TEST RESEARCH, INC.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2010 AND 2009

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

Report of Independent Accountants Translated from Chinese

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

We have audited the accompanying consolidated balance sheets of Test Research, Inc. and subsidiaries as of December 31, 2010 and 2009, and the related statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As described in Note 1(2) to the consolidated financial statements, we did not audit the 2010 and 2009 financial statements of certain consolidated subsidiaries whose statements reflect total assets of $27,241 thousand and $7,540 thousand, constituting 0.60% and 0.20% of total consolidated assets as of December 31, 2010 and 2009, respectively, and total operating revenues of $480 thousand and $843 thousand, constituting 0.01% and 0.05% of consolidated operating revenues for the years then ended, respectively. The financial statements of these consolidated subsidiaries were audited by other auditors 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 reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Test Research, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan

March 31, 2011

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 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.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	DECEMBER 31, 2010	DECEMBER 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4(1))	$ 660,286	$ 197,757
Notes receivable, net	12,904	10,052
Accounts receivable, net (Note 4(2))	847,671	719,147
Other receivables	30,568	10,051
Inventories, net (Note 4(3))	696,940	427,595
Deferred income tax assets - current (Note 4(10))	21,753	13,751
Other current assets (Note 5)	20,544	22,762
	2,290,666	1,401,115
Property, Plant and Equipment (Notes 4(4) and 6)		
Cost		
Land	1,166,021	1,166,021
Buildings and improvements	921,538	921,538
Machinery and equipment	206,873	222,792
Transportation equipment	5,334	5,554
Office equipment	113,495	146,773
Miscellaneous equipment	148,727	193,919
	2,561,988	2,656,597
Less: Accumulated depreciation	(341,936)	(397,769)
	2,220,052	2,258,828
Intangible Assets		
Patents	3,842	9,085
Computer software costs	3,728	6,451
	7,570	15,536
Other Assets		
Assets leased to others	6,212	8,029
Refundable deposits	2,312	5,015
Deferred expenses	3,002	2,869
Deferred income tax assets - non-current (Note 4(10))	-	39,220
	11,526	55,133
TOTAL ASSETS	$ 4,529,814	$ 3,730,612

(Continued)

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

	DECEMBER 31, 2010	DECEMBER 31, 2009
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans (Notes 4(5) and 6)	$ -	$ 35,000
Notes payable	17,067	23,450
Accounts payable	300,848	341,183
Income tax payable (Note 4(10))	58,211	26,968
Accrued expenses (Note 4(9))	189,519	128,635
Other payables	16,434	13,132
Other current liabilities	27,931	28,948
	610,010	597,316
Other Liabilities		
Accrued pension liabilities (Note 4(6))	25,976	26,684
Deposits received	376	376
Deferred tax liabilities - non-current (Note 4(10))	3,210	-
	29,562	27,060
Total Liabilities	639,572	624,376
Stockholders' Equity		
Common stock (Note 4(7))	2,022,020	1,925,734
Capital reserve (Note 4(8))		
Paid-in capital in excess of par value	51,874	51,874
Long-term investments	1,416	1,416
Retained earnings (Note 4(9))		
Legal reserve	367,346	347,754
Undistributed earnings	1,436,171	742,214
Cumulative translation adjustments	11,415	37,244
Total Stockholders' Equity	3,890,242	3,106,236
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,529,814	$ 3,730,612

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 31, 2011.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	FOR THE YEARS ENDED DECEMBER 31,	
	2010	2009
Operating revenues		
Sales	$ 3,744,905	$ 1,679,573
Less: Sales returns	(38,117)	(2,692)
Sales allowances	(260)	(215)
Net sales	3,706,528	1,676,666
Maintenance income	49,903	33,919
Net operating revenues	3,756,431	1,710,585
Operating costs		
Cost of sales (Note 4(3))	(1,670,058)	(798,209)
Cost of maintenance	(13,818)	(8,485)
Net operating costs	(1,683,876)	(806,694)
Gross profit	2,072,555	903,891
Operating expenses		
Selling	(591,998)	(410,835)
General	(138,302)	(104,411)
Research and development	(218,809)	(166,754)
Total operating expenses	(949,109)	(682,000)
Operating income	1,123,446	221,891
Non-operating income and gains		
Interest income	1,537	1,004
Rental income	6,645	5,078
Other income	7,805	7,211
Total non-operating income and gains	15,987	13,293
Non-operating expenses and losses		
Interest expense	(1,926)	(750)
Loss on disposal of property, plant and equipment	(5,057)	(276)
Exchange loss - net	(93,371)	(6,875)
Other expenses	(2,571)	(2,946)
Total non-operating expenses and losses	(102,925)	(10,847)
Income before income tax	1,036,508	224,337
Income tax expense (Note 4(10))	(130,387)	(28,416)
Consolidated net income	$ 906,121	$ 195,921
Attributable to:		
Equity holders of the Company	$ 906,121	$ 195,921

Earnings per common share (in dollars) (Note 4(11))	2010 Before tax	2010 After tax	2009 Before tax	2009 After tax
Basic earnings per share	$ 5.13	$ 4.48	$ 1.11	$ 0.97
Diluted earnings per share	$ 5.10	$ 4.46	$ 1.10	$ 0.96

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 31, 2011.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Retained Earnings			
2009	Common Stock	Capital Reserve	Legal Reserve	Undistributed Earnings	Cumulative Translation Adjustments	Total
Balance at January 1, 2009	$ 1,853,000	$ 24,964	$ 300,781	$ 815,626	$ 45,154	$ 3,039,525
Appropriations of 2008 earnings: (Note)						
Legal reserve	-	-	46,973	(46,973)	-	-
Employees' stock bonuses	35,674	28,326	-	-	-	64,000
Stock and cash dividends	37,060	-	-	(222,360)	-	(185,300)
Net income for 2009	-	-	-	195,921	-	195,921
Cumulative translation adjustments on foreign long-term investments	-	-	-	-	(7,910)	(7,910)
Balance at December 31, 2009	$ 1,925,734	$ 53,290	$ 347,754	$ 742,214	$ 37,244	$ 3,106,236

(Continued)

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Retained Earnings			
2010	Common Stock	Capital Reserve	Legal Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Total
Balance at January 1, 2010	$ 1,925,734	$ 53,290	$ 347,754	$ 742,214	$ 37,244	$ 3,106,236
Appropriations of 2009 earnings: (Note)						
Legal reserve	-	-	19,592	(19,592)	-	-
Stock and cash dividends	96,286	-	-	(192,572)	-	(96,286)
Net income for 2010	-	-	-	906,121	-	906,121
Cumulative translation adjustments on foreign long-term investments	-	-	-	-	(25,829)	(25,829)
Balance at December 31, 2010	$ 2,022,020	$ 53,290	$ 367,346	$ 1,436,171	$ 11,415	$ 3,890,242

Note: For the years ended December 31, 2009 and 2008, directors' and supervisors' remuneration amounting to $2,600 and $3,200, respectively, and employees' bonus amounting to $32,517 and $80,592, respectively, had been deducted from the consolidated statement of income.

