

Test-Rite International Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2004 and 2003 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Test-Rite International Co., Ltd.

We have audited the accompanying balance sheets of Test-Rite International Co., Ltd. (the "Company") as of December 31, 2004 and 2003, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended (all expressed in thousands of New Taiwan dollars). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. Long-term equity investments accounted for by equity method that amounted to \$1,591,560 thousand and \$1,410,201 thousand constituting 16.63% and 15.27% of total assets as of December 31, 2004 and 2003 and equity in earnings (losses) of such investees that amounted to \$185,208 thousand and \$(31,498) thousand constituting 19.66% and (23.85)% of income before income tax for the years then ended were based on financial statements audited by other auditors. Our opinion, insofar as it relates to such amounts, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of the Company and its subsidiaries for the years ended December 31, 2004 and 2003 (not accompanied herein) on which we have issued a modified unqualified report thereon.

April 12, 2005

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail. Also, as stated in Note 2 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

TEST-RITE INTERNATIONAL CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

ASSETS	2004		2003		LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 3)	\$ 546,989	6	\$ 993,113	11	Short-term bank borrowings (Note 11)	\$ 230,000	2	\$ -	-
Notes receivable (Notes 2 and 4)	8,288	-	2,857	-	Short-term obligations (Note 12)	20,000	-	-	-
Notes receivable, affiliates (Notes 2, 4 and 29)	10,897	-	1,638	-	Notes payable	-	-	42	-
Accounts receivable (Notes 2 and 4)	832,947	9	764,837	8	Accounts payable	754,214	8	870,833	10
Accounts receivable, affiliates (Notes 2, 4 and 29)	1,716,750	18	1,542,796	17	Income tax payable (Notes 2 and 27)	173,359	2	20,756	-
Other receivables (Notes 5 and 29)	230,062	2	324,349	4	Other payables (Note 13)	434,770	5	364,141	4
Other financial assets, current (Note 6)	86,634	1	27,138	-	Current portion of long-term liabilities (Note 14)	70,833	1	301,135	3
Inventories (Notes 2 and 7)	72,109	1	59,710	1	Other current liabilities (Note 15)	40,094	-	30,086	-
Prepayments	157,229	1	113,574	1					
Other current assets	72,279	1	42,000	-	Total current liabilities	1,723,270	18	1,586,993	17
Total current assets	3,734,184	39	3,872,012	42	LONG-TERM LIABILITIES				
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 8)					Bonds payable (Note 16)	641,716	7	943,999	10
Long-term equity investments at equity method	3,547,815	37	2,945,033	32	Long-term debt (Note 17)	1,182,233	12	1,411,666	15
Long-term equity investments at cost method	217,558	2	243,403	2	Total long-term liabilities	1,823,949	19	2,355,665	25
Total long-term equity investments	3,765,373	39	3,188,436	34	OTHER LIABILITIES				
OTHER FINANCIAL ASSETS, NONCURRENT					Customers deposits	74,789	1	74,179	1
	68,943	1	68,209	1	Deferred credits (Notes 2 and 19)	214,395	2	190,401	2
					Others (Notes 2 and 8)	300,730	3	164,546	2
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 9)					Total other liabilities	589,914	6	429,126	5
Cost					Total liabilities	4,137,133	43	4,371,784	47
Land	519,724	5	519,724	6	STOCKHOLDERS' EQUITY				
Buildings and improvements	1,496,716	16	1,496,716	16	Capital stock (Note 21)	3,973,113	42	3,707,386	40
Transportation equipment	25,508	-	28,978	-	Capital surplus				
Other equipment and leasehold improvements	305,489	3	309,222	4	Additional paid-in capital	494,007	5	398,482	5
	2,347,437	24	2,354,640	26	Treasury stock	10,703	-	10,692	-
Less accumulated depreciation	(596,191)	(6)	(522,768)	(6)	Retained earnings (Note 22)				
Prepayments for property, plant and equipment	3,229	-	1,448	-	Legal reserve	413,748	5	395,542	4
Property, plant and equipment, net	1,754,475	18	1,833,320	20	Unappropriated earnings	1,065,199	11	496,110	6
OTHER ASSETS (Notes 2 and 10)					Cumulative translation adjustments (Note 2)	23,624	-	15,480	-
	248,042	3	272,447	3	Treasury stock (Notes 2 and 23)	(546,510)	(6)	(161,052)	(2)
					Total stockholders' equity	5,433,884	57	4,862,640	53
TOTAL	\$ 9,571,017	100	\$ 9,234,424	100	TOTAL	\$ 9,571,017	100	\$ 9,234,424	100

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

(With Deloitte & Touche audit report dated April 12, 2005)

TEST-RITE INTERNATIONAL CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2004		2003	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)				
Sales	\$17,057,152	100	\$15,251,844	100
Less sales returns and allowances	<u>(121,015)</u>	<u>-</u>	<u>(101,854)</u>	<u>-</u>
	16,936,137	100	15,149,990	100
Rental income	214,135	-	236,831	-
Commission income	<u>160,572</u>	<u>-</u>	<u>186,427</u>	<u>-</u>
Total operating revenues	17,310,844	100	15,573,248	100
OPERATING COST (Note 25)	14,702,881	85	13,202,635	85
UNREALIZED INTERCOMPANY PROFIT	<u>(46,901)</u>	<u>-</u>	<u>(8,017)</u>	<u>-</u>
GROSS PROFIT	2,561,062	15	2,362,596	15
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>2,006,310</u>	<u>12</u>	<u>2,271,779</u>	<u>14</u>
INCOME FROM OPERATIONS	<u>554,752</u>	<u>3</u>	<u>90,817</u>	<u>1</u>
NON-OPERATING INCOME				
Interest income	14,975	-	12,730	-
Equity in net earnings of affiliates (Notes 2 and 8)	256,937	2	-	-
Net investment gain (Note 28)	2,907	-	5,686	-
Gain on disposal of property, plant and equipment	2,146	-	1,371	-
Net gain on sale of investments	45,463	-	78,340	-
Exchange gains, net	114,147	1	82,592	1
Others	<u>142,768</u>	<u>1</u>	<u>113,384</u>	<u>1</u>
Total non-operating income	<u>579,343</u>	<u>4</u>	<u>294,103</u>	<u>2</u>
NON-OPERATING EXPENSES				
Interest expenses	134,460	1	117,290	1
Equity in net losses of affiliates (Notes 2 and 8)	-	-	91,621	1
Loss on disposal of property, plant and equipment	194	-	19	-
Others	<u>57,466</u>	<u>-</u>	<u>43,922</u>	<u>-</u>
Total non-operating expenses	<u>192,120</u>	<u>1</u>	<u>252,852</u>	<u>2</u>
INCOME BEFORE INCOME TAX	941,975	6	132,068	1
(PROVISION) CREDIT FOR INCOME TAX (Notes 2 and 27)	<u>(110,000)</u>	<u>(1)</u>	<u>50,000</u>	<u>-</u>
NET INCOME	<u>\$ 831,975</u>	<u>5</u>	<u>\$ 182,068</u>	<u>1</u>

(Continued)

TEST-RITE INTERNATIONAL CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2004		2003	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE (Notes 2 and 21)	<u>\$ 2.56</u>	<u>\$ 2.26</u>	<u>\$ 0.36</u>	<u>\$ 0.49</u>
DILUTED EARNINGS PER SHARE (Notes 2 and 21)	<u>\$ 2.48</u>	<u>\$ 2.19</u>	<u>\$ 0.36</u>	<u>\$ 0.49</u>

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

(With Deloitte & Touche audit report dated April 12, 2005)

(Concluded)

TEST-RITE INTERNATIONAL CO., LTD.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars)**

	<u>Capital Stock</u>		<u>Capital Surplus</u>		<u>Retained Earnings (Note 22)</u>		<u>Cumulative Translation Adjustments (Note 2)</u>	<u>Treasury Stock (Note 23)</u>	<u>Total</u>
	<u>Common Stock (Note 21)</u>	<u>Entitlement Certificates</u>	<u>Additional Paid-in Capital</u>	<u>Treasury Stock (Note 23)</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>			
BALANCE, JANUARY 1, 2003	\$ 3,478,922	\$ 488	\$ 398,482	\$ 9,473	\$ 320,532	\$ 989,407	\$ 10,091	\$ (108,460)	\$ 5,098,935
Appropriation and distribution of 2002 net income (Note 21)									
Legal reserve	-	-	-	-	75,010	(75,010)	-	-	-
Cash bonus to directors and supervisors	-	-	-	-	-	(13,502)	-	-	(13,502)
Stock bonus to employees	54,006	-	-	-	-	(54,006)	-	-	-
Stock dividends	173,970	-	-	-	-	(173,970)	-	-	-
Cash dividends	-	-	-	-	-	(347,941)	-	-	(347,941)
Effect of changes of ownership interests in equity method investees	-	-	-	-	-	(10,936)	-	-	(10,936)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	5,389	-	5,389
Entitlement certificate converted into common stock	488	(488)	-	-	-	-	-	-	-
Treasury stock transferred to employees	-	-	-	1,198	-	-	-	108,209	109,407
Cash dividends of intercompany stockholding	-	-	-	21	-	-	-	-	21
Intercompany stockholding	-	-	-	-	-	-	-	(21)	(21)
Treasury stock	-	-	-	-	-	-	-	(160,780)	(160,780)
Net income for 2003	-	-	-	-	-	182,068	-	-	182,068
BALANCE, DECEMBER 31, 2003	3,707,386	-	398,482	10,692	395,542	496,110	15,480	(161,052)	4,862,640
Appropriation and distribution of 2003 net income (Note 21)									
Legal reserve	-	-	-	-	18,206	(18,206)	-	-	-
Cash bonus to directors and supervisors	-	-	-	-	-	(3,277)	-	-	(3,277)
Stock bonus to employees	13,108	-	-	-	-	(13,108)	-	-	-
Stock dividends	37,451	-	-	-	-	(37,451)	-	-	-
Cash dividends	-	-	-	-	-	(187,255)	-	-	(187,255)
Effect of changes of ownership interests in equity method investees	-	-	-	-	-	(3,589)	-	-	(3,589)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	8,144	-	8,144
Convertible bonds converted into common stock	215,168	-	95,525	-	-	-	-	-	310,693
Treasury stock	-	-	-	-	-	-	-	(385,458)	(385,458)
Cash dividends of intercompany stockholding	-	-	-	11	-	-	-	-	11
Net income for 2004	-	-	-	-	-	831,975	-	-	831,975
BALANCE, DECEMBER 31, 2004	<u>\$ 3,973,113</u>	<u>\$ -</u>	<u>\$ 494,007</u>	<u>\$ 10,703</u>	<u>\$ 413,748</u>	<u>\$ 1,065,199</u>	<u>\$ 23,624</u>	<u>\$ (546,510)</u>	<u>\$ 5,433,884</u>

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

(With Deloitte & Touche audit report dated April 12, 2005)

