive loss that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations		(5,205)	(46,367)
8399	Income tax relating to the components of other comprehensive income		885	7,882
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(4,320)	(38,485)
8300	**Total other comprehensive loss for the year**		($ 6,522)	($ 40,341)
8500	**Total comprehensive income for the year**		$ 588,343	$ 388,877
	Profit attributable to:			
8610	Owners of parent		$ 594,865	$ 429,218
	Comprehensive income attributable to:			
8710	Owners of the parent		$ 588,343	$ 388,877
	Earnings per share (in dollars)			
9750	**Basic earnings per share**		$ 2.52	$ 1.82
9850	**Diluted earnings per share**		$ 2.51	$ 1.81

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent							
			Capital Surplus		Retained Earnings				
	Notes	Common stock	Additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
2016									
Balance at January 1, 2016		$ 2,362,160	$ 51,874	$ 1,416	$ 904,309	$ 14,381	$ 2,338,424	$ 12,682	$ 5,685,246
Appropriations of 2015 earnings	6(9)								
Legal reserve		-	-	-	99,890	-	(99,890)	-	-
Cash dividends		-	-	-	-	-	(944,864)	-	(944,864)
Net income for the year		-	-	-	-	-	429,218	-	429,218
Other comprehensive loss for the year		-	-	-	-	-	(1,856)	(38,485)	(40,341)
Balance at December 31, 2016		$ 2,362,160	$ 51,874	$ 1,416	$ 1,004,199	$ 14,381	$ 1,721,032	($ 25,803)	$ 5,129,259
2017									
Balance at January 1, 2017		$ 2,362,160	$ 51,874	$ 1,416	$ 1,004,199	$ 14,381	$ 1,721,032	($ 25,803)	$ 5,129,259
Appropriations of 2016 earnings	6(9)								
Legal reserve		-	-	-	42,922	-	(42,922)	-	-
Special reserve		-	-	-	-	11,422	(11,422)	-	-
Cash dividends		-	-	-	-	-	(708,648)	-	(708,648)
Net income for the year		-	-	-	-	-	594,865	-	594,865
Other comprehensive loss for the year		-	-	-	-	-	(2,202)	(4,320)	(6,522)
Balance at December 31, 2017		$ 2,362,160	$ 51,874	$ 1,416	$ 1,047,121	$ 25,803	$ 1,550,703	($ 30,123)	$ 5,008,954

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 716,193	$ 531,342
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(13)	89,446	95,427
Amortisation	6(13)	6,707	5,308
Provision (reversal of provision) for bad debts expense	6(2)	5,405	(3,654)
Interest income	6(11)	(8,107)	(9,510)
Loss on disposal of property, plant and equipment	6(12)	756	1,150
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(11,550)	26,862
Accounts recivable		(482,115)	275,690
Other receivables		(10,390)	9,539
Inventory		(339,036)	18,649
Other current assets		(16,471)	8,426
Changes in operating liabilities			
Notes payable		27,102	(6,611)
Accounts payable		292,626	(93,979)
Other payables		16,134	(103,358)
Other current liabilities		16,471	(10,226)
Provisions for liabilities - non-current		(4)	(2,305)
Other non-current liabilities		(1,541)	(1,467)
Cash inflow generated from operations		301,626	741,283
Interest recieved		11,376	9,083
Income tax paid		(64,528)	(197,335)
Net cash flows from operating activities		248,474	553,031
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other financial assets		249	2,839
Acquisition of property, plant and equipment	6(4)	(34,778)	(30,386)
Proceeds from disposal of property, plant and equipment		7,469	11,621
Acquisition of intangible assets		(6,714)	(3,095)
Decrease in other non-current assets		791	191
Net cash flows used in investing activities		(32,983)	(18,830)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	6(9)	(708,648)	(944,864)
Net cash flows used in financing activities		(708,648)	(944,864)
Effect due to charges in exchange rate		(3,769)	(33,198)
Net decrease in cash and cash equivalents		(496,926)	(443,861)
Cash and cash equivalents at beginning of year		1,727,314	2,171,175
Cash and cash equivalents at end of year		$ 1,230,388	$ 1,727,314

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

TEST RESEARCH, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

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, assembling, manufacture, sales, repairs and maintenance of automated inspection and testing equipment.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 21, 2018.