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 31, 2011.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	FOR THE YEARS ENDED DECEMBER 31, 2010	FOR THE YEARS ENDED DECEMBER 31, 2009
Cash flows from operating activities:		
Consolidated net income	$ 906,121	$ 195,921
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation	87,619	100,634
Depreciation on assets leased to others	2,615	2,724
Amortization	9,902	9,530
Loss on disposal of property, plant and equipment (including assets leased to others)	5,057	276
Provision (reversal of allowance) for doubtful accounts	16,814	(5,417)
Provision for inventory obsolescence and market price decline	10,421	31,771
Net change in deferred income tax assets and liabilities	34,428	(15,669)
Changes in assets and liabilities:		
(Increase) decrease in:		
Notes and accounts receivable	(147,383)	(333,177)
Other receivables	(20,517)	4,123
Inventories	(294,817)	30,118
Other current assets	2,218	(11,812)
Increase (decrease) in:		
Notes payable	(6,383)	14,501
Accounts payable	(40,335)	252,587
Income tax payable	31,243	12,040
Accrued expenses	60,884	18,927
Other payables	3,302	1,941
Other current liabilities	(1,017)	11,465
Accrued pension liabilities	(708)	(1,210)
Net cash provided by operating activities	659,464	319,273

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TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	FOR THE YEARS ENDED DECEMBER 31, 2010	FOR THE YEARS ENDED DECEMBER 31, 2009
Cash flows from investing activities:		
Acquisition of property, plant and equipment	($ 51,859)	($ 22,994)
Proceeds from sale of property, plant and equipment	8,289	4,724
Increase in intangible assets	-	(1,489)
Increase in deferred expenses	(2,195)	(1,150)
Decrease (increase) in refundable deposits	2,703	(2,850)
Net cash used in investing activities	(43,062)	(23,759)
Cash flows from financing activities:		
Decrease in bank loans	(35,000)	(90,000)
Increase in deposits received	-	376
Payment of cash dividends	(96,286)	(185,300)
Net cash used in financing activities	(131,286)	(274,924)
Effect due to changes in exchange rates	(22,587)	(9,510)
Net increase in cash and cash equivalents	462,529	11,080
Cash and cash equivalents at beginning of year	197,757	186,677
Cash and cash equivalents at end of year	$ 660,286	$ 197,757
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	$ 1,896	$ 750
Income tax	$ 62,142	$ 32,045
Operating and financing activities which have no effect on cash flows		
Inventories transferred to property, plant and equipment and assets leased to others	$ 17,646	$ 21,646
Property, plant and equipment and assets leased to others transferred to inventories	$ 5,654	$ -

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 31, 2011.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

(1) TEST RESEARCH, INC. (the Company)

Test Research, Inc. was incorporated in April 1989 under the provisions of the Company Law of the Republic of China (R.O.C.). The Company is engaged in the design, manufacture, sales, repairs and maintenance of semiconductor testers and in-circuit testers. As of December 31, 2010, the Company and its subsidiaries included in the consolidated financial statements had approximately 640 employees.

(2) Names of consolidated subsidiaries, their major business activities, the percentage owned by the Company and their changes are as follows:

Subsidiary	Main activities	% of shares held as of Dec. 31, 2010	% of shares held as of Dec. 31, 2009
DOLI TRADING LIMITED (DOLI)	Trading	100%	100%
TEST RESEARCH USA INC. (TRU)	Trading	100%	100%
TEST RESEARCH SINGAPORE PTE. LTD. (TRS)	Trading	100%	100%
TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100%	100%
TRI JAPAN CORPORATION (TRJ)	Trading	100%	100%
TRI MALAYSIA SDN. BHD (TRM) (Note 2)	Trading	100%	-
TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100%	100%
TRI ELECTRONIC (SHENZHEN) LIMITED	Manufacture and sales of test equipment	Note 1	Note 1
TRI ELECTRONIC (SUZHOU) LIMITED	Manufacture and sales of test equipment	Note 1	Note 1
TRI ELECTRONIC (SHANGHAI) LIMITED	Manufacture and sales of test equipment	Note 1	Note 1

Note 1: TIL holds 100% of the investees' voting stock.
Note 2: It was incorporated in September 2010 under the provisions of the Company Law of the Republic of China (R.O.C.).

The financial statements of TRU, TRS, TRE and TRM for the year ended December 31, 2010, and the financial statements of TRU, TRS and TRE for the year ended December 31, 2009 were audited by other independent accountants. The total assets of the subsidiaries as of December 31, 2010 and 2009 were $27,241 and $7,540, constituting

0.60% and 0.20% of the consolidated total assets, respectively, and the related total operating revenues were $480 and $843, constituting 0.01% and 0.05% of the consolidated operating revenues for the years then ended, respectively.

(3) Subsidiaries not included in the consolidated financial statements: None.

(4) Adjustments for subsidiaries with different balance sheet dates: None.

(5) Special operating risks in foreign subsidiaries: None.

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

(7) Contents of subsidiaries' securities issued by the parent company: None.

(8) Information on convertible bonds and common stock issued by subsidiaries: The issuance of convertible bonds and new common stock by subsidiaries had no significant effects on stockholders' equity of the parent company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China. The Group's significant accounting policies are summarized as follows:

1) Basis of consolidation

a) Basis for preparation of consolidated financial statements

All majority-owned subsidiaries wherein the Group owns more than 50% ownership and controlled entities are included in the consolidated financial statements. Significant inter-company transactions, assets and liabilities arising from inter-company transactions are eliminated.

b) Translation of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates. Profit and loss accounts are translated at weighted-average rates of the year. The resulting translation differences are included in "cumulative translation adjustments" under stockholders' equity.

2) Criteria for classifying assets and liabilities as current or non-current items

a) Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
(1) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
(2) Assets held mainly for trading purposes;
(3) Assets that are expected to be realized within twelve months from the balance sheet date; and
(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

b) Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
(1) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
(2) Liabilities arising mainly from trading activities;
(3) Liabilities that are to be paid off within twelve months from the balance sheet date; and
(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

3) Foreign currency translation

The Group maintains its accounts in New Taiwan dollars, except for the accounts of subsidiaries which are maintained in their respective functional currency. Transactions arising in foreign currencies during the year are converted at rates of exchange ruling at the transaction dates. Exchange gains or losses due to the difference between the exchange rate on the transaction date and the exchange rate on the date of actual receipt and payment are recognized in current year’s profit or loss. Receivables, other monetary assets and liabilities denominated in foreign currencies at year-end are translated at rates of exchange ruling at the balance sheet date. All exchange gains or losses are included in current year's profit or loss.