TEST-RITE INTERNATIONAL CO., LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 831,975	\$ 182,068
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	197,146	208,214
Loss on uncollectible accounts	10,000	449,956
Amortization for the cost of issuing bonds and unrealized interest expenditure	4,048	2,711
Recovery from loss on devaluation of inventory	(3,751)	(4,810)
Equity in net (earnings) losses of affiliates	(256,937)	91,621
Liquidation gain of long-term equity investments	(19)	-
Cash dividends from equity method investees	95,883	40,308
Exchange gain of long-term equity investments	-	(4,532)
Net losses (gains) on disposal of long-term equity investments	54	(44,166)
Net gains on disposal of property, plant and equipment	(841)	(1,352)
Loss on abandoned property, plant and equipment	69	556
Unrealized intercompany profit	46,901	8,017
Net changes in operating assets and liabilities		
Short-term investments for trading purpose	-	33,363
Notes receivable	(5,431)	(559)
Notes receivable, affiliates	(9,259)	(1,356)
Accounts receivable	(68,110)	33,011
Accounts receivable, affiliates	(183,954)	(427,177)
Other receivables	94,287	(197,250)
Inventories	(8,648)	74,503
Prepayments	(43,655)	24,349
Forward foreign exchange receivable for trading purpose	735	(5,912)
Other financial assets, current	-	34,908
Deferred income tax assets, current	9,000	(25,000)
Other current assets	(39,279)	5,374
Other financial assets, noncurrent	(46)	(10,960)
Deferred income tax assets, noncurrent	(52,000)	(29,000)
Other assets	(99)	(1,351)
Notes payable	(42)	42
Accounts payable	(116,619)	(88,706)
Income tax payable	152,603	(51,120)
Other payables	74,600	(119,745)
Other current liabilities	10,008	(19,482)
Interest expense compensation payable	8,410	3,999
Deferred credits	(22,907)	-
Net cash provided by operating activities	<u>724,122</u>	<u>160,522</u>

(Continued)

TEST-RITE INTERNATIONAL CO., LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	2004	2003
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in financing deposit	\$ -	\$ 31,580
Increase in futures deposits	-	(47)
Forward foreign exchange receivable for avoiding the risk of foreign currencies exchange	(60,231)	(18,293)
Payments for long-term equity investments	(500,707)	(976,007)
Proceeds from decrease in capital stock of long-term equity investments	206,902	2,061
Proceeds from liquidation of long-term equity investments	621	-
Proceeds from sale of long-term equity investments	18,016	636,097
Acquisition of property, plant and equipment	(47,660)	(46,985)
Proceeds from disposal of property, plant and equipment	3,873	12,095
Increase in refundable deposits	(688)	(2,762)
Increase in deferred charges	(5,257)	(17,064)
Net cash used in investing activities	<u>(385,131)</u>	<u>(379,325)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank borrowings	230,000	-
Increase in short-term obligations	20,000	-
Increase in bonds payable	-	500,000
Payment for bonds payable	(300,000)	-
Increase in long-term debt	453,067	974,500
Payment for long-term debt	(611,667)	-
Payments for lease obligations	(1,135)	(12,345)
Increase (decrease) in deposits received	610	(2,455)
Payment for treasury stock	(385,458)	(160,780)
Treasury stock transferred to employees	-	109,407
Payment for cash dividend	(187,255)	(347,941)
Payments for bonuses to directors and supervisors	(3,277)	(13,502)
Net cash (used in) provided by financing activities	<u>(785,115)</u>	<u>1,046,884</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(446,124)	828,081
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>993,113</u>	<u>165,032</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 546,989</u>	<u>\$ 993,113</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year		
Interest	<u>\$ 140,850</u>	<u>\$ 113,538</u>
Income tax	<u>\$ 397</u>	<u>\$ 69,077</u>

(Continued)

TEST-RITE INTERNATIONAL CO., LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	2004	2003
Cash paid during the year for acquisition of property, plant and equipment		
Property, plant and equipment acquired	\$ 43,689	\$ 52,193
Add liabilities for acquisition of property, plant and equipment at beginning of year	5,400	192
Deduct liabilities for acquisition of property, plant and equipment at end of year	<u>(1,429)</u>	<u>(5,400)</u>
Cash paid during the year for acquisition of property, plant and equipment	<u>\$ 47,660</u>	<u>\$ 46,985</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Translation adjustments on long-term equity investments	<u>\$ 8,144</u>	<u>\$ 5,389</u>
Effect of changes of ownership interests in equity method investees	<u>\$ (3,589)</u>	<u>\$ (10,936)</u>
Transfer of long-term equity investments to other liabilities	<u>\$ 136,184</u>	<u>\$ 306,164</u>
Property, plant and equipment transferred to long-term equity investments	<u>\$ -</u>	<u>\$ 454,502</u>
Convertible bonds converted into common stock	<u>\$ 310,693</u>	<u>\$ -</u>
Cash dividends of intercompany stockholding	<u>\$ 11</u>	<u>\$ 21</u>
Intercompany stockholding	<u>\$ -</u>	<u>\$ (21)</u>
Transfer of current portion of long-term debt to current liabilities	<u>\$ 70,833</u>	<u>\$ 301,135</u>

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

(With Deloitte & Touche audit report dated April 12, 2005)

(Concluded)

TEST-RITE INTERNATIONAL CO., LTD.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Test-Rite International Co., Ltd. (the “Company”) was established in August 1978 with an initial capital of \$2,000 thousand.

The Company is engaged mainly in the import and export of hand tools, auto parts, machinery, furniture, and various home appliances. The Company’s marketplaces are primarily located in the United States of America, Canada, Great Britain, France, Germany, Australia, etc.

The Taiwan Securities and Futures Commission approved in February 1993 the Company’s application for stock listing in the Taiwan Stock Exchange. As of December 31, 2004, the Company has 420 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China. The Company makes an estimate of allowance for doubtful accounts, allowance for inventory loss, depreciation, pension cost, contingent loss of lawsuit and allowance for indemnity losses which are based on uncertain circumstances and may have differences with actual circumstances.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail. However, the accompanying financial statements do not include English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau (SFB, formerly the “Securities and Futures Commission” before July 1, 2004) for their oversight purposes.

The Company’s significant accounting policies are summarized as follows:

Classification of Current and Non-Current

Assets expected to be converted into cash, sold, or consumed in twelve months or in the normal operating cycle are recorded as current assets. Liabilities expected to be liquidated in twelve months or in the normal operating cycle are recorded as current liabilities. Assets (liabilities) not being recorded as current assets (liabilities) are recorded as non-current assets (liabilities).

Cash and Cash Equivalents

Cash includes cash on hand and unrestricted bank deposits. Cash equivalents refer to time certificates of deposit and commercial paper which can be readily converted into cash without significant penalty or which value will not be significantly affected by variation of interest.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on the collectibility of accounts.

Factoring Accounts Receivable

According to Statement of Financial Accounting Standards (“SFAS”) No. 33 “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” a transfer of financial assets (all or a portion of a financial asset) in which the transferor surrenders control over those financial assets shall be accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange.

Inventories

Inventories are stated at the lower of cost or market (net realizable value). Cost of inventories is determined using the weighted average method.

Long-Term Equity Investments

Investments in companies in which the Company’s ownership interest is 20% or more, or where the Company can exercise significant influence, are accounted for using the equity method of accounting. Other long-term equity investments are carried at cost. When equity method of accounting is used, purchased goodwill is amortized over a five-year to ten-year period.

The Company defers one year the recognition of investment income or losses from an overseas investee if the Company holds less than 50% of the investee’s outstanding common stocks and not able to exercise significant influence over the investee so as to obtain the financial statements in time.

If the Company’s share of an investee company’s losses equals to or exceeds the carrying amount of an investment accounted for under the equity method and the Company guarantees obligations of an investee company, or is otherwise committed to provide further financial support for an investee company, or an investee company’s losses are temporary and there exists sufficient evidence showing imminent return to profitable operations, then the Company continues to recognize investment losses in proportion to the stock ownership percentage. Such credit balance on the book value of long-term equity investments is treated as a liability on the balance sheet. As permitted under accounting principles generally accepted in the Republic of China, financial statements of majority (50% or more)-owned subsidiaries are not consolidated with those of parent company when both the total assets and the total sales of the subsidiaries individually are less than 3% of those of the parent company.

The cost basis of the securities, which is accounted for under the cost method and not traded on the Taiwan Stock Exchange or the Over-the-Counter Exchange in Taiwan, is written down to a new cost basis if the decline is judged to be permanent. The amount of nontemporary writedown is accounted for as a realized loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditures that would increase the value or extend the useful lives of the assets are capitalized. Interest is capitalized during the construction period.

Upon sale or disposal of property, plant and equipment, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is charged to non-operating income or expense.

Depreciation is provided using the straight-line method over the estimated service lives prescribed.

Buildings and improvement	35~40 years
Transportation equipment	5 years
Furniture, fixture and office equipment	5 years
Computers and accessories	3 years
Leased hold improvements	3 years
Molds and tools	2 years

An additional service life and a new residual value will be determined for any depreciable asset which is still in use after the end of its prescribed useful life, and the original residual value is depreciated on the straight-line method.

Capital Leases

If a lease contract is qualified as a capital lease, the value of the leased property is the smaller of the present value of all future rental payments (less the lessee's executory costs) plus the bargain purchase price or lessee's guaranteed residual value, and the leased property's market value at the inception date of the lease. And it is recorded by debiting the leased assets accounts and crediting the lease obligation payable account. Depreciation is provided over its estimated useful life.

Deferred Charges

Deferred charges are amortized on the straight-line method over a three-year period. Issuing costs of bonds are amortized over the term of bonds.

Patents

Patents are amortized on the straight-line method over a five-year period.

Allowance for Indemnity Losses on Export

The indemnity losses on export sales should be estimated and expensed at the time of sale. Allowance for indemnity losses on export is debited when the indemnity losses are paid and indemnity losses paid in excess of the allowance for indemnity losses on export are charged to expense.

Retirement Plan

The Company has a defined benefit pension plan covering all employees. The benefits are based primarily upon an employee's years of service and average compensation for the last six-month period before retirement. In accordance with the Labor Standards Law of the Republic of China, such plan is funded at 4% of employee salaries and wages and deposited with the Central Trust of China.

The Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 18, "Accounting for Pensions," which require that pension expense shall be computed at actuarial basis.

Deferred Credits

Intercompany profits not realized through transactions with third parties are deferred. The profits are not recognized until they are realized through transactions with third parties.

Foreign Currency Transactions

Foreign currency transactions are recorded at exchange rates prevailing on transaction dates. Gains or losses, caused by different foreign exchange rates applied when foreign currency assets and liabilities are settled, are credited or charged to non-operating income or expense. Assets and liabilities denominated in foreign currencies are translated at the exchange rates on balance sheet date, any resulting gains or losses are credited or charged to non-operating income or expense.

A forward exchange contract is recorded at the exchange rate as of the contract date if the contract is acquired for the purpose of hedging. The difference between the current spot rate at the contract date and the forward rate is amortized over the life of the contract. Additionally, such contract should be adjusted at the current rate as at the balance-sheet-date. Any exchange gain or loss should be recognized in the current period.

Cumulative Translation Adjustments on Long-Term Equity Investments

Under the equity method, the foreign investee's assets and liabilities denominated in foreign currencies are translated at the balance sheet date exchange rates. Stockholders' equity accounts should be translated at the historical rate except for the beginning balance of the retained earnings, which is carried at the translated amount of the last period. Income statement accounts are translated at the current rate or weighted-average rate of the current period. The related translation adjustments are included in stockholders' equity, and upon sale or liquidation of the foreign business, these adjustments are charged to income.

Long-term equity investments denominated in foreign currencies are restated at the balance sheet date exchange rates. The related translation adjustments are reported as a separate component of stockholders' equity.

Treasury Stock

Treasury stock is the Company's own stock acquired according to the Stock Exchange Law. When the Company does not dispose or write off these stocks, their cost is listed as a deduction of stockholders' equity.

The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 30 "Accounting for Treasury Stock," the Company treats intercompany stockholding as treasury stock.