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")

New standards, interpretations and amendments endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: applying the consolidation exception'	January 1, 2016
Amendments to IFRS 11, 'Accounting for acquisition of interests in joint operations'	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Amendments to IAS 1, 'Disclosure initiative'	January 1, 2016
Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation'	January 1, 2016
Amendments to IAS 16 and IAS 41, 'Agriculture: bearer plants'	January 1, 2016
Amendments to IAS 19, 'Defined benefit plans: employee contributions'	July 1, 2014
Amendments to IAS 27, 'Equity method in separate financial statements'	January 1, 2016
Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(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 IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group estimated the effects when adopting the new standards and assumed January 1, 2018 as the initial date. Further, the Group expects to adopt IFRS 16 using the modified retrospective approach, and the effect on January 1, 2018 will both increase right to leased property and lease liabilities by $33,875.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", 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 defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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 controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(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:

Name of investor	Name of subsidiary	Main business activities	% of Ownership December 31, 2017	% of Ownership December 31, 2016	Description
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	-

Name of investor	Name of subsidiary	Main business activities	% of Ownership December 31, 2017	2016	Description
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shenzhen) Limited (TRI (SHENZHEN))	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Suzhou) Limited (TRI (SUZHOU))	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shanghai) Limited (TRI (SHANGHAI))	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, 2017 and 2016 were audited by independent accountants. The total assets of these subsidiaries as of December 31, 2017 and 2016 were $55,029 and $33,945, both constituting 1% of the consolidated total assets, respectively. The total operating revenues were both $0 for the years then ended.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: 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

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

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 settle 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 settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled 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) Notes receivable, accounts receivable and other receivables

Notes receivable and accounts receivable are receivables from selling merchandises or providing services to customers in the ordinary course of business. Other receivables are receivables that are not notes and accounts receivable. 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;

(e) 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.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, on financial assets measured at amortised cost the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(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 process 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.

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	3～10 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 recognised 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 (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 expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense 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 net defined benefit 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. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimated.

(19) Income tax

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

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

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

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

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

(20) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(21) Revenue recognition

A. Sales of goods

The Group is engaged in the design, assembly, manufacture and sales of automated inspection and testing equipment. 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 is 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 services of automated inspection and testing equipment, and the sales are recognised when the services are rendered.

(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 is addressed below:

Evaluation 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, 2017, the carrying amount of inventories was $822,966.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31,	
	2017	2016
Cash on hand and revolving funds	$ 3,417	$ 1,168
Checking accounts and demand deposits	726,971	1,026,146
Time deposits	500,000	200,000
Repurchase of bonds	-	500,000
	$ 1,230,388	$ 1,727,314

A. The Group transacts 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.

B. The Group's restricted cash and cash equivalents were classified as other financial assets (shown as "other current assets"). Please refer to Note 8 for details.

(2) Accounts receivable

	December 31, 2017	December 31, 2016
Accounts receivable	$ 1,678,606	$ 1,196,817
Less: Allowance for bad debts	(16,410)	(11,396)
	$ 1,662,196	$ 1,185,421

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, 2017	December 31, 2016
Group 1	$ 535,770	$ 424,073
Group 2	576,763	440,141
	$ 1,112,533	$ 864,214

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:

	December 31, 2017	December 31, 2016
Up to 60 days	$ 291,034	$ 218,214
61 to 90 days	91,237	25,155
91 to 180 days	119,134	58,969
181 to 365 days	50,013	22,835
Over 365 days	14,655	7,430
	$ 566,073	$ 332,603

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 11,396	$ 11,396
Provision for impairment	-	5,405	5,405
Write offs during the year	-	(326)	(326)
Net exchange differences	-	(65)	(65)
At December 31	$ -	$ 16,410	$ 16,410

	2016		
	Individual provision	Group provision	Total
At January 1	$ -	$ 17,021	$ 17,021
Reversal of impairment	-	(3,654)	(3,654)
Net exchange differences	-	(1,971)	(1,971)
At December 31	$ -	$ 11,396	$ 11,396

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

(3) Inventories

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 727,662	($ 83,578)	$ 644,084
Work in progress	150,465	(179)	150,286
Finished goods	646	(284)	362
Merchandise	31,705	(3,471)	28,234
	$ 910,478	($ 87,512)	$ 822,966

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 532,527	($ 84,257)	$ 448,270
Work in progress	69,897	(1)	69,896
Finished goods	1,275	(85)	1,190
Merchandise	15,447	(3,091)	12,356
	$ 619,146	($ 87,434)	$ 531,712

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2017	2016
Cost of goods sold	$ 1,674,575	$ 1,389,293
Loss on obsolete inventory	5,607	3,114
Other	4	8
	$ 1,680,186	$ 1,392,415

