Test-Rite International Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Test-Rite International Co., Ltd. and its subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013 (all expressed in thousands of New Taiwan dollars). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Test-Rite International Co., Ltd. as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

March 25, 2015

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 independent auditors' report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under accounting principles and practices generally applied in the Republic of China were not translated into English.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,316,128	9	$ 2,418,439	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,053,554	4	351,967	1
Debt investments with no active market - current (Notes 4 and 9)	158,668	1	166,123	1
Notes receivable (Notes 4 and 10)	78,835	-	5,176	-
Trade receivables (Notes 4 and 10)	3,031,812	12	2,754,264	12
Other receivables	411,106	2	455,619	2
Inventories (Notes 4 and 11)	5,696,015	23	5,154,266	22
Prepayments	385,433	2	563,633	2
Other current financial assets	1,707	-	262	-
Other current assets	60,925	-	141,552	1
Total current assets	13,194,183	53	12,011,301	51
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 8)	71,085	-	71,823	-
Debt investments with no active market - non-current (Notes 4 and 9)	50,000	-	50,000	-
Property, plant and equipment (Notes 4 and 12)	6,048,084	24	6,208,064	27
Goodwill (Notes 4 and 13)	2,231,278	9	2,205,300	9
Other intangible assets (Notes 4 and 14)	241,740	1	214,036	1
Deferred tax assets (Notes 4 and 23)	1,182,045	5	1,089,192	5
Refundable deposits paid	974,859	4	933,648	4
Prepayments for investment (Note 28)	44,404	-	-	-
Other non-current assets	883,268	4	588,874	3
Total non-current assets	11,726,763	47	11,360,937	49
TOTAL	$ 24,920,946	100	$ 23,372,238	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 2,749,782	11	$ 2,256,663	10
Short-term bills payable (Note 15)	79,957	-	9,997	-
Notes payable	35,216	-	101,403	-
Trade payables	5,860,687	23	5,365,575	23
Other payables (Notes 4 and 17)	1,382,290	6	1,831,223	8
Current tax liabilities (Note 4)	87,247	-	105,401	-
Advance receipts	464,746	2	603,381	3
Current portion of long-term borrowings (Note 15)	500,000	2	300,000	1
Other current liabilities	207,748	1	230,843	1
Total current liabilities	11,367,673	45	10,804,486	46
LONG-TERM LIABILITIES				
Long-term borrowings (Note 15)	5,662,504	23	5,227,615	23
NON-CURRENT LIABILITIES				
Accrued pension liabilities (Notes 4 and 20)	125,072	1	123,385	-
Refundable deposits received	225,464	1	197,999	1
Deferred credit (Note 12)	100,000	-	150,000	1
Other non-current liabilities	79,258	-	75,593	-
Total non-current liabilities	529,794	2	546,977	2
Total liabilities	17,559,971	70	16,579,078	71
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Common stock (Notes 4 and 19)	5,139,555	21	5,219,555	22
Capital surplus (Notes 4 and 19)	678,829	3	694,476	3
Retain earnings (Notes 4 and 19)				
Legal reserve	929,953	4	874,164	4
Special reserve	148,098	-	148,098	1
Unappropriated earnings	655,376	3	557,887	2
Total retain earnings	1,733,427	7	1,580,149	7
Other equity (Notes 4 and 19)	29,813	-	(2,390)	-
Treasury shares (Notes 4 and 20)	(248,171)	(1)	(729,124)	(3)
Total equity attributable to owners of the Company	7,333,453	30	6,762,666	29
NON-CONTROLLING INTERESTS (Note 4)	27,522	-	30,494	-
Total equity	7,360,975	30	6,793,160	29
TOTAL	$ 24,920,946	100	$ 23,372,238	100

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 4)	$ 35,946,241	100	$ 35,203,864	100
OPERATING COSTS (Note 11)	25,114,215	70	24,593,530	70
GROSS PROFIT	10,832,026	30	10,610,334	30
OPERATING EXPENSES	9,850,124	27	9,833,596	28
PROFIT FROM OPERATIONS	981,902	3	776,738	2
NON-OPERATING INCOME AND EXPENSES				
Interest income	17,992	-	19,754	-
Other income	172,754	-	211,972	1
Gain on sale of investments, net	14,472	-	9,950	-
Foreign exchange gains	-	-	1,553	-
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	317,254	1	34,036	-
Interest expense	(188,093)	(1)	(152,665)	-
Other expense	(179,914)	-	(160,778)	(1)
Loss on disposal of property, plant and equipment	(5,038)	-	(7,838)	-
Foreign exchange losses	(248,185)	(1)	-	-
Total non-operating income and expenses	(98,758)	(1)	(44,016)	-
PROFIT BEFORE INCOME TAX	883,144	2	732,722	2
INCOME TAX EXPENSE (Notes 4 and 21)	(167,977)	-	(92,108)	-
NET PROFIT FOR THE YEAR	715,167	2	640,614	2
OTHER COMPREHENSIVE INCOME AND LOSSES				
Exchange differences on translating foreign operations	31,036	-	27,038	-
Actuarial gain and loss arising from defined benefit plans	6,287	-	2,694	-
Other comprehensive income for the year	37,323	-	29,732	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 752,490	2	$ 670,346	2

(Continued)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 705,731	2	$ 635,139	2
Non-controlling interests	9,436	-	5,475	-
	$ 715,167	2	$ 640,614	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 744,221	2	$ 658,927	2
Non-controlling interests	8,269	-	11,419	-
	$ 752,490	2	$ 670,346	2
EARNINGS PER SHARE (Notes 4 and 22)				
Basic	$ 1.42		$ 1.30	$ -
Diluted	$ 1.42		$ 1.30	$ -