Income Tax

The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 22, "Accounting for Income Tax," which require asset and liability approach to financial accounting and reporting for income tax. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense or benefit is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Under the Amended Income Tax Law of ROC, undistributed earnings of the Company from 1998 onward are subject to 10% additional income tax. Such tax is to be reported as income tax expense in the following year when the decision to retain the earnings is made by the stockholders in their meeting.

Earnings Per Share

Basic earnings per common share are calculated by dividing net earnings applicable to common stock by the weighted average number of common stocks outstanding.

On a diluted basis, both net earnings and shares outstanding are adjusted to assume the conversion of convertible bonds from the date of issue.

Derivative Financial Instruments

Forward exchange contracts that are designated and effective as a hedge of net foreign assets or liabilities positions are recorded on the respective transaction date. Assets and liabilities denominated in foreign currencies are translated at the balance sheet date exchange rates, and any resulting gains or losses are credited to or charged against current income. The discounts or premium (the differences between the contract rates and the spot rates on the date of purchase multiplied by principal amount of foreign currencies) involved in all forward contracts are separately accounted for and amortized to income over the duration of the contracts.

Receivables or payables from forward foreign currency exchange contracts are shown on the accompanying balance sheets in net balances.

From December 31, 2004, contracts used for trading purposes are marked to market, with the related gain or loss recognized as other income or expense.

Non-Derivative Financial Instruments

The recognition, valuation, and measurement of non-derivative financial assets and liabilities are made in accordance with these accounting policies and generally accepted accounting principles.

Sales, Sales Returns and Allowances

Sales are recognized when title of the products and the risks of ownership are transferred to customers, primarily upon shipment. Sales returns and allowances are subtracted from sales as incurred and the related costs of goods sold are eliminated.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Petty cash	\$ 2,129	\$ 1,629
Demand deposits	30,806	254,434
Savings deposits	238,615	243,116
Foreign currency deposits	275,342	388,939
Commercial paper	-	99,995
Cash equivalent	<u>97</u>	<u>5,000</u>
	<u>\$546,989</u>	<u>\$993,113</u>

4. NOTES AND ACCOUNTS RECEIVABLE

Notes and accounts receivable as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Non-affiliate		
Notes receivable	\$ 8,288	\$ 2,857
Accounts receivable	839,295	771,185
Less allowance for doubtful accounts	<u>(6,348)</u>	<u>(6,348)</u>
	<u>832,947</u>	<u>764,837</u>
	<u>\$ 841,235</u>	<u>\$ 767,694</u>
Affiliates		
Notes receivable	\$ 10,897	\$ 1,638
Accounts receivable	1,726,750	1,542,796
Less allowance for doubtful accounts	<u>(10,000)</u>	<u>-</u>
	<u>1,716,750</u>	<u>1,542,796</u>
	<u>\$ 1,727,647</u>	<u>\$ 1,544,434</u>

In November 2004, the Company concluded an accounts receivable factoring agreement with a bank. The agreement declared that the Company should not be responsible for the credit risk of accounts receivable not being collected.

As of December 31, 2004, the accounts receivable factoring is summarized as follows:

Object	Interest Rate	Amount of Accounts Receivable Factoring (In Thousand)	Advance from Factor (In Thousand)	Net Amount Due from Factor (In Thousand)
Shanghai Commercial & Saving Bank, Ltd.	Basic loan rate plus 0.4%/94.4 5%	US\$5,252 (About \$166,775 thousand)	US\$4,720 (About \$149,780 thousand)	US\$532 (About \$16,995 thousand)

Net amount due from factor was reported under other receivables (see Note 5).

5. OTHER RECEIVABLES

Other receivables as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Value-added tax refunds receivable	\$ 6,842	\$ -
Receivable from disposal of investment	-	189,992
Receivable from disposal of funds	64,792	-
Advances for related parties (see Note 29)	55,912	52,829
Service fees receivable from related parties (see Note 29)	14,792	1,463
Commissions receivable	30,774	43,370
Retention for sales of accounts receivable (see Note 4)	16,995	-
Other	<u>39,955</u>	<u>36,695</u>
	<u>\$230,062</u>	<u>\$324,349</u>

Advances for related parties include amounts related to operating expense payments made by the Company on behalf of its affiliates.

Service fees receivable from related parties represent the Company's charges to its affiliates for management fees.

6. OTHER FINANCIAL ASSETS, CURRENT

Other financial assets, current as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Futures deposits	\$ 217	\$ 217
Receivable on forward contracts, net (see Note 32)	<u>86,417</u>	<u>26,921</u>
	<u>\$86,634</u>	<u>\$27,138</u>

7. INVENTORIES

Inventories as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Merchandise	\$ 80,034	\$ 71,386
Less valuation allowance	<u>(7,925)</u>	<u>(11,676)</u>
	<u>\$ 72,109</u>	<u>\$ 59,710</u>

As of December 31, 2004 and 2003, insurance coverage for inventories both amounted to \$250,000 thousand.

8. LONG-TERM EQUITY INVESTMENTS

Long-term equity investments as of December 31, 2004 and 2003 consist of the following:

	2004			2003	
	Original Accumulated Cost	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
At equity method					
Fortune Miles	\$ -	\$ -	100.00	\$ -	-
Test-Rite Fortune Co., Ltd.	13,466	5,537	100.00	12,867	100.00
Test-Rite Star Co., Ltd.	48,027	53,157	100.00	43,320	100.00
Test-Rite Investment (B.V.I.) Co., Ltd.	33,381	31,950	100.00	34,717	100.00
Test-Rite Retailing Co., Ltd.	6,513	1	100.00	6,183	100.00
B&S Link (Cayman) Co., Ltd.	27,473	21,716	100.00	26,915	100.00
Test-Rite Trading Co., Ltd.	31,224	1	100.00	777	100.00
Test-Rite Pte Ltd. (Singapore)	66,625	54,682	100.00	37,558	100.00
Test-Rite Products (Hong Kong) Ltd.	105,560	17,975	100.00	43,172	100.00
Lih Chiou Co., Ltd.	332,737	413,485	100.00	235,772	100.00
Lih Teh Int'l Co., Ltd.	312,920	248,804	100.00	-	-
B&S Link Co., Ltd.	79,994	61,627	100.00	45,300	100.00
Fusion International Distribution, Inc.	30,721	45,264	100.00	43,999	100.00
Chung Cin Enterprise Co., Ltd.	866,906	966,150	100.00	1,005,938	100.00
Quality Master Co., Ltd.	99,318	81,953	100.00	74,887	92.08
Test-Rite Development Co., Ltd.	146,224	115,587	80.00	156,740	80.00
U2 Industry Design Co., Ltd.	6,789	3,602	64.00	2,891	64.00
TRS Investment Co., Ltd.	5,875	5,033	50.00	5,889	50.00
Test-Rite B&Q Co., Ltd. ("B&Q")	500,000	1,393,706	49.99	1,142,721	49.99
Test-Rite Int'l (U.S.) Co., Ltd.	129,191	1	49.00	1	49.00
Test-Rite Int'l (Mexico) Ltd.	672	986	49.00	321	49.00
Test-Rite Int'l (Thailand) Ltd.	21,009	12,841	48.99	13,911	48.99
Test-Rite Int'l (Australia) Pty Ltd.	475	13,757	48.00	9,888	48.00
Test-Rite Int'l (France) Ltd.	2,184	-	48.00	-	48.00
Everrich Global Co., Ltd.	-	-	-	1,266	100.00
	<u>2,867,284</u>	<u>3,547,815</u>		<u>2,945,033</u>	
At cost method					
Maltaitech Corporation Sdn Bhd.	31,910	25,237	15.00	26,829	15.00
TB Commerce Network Co.	31,900	31,900	10.59	31,900	10.59
Test-Rite Int'l (Baparoma) Ltd.	64,670	64,670	10.00	64,670	10.00
Test-Rite Products Preferred Stock	104,370	95,751	-	101,934	-
Emit Technology Co., Ltd.	-	-	-	18,070	5.93
	<u>232,850</u>	<u>217,558</u>		<u>243,403</u>	
	<u>\$3,100,134</u>	<u>\$3,765,373</u>		<u>\$3,188,436</u>	

Equity in earnings (losses) for the year ended December 31, 2004 of TR Singapore, TR Development, TR U.S., TR Mexico, TR Thailand, TR Australia and B&Q were based on financial statements audited by other auditors.

Equity in earnings (losses) for the year ended December 31, 2003 of TR Singapore, TR HK, TR Development, TRS Investment, TR U.S., TR Mexico, TR Thailand, TR Australia, TR

France and B&Q were based on financial statements audited by other auditors.

Because the Company can not exercise significant influence over TR Mexico so as to obtain its financial statements in time, the Company deferred for one year the recognition of investment income or losses.

Equity in earnings (losses) of investee companies in 2004 and 2003 are summarized as follows:

	2004	2003
Fortune Miles	\$ -	\$(150,428)
TR Fortune	355	(2,711)
TR Star	2,185	(3,838)
TR Investment (B.V.I.)	(693)	2,016
TR Retailing	(56,112)	(277)
B&S Link (Cayman)	(3,843)	(419)
TR Trading	(86,618)	(933)
TR Singapore	18,709	8,140
TR HK	(23,024)	(105,195)
Lih Chiou	29,383	(7,315)
Lih Teh	(20,896)	-
B&S Link	16,327	979
Fusion	1,444	8
Chung Cin Enterprise	213,121	16,087
Quality Master	526	(2,540)
TR Development	(38,612)	289
U2 Industry Design	710	(920)
TRS Investment	(472)	-
B&Q	250,985	213,073
TR U.S.	(48,296)	(149,456)
TR Mexico	(1,422)	382
TR Thailand	(335)	642
TR Australia	4,179	1,797
TR France	-	(1,170)
Hola	-	97,941
X-Cel Relationship Management	-	961
Everrich	<u>(664)</u>	<u>(8,734)</u>
	<u>\$ 256,937</u>	<u>\$ (91,621)</u>

Fortune Miles is engaged in making investment in computer equipment industries. During 2003, CENDYNE (Fortune Miles holds a 50% ownership interest) operations resulted in loss, the Company recognized investment loss \$156,530 thousand. In 2003, Fortune Miles decreased its capital stock from US\$4,505 thousand to US\$5 thousand to eliminate accumulated deficit.

TR Fortune is engaged in making investments in packaging industries. In 2004, TR Fortune decreased its capital stock and returned investment US\$204 thousand to the Company and the Company's investment was reduced from US\$615 thousand to US\$411 thousand, ownership percentage remained 100%.

TR Star is engaged in making investment in products designing, packing and hardware selling industries.

TR Investment (B.V.I.) is engaged in making investments in various industries.

TR Retailing is engaged in making investments in retailing industries. During 2004, TR Retailing operations resulted in loss and the net value became negative. Because the Company provides financial support to TR Retailing, the Company holds \$1 thousand for long-term equity investment and \$47,705 thousand was reported as other liability - others.

B&S Link (Cayman) is primarily engaged in providing e-commerce service. In February 2003, the Company purchased all ownership in B&S Link (Cayman) for US\$210 thousand from B&S Link at net value. In March 2003 and July 2003, it increased its capital stock US\$90 thousand and US\$510 thousand, and was participated by the Company.

TR Trading and TR Development are engaged in making investment in import and export industries. In January 2004 and December 2004, TR Trading increased its capital stock by \$4,721 thousand and \$24,798 thousand, respectively in which the Company participated. During 2004, TR Trading operations resulted in loss and the net value became negative. Because the Company provides financial support to TR Trading, the Company holds \$1 thousand for long-term equity investment and \$52,359 thousand was reported as other liability - others.