(4) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Total
At January 1, 2017							
Cost	$ 1,166,021	$ 921,538	$ 321,862	$ 5,996	$ 186,708	$ 117,785	$ 2,719,910
Accumulated depreciation	-	(177,255)	(184,926)	(4,382)	(92,264)	(78,079)	(536,906)
	$ 1,166,021	$ 744,283	$ 136,936	$ 1,614	$ 94,444	$ 39,706	$ 2,183,004
2017							
Opening net book amount	$ 1,166,021	$ 744,283	$ 136,936	$ 1,614	$ 94,444	$ 39,706	$ 2,183,004
Additions	-	-	25,707	708	5,016	3,347	34,778
Transfer from inventory	-	-	33,680	-	13,465	637	47,782
Disposals	-	-	(7,783)	(107)	(298)	(37)	(8,225)
Depreciation charge	-	(18,123)	(30,397)	(482)	(27,444)	(13,000)	(89,446)
Net exchange differences	-	-	(1,426)	10	(41)	(78)	(1,535)
Closing net book amount	$ 1,166,021	$ 726,160	$ 156,717	$ 1,743	$ 85,142	$ 30,575	$ 2,166,358
At December 31, 2017							
Cost	$ 1,166,021	$ 921,538	$ 387,792	$ 5,645	$ 197,816	$ 121,383	$ 2,800,195
Accumulated depreciation	-	(195,378)	(231,075)	(3,902)	(112,674)	(90,808)	(633,837)
	$ 1,166,021	$ 726,160	$ 156,717	$ 1,743	$ 85,142	$ 30,575	$ 2,166,358

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Total
At January 1, 2016							
Cost	$ 1,166,021	$ 921,538	$ 356,342	$ 5,457	$ 162,401	$ 107,090	$ 2,718,849
Accumulated depreciation	-	(159,108)	(200,824)	(3,968)	(76,315)	(63,962)	(504,177)
	$ 1,166,021	$ 762,430	$ 155,518	$ 1,489	$ 86,086	$ 43,128	$ 2,214,672
2016							
Opening net book amount	$ 1,166,021	$ 762,430	$ 155,518	$ 1,489	$ 86,086	$ 43,128	$ 2,214,672
Additions	-	-	12,583	647	6,698	10,458	30,386
Transfer from inventory	-	-	30,137	-	30,807	280	61,224
Disposals	-	-	(11,820)	(6)	(783)	(162)	(12,771)
Reclassifications	-	-	-	185	(367)	182	-
Depreciation charge	-	(18,147)	(35,588)	(610)	(27,682)	(13,400)	(95,427)
Net exchange differences	-	-	(13,894)	(91)	(315)	(780)	(15,080)
Closing net book amount	$ 1,166,021	$ 744,283	$ 136,936	$ 1,614	$ 94,444	$ 39,706	$ 2,183,004
At December 31, 2016							
Cost	$ 1,166,021	$ 921,538	$ 321,862	$ 5,996	$ 186,708	$ 117,785	$ 2,719,910
Accumulated depreciation	-	(177,255)	(184,926)	(4,382)	(92,264)	(78,079)	(536,906)
	$ 1,166,021	$ 744,283	$ 136,936	$ 1,614	$ 94,444	$ 39,706	$ 2,183,004

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,	
	2017	2016
Salaries and bonus payable	$ 111,078	$ 113,176
Employees' compensation and directors' and supervisors' remuneration payable	35,680	23,144
Others	77,580	71,884
	$ 224,338	$ 208,204

(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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31,	
	2017	2016
Present value of funded obligations	$ 102,744	$ 99,861
Fair value of plan assets	(47,796)	(45,574)
Net defined benefit liability	$ 54,948	$ 54,287

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	$ 99,861	($ 45,574)	$ 54,287
Current service cost	12	-	12
Interest expense (income)	1,398	(638)	760
	101,271	(46,212)	55,059
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	173	173
Change in financial assumptions	3,148	-	3,148
Experience adjustments	(1,119)	-	(1,119)
	2,029	173	2,202
Pension fund contribution	-	(2,313)	(2,313)
Paid pension	(556)	556	-
Balance at December 31	$ 102,744	($ 47,796)	$ 54,948

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	$ 96,684	($ 42,786)	$ 53,898
Current service cost	12	-	12
Interest expense (income)	1,644	(727)	917
	98,340	(43,513)	54,827
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	335	335
Change in financial assumptions	3,232	-	3,232
Experience adjustments	(1,711)	-	(1,711)
	1,521	335	1,856
Pension fund contribution	-	(2,396)	(2,396)
Balance at December 31	$ 99,861	($ 45,574)	$ 54,287

(d) 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. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2017	2016
Discount rate	1.10%	1.40%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality rate were estimated in accordance with the 5th version of Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2017				
Effect on present value of defined benefit obligation	($ 2,633)	$ 2,731	$ 2,418	($ 2,347)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 2,703)	$ 2,808	$ 2,508	($ 2,432)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The method and types of assumptions used for the preparation of sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 amount to $2,292.

(g) As of December 31, 2017, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	6,681
1-2 year(s)		1,888
2-5 years		15,701
Over 5 years		33,437
	$	57,707

B. Defined contribution plan

(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 Company's Mainland China subsidiaries, TRI (SHENZHEN), TRI (SUZHOU) and TRI (SHANGHAI), 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, 2017 and 2016 were $21,202 and $20,569, respectively.