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Share Capital			Retained Earnings			Other Equity					
	Share (In Thousands of Shares)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2013	521,956	$ 5,219,555	$ 694,476	$ 805,210	$ -	$ 663,161	$ (23,509)	$ 25	$ (729,124)	$ 6,629,794	$ 19,075	$ 6,648,869
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	-	148,098	(148,098)	-	-	-	-	-	-
Appropriation of 2012 earnings												
Legal reserve	-	-	-	68,954	-	(68,954)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(526,055)	-	-	-	(526,055)	-	(526,055)
Net profit for the year ended December 31, 2013	-	-	-	-	-	635,139	-	-	-	635,139	5,475	640,614
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	-	2,694	21,094	-	-	23,788	5,944	29,732
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	637,833	21,094	-	-	658,927	11,419	670,346
BALANCE AT DECEMBER 31, 2013	521,956	5,219,555	694,476	874,164	148,098	557,887	(2,415)	25	(729,124)	6,762,666	30,494	6,793,160
Appropriation of 2013 earnings												
Legal reserve	-	-	-	55,789	-	(55,789)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(502,088)	-	-	-	(502,088)	-	(502,088)
Net profit for the year ended December 31, 2014	-	-	-	-	-	705,731	-	-	-	705,731	9,436	715,167
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	-	6,287	32,203	-	-	38,490	(1,167)	37,323
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	712,018	32,203	-	-	744,221	8,269	752,490
Treasury shares transferred to employees (Note 20)	-	-	17,344	-	-	-	-	-	313,665	331,009	-	331,009
Retirement of treasury shares (Notes 19 and 20)	(8,000)	(80,000)	(32,991)	-	-	(54,297)	-	-	167,288	-	-	-
Equity transactions with non-controlling interests (Note 24)	-	-	-	-	-	(2,355)	-	-	-	(2,355)	(11,241)	(13,596)
BALANCE AT DECEMBER 31, 2014	513,956	$ 5,139,555	$ 678,829	$ 929,953	$ 148,098	$ 655,376	$ 29,788	$ 25	$ (248,171)	$ 7,333,453	$ 27,522	$ 7,360,975

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 883,144	$ 732,722
Adjustments for:		
Depreciation expenses	644,286	668,398
Amortization expenses	165,887	143,140
(Reversal of) impairment loss recognized on trade receivables	(808)	4,501
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(317,254)	(34,036)
Interest expense	188,093	152,665
Interest income	(17,992)	(19,754)
Compensation cost of employee share options	8,250	-
Loss on disposal and impairment of property, plant and equipment	5,038	7,838
Gain on sale of investments	(2,115)	(9,950)
Unrealized net loss (gain) on foreign currency exchange	248,185	(1,553)
Amortization of unrealized gain on sale-leaseback	(50,000)	(50,000)
Changes in operating assets and liabilities		
Financial assets held for trading	81,141	(39,092)
Notes receivable	(73,659)	31
Trade receivables	(524,925)	(303,563)
Other receivables	44,715	(95,212)
Inventories	(541,749)	(313,375)
Prepayments	178,200	(42,611)
Other current assets	23,704	(50,212)
Other financial assets	(1,445)	337
Other operating assets	(231,855)	198,932
Notes payable	(66,187)	82,029
Trade payables	495,112	817,872
Other payables	(462,306)	(360,783)
Advance receipts	(138,635)	(692)
Other current liabilities	(23,095)	7,771
Other operating liabilities	11,639	(10,873)
Cash generated from operations	525,369	1,484,530
Interest received	17,790	23,636
Interest paid	(177,343)	(151,766)
Income tax paid	(190,271)	(114,397)
Net cash generated from operating activities	175,545	1,242,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(465,474)	-
Decrease (increase) in debt investments with no active market	7,455	(166,123)
Proceeds on sale of financial assets measured at cost	2,853	6,969
Proceeds from decreased capital stock of financial assets carried at cost - non-current	-	4,867
Increase in prepayments of investment	(44,404)	-

(Continued)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Net cash outflow on acquisition of subsidiaries (Note 23)	$ -	$ (8,053)
Payments for property, plant and equipment	(731,541)	(703,022)
Proceeds from disposal of property, plant and equipment	7,187	14,588
Increase in refundable deposits paid	(41,211)	(91,844)
Payments for intangible assets	(40,477)	(119,806)
Proceeds from disposal of intangible assets	-	21,673
Net cash used in investing activities	(1,305,612)	(1,040,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	493,119	492,534
Increase in short-term bills payable	69,960	9,997
Increase in long-term borrowings	3,510,564	2,496,413
Repayments of long-term borrowings	(2,875,675)	(2,181,995)
Increase in refundable deposits received	27,465	17,528
Dividends paid to owners of the Company	(502,088)	(526,055)
Proceeds from treasury stock transferred to employees	322,759	-
Payments for equity transactions with non-controlling interests	(13,596)	-
Net cash generated from financing activities	1,032,508	308,422
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(4,752)	27,038
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(102,311)	536,712
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,418,439	1,881,727
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,316,128	$ 2,418,439

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Information of Parent Company

Test-Rite International Co., Ltd. ("Test-Rite") was established in August 1978.

Test-Rite is engaged mainly in the import and export of hand tools, auto parts, machinery, furniture, and various home appliances. Test-Rite'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 Test-Rite's application for stock listing in the Taiwan Stock Exchange.

The consolidated financial statements are presented in Test-Rite's functional currency, New Taiwan dollars.