TR Singapore, TR HK, TRS Investment, TR Mexico, TR Thailand, TR Australia and TR France are primarily engaged in importation and exportation.

Lih Chiou Co., Ltd. (original name: Lih Chiou Investment Co., Ltd.) ("Lih Chiou") is engaged international trading, investment consultant, sale of precision instrument and weight and measures instrument and product design. In March 2004, it increased its capital stock \$151,740 thousand, and was participated by the Company.

Lih Teh Co., Ltd. (original name: Lih Teh Investment Co., Ltd.) ("Lih Teh") is engaged in providing information software, electronic information and product design. The Company purchased all ownership from related party - Lih Chiou at net value. In November 2004, it increased its capital stock \$120,000 thousand, and was participated by the Company.

B&S Link is engaged in providing information software and electronic information.

Fusion International Distribution, Inc. is engaged in trade and agent of goods.

Chung Cin Enterprise is engaged in construction engineering, rental and sale of building. In July 2003, it increased its capital stock \$299,500 thousand, and was participated by the Company and the Company's ownership was increased from 60.28% to 82.81%. In December 2003, the Company purchased all ownership from related parties at \$16.41 dollars per share, based on valuation by professional appraiser, and the Company's ownership was increased to 100.00%. In December 2003, the Company transferred land and building (Book value \$454,502 thousand at November 30, 2003) as capital to Chung Cin Enterprise, acquired 34,961,686 shares at \$13 dollars per share (see Note 9). Chung Cin Enterprise has completed the procedure of real estate securitization on September 10, 2004, and recognized gain on disposal of assets (see Note 9). In December 2004, Chung Cin Enterprise decreased its capital stock by \$200,000 thousand and returned investment to the Company and the Company's ownership percentage remained 100%.

Quality Master Co., Ltd. is engaged in making investments in various industries. In December 2004. The Company purchased all ownership from Lih Teh at net value. The Company's ownership was increased from 92.08% to 100%.

U2 Industry Design Co., Ltd. is engaged in designing new product.

B&Q is engaged in the sale of house decoration, hardware and construction materials.

TR U.S. is primarily engaged in importation and exportation. During 2004, TR U.S. operations resulted in loss and the net value became negative. Because the Company stand guarantee for TR U.S., the Company holds \$1 thousand for long-term investment and \$200,666 thousand was reported as other liability - others.

Everrich Global Co., Ltd. (“Everrich”) is engaged in international trading. Everrich has a capital deficiency due to operating losses and, accordingly, on April 23, 2004, Everrich decided to dissolve. The Company received from liquidation of Everrich \$621 thousand and liquidation income of \$19 thousand was reported as investment income (see Note 28).

Hola (“Hola Homefurnishings”) is engaged in importation and exportation, department store, supermarket and restaurant. In December 2003, the Company sold all shares to related parties and third parties separately (including Lih Chiou Co., Ltd., 23,681,684 shares; Lih Teh Investment Co., Ltd., 2,000,000 shares; Fusion International Distribution, Inc., 1,500,000 shares), at \$18 per share (the selling price is determined based on the professional appraiser). Since Lih Chiou Co., Ltd. holds a 51.33% ownership interest, Hola is still a subsidiary company of the Company.

X-Cel Relationship Management Co., Ltd. is engaged in management consulting. In April 2003, the Company sold all shares to related parties Tony Ho 344,000 shares, Judy Lee 309,000 shares, Robin Ho 172,000 shares, Joyce Ho 86,000 shares and Kelly Ho 86,000 shares at net value.

Maltaitech Corporation Sdn Bhd., a company incorporated in Malaysia, is engaged in the manufacturing and sale of horn door knobs and European style door locks.

TB Commerce Network Co. is engaged in researching electronic business software.

TR Baparoma is engaged in the designing, manufacturing and marketing of cooking equipment.

TR Products which TR U.S. holds a 89.47% ownership interest increased its capital stock and issued preferred stock US\$3,000 thousand, the Company participated in its capital stock. The preferred stock didn’t provide the right of voting.

Emit Technology Co., Ltd. is engaged in the manufacturing, assembling and sale of optical fiber components, parts and accessories. In December 2004, the Company sold all shares to related party - Lih Teh Co., Ltd. (the selling price is determined based on the book value).

Fu Hsing Americas Inc. is engaged in sale of door locks. In October 2003, the Company sold all shares to third parties (the selling price is determined based on net value).

Sales of long-term equity investments to related parties for the years ended December 31, 2004 and 2003 are as follows:

Transaction Items	Related Parties	Shares	2004		Loss	Price Determination
			Selling Price	Book Value		
Emit Technology	Lih Teh	1,663,644	\$ 18,016	\$ 18,070	\$ (54)	Book value

2003						
Transaction Items	Related Parties	Shares	Selling Price	Book Value	Gain	Price Determination
Hola	Lih Chiou	23,681,684	\$ 424,992	\$ 286,480	\$ 138,512	Professional evaluation
Hola	Lih Teh	2,000,000	35,892	24,194	11,698	Professional evaluation
Hola	Fusion	1,500,000	26,919	18,146	8,773	Professional evaluation
			<u>\$ 487,803</u>	<u>\$ 328,820</u>	<u>\$ 158,983</u>	

Purchases of long-term equity investments from related parties for the years ended December 31, 2004 and 2003 are as follows:

2004				
Transaction Items	Related Parties	Shares	Cost	Price Determination
Lih Teh	Lih Chiou	15,000,000	\$192,912	Net value
Quality Master	Lih Teh	625,938	<u>6,528</u>	Net value
			<u>\$199,440</u>	

2003				
Transaction Items	Related Parties	Shares	Cost	Price Determination
Chung Cin Enterprise	Hola	9,079,560	\$149,000	Professional evaluation
B&S Link	Lih Teh	1,000	9	Net value
B&S Link	Lih Chiou	1,000	9	Net value
B&S Link	Chung Cin Enterprise	1,000	9	Net value
B&S Link	Fusion	1,000	9	Net value
B&S Link	Quality Master	1,000	9	Net value
TR HK	Up Master (B.V.I.)	132,599	61,865	Net value
TR Singapore	Up Master (B.V.I.)	1,071,000	11,750	Net value
Fusion	Lih Teh	91,000	<u>1,051</u>	Net value
			<u>\$223,711</u>	

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of December 31, 2004 and 2003 consist of the following:

	2004			2003
	Original Cost	Accumulated Depreciation	Carrying Value	Carrying Value
Land	\$ 519,724	\$ -	\$ 519,724	\$ 519,724
Buildings and improvements	1,496,716	350,827	1,145,889	1,216,626
Transportation equipment	25,508	20,984	4,524	9,140
Furniture, fixtures and office equipment	71,934	51,592	20,342	21,660
Computers and accessories	47,908	31,503	16,405	15,846
Leasehold improvements	139,160	110,159	29,001	29,633
Molds and tools	46,487	31,126	15,361	17,187
Leased assets	-	-	-	2,056
Prepayments for property, plant and equipment	<u>3,229</u>	<u>-</u>	<u>3,229</u>	<u>1,448</u>

\$2,350,666 \$ 596,191 \$1,754,475 \$1,833,320

As of December 31, 2004 and 2003, the cost of the leased-out land was \$193,010 thousand and \$182,374 thousand and the carrying value of lease-out buildings and improvements was \$647,660 thousand and \$656,426 thousand, respectively.

As of December 31, 2004 and 2003, the carrying value of property, plant and equipment pledged to secure bonds payable and long-term debt was as follows (see Notes 16 and 17):

	2004	2003
Land	<u>\$267,519</u>	<u>\$267,519</u>

The Company transferred land and building (carrying value \$454,502 thousand) as capital to Chung Cin Enterprise (a construction company 100% owned by the Company, see Note 8). Chung Cin Enterprise has completed the procedure of real estate securitization on September 10, 2004 to entrust its real estate to Taishin International Bank, and collected as well as issued negotiable securities amounted to \$600,000 thousand. Among the securities, Chung Cin Enterprise purchased back certificate C with a face value amounted to \$180,000 thousand. Consequently, the deal was regarded as partially unsold in accordance with Accounting Research and Development Foundation No. 141 "Real Estate Securitization". For the year ended December 31, 2004, Chung Cin Enterprise has recognized gain on disposal of assets in proportion.

As of December 31, 2004 and 2003, insurance coverage for property, plant and equipment, excluding land and prepayments for property, plant and equipment, amounted to \$1,768,592 thousand and \$1,901,656 thousand, respectively.

10. OTHER ASSETS

Other assets as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Deferred tax asset, noncurrent (see Note 27)	\$167,000	\$115,000
Deferred charges (see Note 2)	64,162	140,540
Prepaid pension cost (see Note 20)	14,636	14,537
Patents (see Note 2)	333	459
Other	<u>1,911</u>	<u>1,911</u>
	<u>\$248,042</u>	<u>\$272,447</u>

Deferred charges are mainly the expenditure of computer softwares for e-trading and issuing expense of bonds.

11. SHORT-TERM BANK BORROWINGS

Short-term bank borrowings as of December 31, 2004 and 2003 consist of the following:

	2004		2003	
	Interest Rate %	Amount	Interest Rate %	Amount
Credit loans	1.45~1.47	\$230,000	-	\$ -

12. SHORT-TERM OBLIGATIONS

Short-term obligations as of December 31, 2004 and 2003 consist of the following:

	2004		2003	
	Interest Rate %	Amount	Interest Rate %	Amount
Commercial paper, unsecured	0.73	\$ 20,000	-	\$ -

13. OTHER PAYABLES

Other payables as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Accrued expenses	\$296,960	\$252,447
Interest payable	30,385	36,882
Accrued expenses with outstanding notes	23,218	13,748
Payables for purchase of property, plant and equipment	1,429	5,400
Other	<u>82,778</u>	<u>55,664</u>
	<u>\$434,770</u>	<u>\$364,141</u>

14. CURRENT PORTION OF LONG-TERM LIABILITIES

Current portion of long-term liabilities as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Bonds payable (see Note 16)	\$ -	\$300,000
Long-term debt (see Note 17)	70,833	-
Lease obligations payable (see Note 18)	<u>-</u>	<u>1,135</u>
	<u>\$ 70,833</u>	<u>\$301,135</u>

15. OTHER CURRENT LIABILITIES

Other current liabilities as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Advance receipts from customers	\$13,580	\$ 1,956
Advance rent from customer	18,568	2,356
Allowance for indemnity losses on exports (see Note 2)	4,879	16,477
Discount on forward exchange contract, net	-	3,395
Other	<u>3,067</u>	<u>5,902</u>
	<u>\$40,094</u>	<u>\$30,086</u>

16. BONDS PAYABLE

Bonds payable as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Domestic unsecured bonds (Bonds I & II)	\$440,000	\$300,000
Domestic secured bonds (Bonds I)	-	440,000
Domestic convertible bonds (Bonds III)	193,400	500,000
Interest expense compensation payable	8,316	3,999
Less current portion	<u>-</u>	<u>(300,000)</u>
	<u>\$641,716</u>	<u>\$943,999</u>

Domestic Unsecured Bonds

Bonds I

The Company issued \$500,000 thousand of secured corporate bonds on February 4, 1999, for the purpose of building warehouse center. The bonds, with a face value of \$500,000 thousand, have maturity of \$440,000 thousand and \$60,000 thousand on February 4, 2006 and February 4, 2002, respectively. The bonds' annual contract rate is index rate plus 1.2% and 0.8%, respectively, and the compound interest is paid quarterly. The interest rate of the bonds with maturity of \$440,000 thousand is changed to single interest 6.41% per annum from February 4, 2000.