(7) Share capital

The Company's authorised capital was $2,500,000. As of December 31, 2017, 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 Act 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 dividend policies of the Company were based on future capital expenditure budget and the requirement of capital, dividend was appropriated from accumulated distributable earnings, the distribution amount should not lower than 60% of accumulated distributable earnings, which cash dividend should not lower than 50% of the total distribution amount. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. After the provision or reversal of special reserve, the remaining are distributable earnings of the current year, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the stockholders at the stockholders' meeting.

B. The appropriations of 2016 and 2015 earnings had been resolved at the stockholders' meeting on May 26, 2017 and June 3, 2016, respectively. Details are summarised below:

	Years ended December 31,			
	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 42,922		$ 99,890	
Special reserve	$ 11,422		$ -	
Cash dividends	$ 708,648	$ 3.0	$ 944,864	$ 4.0

C. The appropriations of 2017 earnings had been proposed by the Board of Directors on February 21, 2018. Details are summarised below:

	Year ended December 31, 2017	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 59,486	
Special reserve	$ 4,320	
Cash dividends	$ 708,648	$ 3.0

As of the report date, the abovementioned appropriations of 2017 earnings had not yet been resolved by the stockholders.

Information on the above as proposed 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.

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.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(14).

(10) Operating revenue

	Years ended December 31,	
	2017	2016
Sales revenue	$ 3,497,450	$ 3,000,159
Services revenue	103,708	99,527
	$ 3,601,158	$ 3,099,686

(11) Other income

	Years ended December 31,	
	2017	2016
Interest income from bank deposits	$ 8,107	$ 9,510
Rental income	205	535
Other income	18,494	18,909
	$ 26,806	$ 28,954

(12) Other gains and losses

	Years ended December 31,	
	2017	2016
Net currency exchange losses	($ 57,212)	($ 29,518)
Losses on disposal of property, plant and equipment	(756)	(1,150)
Other losses	(10,327)	(11,661)
	($ 68,295)	($ 42,329)

(13) Expenses by nature

	Years ended December 31,	
	2017	2016
Employee benefit expense	$ 764,388	$ 723,392
Depreciation charges on property, plant and equipment	89,446	95,427
Amortisation charges on intangible assets	6,707	5,308
	$ 860,541	$ 824,127

(14) Employee benefit expense

	Years ended December 31,	
	2017	2016
Wages and salaries	$ 647,462	$ 603,613
Labour and health insurance fees	60,464	59,176
Pension costs	21,974	21,498
Other personnel expenses	34,488	39,105
	$ 764,388	$ 723,392

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the years ended December 31, 2017 and 2016, employees' compensation was accrued at \$29,614 and \$19,210, respectively; while directors' and supervisors' remuneration was accrued at \$6,066 and \$3,934, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were accrued based on the distributable profit of current year for the year ended December 31, 2017 and the percentage as prescribed by the Company's Articles of Incorporation.

The employees' compensation and directors' remuneration resolved by the Board of Directors on February 21, 2018 in the amount of \$29,614 and \$6,066, respectively were in agreement with those amounts recognised in the 2017 financial statements. The employees' compensation will be distributed in the form of cash. Employees' compensation and directors' and supervisors' remuneration for 2016 as resolved by the Board of Directors on February 22, 2017 were in agreement with those amounts recognised in the 2016 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Bond of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(15) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2017	Years ended December 31, 2016
Current tax:		
Current tax on profits for the year	$ 111,355	$ 93,957
Prior year income tax underestimation	4,972	26,292
Total current tax	116,327	120,249
Deferred tax:		
Origination and reversal of temporary differences	5,001	(18,125)
Income tax expense	$ 121,328	$ 102,124

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

	Years ended December 31, 2017	Years ended December 31, 2016
Currency translation differences	($ 885)	($ 7,882)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2017	Years ended December 31, 2016
Tax calculated based on profit before tax and statutory tax rate	$ 146,983	$ 101,019
Effect from tax losses	(11,667)	-
Effect from investment tax credits	(18,960)	(25,187)
Prior year income tax underestimation	4,972	26,292
Income tax expense	$ 121,328	$ 102,124

C. Amount of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2017				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
Temporary differences					
Accrued warranty	$ 2,773	($ 103)	$ -	$ -	$ 2,670
Unrealised exchange loss	1,906	(1,906)	-	-	-
Unrealised gross profit	18,165	4,886	-	-	23,051
Allowance for inventory valuation losses	13,646	140	-	-	13,786
Provision for rework	501	102	-	-	603
Accrued pension liabilities	9,229	112	-	-	9,341
Unpaid annual leave	3,815	(1,007)	-	-	2,808
Others	65	17	-	-	82
Tax losses	2,474	(2,474)	-	-	-
	52,574	(233)	-	-	52,341
Deferred tax liabilities:					
Temporary differences					
Unrealised exchange gain	-	(1,485)	-	-	(1,485)
Investment income	(32,979)	(3,281)	-	-	(36,260)
Currency translation	(3,603)	-	885	-	(2,718)
Others	(107)	(2)	-	-	(109)
	(36,689)	(4,768)	885	-	(40,572)
	$ 15,885	($ 5,001)	$ 885	$ -	$ 11,769