As of December 31, 2014 and 2013, Test-Rite and subsidiaries (collectively, the "Company") had 6,226 and 6,115 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors of Test-Rite on March 25, 2015.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Company considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

4) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

5) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Company will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and share of the actuarial gains and losses of subsidiaries accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of subsidiaries accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

6) Amendments to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

7) Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

8) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting” were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version in 2015 is expected to have material effect on the consolidated balance sheet as of January 1, 2014. In preparing the consolidated financial statements for the year ended December 31, 2015, the Group would present the consolidated balance sheet as of January 1, 2014 in accordance of the above amendments to IAS 1 and disclose related information in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, but not required to make disclosures about the line items of the balance sheet as of January 1, 2014.

9) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

In accordance with the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, for financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

Share of the actuarial gains and losses of subsidiaries accounted for using the equity method.

b. New IFRSs in issue but not yet endorsed by the FSC

The Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

<u>Recognition and measurement of financial assets</u>

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Company's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Company presents all gains or losses on that liability in profit or loss.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments" were amended in this annual improvement.

The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Company.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Company. Consequently, the Company is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 "Investment Property", were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

5) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 "Intangible Assets" requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

7) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the entity's share of the gain or loss is eliminated.

8) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

9) Amendment to IAS 1 "Disclosure Initiative"

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

Except for the above impact, as of the date the consolidated financial statements were approved, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of Test-Rite and entities controlled by Test-Rite (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Company.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

b. Subsidiary included in consolidated financial statements

Investor	Subsidiaries	Main Businesses	% of Ownership December 31		Remark
			2014	2013	
Test-Rite International Co., Ltd.	Fortune Miles Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Star Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Investment (B.V.I.) Co., Ltd.	Investment in various industries	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Retailing Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Trading Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	TRS Investment Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Pte. Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Product (Hong Kong) Ltd.	Importation and exportation	100.00	100.00	

(Continued)

Investor	Subsidiaries	Main Businesses	% of Ownership December 31 2014	% of Ownership December 31 2013	Remark
Test-Rite International Co., Ltd.	Test-Rite Int'l (Australia) Pty Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Canada Co., Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite (UK) Co., Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Development Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Upmaster Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd. and Upmaster Co., Ltd.	Test-Rite Int'l (U.S.) Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Vietnam Co., Ltd.	Importation and exportation	95.00	95.00	
Test-Rite International Co., Ltd.	Test-Rite Int'l (Thailand) Ltd.	Importation and exportation	48.99	48.99	
Test-Rite International Co., Ltd.	Lih Chiou Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Lih Teh International Co., Ltd.	Logistics services	100.00	100.00	
Test-Rite International Co., Ltd.	Pro-quality Service Co., Ltd. (original B&S Link Co., Ltd.)	Management system verification and notarization service	100.00	100.00	Note 6
Test-Rite International Co., Ltd.	Fusion International Distribution, Inc.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Chung Cin Enterprise Co., Ltd.	Authorized builder to build dwelling, rental and sale of building	100.00	100.00	
Test-Rite International Co., Ltd. and Lih Chiou Co., Ltd.	Test-Rite Retail Co., Ltd.	Sale of house decoration hardware and construction materials	100.00	100.00	
Test-Rite International Co., Ltd.	International Art Enterprise Co., Ltd.	Trading of leisure goods	100.00	100.00	Note 1
Lih Chiou Co., Ltd.	Hola Homefurnishings Co., Ltd.	Sales of furniture, bedclothes, kitchen equipment and fixtures	-	100.00	Note 3
Lih Chiou Co., Ltd.	Testrite Brand Agency Co., Ltd. (original Homy Homefurnishings Co., Ltd.)	Sales of furniture, bedclothes, kitchen equipment and fixtures	-	100.00	Notes 3 and 5
Lih Chiou Co., Ltd.	Test Rite C&B Co., Ltd. (original Freer. Inc.)	Sales of furniture, bedclothes, kitchen equipment and fixtures	-	100.00	Notes 2 and 3
Chung Cin Enterprise Co., Ltd.	Tony Construction Co., Ltd.	Build and civil engineering	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Test Cin M&E Engineering Co., Ltd.	Mechanical and electronic engineering	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Chung Cin Interior Design Construction Co., Ltd.	Interior design	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Viet Han Co., Ltd.	Importation and exportation	100.00	51.00	Note 4
Test-Rite Retail	Test-Rite Home Service Co., Ltd.	Interior design	100.00	100.00	
Test-Rite Retail	Hola Homefurnishings Co., Ltd.	Sales of furniture, bedclothes, kitchen equipment and fixtures	100.00	-	Note 3
Test-Rite Retail	Testrite Brand Agency Co., Ltd. (original Hola Homefurnishings Co., Ltd.)	Sales of furniture, bedclothes, kitchen equipment and fixtures	100.00	-	Notes 3 and 5
Test-Rite Retail	Test Rite C&B Co., Ltd. (original Freer. Inc.)	Sales of furniture, bedclothes, kitchen equipment and fixtures	100.00	-	Notes 2 and 3

(Concluded)

Note 1: Acquired International Art Enterprise in January 2013.

Note 2: Freer. Inc. was renamed Test Rite C&B Co., Ltd in September 2014.

Note 3: Lih Chiou Co., Ltd. sold all interests in Hola Homefurnishings Co., Ltd., Homy Homefurnishings Co., Ltd. and Freer. Inc. which hold retailing brand to Test-Rite Retail in March 2014.

Note 4: Acquired 49% of interests in Viet Han in June 2014.

Note 5: Homy Homefurnishings Co., Ltd. was renamed Testrite Brand Agency Co., Ltd. in October 2014.