The restricted certificate of deposit which was pledged to secure the bond of \$440,000 thousand was taken back in December 2004, and the Company did not provide other collateral to the Trust Bank. Therefore, the nature of the bond was changed to unsecured.

Bonds II

The Company issued \$300,000 thousand of unsecured corporate bonds on April 9, 2002, for the purpose of paying \$60,000 thousand of secured corporate bonds (Bonds I) and retiring \$270,000 thousand of secured corporate bonds to get back guaranty for assets assignment. The bonds with a face value of \$300,000 thousand, have maturity of two years and bear interest rate of 3.20% per annum, payable per year. On April 9, 2004, the Company made a remnant payment in advance.

Domestic Convertible Bonds

Bonds III

The Company issued \$500,000 thousand of domestic registered convertible bonds on October 9, 2003, for the purpose of investing long-term equity investments, constructing computer system and software and paying unsecured bonds (Bonds II).

Terms and conditions of bonds are outlined as follows:

- (a) Date of maturity: October 9, 2008
- (b) Interest rate: 0% per annum
- (c) The Company can request for redeeming the bonds from three months after issuing date to 40 days before maturity day.

The redemption is outlined as follows:

- (i) The bonds may be redeemed when the closing price of the shares on each of 30 consecutive trading days is over 50% of the conversion price.
- (ii) The bonds may be redeemed when the outstanding bonds are less than 10% of total issued bonds.
- (d) Conversion: see conversion terms.
- (e) Except as defined above, the bonds will be repaid in full on the maturity date.

Conversion Terms

Bondholders may exercise their redemption right during 30 days before October 9, 2006, October 9, 2007 and October 9, 2008. The redemption price is par value plus 3.5% interest expense compensation.

Bondholders may exercise their conversion right from the day after 30 days of issued day to 10 days before maturity day.

The conversion price was set at \$13.70 per share. The conversion price is subject to adjustment based on changes of the Company's capital account or the market value which is lower than the conversion price.

Bondholder may request the Company to redeem the bonds in cash at face value plus the interest premium and interest payable after January 8, 2004. And bondholder may convert the bonds into common stock at any time according to the conversion terms and related laws of ROC. The Company has already recognized the interest-premium as a liability by crediting interest expense compensation payable account.

As of December 31, 2004, the Company's bondholders have converted bonds into 21,516,856 common shares, which resulted in \$95,525 thousand additional paid-in capital.

17. LONG-TERM DEBT

Long-term debt as of December 31, 2004 and 2003 consists of the following:

	<u>2004</u>		<u>2003</u>	
	Interest Rate	Amount	Interest Rate	Amount
International Bank of Taipei				
Pledged loan from August 28, 2002 to August 28, 2007. In October 2004, the Company paid back the debt in advance of the due date.	-	\$ -	One year deposit rate plus 1.00%	\$ 275,500
Pledged loan from August 28, 2002 to August 26, 2005. In October 2004, the Company paid back the debt in advance of the due date.	-	-	One year deposit rate plus 1.50%	91,666
Pledged loan from October 28, 2004 to August 28, 2007. Interest is paid monthly, principal due on August 28, 2007.	One year deposit rate plus 0.575%	261,400	-	-
Pledged loan from November 1, 2004 to November 1, 2006. Interest is paid monthly, principal due in quarterly installments.	One year deposit rate plus 0.7755%	91,666	-	-

	2004		2003	
	Interest Rate	Amount	Interest Rate	Amount
Taipei Bank				
Unsecured loan from July 25, 2003 to July 25, 2008. Interest is paid monthly, principal due on July 25, 2008.	Discount rate plus 0.90%	300,000	Discount rate plus 1.20%	300,000
Credit Lyonnais				
Unsecured loan from September 29, 2003 to September 29, 2008. Interest is paid monthly, principal due on September 29, 2008.	2.79%	500,000	2.79%	500,000
E. Sun Bank				
Unsecured loan from September 3, 2004 to September 3, 2007, the first installment on September 3, 2005 and due in quarterly installment.	Floating	100,000	-	-
United-Credit Commercial Bank				
Unsecured loan from February 4, 2002 to February 4, 2005. In October 2004, the Company had paid back the debt in advance of the due date.	-	-	Basic loan rate less 3.60%	70,000
Tainan Business Bank				
Unsecured loan from May 16, 2003 to May 16, 2006. Interest is paid monthly. In October and December 2004, the Company paid back the debt in advance of the due date.	-	-	One year deposit rate plus 1.25%	70,000
Kaohsiung Business Bank				
Unsecured loan from July 25, 2003 to July 25, 2005. Interest is paid monthly. In December 2004, the Company had paid back the debt in advance of the due date.	-	-	2.80%	100,000
Chiaotung Bank				
Pledged loan from September 10, 2003 to September 10, 2006. In March 2004, the Company paid back the debt in advance of the due date.	-	-	Two year deposit rate plus 1.265%	4,500
		1,253,066		1,411,666
Less current portion		(70,833)		-
		<u>\$ 1,182,233</u>		<u>\$ 1,411,666</u>

See Note 9 for collateral on bank borrowings in 2004 and 2003.

See Note 29 for guarantee on bank borrowing in 2004 and 2003.

18. LEASE OBLIGATIONS PAYABLE

Lease obligations payable as of December 31, 2004 and 2003 consist of the following:

Lessor	Lease Object	2004	2003
HP Co., Ltd.	Computer equipment	\$ -	\$ 1,135
Less current portion		<u>-</u>	<u>(1,135)</u>
		<u>\$ -</u>	<u>\$ -</u>

19. DEFERRED CREDITS

Deferred credits as of December 31, 2004 and 2003 consist of the following:

	2004	2003
Unrealized profit on disposal of long-term equity investments from intercompany transactions (see Note 8)	\$ 136,076	\$ 158,983
Unrealized profit from intercompany transactions	<u>78,319</u>	<u>31,418</u>
	<u>\$ 214,395</u>	<u>\$ 190,401</u>

20. RETIREMENT PLAN

The Company has a defined benefit pension plan covering all employees. The benefits are based primarily upon on employee's years of service and average compensation for the last six-month period before retirement. Net periodic pension cost for the years ended December 31, 2004 and 2003 consists of the following:

	2004	2003
Service cost	\$ 10,632	\$ 10,828
Interest cost	4,302	4,723
Expected return on plan assets	(4,967)	(5,201)
Amortization of net transition asset	(899)	(899)
Amortization of pension loss	<u>-</u>	<u>357</u>
	<u>\$ 9,068</u>	<u>\$ 9,808</u>

The following table sets forth the actuarial assumptions and plan's status as of December 31, 2004 and 2003:

	2004	2003
Weighted-average discount rate	3.25%	3.25%
Expected rate of return on plan assets	3.25%	3.25%
Assumed rate of increase in salary	2.50%	2.50%

	2004	2003
Actuarial present value of benefit obligation		
Vested benefits	\$ (32,518)	\$ (28,355)
Nonvested benefits	<u>(69,000)</u>	<u>(72,593)</u>
Accumulated benefit obligation	(101,518)	(100,948)
Additional benefits at future salaries	<u>(32,943)</u>	<u>(31,429)</u>
Projected benefit obligation	(134,461)	(132,377)
Plan assets at fair value	<u>131,815</u>	<u>147,914</u>
Projected benefit obligation in excess of plan assets	(2,646)	15,537
Net transition asset not yet recognized	(12,588)	(13,488)
Net pension loss not yet recognized	<u>29,870</u>	<u>12,488</u>
Prepaid pension cost (see Note 10)	<u>\$ 14,636</u>	<u>\$ 14,537</u>

21. CAPITAL STOCK

Capital stock as of December 31, 2004 and 2003 consists of the following:

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Registered capital		
Share (thousand shares)	<u>550,000</u>	<u>550,000</u>
Par value (in dollars)	<u>\$ 10</u>	<u>\$ 10</u>
Capital	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>
Issued capital		
Share (thousand shares)	<u>397,311</u>	<u>370,739</u>
Par value (in dollars)	<u>\$ 10</u>	<u>\$ 10</u>
Capital	<u>\$ 3,973,113</u>	<u>\$ 3,707,386</u>

The Company's outstanding capital stock as of January 1, 2004, amounted to \$3,707,386 thousand. For the year ended December 31, 2004, the Company's bondholders have converted bonds amounting to \$306,600 thousand into 21,516,856 common shares amounting \$215,168 thousand. From the 2003 retained earnings, the Company transferred bonuses to employees of \$13,108 thousand and stock dividends of \$37,451 thousand to outstanding capital stock. Consequently, as of December 31, 2004, the Company's capital stock was increased to \$3,973,113 thousand consisting of 397,311,347 outstanding common shares having a par value of \$10 each.

On the June 11, 2004 and June 20, 2003 meetings, the stockholders decided to distribute retained earnings as follows:

	Distributions of Earnings		Dividends Per Share	
	2003	2002	2003	2002
Legal reserve	\$ 18,206	\$ 75,010	-	-
Cash dividends	187,255	347,941	0.5	1.0
Stock dividends	37,451	173,970	0.1	0.5
Bonuses to employees - stock	13,108	54,006	-	-
Bonuses to director and supervisors - cash	3,277	13,502	-	-

For the years ended December 31, 2004 and 2003, earnings per share is calculated as follows:

	2004				
	Amount (Numerator)			Earnings per Share	
	Income Before Tax	Income After Tax	Shares (Denominator)	Income Before Tax (In dollars)	Income After Tax (In dollars)
Net income	\$ 941,975	\$ 831,975			
Basic earnings per share					
Net income to stockholders of common stock	\$ 941,975	\$ 831,975	368,393,156	\$ 2.56	\$ 2.26
The effects of dilutive potential ordinary shares					
Convertible bonds with real interest rate of 3.50%	6,769	5,077	14,116,788	(0.08)	(0.07)
Diluted earnings per share					
Net income to stockholders of common stock and the effects of potential ordinary shares	\$ 948,744	\$ 837,052	382,509,944	\$ 2.48	\$ 2.19
	2003 (After Giving Retroactive Effects)				
	Amount (Numerator)			Earnings per Share	
	Income Before Tax	Income After Tax	Shares (Denominator)	Income Before Tax (In dollars)	Income After Tax (In dollars)
Net income	\$ 132,068	\$ 182,068			
Basic earnings per share					
Net income to stockholders of common stock	\$ 132,068	\$ 182,068	369,973,306	\$ 0.36	\$ 0.49
The effects of dilutive potential ordinary shares					
Convertible bonds with real interest rate of 3.50%	3,999	2,999	8,680,556	-	-
Diluted earnings per share					
Net income to stockholders of common stock and the effects of potential ordinary shares	\$ 136,067	\$ 185,067	378,653,862	\$ 0.36	\$ 0.49

Earnings per share for the year ended December 31, 2003 was based upon the weighted average number of common shares outstanding during the year after giving retroactive effects

to the stock dividends and stock bonuses declared in 2004.

The Company's appropriation of 2004 retained earnings has not been proposed by the board of directors as of April 12, 2005, the date of the Independent Auditors' Report.

Regarding the 2004 retained earnings proposition by the board of directors and the approval of the stockholders' meeting, please refer to Market Observation Post System ("MOPS") of the Taiwan Stock Exchange.