	2016				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
Temporary differences					
Accrued warranty	$ 3,033	($ 260)	$ -	$ -	$ 2,773
Unrealised exchange loss	-	1,906	-	-	1,906
Unrealised gross profit	19,151	(986)	-	-	18,165
Allowance for inventory valuation losses	15,304	(1,658)	-	-	13,646
Provision for rework	633	(132)	-	-	501
Accrued pension liabilities	9,163	66	-	-	9,229
Unpaid annual leave	3,296	519	-	-	3,815
Others	19	46	-	-	65
Tax losses	2,492	(18)	-	-	2,474
	53,091	(517)	-	-	52,574
Deferred tax liabilities:					
Temporary differences					
Unrealised exchange gain	(2,031)	2,031	-	-	-
Investment income	(49,584)	16,605	-	-	(32,979)
Currency translation	(11,485)	-	7,882	-	(3,603)
Others	(113)	6	-	-	(107)
	(63,213)	18,642	7,882	-	(36,689)
	($ 10,122)	$ 18,125	$ 7,882	$ -	$ 15,885

D. Expiration dates of unused tax losses and amount of unrecognised deferred tax assets are as follows:

	December 31, 2017		
Year incurred	Unused amount	Unrecognised deferred tax assets	Expiry year
2002~2016	$ 141,032	$ 141,032	Gradually expires during 2018~2035

	December 31, 2016		
Year incurred	Unused amount	Unrecognised deferred tax assets	Expiry year
2002~2016	$ 189,611	$ 185,397	Gradually expires during 2017~2034

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2017	December 31, 2016
Deductible temporary differences	$ 16,621	$ 14,775

F. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority.

G. Unappropriated retained earnings:

	December 31,	
	2017	2016
Earnings generated in and before 1997	$ 270	$ 270
Earnings generated in and after 1998	1,550,433	1,720,762
	$ 1,550,703	$ 1,721,032

H. Details of imputation tax system:

	December 31,	
	2017	2016
(a) Balance of imputation tax credit account (ICA)	$ 248,272	$ 383,722

	2017	2016 (Actual)
(b) Creditable tax ratio	(Note)	20.26%

Note: With the abolishment of the imputation tax system under the amendments to the Income Tax Act promulgated by the President of the Republic of China on February 7, 2018, the information on estimated creditable tax rate for the year ended December 31, 2017 is no longer disclosed.

(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, 2017		
	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	$ 594,865	236,216	$ 2.52
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	811	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 594,865	237,027	$ 2.51

	Year ended December 31, 2016		
	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	$ 429,218	236,216	$ 1.82
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	512	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 429,218	236,728	$ 1.81

As employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock compensation 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 compensation on potential common shares.

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,	
	2017	2016
Salaries and other short-term employee benefits	$ 19,877	$ 12,572
Post-employment benefits	377	309
	$ 20,254	$ 12,881

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' compensation, etc.

B. Post-employment benefits represents pension costs.

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2017	December 31, 2016	Purpose
Property, plant and equipment			
－Land	$ 388,990	$ 388,990	Security for lines of credit
－Buildings	55,320	56,913	"
Time deposits (shown as "other current assets")	2,976	3,225	Performance bond
	$ 447,286	$ 449,128	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2017, the future aggregate lease payments for the lease of offices under operating lease agreements are as follows:

Not later than one year	$	21,702
Later than one year but not later than five years		12,244
	$	33,946

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Details of earnings distribution proposed by the Board of Directors on February 21, 2018 are provided in Note 6(9)C.

(2) Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate will be raised from 17% to 20% retrospectively effective from January 1, 2018. The Group has assessed that such amendment will have no significant impact to the 2017 income tax.

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, RMB and EUR. 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, 2017					
				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	$ 47,081	29.76	$ 1,401,131	1%	$ 14,011	$ -
RMB:NTD	252,794	4.57	1,154,005	1%	11,540	-
EUR:NTD	843	35.57	30,000	1%	300	-
Non-monetary items						
USD:NTD	1,043	29.76	31,038	1%	-	310
EUR:NTD	579	35.57	20,586	1%	-	206
JPY:NTD	31,692	0.26	8,128	1%	-	81
MYR:NTD	1,400	7.07	9,901	1%	-	99
RMB:NTD	111,627	4.57	576,418	1%	-	5,764
Financial liabilities						
Monetary items						
USD:NTD	$ 15,018	29.76	$ 446,936	1%	$ 4,469	$ -
RMB:NTD	157,835	4.57	720,517	1%	7,205	-