Note 6: B&S Link Co., Ltd. was renamed Pro-quality Service Co., Ltd. in October 2014 and main business was changed to management system verification and notarization service.

c. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Above subsidiary included in consolidated financial statements is based on the financial statements audited by the auditors.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by category, except where it may be appropriate to group similar or related categories. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded using the moving average method.

Real estate and construction in progress are stated at carrying cost or construction cost by construction project. Interest is capitalized during the construction period.

Constructions in progress and advance construction receipts related to the same construction should be netted. If the netted amount is a debit balance, then it should be recorded in construction in progress, whereas credit balance should be recorded in advance construction receipts.

Property, Plant and Equipment

Property, plant and equipment are stated at cost (including costs calculated at the date an item of property, plant and equipment is purchased for future dismantling and transportation of the asset as well as the cost of restoring the area to its original condition), less recognized accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss, on the same basis as intangible assets that are acquired separately.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

   1) Measurement category

      Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

      a) Financial assets at fair value through profit or loss

         Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

         Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

c) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

d) Financial assets measured at cost

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured is subsequently measured at cost less any identified impairment loss at the end of each reporting period.

2) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the aging of receivables, historical experience of the counterparties and an analysis of their current financial position for estimating irrecoverable amounts.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

1) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Company; and

5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers, under the Company’s award scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value, the amount for which the award credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the award credits are redeemed and the Company’s obligations have been fulfilled.

b. Rendering of services

Service is recognized when services are provided.

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

c. Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Company as lessor

   Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Company as lessee

   Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

   According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated Impairment of Trade Receivables

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2014 and 2013, the carrying amounts of trade receivables were $3,031,812 thousand and $2,754,264 thousand (deducted by allowances for doubtful debts of $40,770 thousand and $44,755 thousand, respectively).

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	$ 50,706	$ 55,850
Checking accounts and demand deposits	2,234,461	2,241,054
Cash equivalents	30,961	121,535
	$ 2,316,128	$ 2,418,439

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The time deposits with original maturity more than 3 months were $158,668 thousand and $166,123 thousand, respectively, as of December 31, 2014 and 2013 and reclassified to debt investments with no active market (Notes 9 and 30).

The time certificates of deposit of the Company, pledged as collaterals for purchases of raw materials and collaterals for warranties of construction and reclassified to refundable deposits paid were as follows:

	December 31	
	2014	**2013**
Time deposits	$ 162,399	$ 114,169

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	**2013**
Financial assets held for trading - current		
Derivative financial assets		
Foreign exchange forward contracts	$ 308,883	$ 2,348
Non-derivative financial assets		
Equity securities listed in open market	110,943	92,464
Mutual funds	9,534	101,496
Corporate bonds	64,923	61,862
Financial products	559,271	93,797
	$ 1,053,554	$ 351,967

Outstanding forward exchange contracts as of balance sheet dates were as follows:

	Currency	**Maturity Period**	**Contract Amount (In Thousands)**
December 31, 2014			
Forward exchange contracts - sell	US$/NT$	2015.01.05-2015.03.30	US$180,000/NT$5,709,240
Forward exchange contracts - buy	US$/NT$	2015.01.05-2015.12.28	US$234,000/NT$7,422,012
Forward exchange contracts - sell	EUR/US$	2015.01.30	EUR100/US$122
December 31, 2013			
Forward exchange contracts - sell	US$/NT$	2014.01.02-2014.01.15	US$10,000/NT$299,500
Forward exchange contracts - buy	US$/NT$	2014.01.07-2014.06.18	US$23,000/NT$688,850
Forward exchange contracts - sell	EUR/US$	2014.01.29	EUR100/US$137

The Company entered into derivative contracts to manage exposures to exchange rate fluctuations of foreign-currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2014	2013
Domestic investments		
Domestic unlisted common shares	$ 42,120	$ 43,902
Foreign investments		
Overseas unlisted common shares	28,965	27,921
	$ 71,085	$ 71,823
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 71,085	$ 71,823

Management believed that the above unlisted equity investments held by the Company, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2014	2013
Current		
Time deposits with original maturity more than 3 months (Note 6)	$ 158,668	$ 166,123
Non-current		
Subordinated bond of Ta Chong Bank	$ 50,000	$ 50,000

As of December 31, 2014 and 2013, debt investments with no active market-current of $149,654 thousand and $100,932 thousand were pledged as collaterals for borrowings (see Note 30).

10. NOTES AND TRADE RECEIVABLES

	December 31	
	2014	2013
Non-related parties		
Notes receivable	$ 78,835	$ 5,176
Less allowance for doubtful accounts	-	-
	78,835	5,176
Trade receivables	3,072,582	2,799,019
Less allowance for doubtful accounts	(40,770)	(44,755)
	3,031,812	2,754,264
	$ 3,110,647	$ 2,759,440

The average credit period of sales of goods was 90 days. In determining the collectibility of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss is recognized based on estimated uncollectible amounts determined by reference to the aging of receivables, historical experience of the counterparties and an analysis of their current financial position.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2014	2013
Less than 30 days	$ 279	$ 4,610
31-60 days	706	1,604
More than 61 days	556	33,714
	$ 1,541	$ 39,928

The above aging schedule was based on the past due date.