The Company's board of directors and stockholders have proposed and approved the distribution from 2003 earnings of \$13,108 thousand as stock bonuses to employees (represents 0.35% of the outstanding common share at the year end of 2003) and of \$3,277 thousand as bonuses to directors and supervisors. In 2003 the earnings per share after income tax (before retroactive adjustment for stock dividends in 2004) was \$0.50 dollars. However, if the earnings distribution to employees, directors, and supervisors are accounted for as expenses, the pro-forma earnings per share after income tax is \$0.45 dollars.

22. RETAINED EARNINGS

According to the Company Law of the Republic of China and the Company's Articles of Incorporation, 10% of the Company's earnings, after paying tax and offsetting deficit, if any, shall first be appropriated as legal reserve. The remaining balance, if any, shall be distributed in the following order:

- (a) bonuses to employees - 8%,
- (b) bonuses to directors and supervisors - 2%, and
- (c) the remainder shall then be allocated in accordance with the resolution of the stockholders in their annual meeting.

23. TREASURY STOCK

The changes of treasury stock for the year ended 2004 are summarized as follows (in shares):

Reason	2004.1.1	Increase	Decrease	2004.12.31
Buy the stock back to transfer to employees	10,000,000	20,000,000	-	30,000,000
Shares held by subsidiaries	<u>21,268</u>	<u>222</u>	<u>-</u>	<u>21,490</u>
	<u>10,021,268</u>	<u>20,000,222</u>	<u>-</u>	<u>30,021,490</u>

As of December 31, 2004, the treasury stock of the Company was 30,021,490 shares, cost \$546,510 thousand, including \$546,238 thousand bought by the Company and \$272 thousand held by subsidiaries.

According to the Stock Exchange Law of ROC, the shares of treasury stock should not be over 10% of the Company's issued and outstanding shares and the amount of treasury stock should not be over the total of retained earnings and realized additional paid-in capital. The highest number of shares of treasury stock that the Company held as of December 31, 2004 was 30,000,000 shares and the total amount was \$546,238 thousand pursuant to the law.

According to the Stock Exchange Law of ROC, the treasury stock of the Company should not be pledged and does not have the same right as the common stock.

24. OPERATING REVENUES

Operating revenues for the years ended December 31, 2004 and 2003 are summarized as follows:

	2004	2003
Net sales	\$ 16,936,137	\$ 15,149,990
Rental income	214,135	236,831
Commission income	<u>160,572</u>	<u>186,427</u>
	<u>\$ 17,310,844</u>	<u>\$ 15,573,248</u>

25. OPERATING COST

Operating cost for the years ended December 31, 2004 and 2003 is summarized as follows:

	2004	2003
Cost of goods sold	\$ 14,607,744	\$ 13,106,037
Rental cost	<u>95,137</u>	<u>96,598</u>
	<u>\$ 14,702,881</u>	<u>\$ 13,202,635</u>

26. PERSONNEL, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES

Personnel, depreciation, depletion and amortization expenses for the years ended December 31, 2004 and 2003 are summarized as follows:

Expense Item	Function	2004			2003		
		Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Personnel expense							
Salary		\$ -	\$322,469	\$322,469	\$ -	\$320,513	\$320,513
Labor/health insurance		-	18,948	18,948	-	19,642	19,642
Pension		-	7,631	7,631	-	9,808	9,808
Other		-	14,009	14,009	-	13,840	13,840
Depreciation		45,176	74,257	119,433	47,357	90,021	137,378
Depletion		-	-	-	-	-	-
Amortization		-	77,713	77,713	-	70,836	70,836

27. INCOME TAX

The components of income tax expense for the year ended December 31, 2004 are as follows:

Current income tax expense	\$ 102,000
Estimated 10% income tax on 2003 undistributed earnings	3,000
Deferred tax assets adjustment	<u>5,000</u>
Income tax expense	<u>\$ 110,000</u>

The tax effects of deductible temporary differences that gave rise to deferred tax assets as of December 31, 2004 are as follows:

Unrealized inventory devaluation losses	\$ 2,000
Unrealized net exchange loss	3,000
Unrealized loss from equity investment	171,000
Unrealized profit from intercompany transactions	20,000
Unrealized sales allowance	7,000
Unrealized indemnity losses	1,000
Pension cost differ from financial affairs and taxed	<u>(4,000)</u>
Deferred tax assets, net	200,000
Deferred tax assets, noncurrent (included in other asset)	<u>(167,000)</u>
Deferred tax assets, current (included in other current asset)	<u>\$ 33,000</u>

Current income tax for the year ended December 31, 2004 and income tax payable as of December 31, 2004 are generated as follows:

Income tax expense at statutory rate of 25%	\$ 235,000
Increase (decrease) in tax resulting from	
Tax-exempt gain on disposal of investment	(11,000)
Equity in net earnings of affiliates	<u>(122,000)</u>
Current income tax expense	102,000
Provision for (reversal of) deferred tax assets	
Unrealized loss from equity investment	56,000
Realized net exchange loss	(11,000)
Unrealized profit from intercompany transactions	13,000
Unrealized indemnity losses	(3,000)
Losses carryforward	<u>(7,000)</u>
Income tax payable	150,000
Add estimated 10% income tax on 2003 undistributed earnings	3,000
Less prepayments and withholdings in 2004	(397)
Add income tax payable for the prior years	<u>20,756</u>
Income tax payable as of December 31, 2004	<u>\$ 173,359</u>

The reported prepaid income tax and withholdings of \$15,698 thousand as of December 31, 2004 is prior year's income tax prepayments. This was included in other financial assets, noncurrent in the balance sheets.

The information about Imputation Credit (“IC”) on the undistributed earning as of December 31, 2004 is summarized as follows:

IC on undistributed earnings as of December 31, 2004	\$ 17,536
Undistributed earnings in years from 1997 and before	\$ 222,231
Undistributed earnings in years from 1998 and after	\$ 842,968
Expected IC ratio on distributed earnings in 2005	20.18%
Actual IC ratio on distributed earnings in 2004	14.31%

The expected IC ratio of the Company for the year of 2005 has considered the income tax payable for 2004.

The Company’s income tax reports until 2000 had been approved by the tax authority.

28. NET INVESTMENT GAIN

Net investment gain for the years ended December 31, 2004 and 2003 is summarized as follows:

	2004	2003
Liquidation gain of long-term equity investments (see Note 8)	\$ 19	\$ -
Cash dividends	<u>2,888</u>	<u>5,686</u>
	<u>\$2,907</u>	<u>\$5,686</u>

29. RELATED PARTY TRANSACTIONS

Names and relationships of the related parties are outlined as follows:

Name	Relationship
Fortune Miles Trading (“Fortune Miles”)	The Company holds 100.00% ownership interest
Test-Rite Fortune Co., Ltd. (“TR Fortune”)	The Company holds 100.00% ownership interest
Test-Rite Star Co., Ltd. (“TR Star”)	The Company holds 100.00% ownership interest
Test-Rite Retailing Co., Ltd. (“TR Retailing”)	The Company holds 100.00% ownership interest
Test-Rite Trading Co., Ltd. (“TR Trading”)	The Company holds 100.00% ownership interest
Test-Rite Pte Ltd. (“TR Singapore”)	The Company holds 100.00% ownership interest
Test-Rite Products (Hong Kong) Ltd. (“TR HK”)	The Company holds 100.00% ownership interest
Test-Rite Development Co., Ltd. (“TR Development”)	The Company holds 80.00% ownership interest
Test-Rite Int’l (U.S.) Co., Ltd. (“TR U.S.”)	The Company holds 49.00% ownership interest
Test-Rite Int’l (Mexico) Ltd. (“TR Mexico”)	The Company holds 49.00% ownership interest

Name	Relationship
Test-Rite Int'l (Thailand) Ltd. ("TR Thailand")	The Company holds 48.99% ownership interest
Test-Rite Int'l (Australia) Pty Ltd. ("TR Australia")	The Company holds 48.00% ownership interest
Test-Rite Int'l (France) Ltd. ("TR France")	The Company holds 48.00% ownership interest (Liquidated in 2003)
Lih Teh Warehouse Co., Ltd. ("Lih Teh Warehouse")	TR Fortune holds 100.00% ownership interest
Test-Rite Fortune Consultant Co., Ltd. ("TR Fortune Consultant")	TR Trading holds 100.00% ownership interest
Hola Shanghai Consultant Co., Ltd. ("Hola Shanghai Consultant")	TR Retailing holds 100.00% ownership interest
Northcote CENDYNE	TR Star holds 48.00% ownership interest Fortune Miles holds 50.00% ownership interest
Test-Rite CZ S.R.O. ("TR CZ")	TR Development holds 70.00% ownership interest
Test-Rite International Hungary K.F.T. ("TR HU")	TR Development holds 70.00% ownership interest
Test-Rite Hellas S.A. ("TR GR")	TR Development holds 70.00% ownership interest
ASB-Riteing ("TR RUS")	TR Development holds 70.00% ownership interest
Test-Rite International (Romania) S.R.L. ("TR ROU")	TR Development holds 70.00% ownership interest
Test-Rite International - TR Dis Ticaret Limited Sirketi ("TR TR")	TR Development holds 70.00% ownership interest
Test-Rite International D.O.O. ("TR HR")	TR Development holds 70.00% ownership interest
Test-Rite Polska SP.Z.O.O. ("TR PL")	TR Development holds 70.00% ownership interest
Test-Rite International (Germany) Gmbh ("TR GI")	TR Development holds 65.00% ownership interest (owned in November 2004)
Test-Rite Products Corp. ("TR PC")	Test-Rite Int'l (U.S.) holds 89.47% ownership interest
Master Design Inc. ("MDI")	TR PC holds 100.00% ownership interest
North America Cord. & Cable ("NACC")	TR PC holds 100.00% ownership interest
Landia Co., Ltd ("Landia")	TR PC holds 100.00% ownership interest
Lih Chiou Co., Ltd. ("Lih Chiou")	The Company holds 100.00% ownership interest
B&S Link Co., Ltd. ("B&S Link")	The Company holds 100.00% ownership interest
Fusion International Distribution, Inc. ("Fusion")	The Company holds 100.00% ownership interest
Chung Cin Enterprise Co., Ltd. ("Chung Cin Enterprise")	The Company holds 100.00% ownership interest
Lih Teh International Co., Ltd. ("Lih Teh")	The Company holds 100.00% ownership interest
Quality Master Co., Ltd. ("Quality Master")	The Company holds 100.00% ownership interest
U2 Industry Design Co., Ltd. ("U2 Industry Design")	The Company holds 64.00% ownership interest

Name	Relationship
Test-Rite B&Q Int'l Co., Ltd. ("B&Q")	The Company holds 49.99% ownership interest
Hola Homefurnishings Co., Ltd. ("Hola")	Lih Chiou holds 51.33% ownership interest
Tong Ying Investment Co., Ltd. ("Tong Ying Investment")	Tong Ying Construction holds 100.00% ownership interest
Tong Ying Construction Co., Ltd. ("Tong Ying Construction")	Chung Cin Enterprise holds 100.00% ownership interest
Chung Cin Construction Co., Ltd. ("Chung Cin Construction")	Chung Cin Enterprise holds 100.00% ownership interest
Test Cin M&E Engineering Co., Ltd. ("Test Cin M&E")	Chung Cin Enterprise holds 100.00% ownership interest
Test-Rite Quickbuy Co., Ltd. ("TR Quickbuy")	Lih Teh holds 100.00% ownership interest
Homy Homefurnishings Co., Ltd. ("Homy")	Lih Teh holds 80.00% ownership interest
Up Master Investment Co., Ltd. ("Up Master")	Same chairman as the Company
X-Cel Relationship Management Co., Ltd.	Related party in substance
Tony Ho	Chairman of the Company
Robin Ho	One of the immediate family members of the Company's chairman
Joyce Ho	One of the immediate family members of the Company's chairman
Kelly Ho	One of the immediate family members of the Company's chairman
Judy Lee	One of the immediate family members of the Company's chairman

The Company's transactions with its related parties are summarized as follows:

Sales

Sales to related parties for the years ended December 31, 2004 and 2003 are summarized below:

	<u>2004</u>		<u>2003</u>	
	Amount	%	Amount	%
TR PC	\$2,149,992	13	\$1,548,119	10
MDI	991,725	6	1,062,867	7
B&Q	922,795	5	916,777	6
NACC	383,130	2	7,881	-
TR CZ	190,159	1	103,366	1
TR HU	114,166	1	41,492	-
Hola	106,647	1	77,871	1
CENDYNE	-	-	1,045,073	7
Others	<u>272,283</u>	<u>1</u>	<u>55,362</u>	<u>-</u>
	<u>\$5,130,897</u>	<u>30</u>	<u>\$4,858,808</u>	<u>32</u>

The Company's sales revenue from foreign parties is received by T/T, accounts receivable is about 120 days to 180 days and annual interest rate is 5.00% to 6.00%. Other condition of receivable is almost the same as the other clients.