4) Accounts receivable

Accounts receivable are claims resulting from the sale of goods or services. The fair value of accounts receivable is calculated based on the imputed interest rate. Accounts receivable which are collectible within one year, and where the difference between the fair value and the value at maturity is insignificant are measured at carrying value.

5) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the results of evaluating the collectibility of notes and accounts receivable, taking into account the bad debts incurred in prior years and the aging analysis of the receivables.

6) Inventories

The perpetual inventory system is adopted for inventory recognition. Inventories are stated at cost. Cost is determined using the weighted-average method. At the end of period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

7) Property, plant and equipment

a) Property, plant and equipment are stated at cost. Interest incurred during the construction or installation of the assets is capitalized. Major renewals and improvements are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred. Gain or loss on disposal of property, plant and equipment is recorded in the current year's profit or loss.

b) Depreciation is provided under the straight-line method over the estimated useful lives of the assets plus an additional year as salvage value. Salvage value of fully depreciated assets that are still in use is depreciated over the re-estimated useful lives. The estimated useful lives are 50 - 55 years for buildings and 2 - 10 years for other property, plant and equipment. Subsidiaries provide assets depreciation according to the rates of depreciation of assets in local areas. The rate of depreciation of major assets is 18%.

8) Assets leased to others

Assets leased to others are stated at cost. Depreciation is provided under the straight-line method over the estimated useful lives of the assets plus an additional year as salvage value. Depreciation is classified as "Non-operating Expenses and Losses".

9) Intangible assets

a) Patents

Patents are stated at cost and amortized over the estimated life of 10 years using the straight-line method.

b) Computer software

Computer software is stated at cost and amortized over the estimated life of 3 to 5 years using the straight-line method.

10) Impairment of non-financial assets

a) The Company and consolidated subsidiaries recognize impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows to be derived from continuing use of the asset and from its disposal at the end of its useful life.

b) When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.

11) Retirement plan and pension reserve

a) Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. The net periodic pension costs include service cost, interest cost, expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Unrecognized net transition obligation is amortized over 15 years based on the straight-line method.

b) Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

12) Product warranty

Product warranty expense is estimated based on past experience and included in the current year's operating expenses. The related liability is classified as "Other Current Liabilities".

13) Income tax

a) The Group adopted ROC SFAS No. 22, Accounting for Income Tax, whereby deferred tax assets and liabilities related to temporary differences and tax loss carryforwards are recorded using the asset and liability method. A valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized. Over or under provision of prior year's income tax liabilities is included in current year's income tax expense. When a change in the tax laws is enacted, the deferred tax liability or asset is recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, is recognized as an adjustment to current income tax expense (benefit).

b) The Company adopted ROC SFAS No. 12, Accounting for Investment Tax Credits, whereby investment tax credits resulting from expenditures for the acquisition of equipment or technology, research and development, staff trainings, and investments are recognized in the year the related expenditures are incurred.

c) The additional 10% corporate income tax on undistributed current earnings, on tax basis, is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

d) DOLI and TIL, subsidiaries of the Company, are exempted from income tax in accordance with the British Virgin Islands and Western Samoa local laws, respectively.

e) If the regular income tax is equal or more than the basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and other relevant laws. Whereas the regular income tax is less than the basic tax, the income tax payable shall be equal to the basic tax.

15) Employees' bonuses and directors' and supervisors' remuneration

Pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

16) Earnings per share

The Company's potential common shares are the employee stock options issued by the Company and employees' bonus that could be distributed in the form of stock. The treasury stock method will be used to test whether or not potential common shares have dilutive effect in calculating diluted EPS.

17) Recognition of revenues, costs and expenses

Revenues are recognized when the earning process is substantially completed and are realized or realizable. Costs are recognized when the related revenues are incurred. Expenses are recognized as incurred under the accrual basis.

18) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those assumptions and estimates.

3. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2009, the Group adopted the amendments to R.O.C. SFAS No. 10, "Accounting for Inventories". As a result of this change in accounting principle, operating cost increased by $32,137, and non-operating loss associated with inventories decreased by $32,137 for the year ended December 31, 2009. The adoption of SFAS No. 10 had no significant effect on consolidated net income and earnings per share for 2009.

4. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

	December 31,	
	2010	2009
Cash on hand	$ 2,155	$ 5,672
Checking and demand deposits	283,729	192,085
Time deposits	184,402	-
Cash equivalents-Repurchase of Bonds	190,000	-
	$ 660,286	$ 197,757

2) Accounts receivable - net

	December 31, 2010	December 31, 2009
Accounts receivable	$ 870,371	$ 725,840
Less：Allowance for doubtful accounts	(22,700)	(6,693)
	$ 847,671	$ 719,147

3) Inventories

	December 31, 2010	December 31, 2009
Raw materials	$ 598,466	$ 373,755
Work in process	90,098	66,751
Finished goods	26,101	11,877
Merchandise	17,301	4,095
	731,966	456,478
Less：Allowance for decline in market value and obsolescence	(35,026)	(28,883)
	$ 696,940	$ 427,595

The inventories were not pledged.

Expense and loss incurred on inventories for the years ended December 31, 2010 and 2009 were as follows:

	For the years ended December 31, 2010	For the years ended December 31, 2009
Cost of inventories sold	$ 1,659,196	$ 766,072
Loss on market price decline	10,421	31,771
Others	441	366
	$ 1,670,058	$ 798,209

4) Property, plant and equipment

	December 31, 2010 Cost	Accumulated Depreciation	Book Value
Land	$ 1,166,021	$ -	$ 1,166,021
Buildings and improvements	921,538	(68,199)	853,339
Machinery and equipment	206,873	(97,167)	109,706
Transportation equipment	5,334	(3,322)	2,012
Office equipment	113,495	(72,342)	41,153
Miscellaneous equipment	148,727	(100,906)	47,821
	$ 2,561,988	($ 341,936)	$ 2,220,052

	December 31, 2009		
	Cost	Accumulated Depreciation	Book Value
Land	$ 1,166,021	$ -	$ 1,166,021
Buildings and improvements	921,538	(50,017)	871,521
Machinery and equipment	222,791	(118,795)	103,996
Transportation equipment	5,554	(2,629)	2,925
Office equipment	146,774	(92,808)	53,966
Miscellaneous equipment	193,919	(133,520)	60,399
	$ 2,656,597	($ 397,769)	$ 2,258,828

Please see Note 6 for details of pledged property, plant and equipment.