Movements in the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 4,684	$ 35,554	$ 40.238
Add: Impairment losses recognized on receivables	-	4,501	4,501
Foreign exchange translation gains and losses	-	16	16
Balance at December 31, 2013	$ 4,684	$ 40,071	$ 44,755
Balance at January 1, 2014	$ 4,684	$ 40,071	$ 44,755
Add: Impairment loss (reversal) recognized on receivables	(4,059)	3,251	(808)
Less: Amounts turned to overdue receivables	-	(3,111)	(3,111)
Foreign exchange translation gains and losses	-	(66)	(66)
Balance at December 31, 2014	$ 625	$ 40,145	$ 40,770

The trade receivables factoring are summarized as follows:

(Unit: US$ in Dollars; NT$ in Thousands)

Counterparties	Balance at Beginning of Year	Factoring During the Year	Amounts Collected During the Year	Balance at End of Year (Note 1)	Balance at End of Year of Advances Received	Interest Rates on Advances Received (%)	Retention for Factoring	Credit Line	Collateral
2014									
Taishin International Bank	$ -	$ 40,435 (Note 1)	$ -	$ 40,435 (Note 1)	$ -	-	$ -	US$3,800,000	-
2013									
E.SUN Bank	$ -	$ 617 (Note 2)	$ 617 (Note 2)	$ -	$ -	-	$ -	US$ 500,000	-

International Art Enterprise concluded an accounts receivable factoring agreement with Taishin International Bank. The agreement declared that the bank has no right of further recourse against International Art Enterprise. According to the agreement, International Art Enterprise only has to be responsible for loss that resulted from business disputes.

Test-Rite concluded an accounts receivable factoring agreement with E.Sun Bank. The agreement declared that the bank has no right of further recourse against Test-Rite. According to the agreement, the bank should pay 90% of the proceeds to Test-Rite at the time of sale. Test-Rite only has to be responsible for loss that resulted from business disputes.

Note 1: US$1,274,819.
Note 2: US$20,602.

The above credit lines may be used on a revolving basis.

11. INVENTORIES

	December 31	
	2014	2013
Merchandise - retail	$ 3,910,286	$ 3,505,834
Merchandise - trade	1,580,687	1,326,870
Construction in progress	205,042	321,562
	$ 5,696,015	$ 5,154,266

The cost of inventories recognized as cost of sales for the years ended December 31, 2014 and 2013 was $22,907,938 thousand and $22,369,054 thousand, respectively.

The operating cost includes reversal of inventory devaluation in the amount of $576 thousand and loss on physical inventory count in the amount of $54,508 thousand for the year ended December 31, 2014; the operating cost includes inventory devaluation in the amount of $16,975 thousand and loss on physical inventory count in the amount of $53,500 thousand for the year ended December 31, 2013. Previous write-downs were reversed as a result of recovery of inventory devaluation.

Merchandise - retail is the inventories of TR Retailing, Test-Rite Retail, Test-Rite Home Service and Chung Cin Enterprise.

Merchandise - trade is the inventories of Test-Rite, TR Trading, TR Canada, TR Development, Test-Rite Int’l (U.S.) and Test Cin M&E Engineering.

Construction in progress is the inventories of Chung Cin Enterprise, Tony Construction, Test Cin M&E Engineering, Chung Cin Interior Design Construction.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2014	2013
Land	$ 545,512	$ 545,512
Buildings and improvements	1,966,467	2,215,134
Machinery and equipment	29,542	6,048
Transportation equipment	19,640	24,879
Furniture, fixtures and office equipment	188,630	214,169
Leasehold improvements	3,021,347	2,915,564
Molds and tools	5,577	4,520
Other equipment	188,814	254,957
Prepayments for property, plant and equipment	82,555	27,281
	$ 6,048,084	$ 6,208,064

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Leasehold Improvements	Molds and Tools	Other Equipment	Prepayments for Property, Plant and Equipment	Total
Cost										
Balance at January 1, 2013	$ 527,853	$ 2,351,429	$ 70,472	$ 59,256	$ 799,711	$ 6,557,282	$ 11,931	$ 1,217,223	$ 100,948	$11,696,105
Additions	17,659	19,885	28,778	5,399	52,894	200,891	2,677	418	327,184	655,785
Disposals	-	-	(9,803)	(3,544)	(21,474)	(43,052)	-	(6,925)	(245)	(85,043)
Reclassified	-	560,286	(12,375)	(580)	23,568	164,425	(3,978)	2,622	(401,642)	(227,960)
Effect of foreign currency exchange differences	-	(3,257)	-	8,862	9,356	190,718	(152)	(446,101)	1,036	320,748
Balance at December 31, 2013	$ 545,512	$ 2,928,343	$ 77,072	$ 69,393	$ 864,055	$ 7,070,264	$ 10,478	$ 767,237	$ 27,281	$12,359,635
Accumulated depreciation and impairment										
Balance at January 1, 2013	$ -	$ 250,229	$ 43,789	$ 34,614	$ 588,462	$ 3,756,849	$ 5,811	$ 820,679	$ -	$ 5,500,433
Depreciation expense	-	83,707	69,918	8,513	79,726	405,612	4,105	16,817	-	668,398
Disposals	-	-	(15,006)	(3,177)	(31,627)	(25,151)	-	(6,860)	-	(81,821)
Reclassified	-	377,369	(27,677)	(580)	(148)	(14,383)	(3,978)	29	-	330,632
Effect of foreign currency exchange differences	-	1,904	-	5,144	13,473	31,773	20	(318,385)	-	(266,071)
Balance at December 31, 2013	$ -	$ 713,209	$ 71,024	$ 44,514	$ 649,886	$ 4,154,700	$ 5,958	$ 512,280	$ -	$ 6,151,571
Carrying amounts at December 31, 2013	$ 545,512	$ 2,215,134	$ 6,048	$ 24,879	$ 214,169	$ 2,915,564	$ 4,520	$ 254,957	$ 27,281	$ 6,208,064
Cost										
Balance at January 1, 2014	$ 545,512	$ 2,928,343	$ 77,072	$ 69,393	$ 864,055	$ 7,070,264	$ 10,478	$ 767,237	$ 27,281	$12,359,635
Additions	-	13,597	17,979	8,403	20,489	321,981	4,238	2,053	342,801	731,541
Disposals	-	-	(25,234)	(8,266)	(41,589)	(79,514)	-	(12,746)	-	(167,349)
Reclassified	-	(567,633)	8,307	(812)	(11,427)	144,658	(3,031)	(9,022)	(287,527)	(726,487)
Effect of foreign currency exchange differences	-	13,321	2,035	638	16,125	96,003	308	28,216	-	156,556
Balance at December 31, 2014	$ 545,512	$ 2,387,538	$ 80,159	$ 69,356	$ 847,653	$ 7,553,392	$ 11,993	$ 775,738	$ 82,555	$12,353,896
Accumulated depreciation and impairment										
Balance at January 1, 2014	$ -	$ 713,209	$ 71,024	$ 44,514	$ 649,886	$ 4,154,700	$ 5,958	$ 512,280	$ -	$ 6,151,571
Depreciation expense	-	110,398	21,686	11,034	54,000	387,569	3,476	56,123	-	644,286
Disposals	-	-	(20,443)	(5,257)	(39,367)	(77,665)	-	(12,392)	-	(155,124)
Reclassified	-	(411,086)	(23,500)	(812)	(11,140)	(28,119)	(3,031)	(8,441)	-	(486,129)
Effect of foreign currency exchange differences	-	8,550	1,850	237	5,644	95,560	13	39,354	-	151,208
Balance at December 31, 2014	$ -	$ 421,071	$ 50,617	$ 49,716	$ 659,023	$ 4,532,045	$ 6,416	$ 586,924	$ -	$ 6,305,812
Carrying amounts at December 31, 2014	$ 545,512	$ 1,966,467	$ 29,542	$ 19,640	$ 188,630	$ 3,021,347	$ 5,577	$ 188,814	$ 82,555	$ 6,048,084