Rental Income

Rental income from related parties for the years ended December 31, 2004 and 2003 is summarized below:

	2004		2003	
	Amount	%	Amount	%
B&Q	\$ 110,892	52	\$ 122,643	52
Hola	57,192	27	57,067	24
Homy	8,994	4	9,032	4
B&S Link	4,380	2	3,671	2
U2 Industry Design	2,396	1	2,462	1
Chung Cin Enterprise	2,386	1	2,528	1
Others	1,399	1	654	-
	<u>\$ 187,639</u>	<u>88</u>	<u>\$ 198,057</u>	<u>84</u>

The Company's rental income from related parties is according to market price.

Commission Income

Commission income from related parties for the years ended December 31, 2004 and 2003 is summarized below:

	2004		2003	
	Amount	%	Amount	%
MDI	\$ 27,636	17	\$ 27,707	15
NACC	4,837	3	-	-
	<u>\$ 32,473</u>	<u>20</u>	<u>\$ 27,707</u>	<u>15</u>

Interest Income

Interest income from related parties for the years ended December 31, 2004 and 2003 is summarized below:

	2004		2003	
	Amount	%	Amount	%
TR CZ	\$ 4,280	28	\$ -	-
TR PC	1,322	9	1,356	11
NACC	428	3	-	-
TR ROU	259	2	-	-
TR HU	151	1	-	-
MDI	-	-	6,513	51
Others	158	1	4	-
	<u>\$ 6,598</u>	<u>44</u>	<u>\$ 7,873</u>	<u>62</u>

Service Income

Service income from related parties for the years ended December 31, 2004 and 2003 is summarized below:

	2004		2003	
	Amount	%	Amount	%
B&Q	\$ 6,830	19	\$ 6,830	33
Hola	5,480	15	5,073	25
Homy	1,626	5	1,907	9
B&S Link	1,408	4	919	4
U2 Industry Design	1,226	3	1,226	6
Chung Cin Enterprise	231	1	232	1
Lih Teh	229	1	229	1
Lih Chiou	229	1	229	1
X-Cel Relationship Management	114	-	114	1
Fusion	114	-	114	1
Up Master	114	-	114	1
Quality Master	114	-	114	1
TR Thailand	-	-	554	3
Everrich	-	-	58	-
	<u>\$ 17,715</u>	<u>49</u>	<u>\$ 17,713</u>	<u>87</u>

Other Income

Other income from related parties for the years ended December 31, 2004 and 2003 is summarized below:

	2004		2003	
	Amount	%	Amount	%
B&Q	\$ 59,802	58	\$ 60,809	69
Hola	15,351	15	7,676	9
NACC	9,931	10	-	-
Homy	2,052	2	741	1
Everrich	-	-	881	1
CENDYNE	-	-	449	1
Others	689	-	700	-
	<u>\$ 87,825</u>	<u>85</u>	<u>\$ 71,256</u>	<u>81</u>

Selling, General and Administrative Expenses - Commission Expenses

Commission expenses to related parties for the years ended December 31, 2004 and 2003 are summarized below:

	2004		2003	
	Amount	%	Amount	%
NACC	\$ 57,397	17	\$ -	-
TR Australia	47,439	14	27,186	10
TR PC	36,599	11	87,224	33
TR Mexico	21,993	6	22,681	9
Landia	10,977	32	-	-
TR France	-	-	6,395	2
Others	-	-	277	-
	<u>\$ 174,405</u>	<u>80</u>	<u>\$ 143,763</u>	<u>54</u>

Commission expenses to related parties are based on gross profit while commission expenses to non-related parties are based on selling prices.

Selling, General and Administrative Expenses - Export Expenses

Export expenses to related parties for the years ended December 31, 2004 and 2003 are summarized below:

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TR HK	\$ 139,747	53	\$ 76,104	60
TR Fortune Consultant	93,569	36	-	-
TR Singapore	-	-	1,069	1
Others	<u>2,347</u>	<u>1</u>	<u>130</u>	<u>-</u>
	<u>\$ 235,663</u>	<u>90</u>	<u>\$ 77,303</u>	<u>61</u>

Export expenses to related parties are paid to foreign TR to inspect and test export goods.

Selling, General and Administrative Expenses - Rental Expenses

Rental expenses to related parties for the years ended December 31, 2004 and 2003 are summarized below:

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Lih Teh Warehouse	\$ 7,698	17	\$ 7,136	18
UP Master	7,430	16	1,722	4
X- Cel Relationship Management	1,650	4	375	1
Others	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>4</u>
	<u>\$ 16,778</u>	<u>37</u>	<u>\$ 10,733</u>	<u>27</u>

Rental expenses to related parties are according to market price and the rental expenses are paid monthly.

Selling, General and Administrative Expense - Advertising Expenses

Advertisement expenses to related parties for the years ended December 31, 2004 and 2003 are summarized below:

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
B&Q	\$ 33,666	34	\$ 47,110	45
Others	<u>28</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 33,694</u>	<u>34</u>	<u>\$ 47,110</u>	<u>45</u>

Due from Related Parties

Due from related parties as of December 31, 2004 and 2003 are summarized below:

	2004		2003	
	Amount	%	Amount	%
Notes receivable				
Homy	\$ 8,698	45	\$ 1,378	31
B&S Link	2,171	12	-	-
U2 Industry Design	-	-	260	6
Others	28	-	-	-
	<u>\$ 10,897</u>	<u>57</u>	<u>\$ 1,638</u>	<u>37</u>
Accounts receivable				
TR PC	\$ 687,240	27	\$ 661,106	29
MDI	333,753	13	408,723	18
NACC	145,211	6	7,873	-
CENDYNE	128,973	5	177,003	8
B&Q	118,453	5	135,852	6
TR CZ	86,450	3	81,855	4
TR HU	57,951	2	31,565	1
TR ROU	45,069	2	16,806	1
TR RUS	42,515	1	-	-
Others	71,135	3	22,013	-
	<u>\$1,716,750</u>	<u>67</u>	<u>\$1,542,796</u>	<u>67</u>
Advances for related parties				
TR PC	\$ 15,782	28	\$ 6,459	12
Lih Teh	13,643	25	-	-
NACC	9,931	18	-	-
TR Singapore	6,317	12	6,404	12
TR Retailing	4,008	7	3,080	6
Hola	2,674	5	205	-
B&S Link	1,240	2	493	1
TR Thailand	685	1	3,056	6
TR Development	680	1	680	1
MDI	151	-	215	1
TR HK	146	-	10,736	21
B&Q	28	-	10,135	19
TR Mexico	16	-	212	1
Chung Cin Enterprise	1	-	10,717	20
Others	610	1	437	-
		10		10
	<u>\$ 55,912</u>	<u>0</u>	<u>\$ 52,829</u>	<u>0</u>
Service fees receivable				
B&Q	\$ 13,950	94	\$ -	-
Homy	299	2	345	24
Tong Ying Construction	16	-	18	1
Hola	-	-	1,100	75
Others	527	4	-	-
		10		10
	<u>\$ 14,792</u>	<u>0</u>	<u>\$ 1,463</u>	<u>0</u>
Commission receivable				

	<u>2004</u>		<u>2003</u>	
	Amount	%	Amount	%
MDI	\$ 3,012	10	\$ 3,146	7
Due to Related Parties				

Due to related parties as of December 31, 2004 and 2003 are summarize below:

	<u>2004</u>		<u>2003</u>	
	Amount	%	Amount	%
Accrued commission expenses				
NACC	\$ 19,025	28	\$ -	-
TR Mexico	6,099	9	1,344	4
TR PC	4,107	6	12,349	38
TR Australia	2,822	4	2,015	6
TR Development	37	-	778	2
TR France	-	-	687	2
Others	207	-	-	-
	<u>\$ 32,297</u>	<u>47</u>	<u>\$ 17,173</u>	<u>52</u>
Accrued export expenses				
TR Fortune Consultant	\$ 8,329	59	\$ -	-
TR HK	5,000	36	6,838	70
TR Singapore	41	-	353	4
TR Thailand	-	-	22	-
	<u>\$ 13,370</u>	<u>95</u>	<u>\$ 7,213</u>	<u>74</u>
Accrued advertisement expenses				
B&Q	<u>\$ 20,572</u>	<u>54</u>	<u>\$ 15,692</u>	<u>39</u>
Deposits received				
B&Q	\$ 51,804	69	\$ 51,804	70
Hola	14,540	19	14,200	19
Homy	1,540	2	1,525	2
B&S Link	713	1	713	1
Chung Cin Enterprise	600	1	600	1
U2 Industry Design	520	1	520	1
Others	-	-	57	-
	<u>\$ 69,717</u>	<u>93</u>	<u>\$ 69,419</u>	<u>94</u>

Stock Transaction

See Note 8.

Property Transactions

See Note 9.

Payment of Credit Guarantees

See Note 31.

As of December 31, 2004, long-term debt of \$900,000 thousand was guaranteed by Tony Ho and Judy Lee.