	December 31, 2016			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	$ 34,055	32.25	$ 1,098,274	1%	$ 10,983	$ -
RMB:NTD	184,851	4.62	853,457	1%	8,535	-
EUR:NTD	859	33.90	29,123	1%	291	-
Non-monetary items						
EUR:NTD	311	33.90	10,529	1%	-	105
JPY:NTD	34,931	0.28	9,627	1%	-	96
MYR:NTD	1,589	6.91	10,970	1%	-	110
RMB:NTD	100,431	4.62	463,690	1%	-	4,637
Financial liabilities						
Monetary items						
USD:NTD	$ 12,813	32.25	$ 413,219	1%	$ 4,132	$ -
RMB:NTD	104,885	4.62	484,254	1%	4,843	-
EUR:NTD	798	33.90	27,068	1%	271	-
Non-monetary items						
USD:NTD	216	32.25	6,975	1%	-	70

iii.Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

	Year ended December 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	29.76	($ 19,852)
RMB:NTD	-	4.57	23,923
EUR:NTD	-	35.57	155
Financial liabilities			
Monetary items			
USD:NTD	$ -	29.76	$ 11,113
RMB:NTD	-	4.57	(11,576)

	Year ended December 31, 2016		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	32.25	$ 13,204
RMB:NTD	-	4.62	(27,531)
EUR:NTD	-	33.90	(878)
Financial liabilities			
Monetary items			
USD:NTD	$ -	32.25	($ 3,957)

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. For the years ended December 31, 2017 and 2016, 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 invested in interest bearing current accounts and time deposits, 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, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable	$ 42,998	$ -	$ -	$ -
Accounts payable	563,775	-	-	-
Other payables	224,339	-	-	-

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable	$ 15,896	$ -	$ -	$ -
Accounts payable	271,149	-	-	-
Other payables	208,204	-	-	-

(3) Fair value information

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loan to others: Please refer to table 1.

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

C. Holding of marketable securities at the end of the period (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: Please refer to table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment. The Group operates business only in a single industry. The chief operating decision maker – Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(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:

	Years ended December 31, 2017	Years ended December 31, 2016
Revenue from external customers	$ 3,601,158	$ 3,099,686
Segment profit	$ 757,682	$ 544,717

The total assets and total liabilities amount were not provided to the chief operating decision maker by the Company.

(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. A reconciliation of segment profit (loss) to profit (loss) before tax and discontinued operations is provided as follows:

	Years ended December 31, 2017	Years ended December 31, 2016
Reportable segments income	$ 757,682	$ 544,717
Unallocated profit or loss:		
Non-operating income and expenses	(41,489)	(13,375)
Income before tax from continuing operations	$ 716,193	$ 531,342

(5) Information on products and services

Please refer to Note 6(10) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2017 and 2016 is as follows:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 424,813	$ 2,028,408	$ 526,210	$ 2,067,510
China	2,428,733	144,813	1,871,524	121,441
USA	101,056	462	59,606	719
Others	646,556	981	642,346	1,391
	$ 3,601,158	$ 2,174,664	$ 3,099,686	$ 2,191,061

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

(7) Major customer information

Sales to customers constituting more than 10% of the Group's total sales revenue in consolidated statements of comprehensive income for the years ended December 31, 2017 and 2016 is as follows:

	Years ended December 31,	
	2017	2016
Customer	Revenue	Revenue
Company G	$ 362,456	$ 319,017

Test Research, Inc. and Subsidiaries

Loans to others

Year ended December 31, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2017	Balance at December 31, 2017	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
1	TRI Electronic (Shenzhen) Limited	TRI Electronic (Suzhou) Limited	Other receivables	Yes	$ 22,930	$ 22,825	$ 22,825	4.75%	Short-term financing	$ -	Additional operating capital	$ -	None	$ -	$500,895 (Note 1)	$1,001,791 (Note 1)	-
2	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	Other receivables	Yes	$ 27,516	$ 27,390	$ 27,390	4.75%	Short-term financing	$ -	For repayment of borrowings	$ -	None	$ -	$500,895 (Note 2)	$1,001,791 (Note 2)	-

Note 1: On August 4, 2016, the Board of Directors resolved to amend TRI Electronic (Shenzhen) Limited's policy "Procedures for Provision of Loans" and the policy is as follows:
Ceiling on total loans to others: 50% of the Company's net worth. If for short-term financing purpose, the ceiling on loans shall not exceed 40% of the Company's net worth. Limit to a single party is RMB 10 million.
In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders during their meeting on May 26, 2017, limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares shall not exceed 20% of parent company's net worth. Ceiling to the beforementioned single party shall not exceed 10% of parent company's net worth.