The property, plant and equipment of the Company were depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Building and improvements	35-60 years
Machinery and equipment	2-20 years
Transportation equipment	3-5 years
Furniture, fixtures and office equipment	3-10 years
Leasehold improvements	3-20 years
Molds and tools	2-10 years
Other equipment	3-17 years

Test-Rite sold a real property and leased it back immediately in consideration of business strategies. Under IFRSs, if the sale price is fair value, the sale and leaseback should be recognized immediately to the profit or loss; sale price is higher than the fair value should be deferred and expect to be amortized over lease term. For the years ended December 31, 2014 and 2013, the amortization of unrealized gain was $50,000 thousand, which was treated as a reduction of rental cost. As of December 31, 2014 and 2013, the unrealized gain was $150,000 thousand and $200,000 thousand, respectively, which were recorded: The current portion of $50,000 thousand as other current liabilities and the noncurrent portion of $100,000 thousand and $150,000 thousand, respectively, as other liabilities - deferred credit.

13. GOODWILL

	For the Year Ended December 31 2014	2013
Balance at January 1	$ 2,205,300	$ 2,180,889
Additional amounts recognized from business combinations occurring during the year (Note 23)	-	53,799
Effect of foreign currency exchange differences	25,978	(29,388)
Balance at December 31	$ 2,231,278	$ 2,205,300

The carrying amount of goodwill was allocated to cash-generating units as follows:

	December 31 2014	2013
Retail	$ 2,117,869	$ 2,092,938
Trading	94,016	92,969
Others	19,393	19,393
	$ 2,231,278	$ 2,205,300

For the years ended December 31, 2014 and 2013, the Company evaluated the recoverable amounts of the above three cash-generating units, and no indication of impairment was found.

The calculation of value in use was based on expected future cash flows of financial budgets approved by management covering a five-year period and the growth rate used in preparing the budgets was based on the prediction of related industry.

14. OTHER INTANGIBLE ASSETS

	December 31 2014	2013
Computer software	$ 238,736	$ 214,036
Others	3,004	-
	$ 241,740	$ 214,036

	Computer Software	Others	Total
Cost			
Balance at January 1, 2013	$ 652,328	$ -	$ 652,328
Additions	119,806	-	119,806
Disposals	(21,673)	-	(21,673)
Classified	27,270	-	27,270
Balance at December 31, 2013	$ 777,731	$ -	$ 777,731

(Continued)

	Computer Software	Others	Total
Accumulated amortization and impairment			
Balance at January 1, 2013	$ 432,598	$ -	$ 432,598
Amortization expense	143,140	-	143,140
Classified	(12,043)	-	(12,043)
Balance at December 31, 2013	$ 563,695	$ -	$ 563,695
Carrying amounts at December 31, 2013	$ 214,036	$ -	$ 214,036
Cost			
Balance at January 1, 2014	$ 777,731	$ -	$ 777,731
Additions	37,434	3,043	40,477
Classified	142,115	13,507	155,622
Balance at December 31, 2014	$ 957,280	$ 16,550	$ 973,830
Accumulated amortization and impairment			
Balance at January 1, 2014	$ 563,695	$ -	$ 563,695
Amortization expense	163,300	2,587	165,887
Classified	-	2,548	2,548
Balance at December 31, 2014	$ 726,995	$ 5,135	$ 732,130
Carrying amounts at December 31, 2014	$ 230,285	$ 11,415	$ 241,700

(Concluded)

15. BORROWINGS

	December 31	
	2014	2013
Short-term borrowings	$ 2,749,782	$ 2,256,663
Short-term bills payable	$ 79,957	$ 9,997
Current portion of long-term borrowings	$ 500,000	$ 300,000
Long-term borrowings	$ 5,662,504	$ 5,227,615

a. Short-term borrowings as of December 31, 2014 and 2013 were as follows:

	December 31	
	2014	2013
Unsecured borrowings		
Line of credit borrowings	$ 2,749,782	$ 2,256,663

The range of weighted average effective interest rate on bank loans was 0.75%-5.65% and 0.88%-6.60% per annum as of December 31, 2014 and 2013, respectively.

b. Short-term bills payable

	December 31	
	2014	2013
Commercial paper	$ 80,000	$ 10,000
Less: Unamortized discount on bills payable	(43)	(3)
	$ 79,957	$ 9,997

c. Long-term borrowings

	December 31		
	2014		2013
	Interest Rate	Amount	Amount
First Commercial Bank's Syndicate Loan			
Unsecured loan from July 27, 2012 to June 24, 2016. The authorized credit line of $4,000 million. Interest is paid monthly, principal due on June 24, 2016.	0.9315%-0.9568%	$ 2,236,119	$ 898,500
Unsecured loan from June 24, 2011 to June 24, 2016. The authorized credit line of $2,000 million. Interest is paid monthly. The principal due in 7 semi-annual installments with first installment due on June 24, 2013.	1.6158%	1,500,000	1,800,000
Unsecured loan from September 24, 2013 to June 24, 2016. The authorized credit line of $4,000 million. Interest is paid monthly, principal due on June 24, 2016. In January 2014, the Company paid the principal in full in advance.	-	-	300,000
First Commercial Bank and Taiwan Business Bank's Syndicate Loan			
Unsecured loan from July 16, 2012 to July 16, 2019. The authorized credit line is $29,000 thousand, principal due on July 16, 2019	2.0500%	919,822	709,815
Unsecured loan from July 16, 2012 to July 16, 2019. The authorized credit line is $29,000 thousand. The principal due in annual installments with first installment due on July 16, 2017.	2.0500%	529,691	299,500
Unsecured loan from June 22, 2012 to July 30, 2017. The authorized credit line of $500 million. The remaining principal with first installment is due on June 22, 2014.	1.7500%-2.0000%	350,000	500,000
Chang Hwa Bank			
Unsecured loan from October 1, 2013 to October 1, 2016. The authorized credit line of $300 million. Interest is paid monthly, principal due October 1, 2016.	1.8000%	200,000	200,000

(Continued)

	December 31		
	2014		2013
	Interest Rate	Amount	Amount
Export-Import Bank of the Republic of China			
Unsecured loan period from November 18, 2013 to November 19, 2018. The authorized credit line of US$4 million. The principal is due in 5 semi-annual installments with first installment due on first interest payment after the first 3 years since the initial borrowing. Interest is paid quarterly.	1.4799%	$ 126,872	$ 119,800
Industrial Bank of Taiwan			
Unsecured loan from August 29, 2013 to August 15, 2017. The authorized credit line of $100 million. The principal due in 12 monthly installments with first installment due on September 15, 2016.	1.7918%	100,000	100,000
Unsecured loan from September 25, 2013 to August 29, 2017. The authorized credit line of $100 million. Interest is paid monthly, the principal due on August 29, 2017.	1.7918%	100,000	100,000
Taiwan Business Bank			
Unsecured loan from January 27, 2014 to November 12, 2016. The authorized credit line of $500 million. Interest is paid monthly, the principal due on November 12, 2016.	1.8500%	100,000	-
Bank SinoPac Co., Ltd.			
Unsecured loan from June 18, 2012 to June 18, 2015. The authorized credit line of $500 million. Interest is paid monthly. In June 2014, the Company paid the principal in full in advanced.	-	-	500,000
Less current portion		(500,000)	(300,000)
		$ 5,662,504	$ 5,227,615

(Concluded)

Test-Rite promised to maintain the following financial covenants according to the loan agreements:

1) First Commercial Bank Syndicated Loan

   a) Total Liabilities Ratio, Test-Rite shall maintain a ratio of Total Liabilities to Total Assets of not more than 2 to 1.

   b) Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of not less than 1 to 1.

   c) EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to interest expense of greater than 2.5 to 1.

d) Minimum Tangible Net Worth, Test-Rite shall maintain Tangible Net Worth of not less than $5,200,000 thousand.

e) The calculations of the ratios are based on the parent company only financial statements of Test-Rite for the year ended December 31.

2) First Commercial Bank and Taiwan Business Bank's Syndicated Loan

a) Total Liabilities Ratio, Test-Rite shall maintain a ratio of Total Liabilities to Total Assets of not more than 2 to 1.

b) Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of not less than 1 to 1.

c) EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to interest expense of greater than 2.5 to 1.

d) Minimum Tangible Net Worth, Test-Rite shall maintain Tangible Net Worth of not less than $5,200,000 thousand.

e) The calculations of the ratios are based on the parent company only financial statements of Test-Rite for the year ended December 31.

3) Bank SinoPac Co., Ltd.

a) Total Liabilities Ratio, Test-Rite shall maintain a ratio of Total Liabilities to Total Assets of not more than 2 to 1. (Total liabilities should exclude other current liabilities and other liabilities - deferred credit that resulted from sale-leaseback.)

b) Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of not less than 1 to 1.

c) EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to interest expense of greater than 2.5 to 1.

d) Minimum Tangible Net Worth, Test-Rite shall maintain Tangible Net Worth of not less than $5,200,000 thousand.

e) The calculations of the ratios are based on the parent company only financial statements of Test-Rite for the year ended December 31.