5) Short-term loans

	December 31,	
	2010	2009
Secured bank loans	$ -	$ 35,000
Interest rate per annum	-	1.03%

a) Please see Note 6 for details of collateral.

b) As of December 31, 2010 and 2009, the total amount of available credit facility, including a letter of credit and commercial paper, was $847,000 and $733,000, respectively.

6) Accrued pension liabilities

a) The Company has a non-contributory and funded defined benefit pension plan (the Plan) in accordance with the Labor Standards Law, covering all regular employees. Under the Plan, an employee earns 2 units 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. Upon retirement, an employee is entitled to receive a lump sum payment equal to the units earned multiplied by 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 the trust department of Bank of Taiwan, under the name of the independent retirement fund committee.

The following sets forth the pension information based on the actuarial report:

(1) Actuarial assumptions

	December 31,	
	2010	2009
Discount rate	2.25%	2.25%
Expected rate of return on plan assets	2.00%	2.00%
Adjustment of salary	3.00%	3.00%

(2) Funded status of the pension plan

	December 31, 2010	December 31, 2009
Vested benefit obligation	$ -	$ -
Non-vested benefit obligation	(46,989)	(38,784)
Accumulated benefit obligation	(46,989)	(38,784)
Additional benefits based on future salaries	(28,619)	(24,961)
Projected benefit obligation	(75,608)	(63,745)
Plan assets at fair value	27,835	25,072
Funded status	(47,773)	(38,673)
Unrecognized net transition obligation	919	1,379
Unrecognized loss on plan assets	20,878	10,610
Accrued pension liabilities	($ 25,976)	($ 26,684)

(3) Net pension costs comprise the following:

	2010	2009
Service cost	$ 74	$ 107
Interest cost	1,434	1,237
Expected return on plan assets	(525)	(594)
Amortization of unrecognized net transition obligation	460	460
Unrecognized pension loss	202	-
	$ 1,645	$ 1,210

b) Effective July 1, 2005, the Company has established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act. Employees have the option to be covered under the New Plan. 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 pension cost recognized under the New Plan for the years ended December 31, 2010 and 2009 was $13,519 and $12,169, respectively.

c) The subsidiaries, DOLI, TIL, TRU, TRS, TRE, TRJ and TRM, have no pension plan, and its local laws have no compulsory requirements on the establishment of a pension plan. However, the subsidiaries, TRI ELECTRONIC (SHENZHEN) LIMITED, TRI ELECTRONIC (SUZHOU) LIMITED and TRI ELECTRONIC (SHANGHAI) LIMITED, have a funded defined contribution pension plan in accordance with the local pension regulations. The pension costs of these subsidiaries recognized for the years ended December 31, 2010 and 2009 were $6,900 and $8,369, respectively.

7) Capital stock

a) As of January 1, 2009, the Company's authorized and outstanding capital was $2,000,000 and $1,853,000, respectively. As approved at the shareholders' meeting held in June 2009, the Company approved the capitalization of earnings from stock dividends of $37,060 and special bonus to employees of $35,674.

b) As approved at the shareholders' meeting held in June 2010, the Company approved the capitalization of earnings from stock dividends of $96,286. The Company obtained approval from SFB. As of December 31, 2010, the Company's outstanding capital was $2,022,020.

8) Capital reserve

Capital reserve arising from valuation of long-term equity investments accounted for under the equity method shall not be used for any purpose. According to the Securities and Exchange Law and the Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized shall not exceed 10% of the paid-in capital.

9) Retained earnings

a) Under the Company's Articles of Incorporation as amended on June 18, 2010, the residual dividend policy is adopted taking into consideration the Company's capital expenditure budget and future capital requirements. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 10% of the total dividends distributed. 10% of the annual net income, after offsetting losses of prior years, if any, shall be set aside as legal reserve. The net income after deducting legal reserve shall be allocated as follows:

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

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

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

b) The appropriation of 2009 and 2008 earnings had been resolved at the stockholders' meeting on June 18, 2010 and June 19, 2009, respectively. Details are summarized below:

	2009 earnings		2008 earnings	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 19,592	-	$ 46,973	-
Stock dividends	96,286	$ 0.5	37,060	$ 0.2
Cash dividends	96,286	0.5	185,300	1.0
Total	$ 212,164		$ 269,333	

The abovementioned appropriation for 2009 and 2008 earnings are not different from that proposed by the Board of Directors on April 23, 2010 and April 24, 2009, respectively. The appropriation of employees' bonus and directors' and supervisors' remuneration for 2009 and 2008 as approved by the shareholders were $35,117 and $83,792, respectively. These amounts were not significantly different from the amounts recognized by the Company in 2009 and 2008. As of the report date, the appropriation of 2010 earnings had not been resolved by the Board of Directors. Information on the appropriation of the Company's earnings as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

c) The legal reserve shall be used exclusively to offset accumulated deficit or to increase capital and shall not be used for any other purpose. Capitalization of legal reserve is not permitted unless the balance of the reserve exceeds 50% of the Company's paid-in-capital and only half of such legal reserve balance can be capitalized.

d) The estimated amounts of employees' bonus and directors' and supervisors' remuneration for 2010 and 2009 are $40,752 and $35,117, respectively, which were recognized as operating costs or operating expenses for 2010 and 2009. The estimated amounts were based on 5% and 20% of the net income, net of legal reserve. While, if the estimated amounts are different from the amounts approved by the stockholders subsequently, the difference is recognized as gain or loss for the following year.

e) Details of imputation tax system

	December 31,	
	2010	2009
Balance of imputation tax credit account	$ 57,741	$ 56,947

	2010 (Estimate)	2009 (Actual)
Creditable tax ratio	7.81%	10.90%

Note: Creditable ratio is calculated based on ICA balance plus income tax payable as of December 31, 2010 divided by the balance of the undistributed earnings after 1998. The ratio shall not be higher than the upper limit under Income Tax Act.

f) Details of undistributed earnings

	December 31, 2010	December 31, 2009
A. Before 1998	$ 270	$ 270
B. After 1998		
a. Subjected to additional 10% corporate income tax	529,780	546,023
b. Not yet subjected to additional 10% corporate income tax	906,121	195,921
Undistributed earnings	$ 1,436,171	$ 742,214

10) Income tax

a) Income tax expense and income tax payable:

	For the years ended December 31, 2010	For the years ended December 31, 2009
Tax determined by applying statutory rate to income before income tax	$ 176,206	$ 56,074
10% additional income tax on prior year's undistributed earnings	-	20,039
Tax exempt income	(65,246)	(25,215)
Permanent differences	30,993	(2,626)
Investment tax credits	(12,192)	(39,505)
Under provision of prior year's income tax	1,811	9,682
Tax effect of change in income tax rate	5,015	8,358
Valuation allowance	(6,200)	1,609
Income tax expense	130,387	28,416
Net change in deferred income tax assets and liabilities	(34,428)	15,669
Tax payable for prior years	-	7,380
Prepaid tax	(35,937)	(14,815)
Under provision of prior year's income tax	(1,811)	(9,682)
Income tax payable	$ 58,211	$ 26,968

b) Deferred income tax assets and liabilities

	December 31,	
	2010	2009
Deferred tax assets - current	$ 21,753	$ 13,751
Deferred tax assets - non-current	10,496	57,812
Deferred tax liabilities - non-current	(10,200)	-
Valuation allowance - non-current	(3,506)	(18,592)
	$ 18,543	$ 52,971

c) Details of temporary differences and investment tax credits resulting in deferred income tax assets and liabilities are as follows:

	December 31,			
	2010		2009	
	Amount	Tax effect	Amount	Tax effect
Current				
Temporary differences				
Accrued warranty	$ 10,852	$ 1,845	$ 5,504	$ 1,101
Unrealized exchange loss	44,035	7,486	6,302	1,260
Profit from affiliated company	42,704	7,260	31,109	6,222
Provision for inventory obsolescence	22,850	3,884	17,034	3,407
Provision for rework	6,651	1,131	10,532	2,106
Others	866	147	(1,725)	(345)
		21,753		13,751
Non-current				
Temporary differences				
Provision for pension	25,976	4,416	26,684	5,337
Investment (gain) loss	(60,000)	(10,200)	69,124	13,825
Loss carryforwards	-	6,080	-	12,392
Investment tax credits	-	-	-	26,258
Valuation allowance	-	(3,506)	-	(18,592)
		(3,210)		39,220
		$ 18,543		$ 52,971

d) Income derived from products approved by the Ministry of Finance, R.O.C. and the Industrial Development Bureau of the Ministry of Economic Affairs of R.O.C. is exempt from income tax for five years. The tax exemption of two separate products commenced on March 1, 2004 and March 1, 2006, respectively. The tax exempt income was approximately $383,797 in 2010.

e) The Company's income tax returns through 2005 have been approved by the Tax Authority.

f) As of December 31, 2010, losses available to be carried forward for consolidated U.S. subsidiaries, calculated based on the laws of U.S. Federal Government and California State Government, were $12,924 and $26,659, respectively, and income tax rate was 34% and 8.84%, respectively. Final year losses can be carried forward is 2017.

11) Earnings per share

	For the year ended December 31, 2010				
	Amount			Earnings per share (in dollars)	
	Before tax	After tax	Weighted-average outstanding common shares (in thousands)	Before tax	After tax
Basic earnings per share:					
Net income attributable to common stockholders	$ 1,036,508	$ 906,121	202,202	$ 5.13	$ 4.48
Dilutive effect of common stock equivalents:					
Employee bonus	-	-	868		
Diluted earnings per share					
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	$ 1,036,508	$ 906,121	203,070	$ 5.10	$ 4.46

	For the year ended December 31, 2009				
	Amount			Earnings per share (in dollars)	
	Before tax	After tax	Weighted-average outstanding common shares (in thousands)	Before tax	After tax
Basic earnings per share:					
Net income attributable to common stockholders	$ 224,337	$ 195,921	202,202	$ 1.11	$ 0.97
Dilutive effect of common stock equivalents:					
Employee bonus	-	-	918		
Diluted earnings per share					
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	$ 224,337	$ 195,921	203,120	$ 1.10	$ 0.96

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

12) Personnel, depreciation and amortization expenses

	For the year ended December 31, 2010			
	Operating costs	Operating expenses	Non-operating expenses	Total
Personnel expenses				
Salaries	$ 70,291	$ 446,107	$ -	$ 516,398
Labor and health insurance	4,396	22,894	-	27,290
Pension and retirement	3,054	19,010	-	22,064
Others	3,053	11,710	-	14,763
	80,794	499,721	-	580,515
Depreciation	22,710	64,909	-	87,619
Depreciation - assets leased to others	-	-	2,615	2,615
Amortization	5,241	4,661	-	9,902
	$ 108,745	$ 569,291	$ 2,615	$ 680,651

	For the year ended December 31, 2009			
	Operating costs	Operating expenses	Non-operating expenses	Total
Personnel expenses				
Salaries	$ 42,116	$ 349,124	$ -	$ 391,240
Labor and health insurance	3,229	25,027	-	28,256
Pension and retirement	2,424	19,324	-	21,748
Others	1,676	9,955	-	11,631
	49,445	403,430	-	452,875
Depreciation	19,123	81,511	-	100,634
Depreciation - assets leased to others	-	-	2,724	2,724
Amortization	5,327	4,203	-	9,530
	$ 73,895	$ 489,144	$ 2,724	$ 565,763

5. RELATED PARTY TRANSACTIONS

Remuneration information of key management (including directors, supervisors, general manager and vice general managers)

	For the years ended December 31,	
	2010	2009
Salaries	$ 2,606	$ 2,503
Bonuses	5,100	566
Services fees	38	38
Distribution of earnings	6,700	4,440
	$ 14,444	$ 7,547

(1) Salaries and bonuses include regular wages, special responsibility allowances, pensions, severance pay, various bonuses, rewards, etc.

(2) Service execution fees include travel or transportation allowances, special expenditures, various allowances, housing and vehicle benefits, etc.

(3) Directors' and supervisors' remuneration and employees' bonuses were those amounts estimated and accrued in the statement of income for the current year.

(4) Please refer to the Company's Annual Report for the related information.

6. PLEDGED ASSETS

	Book Value		
	December 31,		
Item	2010	2009	Purpose
Property, plant and equipment			
- Land	$ 388,990	$ 388,990	Security for lines of credit
- Buildings and improvements	66,471	68,064	Security for lines of credit
	$ 455,461	$ 457,054	

7. CONTINGENT LIABILITIES

None.

8. SIGNIFICANT DAMAGE LOSS

None.

9. SIGNIFICANT SUBSEQUENT EVENTS

None.

10. OTHERS

1) Financial statement presentation

Certain accounts in the 2009 consolidated financial statements were reclassified to conform with the 2010 consolidated financial statement presentation.

2) Fair values of the financial instruments

	December 31, 2010		
		Fair value	
	Book value	Quotations in an active market	Estimated using a valuation technique
Non-derivative financial instruments			
Assets			
Financial assets with fair values equal to book values	$ 1,553,741	Note	Note
Liabilities			
Financial liabilities with fair values equal to book values	$ 524,244	Note	Note

	December 31, 2009		
		Fair value	
	Book value	Quotations in an active market	Estimated using a valuation technique
Non-derivative financial instruments			
Assets			
Financial assets with fair values equal to book values	$ 942,022	Note	Note
Liabilities			
Financial liabilities with fair values equal to book values	$ 541,776	Note	Note

Note: As assets and liabilities were short-term instruments, their fair values were determined based on their carrying values, and not based on quotations in an active market or estimated using a valuation technique.