Note 2: On July 29, 2016, the Board of Directors resolved to amend TRI Electronic (Shanghai) Limited's policy "Procedures for Provision of Loans" and the policy is as follows:
Ceiling on total loans to others: 50% of the Company's net worth. If for short-term financing purpose, the ceiling on loans shall not exceed 40% of the Company's net worth. Limit to a single party is RMB 4 million.
In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders during their meeting on May 26, 2017, limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares shall not exceed 20% of parent company's net worth. Celing to the beforementioned single party shall not exceed 10% of parent company's net worth

Test Research, Inc. and Subsidiaries

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

Year ended December 31, 2017

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transactions				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 term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Test Research, Inc.	DOLI TRADING LIMITED	Subsidiary	Sales	$ 2,115,607	64%	The collection terms are 90-120 days after acceptance, and are 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 92% of final sales price.	The collection terms are 90-120 days after acceptance, and are similar to third parties	Accounts receivable $ 733,805	61%	None
									Other receivables $311,562	26%	None
DOLI TRADING LIMITED	TRI Electronic (Shenzhen) Limited	Same ultimate parent company	Sales	358,270	16%	The collection terms are 90-120 days after acceptance, and are similar to third parties	The price is 40%-70% of standard prices.	The collection terms are 90-120 days after acceptance, and are similar to third parties	Accounts receivable $ 96,426	10%	None
DOLI TRADING LIMITED	TRI Electronic (Suzhou) Limited	Same ultimate parent company	Sales	271,084	12%	The collection terms are 90-120 days after acceptance, and are similar to third parties	The price is 40%-70% of standard prices.	The collection terms are 90-120 days after acceptance and are similar to third parties	Accounts receivable $ 149,568	15%	None
									Other receivables $ 88,400	9%	None
TRI Electronic (Shenzhen) Limited	DOLI TRADING LIMITED	Same ultimate parent company	Service revenue	149,229	24%	The collection terms are 90-120 days after acceptance, and are similar to third parties	Based on contracts	The collection terms are 90-120 days after acceptance and are similar to third parties	Accounts payable $ 15,219	6%	None
DOLI TRADING LIMITED	Test Research, Inc.	Parent company	Purchases	2,115,607	100%	The payment terms are 90-120 days after acceptance	The price is determined by TRI	The payment terms are 90-120 days after acceptance	Accounts payable $1,045,367	100%	None
TRI Electronic (Shenzhen) Limited	DOLI TRADING LIMITED	Same ultimate parent company	Purchases	358,270	96%	The payment terms are 90-120 days after acceptance	The price is determined by TRI	The payment terms are 90-120 days after acceptance	Accounts payable $ 96,426	95%	None
TRI Electronic (Suzhou) Limited	DOLI TRADING LIMITED	Same ultimate parent company	Purchases	271,084	98%	The payment terms are 90-120 days after acceptance	The price is determined by TRI	The payment terms are 90-120 days after acceptance	Accounts payable $ 237,968	91%	None

Test Research, Inc. and Subsidiaries

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

December 31, 2017

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2017	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note)	Allowance for doubtful accounts
					Amount	Action taken		
Test Research, Inc.	DOLI TRADING LIMITED	Subsidiary	$ 1,045,367	2.33	$ 311,562	In the collection	$ 129,390	$ -
DOLI TRADING LIMITED	TRI Electronic (Suzhou) Limited	Same ultimate parent company	237,968	1.35	88,400	In the collection	14,900	-

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

Test Research, Inc. and Subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2017

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions: General ledger account	Transactions: Amount (Note 4)	Transactions: Transaction terms	Transactions: Percentage of consolidated total operating revenues or total assets
0	Test Research, Inc.	DOLI TRADING LIMITED	1	Sales revenue	$ 2,115,607	Note 3	59
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Sales revenue	39,695	Note 3	1
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Sales revenue	28,300	Note 3	1
0	Test Research, Inc.	TRI JAPAN CORPORATION	1	Sales revenue	10,959	Note 8	-
0	Test Research, Inc.	DOLI TRADING LIMITED	1	Accounts receivable	733,805	Note 3	12
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Accounts receivable	34,221	Note 3	1
0	Test Research, Inc.	DOLI TRADING LIMITED	1	Other receivables	311,562	Note 3	5
0	Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH	1	Commissions expense	43,241	Note 6	1
0	Test Research, Inc.	TEST RESEARCH USA, INC.	1	Commissions expense	40,125	Note 6	1
0	Test Research, Inc.	TRI JAPAN CORPORATION	1	Commissions expense	10,594	Note 6	-
1	DOLI TRADING LIMITED	TRI Electronic (Shenzhen) Limited	3	Sales revenue	358,270	Note 3	10
1	DOLI TRADING LIMITED	TRI Electronic (Suzhou) Limited	3	Sales revenue	271,084	Note 3	8
1	DOLI TRADING LIMITED	TRI Electronic (Shenzhen) Limited	3	Accounts receivable	96,426	Note 3	2
1	DOLI TRADING LIMITED	TRI Electronic (Suzhou) Limited	3	Accounts receivable	149,568	Note 3	2
1	DOLI TRADING LIMITED	TRI Electronic (Suzhou) Limited	3	Other receivables	88,400	Note 3	1
2	TRI Electronic (Shenzhen) Limited	DOLI TRADING LIMITED	3	Service revenue	149,229	Note 7	4
2	TRI Electronic (Shenzhen) Limited	DOLI TRADING LIMITED	3	Account receivable	15,219	Note 3	-
2	TRI Electronic (Shenzhen) Limited	TRI Electronic (Suzhou) Limited	3	Other receivables	22,825	Note 5	-
3	TRI Electronic (Suzhou) Limited	DOLI TRADING LIMITED	3	Service revenue	53,581	Note 7	1
4	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	3	Service revenue	12,729	Note 7	-
4	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	3	Other receivables	27,390	Note 5	-