30. PLEDGED ASSETS

Assets pledged for various purposes as of December 31, 2004 and 2003 are summarized as follows:

	2004	2003
Land	<u>\$267,519</u>	<u>\$267,519</u>

31. COMMITMENTS AND CONTINGENCIES

Letter of Credit

Outstanding letters of credit not reflected in the accompanying financial statement as of December 31, 2004 and 2003 are as follows:

	2004	2003
U.S. dollars	\$2,335	\$ 887
EUR	-	66

Endorsements and Guarantees

Outstanding endorsements and guarantees in standby letters of credit (L/C) and corporate guarantees as of December 31, 2004 and 2003 are as follows:

Standby L/Cs

	2004	2003
TR PC	US\$11,200	US\$ 1,900

Corporate Guarantees

	2004	2003
MDI	US\$ 6,000	US\$ 6,000
TR PC	US\$ 4,000	US\$ 11,200
TR Development	US\$ 3,000	US\$ -
Compass Home	US\$ 3,000	US\$ -
Lih Chiou	NT\$ 95,000	NT\$200,000
TR Singapore	US\$ 2,459	US\$ 1,698
TR Thailand	US\$ 1,299	US\$ 1,289
Hola Shanghai Consultant	US\$ 1,263	US\$ -
TR Trading and TR Retailing	US\$ 1,250	US\$ -
TR Germany/import	US\$ 1,000	US\$ 2,000
TR HK	US\$ 900	US\$ 2,000
U2 Industry Design	NT\$ 5,000	NT\$ 4,000
Northcote	AUD -	AUD 282

Litigation

On July 29, 2003, the Company filed a complaint against CENDYNE (the Company indirectly holds a 50% ownership interest) and its key officers [including Edward Meadows, Dean Vahdati and Mohammad Vahdati (collectively, the "Individual Defendants")] and an ex-parte application for writ of attachment against the assets of CENDYNE, with the Superior Court of Orange County, California, USA (the "Court") on grounds that during 2002, when the Company invested in CENDYNE's stock, CENDYNE's officers made false statements to the Company, concealed information, concerning CENDYNE's liabilities and CENDYNE's losses derived from certain "Price Protection Obligation to Retailers" and "Mail-in Rebates to Consumers" in 2003, and the Company demanded for damages for at least US\$22,700 thousand as a result of its reliance on defendants' false statements and concealment. The Company's counsel in the United States petitioned the Court for appointment of a Receiver to take control of CENDYNE and liquidate and distribute its assets to creditors. The lawsuit is pending in the court and the possible outcome of this case cannot be estimated at this time, but the Company already recognized investment loss and bad debt amounted to \$156,530 thousand and \$449,956 thousand, respectively, reported as equity in net loss of affiliates and operating expenses.

As of the date hereof, pursuant to an agreement dated September 23, 2004, the Company settled its claims against the Individual Defendants. The Individual Defendants agreed to make a US\$30 thousand payment to the Company and the parties gave each other mutual general releases from all other matters. The receivership of CENDYNE is still pending before the Court, and a resolution of the receivership and payment to the Company in respect of its claim against the receivership estate is expected sometime in 2005. The receiver has stipulated in writing CENDYNE's assets. As part of the settlement between the Company and the Individual Defendants, the Individual Defendants agreed to disclaim any interest in the receivership estate of CENDYNE.

During the trial, Edward Meadows (the former Board of Director of CENDYNE) filed a Cross-Complaint in the same lawsuit of the Company, Judy Lee and Tony Ho and alleged that the Company failed to provide the required discounts, failed to ship product, miscalculated rebate liabilities and did other things that demand for damages for at least US\$24,450 thousand. On Wednesday, October 1, 2003, a Demurrer was filed on behalf of the Company, which requests that the court dismiss the Cross-Complaint on the grounds that Cross-Complainants had no standing to file such an action in light of the fact that a Receiver had been appointed to handle CENDYNE's business and legal affairs and other reasons.

On or about December 11, 2003, the Court ruled that the Company prevailed on its Demurrer to the Cross-Complaint, but granted the cross-complainants 45 days leave to amend. On or about January 21, 2004, Edward Meadows filed his First Amended Cross-Complaint against the same parties and for the same relief. On or about April 29, 2004, the Court sustained the Company's Demurrer to the First Amended Cross - Complaint without leave to amend. Therefore, the cross claims of the cross - complainant no longer exist in this lawsuit, subject to the right, if any, of cross - complainant to appeal.

32. OTHERS

According to Statement of Financial Accounting Standards ("SFAS") No. 27, "Disclosure of Financial Instruments," derivative financial instruments of the Company as of December 31, 2004 are summarized as follows:

Nominal Amount and Credit Risk

The forward exchange contract as of December 31, 2004 and 2003 are summarized below:

Financial Instruments	Type	2004		2003	
		Nominal Amount	Credit Risk	Nominal Amount	Credit Risk
Non-trading purpose Forward exchange	Sale	USD 49,000	-	USD 122,000	-
Trading purpose Forward exchange	Sale	USD 4,500	-	-	-
	Buy	EUR 5,000	-	-	-

The option contracts as of December 31, 2004 and 2003 are summarized below:

	Contract Amount	Call Option	Put Option	2004		Credit Risk
				Exchange Rate	Maturity Day	
Sell option contract Trading purpose Option	EUR 3,000	EUR	USD	1.38~1.39	2005.02.02~ 2005.03.01	-
	EUR 4,000	USD	EUR	1.18~1.30	2005.01.14~ 2005.04.25	-
	USD 6,000	JPY	USD	100.40~102.00	2005.01.25~ 2005.03.29	-
	USD 12,000	USD	NTD	32.60~34.14	2005.02.22~ 2005.02.23	-
Non-trading purpose Option	USD 36,000	NTD	USD	30.20	2005.02.02~ 2006.01.03	-
Cross currency swap	USD 47,000	NTD	USD	32.449~32.976	2005.02.22~ 2005.10.13	-
Interest rate swap	NTD 200,000	-	-	4.00	2006.06.02	-
	NTD 220,000	NTD	JPY	Floating	2006.02.04	-
	NTD 220,000	NTD	USD	Floating	2005.02.27	-
	NTD 220,000	NTD	USD	Floating	2006.02.04	-
	Contract Amount	Call Option	Put Option	2003		Credit Risk
Sell option contract Trading purpose Option	USD 9,500	JPY	USD	105~112.2	2004.06.10~ 2004.09.27	-
	JPY 474,000	JPY	NTD	0.309	2004.01.28~ 2004.04.16	-
	EUR 10,000	USD	EUR	1.0355~1.25	2004.03.03~ 2004.07.16	-
Non-trading purpose Option	USD 65,000	USD	NTD	33.436~33.976	2004.01.06~ 2004.07.06	-
Purchase option contract Non-trading purpose Option	USD 65,000	USD	NTD	33.436~33.976	2004.01.06~ 2004.07.06	-
Interest rate swap	NTD 270,000	-	-	4.65	2004.06.25	-
	NTD 220,000	NTD	JPY	Floating	2006.02.04	-
	NTD 220,000	NTD	USD	Floating	2004.02.25	-
	NTD 220,000	NTD	JPY	Floating	2006.02.04	-

The Company will suffer losses if the counterparties default. However, the Company's credit risk is insignificant on the basis of the reputable banks as counterparties.

Market Risk

For a derivative designated as hedging instruments, the gain or loss derived from the fluctuation of interest rate or exchange rate is to be offset by the loss or gain on the hedged item attributable to the risk being hedged and thus, the market risk is insignificant.

Liquidity Risk and Cash Flow Risk

The Company has the ability to meet its financial obligations under the derivative contracts and thus, liquidity risks virtually do not exist.

Foreign exchange rates embedded in the derivative contracts are fixed at the inception and thus, cash flow risks are insignificant.

Reporting of Derivative Instruments in the Financial Statements

As of December 31, 2004 and 2003, the receivable and payable derived from foreign exchange contracts are summarized below:

	2004	2003
Forward contract receivable	\$ 7,782,974	\$ 7,161,309
Less forward contract payable	<u>(7,696,557)</u>	<u>(7,134,388)</u>
Receivable on forward contracts, net	<u>\$ 86,417</u>	<u>\$ 26,921</u>

Foreign exchange gain of the Company from derivative financial instruments for the year ended December 31, 2004 was \$263,878 thousand and was reported as non-operating income - exchange gains.

Fair Value of Financial Instruments

The fair value of non-derivative financial instruments as of December 31, 2004 and 2003 is summarized as follows:

	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash and cash equivalents	\$ 546,989	\$ 546,989	\$ 993,113	\$ 993,113
Notes receivable	8,288	8,288	2,857	2,857
Notes receivable, affiliates	10,897	10,897	1,638	1,638
Accounts receivable	832,947	832,947	764,837	764,837
Accounts receivable, affiliates	1,716,750	1,716,750	1,542,796	1,542,796
Other receivable	230,062	230,062	324,349	324,349
Other current financial assets	86,634	86,634	27,138	27,138
Long-term equity investments	3,765,373	3,929,235	3,188,436	3,363,437
Other financial assets	68,943	68,943	68,208	68,208

	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities				
Short-term bank borrowings	\$ 230,000	\$ 230,000	\$ -	\$ -
Short-term obligations	20,000	20,000	-	-
Notes payable	-	-	42	42
Accounts payable	754,214	754,214	870,833	870,833
Income tax payable	173,359	173,359	20,756	20,756
Other payable	434,770	434,770	364,141	364,141
Current portion of long-term liabilities	70,833	70,833	301,135	301,135
Other current financial liabilities	4,879	4,879	16,477	16,477
Long-term liabilities	1,823,949	1,823,949	2,355,665	2,355,665
Other financial debt	74,789	74,789	74,179	74,179

The fair value of derivative financial instruments as of December 31, 2004 and 2003 is summarized as follows:

	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Unsettled option transaction	\$ (23,810)	\$ (23,810)	\$ -	\$ (30,254)
Buy forward exchange asset	7,782,974	7,782,974	7,161,309	7,161,309
Sell forward exchange liability	(7,696,557)	(7,696,557)	(7,134,388)	(7,134,388)

Approaches and assumptions employed in assessing the fair value of financial instruments are summarized as follows:

- (a) Financial instruments classified as current assets and liabilities, cash and cash equivalents, notes receivable, notes receivable, affiliates, accounts receivable, accounts receivable, affiliates, short-term bank borrowings, short-term obligations, notes payable, accounts payable, and other financial instruments etc., whose maturity dates are short-term recognize carrying value as fair value.
- (b) Short-term investments and long-term equity investments, for which market prices exist, are valued at market prices. Otherwise, available financial or other useful information is employed to compute fair value.
- (c) Long-term debt is stated at discount value.
- (d) Refundable deposits and advance deposits from customers, is stated at discount value.
- (e) The fair value of derivative financial instruments is the amounts which the Company expects to receive or pay if the Company stops the contracts according to the agreement at the balance sheet date. Generally, the amounts included unrealized gain or loss on outstanding contracts and most of them have reference value from financial organizations.

33. OPERATING LEASE

Lease object: The land of warehouse center in Ne-Whu.

Lease period: From October 16, 1998 to October 15, 2018.

Limitation: None

List of rent expense that should be paid each year in the future as of December 31, 2004:

Period	Amount
2005	\$ 61,043
2006	62,874
2007	64,760
2008	66,703
2009	<u>68,704</u>
	<u>\$ 324,084</u>

List of rent expense and its present value for each 5 years after 2009 as of December 31, 2004:

Period	Amount	Present Value
2010~2014	\$ 375,703	\$ 293,063
2015~2018	<u>324,374</u>	<u>216,704</u>
	<u>\$ 700,077</u>	<u>\$ 509,767</u>

34. FOREIGN SALES AND MAJOR CUSTOMERS

Foreign sales for the years ended December 31, 2004 and 2003 are summarized as follows:

	2004	2003
America	\$ 10,690,414	\$ 10,344,386
Europe	3,429,916	2,352,390
Other	<u>1,872,763</u>	<u>1,540,591</u>
	<u>\$ 15,993,093</u>	<u>\$ 14,237,367</u>

Sales to individual customers which accounted for more than 10% of total revenue for the years ended December 31, 2004 and 2003 are summarized as follows:

	2004		2003	
	Amount	Percentage of Sales Revenue	Amount	Percentage of Sales Revenue
Customer A	\$ 2,149,992	12%	\$ 1,915,604	12%
Customer B	1,913,928	11%	1,548,119	10%

35. RECLASSIFICATIONS

Certain accounts in the 2003 financial statements have been reclassified to conform to the 2004 method of presentation.