The methods and assumptions used to estimate the fair values of the above financial instruments are summarized below:

(1) For short-term instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to Cash and cash equivalents, Notes receivable, Accounts receivable, Other receivables, Short-term loans, Notes payable, Accounts payable, Accrued expenses and Other payables.

(2) The fair value of refundable deposits was based on the present value of expected cash flow amount. The discount rate was the one-year deposit rate of the Directorate General of Postal Remittances and Savings Bank. The Group uses the carrying value if the difference of the present value amount is not significant.

3) <u>Procedure of financial risk control and hedge</u>

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.

To meet its risk management objectives, the Group adopts the following strategies to control financial risk:

<u>Foreign exchange risk</u>

To reduce foreign exchange risk, the Group's management considers international economic environment to measure the overall foreign exchange risk.

<u>Credit risk</u>

The Group has a stringent 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.

4) <u>Information of material financial risk</u>

a) <u>Market risk</u>

The Group is engaged in export, and some of its transactions involve foreign currency which is exposed to exchange rate fluctuation. The information on foreign currency denominated monetary assets and liabilities which are significantly affected by exchange rate fluctuation is as follows:

	December 31, 2010		December 31, 2009	
	Foreign Currency Amount (In dollars)	Exchange Rate	Foreign Currency Amount (In dollars)	Exchange Rate
Financial assets				
Monetary items				
USD：TWD	$ 7,538,474	29.13	$ 5,870,383	31.99
USD：HKD	12,930,033	7.77	9,103,824	7.75
USD：RMB	282,101	6.59	391,949	6.83
Financial liabilities				
Monetary items				
USD：TWD	2,021,741	29.13	693,568	31.99
USD：HKD	308,236	7.77	499,187	7.75

b) Credit risk

The Group has lower significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The maximum loss to the Group is the book value of accounts receivable.

c) Cash flow risk arising from fluctuations in interest rates

As the Group adopted fixed interest rates for its short-term loans, no cash flow interest rate risk is expected.

(5) Intercompany transactions eliminated

	For the year ended December 31, 2010							
	Company name							
Transactions eliminated	TRI	DOLI	TIL	TRU	TRS	TRE	TRJ	TRM
A. Long-term investments and stockholders' equity	($ 501,162)	($ 14,847)	$ 482,118	$ 18,544	$ 2,740	$ 3,684	$ 6,330	$ 2,593
B. Receivables and payables (including other receivables and payables)	(463,395)	439,142	26,025	(2,837)	-	2,888	(483)	(1,340)
C. Profit and loss accounts	1,926,291	(2,027,896)	17,421	43,737	12,273	12,530	14,304	1,340

	For the year ended December 31, 2009							
	Company name							
Transactions eliminated	TRI	DOLI	TIL	TRU	TRS	TRE	TRJ	TRM
A. Long-term investments and stockholders' equity	($ 342,741)	$ 8,338	$ 336,838	($ 2,949)	$ 1,210	($ 4,844)	$ 4,148	$ -
B. Receivables and payables (including other receivables and payables)	(367,288)	304,911	50,890	4,981	(1)	7,969	(1,462)	-
C. Profit and loss accounts	637,009	(672,190)	9,210	11,982	7,389	4,597	2,003	-

11. OTHER DISCLOSURE ITEMS

1) Information on significant transactions:

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

The required information of TRU, TRS, TRE and TRM were based on the investee companies' financial statements which were audited by other auditors.

a) Loans granted during the year ended December 31, 2010: None.

b) Endorsements and guarantees provided during the year ended December 31, 2010: None.

c) Marketable securities held as at December 31, 2010:

				As of December 31, 2010				
Securities held by	Marketable securities	Relationship of the securities issuer with the Company	General ledger account	Number of shares	Book value	Ownership (%)	Market value	Remarks
Test Research, Inc.	Common Stock - TRI Investments Limited	Subsidiary accounted for under the equity method	Long-term equity investments accounted for under the equity method	6,724,109	$ 482,118	100%	$ 482,429	None
	Common Stock - DOLI Trading Limited	〃	Other liabilities - others	801	(14,847)	100%	(6,994)	None
	Common Stock - Test Research USA, Inc.	〃	Long-term equity investments accounted for under the equity method	1,018,935	18,544	100%	18,544	None
	Common Stock - Test Research Singapore Pte. Ltd.	〃	〃	957,161	2,740	100%	2,740	None
	TRI Test Research Europe GmbH	〃	〃	Note	3,684	100%	3,684	None
	TRI Japan Corporation	〃	〃	720	6,330	100%	6,330	None
	TRI MALAYSIA SDN. BHD	〃	〃	200,000	2,593	100%	2,593	None
TRI Investments Limited (TIL)	TRI Electronic (Shenzhen) Limited	Subsidiary of TIL accounted for under the equity method	〃	Note	USD 8,190,282	100%	USD 8,190,282	None
	TRI Electronic (Suzhou) Limited	〃	〃	Note	USD 3,612,086	100%	USD 3,612,086	None
	TRI Electronic (Shanghai) Limited	〃	〃	Note	USD 4,339,244	100%	USD 4,339,244	None

Note: A limited liability company.

d) Acquisition or sale of the same security with the accumulated cost exceeding $100,000 or 20% of the Company's paid-in capital during the year ended December 31, 2010: None.

e) Acquisition of real estate properties exceeding $100,000 or 20% of the Company's paid-in capital during the year ended December 31, 2010: None.

f) Disposals of real estate properties exceeding $100,000 or 20% of the Company's paid-in capital during the year ended December 31, 2010: None.

g) Purchases from or sales to related parties exceeding $100,000 or 20% of the Company's paid-in capital during the year ended December 31, 2010:

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/Seller	Counterparty	Relationship with the Company	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Remark
Test Research, Inc.	DOLI Trading Limited	A company accounted for under the equity method	Sales	$2,046,817	63%	The payment terms are 90-120 days.	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, before September 30, 2010, the price is 94% to 96% of final sales price, after September 30, 2010, the price is 93% of final sales price.	The collection terms are 90-120 days, and are similar to third parties.	Accounts receivable $ 465,982	65%	None
DOLI Trading Limited	Test Research, Inc.	Parent company	Purchases	$2,046,817	100%	The payment terms are 90-120 days.	The price is determined by TRI, the only counterparty for purchase transactions of DOLI.	The payment terms are 90-120 days.	Accounts payable $ 465,982	100%	None

h) Receivables from related parties exceeding $100,000 or 20% of the Company's paid-in capital during the year ended December 31, 2010:

					Overdue receivables			
Creditor	Counterparty	Relationship with the Company	Balance as at December 31, 2010	Turnover rate	Amount	Actions taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Test Research, Inc.	DOLI Trading Limited	A company accounted for under the equity method	$ 465,982	4.98	$ -	-	$ 307,074 (Note 1)	(Note 2)

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

Note 2: According to the EITF 76-069, prescribed by the R.O.C. Accounting Research and Development Foundation, no allowance for doubtful accounts will be provided for accounts receivable from related parties which are included in the Company's consolidated financial statements.

i) Derivative financial instruments undertaken during the year ended December 31, 2010: None.