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 two categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to 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 92% of final sales price. The collection terms are 90-120 days after acceptance and are similar to third parties.

Note 4: Only related party transactions in excess of $10,000 are disclosed. Corresponding transactions from the other side are not disclosed.

Note 5: Loans to others.

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

Note 7: Commission revenue was based on agency contract, others were based on agreed conditions.

Note 8: Transaction items follow the agreement.

Test Research, Inc. and Subsidiaries

Information on investees

Year ended December 31, 2017

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2017				
Investor	Investee	Location	Main business activities	Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2017	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Footnote
Test Research, Inc.	TRI INVESTMENTS LIMITED	Samoa	Investment holdings	$ 219,811	$ 219,811	6,724,109	100	$ 509,662	$ 68,774	$ 70,324	None
Test Research, Inc.	DOLI TRADING LIMITED	British Virgin Islands	Trading	131,973	131,973	801	100	8,539	(58,740)	(64,333)	Note 2
Test Research, Inc.	TEST RESEARCH USA, INC.	United States	Trading	61,299	30,297	1,518,935	100	31,038	7,808	7,808	None
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH	Germany	Trading	17,679	17,679	-	100	20,586	9,211	9,211	Note 1
Test Research, Inc.	TRI JAPAN CORPORATION	Japan	Trading	10,750	10,750	720	100	8,128	(879)	(879)	None
Test Research, Inc.	TRI MALAYSIA SDN. BHD	Malaysia	Trading	2,066	2,066	1,000,000	100	9,901	(1,283)	(1,283)	None

Note 1: A limited liability company.
Note 2: The investment loss included the elimination of intercompany transactions.

Test Research, Inc. and Subsidiaries

Information on investments in Mainland China - Basic information

Year ended December 31, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017 (Note 3)	Net income of investee for the year ended December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the year ended December 31, 2017 (Note 2(2)B.)	Book value of investments in Mainland China as of December 31, 2017 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Foot note
					Remitted to Mainland China	Remitted back to Taiwan							
TRI Electronic (Shenzhen) Limited	Manufacture and sales of test equipment	$ 90,768	2	$ 22,320	$ -	$ -	$ 22,320	$ 57,926	100	$ 57,926	$ 512,222	$ -	
TRI Electronic (Suzhou) Limited	Manufacture and sales of test equipment	77,046	2	59,520	-	-	59,520	8,256	100	8,256	454	-	
TRI Electronic (Shanghai) Limited	Import and export of equipment, consulting and after-sale maintenance service of equipment	116,064	2	116,064	-	-	116,064	2,623	100	2,623	63,742	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Test Research, Inc.	$ 197,904	$ 265,278	$ 3,005,372

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. (Reinvested through TRI INVESTMENTS LIMITED)

(3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2016' column:

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

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

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

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

C. Others.

Note 3: The amount was originally denominated in USD and was translated to NTD at the exchange rate (1:29.76) prevailing at the balance sheet date.

Note 4: The highest of $80,000, 60% of the stockholder's equity and 60% of consolidated net assets.

Note 5: Including net changes of realised and unrealised profit from sales.

Test Research, Inc. and Subsidiaries
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Year ended December 31, 2017

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2017	%	Balance at December 31, 2017	Purpose	Maximum balance during the year ended December 31, 2017	Balance at December 31, 2017	Interest rate	Interest during the year ended December 31, 2017	Others (Note)
TRI Electronic (Shenzhen) Limited	$ 386,570	11	$ -	-	$ 104,425	2	$ -	-	$ -	$ -	-	$ -	$ 149,229
TRI Electronic (Suzhou) Limited	310,779	9	-	-	272,189	4	-	-	-	-	-	-	53,581

Note: Including commission and assembling and warranty expenses.