2) Disclosure information of investee company:

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

The required information of TRU, TRS, TRE and TRM were based on the investee companies' financial statements which were audited by other auditors.

a) Related information on investee companies:

Investor	Investee	Location	Main activities	Initial investment amount: Balance as at 12/31/2010	Initial investment amount: Balance as at 1/1/2010	Shares held as at December 31, 2010: No. of shares	Shares held as at December 31, 2010: Ownership (%)	Shares held as at December 31, 2010: Book value	Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remarks
Test Research, Inc.	TRI Investments Limited	Offshore Chamber, PO Box 217, Apia, Samoa	Investment holdings	$ 219,811	$ 181,491	6,724,109	100%	$ 482,118	$ 130,143	$ 130,143	None
	DOLI Trading Limited	The Lake Building, 1st Floor Wickhams Cav 1 PO Box 3152 Road Town, Tortola B.V.I.	Trading	131,973	131,973	801	100%	(14,847)	(18,743)	(23,279)	(Note 3)
	Test Research USA, Inc.	500 Laurelwood Road Suite #1 Santa Clara, Ca950542471, USA	Trading	30,297	24,286	1,018,935	100%	18,544	16,769	16,769	None
	Test Research Singapore Pte. Ltd.	10 Ubi Crescent #06-21 UBI Techpark Singapore (408564)	Trading	14,038	14,038	957,161	100%	2,740	1,628	1,628	None
	TRI Test Research Europe GmbH	Lohnerhofstrasse2, 78467 Konstanz, Germany	Trading	17,679	8,950	(Note 1)	100%	3,684	865	865	None
	TRI Japan Corporation	2-9-9 Midori, Sumida-ku, Tokyo, 130-0021 Japan	Trading	10,750	10,750	720	100%	6,330	2,221	2,221	None

Investor	Investee	Location	Main activities	Initial investment amount: Balance as at 12/31/2010	Initial investment amount: Balance as at 1/1/2010	Shares held as at December 31, 2010: No. of shares	Shares held as at December 31, 2010: Ownership (%)	Shares held as at December 31, 2010: Book value	Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remarks
Test Research, Inc.	TRI MALAYSIA SDN. BHD	C-11-1, Ground Floor, Lorong Bayan Inda h 3 Bay Avenue 11900 Bayan Lepas Penang	Trading	$ 2,066	$ -	$ 200,000	100%	$ 2,593	$ 777	$ 777	None
TRI Investments Limited	TRI Electronic (Shenzhen) Limited	5/F, No. 3, Guangxia Road, Shangmeilin, Shenzhen, China	Manufacture and sales of test equipment	USD 750,000	USD 750,000	(Note 1)	100%	USD 8,190,282	USD 3,772,322	(Note 4)	(Note 2)
	TRI Electronic (Suzhou) Limited	63 Huo Jiu Road, Suzhou New District, Suzhou, China	Manufacture and sales of test equipment	USD 2,000,000	USD 2,000,000	(Note 1)	100%	USD 3,612,086	USD 163,087	(Note 4)	(Note 2)
	TRI Electronic (Shanghai) Limited	6/F, No. 481 Guiping Road, Shanghai, China	Manufacture and sales of test equipment	USD 3,900,000	USD 2,700,000	(Note 1)	100%	USD 4,339,244	USD 193,480	(Note 4)	(Note 2)

Note 1: A limited liability company.
Note 2: The unit of foreign currency is dollar.
Note 3: The investment loss included the elimination of intercompany transactions.
Note 4: The investment income (loss) recognized by TRI Investment Limited.

b) Disclosure of investee companies: Please see (1) above for information on significant transactions.

3) Disclosure of investments in Mainland China:

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

The required information of TRU, TRS, TRE and TRM were based on the investee companies' financial statements which were audited by other auditors.

a) The related information of investments in Mainland China is as follows:

Investee in Mainland China	Main activities	Paid-in capital	Investment method	Accumulated amount of remittance to Mainland China as of January 1, 2010	Amount remitted to Mainland China during the year	Amount remitted back to Taiwan during the year	Accumulated amount of remittance to Mainland China as of December 31, 2010	Ownership held by the Company (direct/indirect)	Investment income (loss) recognized by the Company for the year	Book value of investments in Mainland China as of December 31, 2010	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2010
TRI Electronic (Shenzhen) Limited	Manufacture and sales of test research equipment	USD 3,050,000	Indirect subsidiary invested by 100% owned TRI Investments Limited	USD 750,000	-	-	USD 750,000	100%	USD 3,772,322 (Note 1)	USD 8,190,282	None
TRI Electronic (Suzhou) Limited	Manufacture and sales of test research equipment	USD 2,588,915	Indirect subsidiary invested by 100% owned TRI Investments Limited	USD 2,000,000	-	-	USD 2,000,000	100%	USD 163,087 (Note 1)	USD 3,612,086	None
TRI Electronic (Shanghai) Limited	Manufacture and sales of test research equipment	USD 3,900,000	Indirect subsidiary invested by 100% owned TRI Investments Limited	USD 2,700,000	USD 1,200,000	-	USD 3,900,000	100%	USD 193,480 (Note 1)	USD 4,339,244	None

Note 1: Amount based on the financial statements audited by the Company's auditors.

Accumulated investment in Mainland China at the end of year		Limitation of investment approved by the Investment Commission of the Ministry of Economic Affairs		Limitation of investment in Mainland China (Note 2)	
USD	6,650,000	USD	8,913,915	NTD	2,334,145

Note 2: The limitation was the higher amount between $80,000 and 60% of stockholders' equity.
$80,000, or 60% of stockholders' equity (the higher one) = $3,890,242* 60% = $2,334,145

b) Significant transactions with investee companies in Mainland China:

		Sales (purchases)		Accounts receivable (payable)		Other significant
Year	Investee company	Amount	%	Amount	%	events
2010	TRI Electronic (Shenzhen) Limited	$ 171,916	5%	$ 12,438	2%	$ 12,343 (Note)
2010	TRI Electronic (Suzhou) Limited	24,930	1%	1,636	0%	8,711 (Note)
2010	TRI Electronic (Shanghai) Limited	96,063	3%	16,759	2%	5,078 (Note)

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

4) The relationship and significant transactions between the Company and its subsidiaries

For the year ended December 31, 2010:

Number	Name of counterparty	Name of transaction parties	Relationship	Subject	Amount	Transaction terms	Percentage of total combined revenue or total assets
0	Test Research, Inc.	DOLI TRADING LIMITED	Note 1	Sales	$ 2,046,817	Note 3	55%
0	Test Research, Inc.	DOLI TRADING LIMITED	〃	Purchases	10,210	Note 5	0%
0	Test Research, Inc.	DOLI TRADING LIMITED	〃	Accounts receivable	465,982	Note 3	10%
0	Test Research, Inc.	TEST RESEARCH USA, INC.	〃	Agency expenses	43,766	Note 4	1%
		TRI JAPAN CORPORATION	〃	〃	13,311	〃	0%
		TRI TEST RESEARCH EUROPE GMBH	〃	〃	12,531	〃	0%
		TRI ELECTRONIC (SHENZHEN) LIMITED	〃	〃	12,343	〃	0%
		TEST RESEARCH SINGAPORE PTE. LTD.	〃	〃	12,273	〃	0%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	Note 2	Warranty expenses	22,143	None	1%
		TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Agency expenses	49,245	〃	1%
		TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	11,945	〃	0%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Sales	171,916	Note 3	5%
		TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	24,930	〃	1%
		TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	96,063	〃	3%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Accounts receivable	12,438	〃	0%
		TRI ELECTRONIC (SHANGHAI) LIMITED	〃	Accounts receivable	16,759	〃	0%

Note 1: The relationship with the transaction parties is the company to the consolidated subsidiary.

Note 2: The relationship with the transaction parties is the consolidated subsidiary to indirect wholly-owned subsidiaries of the company.

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, before September 30, 2010, the price is 94% to 96% of final sales price; after September 30, 2010, the price is 93% of final sales price. The payment terms are 90-120 days.

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

Note 5: DOLI purchases fixtures for the Company, which the Company purchases from DOLI at the original price. Accounts payable is netted with accounts receivable from DOLI.

Note 6: Only related party transactions in excess of $10,000 are disclosed.

For the year ended December 31, 2009:

Number	Name of counterparty	Name of transaction parties	Relationship	Subject	Amount	Transaction terms	Percentage of total combined revenue or total assets
0	Test Research, Inc.	DOLI TRADING LIMITED	Note 1	Sales	$ 692,266	Note 3	41%
0	Test Research, Inc.	DOLI TRADING LIMITED	〃	Purchases	14,520	Note 5	1%
0	Test Research, Inc.	DOLI TRADING LIMITED	〃	Accounts receivable	355,801	Note 3	10%
0	Test Research, Inc.	TEST RESEARCH USA, INC.	〃	Agency expenses	12,040	Note 4	1%
		TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	11,230	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SUZHOU) LIMITED	Note 2	Warranty expenses	23,186	None	1%
		TRI ELECTRONIC (SHANGHAI) LIMITED	〃	Agency expenses	11,209	〃	1%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Sales	55,211	Note 3	3%
		TRI ELECTRONIC (SUZHOU) LIMITED	〃	〃	17,892	〃	1%
		TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	39,309	〃	2%
1	DOLI TRADING LIMITED	TRI ELECTRONIC (SHENZHEN) LIMITED	〃	Accounts receivable	35,360	〃	1%
		TRI ELECTRONIC (SHANGHAI) LIMITED	〃	〃	15,140	〃	0%

Note 1: The relationship with the transaction parties is the company to the consolidated subsidiary.

Note 2: The relationship with the transaction parties is the consolidated subsidiary to indirect wholly-owned subsidiaries of the company.

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 95% to 96% of final sales price. The payment terms are 90-120 days.

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

Note 5: DOLI purchases fixtures for the Company, which the Company purchases from DOLI at the original price. Accounts payable is netted with accounts receivable from DOLI.

Note 6: Only related party transactions in excess of $10,000 are disclosed.

12. SEGMENT INFORMATION

1) Financial information by industry

Not applicable as the Group is engaged in a single industry, the design, manufacture, sales, repairs and maintenance of semiconductor testers and in-circuit testers.

2) Financial information by geographic area

	2010					
	Domestic (Taiwan)	Oceania	Asia	Europe and the Americas	Elimination	Consolidated
Operating revenues from unaffiliated customers	$ 1,227,938	$ 658,206	$ 1,869,686	$ 601	$ -	$ 3,756,431
Operating revenues from the Company and its consolidated subsidiaries	2,046,903	130,784	339,479	56,297	(2,573,463)	-
Total operating revenues	$ 3,274,841	$ 788,990	$ 2,209,165	$ 56,898	($ 2,573,463)	$ 3,756,431
Segment profits	$ 954,234	$ 171,515	($ 14,100)	$ 16,332	($ 4,535)	$ 1,123,446
Non-operating income and expenses						(85,012)
Interest expense						(1,926)
Net income before income tax and minority interest						$ 1,036,508
Identifiable assets	$ 4,000,690	$ 1,060,611	$ 467,567	$ 28,344	($ 1,027,398)	$ 4,529,814

	2009					
	Domestic (Taiwan)	Oceania	Asia	Europe and the Americas	Elimination	Consolidated
Operating revenues from unaffiliated customers	$ 730,986	$ 360,925	$ 617,887	$ 787	$ -	$ 1,710,585
Operating revenues from the Company and its consolidated subsidiaries	695,030	65,301	141,880	16,637	(918,848)	-
Total operating revenues	$ 1,426,016	$ 426,226	$ 759,767	$ 17,424	($ 918,848)	$ 1,710,585
Segment profits	$ 247,685	$ 24,866	($ 34,840)	($ 15,656)	($ 164)	$ 221,891
Non-operating income and expenses						3,196
Interest expense						(750)
Net income before income tax and minority interest						$ 224,337
Identifiable assets	$ 3,335,181	$ 462,647	$ 396,489	$ 7,990	($ 471,695)	$ 3,730,612

3) Export sales by geographic area

Export sales to geographic areas in 2010 and 2009 are as follows:

Area	For the years ended December 31, 2010	2009
Asia	$ 3,045,948	$ 1,405,095
Europe and USA	448,049	125,330
	$ 3,493,997	$ 1,530,425

4) Information on major customers

Sales to customers constituting more than 10 percent of the Group's total sales are as follows:

	For the year ended December 31, 2010			For the year ended December 31, 2009	
Customer	Amount	Percentage	Customer	Amount	Percentage
F	$ 208,053	6%	F	$ 200,363	12%