16. PROVISIONS

	December 31	
	2014	**2013**
Decommissioning cost (included in other non-current liabilities)	$ 55,242	$ 54,647
Customer returns and rebates (included in other payables)	16,758	7,189
	$ 72,000	$ 61,836
Current	$ 16,758	$ 7,189
Non-current	55,242	24,647
	$ 72,000	$ 61,836

a. The provision of decommissioning cost represents the present value of the cost of clearing away and recovering property, plant and equipment. The estimated cost was required by laws and contracts.

b. The provision of customer returns and rebates was based on historical experience, management's judgments and other known reasons resulting in product returns and rebates. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

17. OTHER PAYABLES

	December 31	
	2014	**2013**
Accrued expenses	$ 1,177,229	$ 1,344,042
Payable for purchase of property, plant and equipment	31,825	29,202
Bonuses payable to employees	17,936	15,920
Bonuses payable to directors and supervisors	32,650	28,467
Allowance of sales returns and discounts	16,758	7,189
Others	105,892	406,403
	$ 1,382,290	$ 1,831,223

18. RETIREMENT BENEFIT LANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2014	**2013**
Discount rate	1.750%-2.000%	1.250%-1.875%
Expected return on plan assets	1.750%-2.000%	1.200%-2.000%
Expected rate of salary increase	2.500%-3.000%	2.500%-3.000%

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31	
	2014	2013
Current service cost	$ 3,335	$ 3,425
Interest cost	6,230	4,852
Expected return on plan assets	(5,532)	(4,585)
	$ 4,033	$ 3,692
An analysis by function		
Marketing expenses	$ 4,033	$ 3,692

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013 was actuarial gains $6,287 thousand and actuarial losses $2,694 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2014 and 2013 was actuarial gains $2,158 thousand and actuarial losses $4,129 thousand, respectively.

The amount included in the consolidated balance sheet arising from the Company's obligation in respect of its defined benefit plans was as follows:

	December 31	
	2014	2013
Present value of funded defined benefit obligation	$ 339,015	$ 345,784
Fair value of plan assets	(293,572)	(281,734)
Net liability arising from defined benefit obligation	45,443	64,050
Prepaid pension cost (listed in other non-current assets)	79,629	59,335
Liability arising from defined benefit obligation (listed in accrued pension liabilities)	$ 125,072	$ 123,385

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2014	2013
Opening defined benefit obligation	$ 345,784	$ 324,789
Current service cost	3,335	3,425
Interest cost	6,230	4,852
Actuarial (gains) losses	(4,561)	15,624
Benefits paid	(11,773)	(2,906)
Closing defined benefit obligation	$ 339,015	$ 345,784

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 281,734	$ 247,899
Expected return on plan assets	5,532	4,585
Actuarial losses	1,726	18,318
Contributions from the employer	16,353	13,838
Benefits paid	(11,773)	(2,906)
Closing fair value of plan assets	$ 293,572	$ 281,734

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $7,259 thousand and $22,903 thousand, respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed as follows:

	For the Year Ended December 31	
	2014	2013
Cash	19.12%	22.86%
Short-term payables	1.98%	4.10%
Debt instruments	0.00%	9.37%
Fixed income instruments	11.92%	18.11%
Equity instruments	14.46%	44.77%
Government loans	49.69%	0.00%
Others	2.83%	0.79%
	100.00%	100.00%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

19. EQUITY

a. Share capital

	December 31	
	2014	2013
Numbers of shares authorized (in thousands)	750,000	750,000
Shares authorized	$ 7,500,000	$ 7,500,000
Number of shares issued and fully paid (in thousands)	513,956	521,956
Shares issued	$ 5,139,555	$ 5,219,555

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

Test-Rite's outstanding capital stock as of December 31, 2013, amounted to $5,219,555 thousand. On October 3, 2014, the board of directors decided to retire treasury stock of 8,000 thousand shares and decrease the capital of $80,000 thousand. Consequently, as of December 31, 2014, Test-Rite's capital stock decreased to $5,139,555 thousand.

b. Capital surplus

	December 31	
	2014	2013
Additional paid-in capital - issuance of shares in excess of par	$ 678,829	$ 689,395
Treasury shares	-	5,081
	$ 678,829	$ 694,476

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, treasury share transactions and donations) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to a certain percentage of the Company's capital surplus and once a year.

c. Retained earnings and dividend policy

According to the Company Law of the Republic of China and Test-Rite's Articles of Incorporation, 10% of Test-Rite'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:

1) Bonus to directors and supervisors - 2%, and

2) Bonus to employees - at least 1% or more,

3) The remainder shall then be allocated in accordance with the resolution of the stockholders in their annual meeting.

The dividend policy of Test-Rite is as follows:

The dividend policy is designed for the Company to achieve its business plan and at the same time, maintain stockholders' benefits. Distribution is made through stock dividends, common stocks from capital surplus and cash dividends. Cash dividends shall not be less than 10% of total distribution. However, if cash dividends per share are less than $0.1, stock dividends could be distributed instead of cash dividends.

The appropriations of earnings for 2013 and 2012 had been approved in the shareholders' meetings on June 11, 2014 and June 17, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2013	2012	2013	2012
Legal reserve	$ 55,789	$ 68,954	$ -	$ -
Cash dividends	502,088	526,055	1.00	1.08

Bonuses to employees and remuneration to directors and supervisors for 2013 and 2012 approved in the shareholders' meetings on June 11, 2014 and June 17, 2013, respectively, were as follows:

	For the Year Ended December 31	
	2013	**2012**
	Cash Dividends	**Cash Dividends**
Bonus to employees	$ 5,021	$ 49,647
Remuneration of directors and supervisors	10,042	12,412

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

The bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 11, 2014 and June 17, 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012, respectively, were as follows:

	For the Year Ended December 31			
	2013		**2012**	
	Bonus to Employees	**Remuneration of Directors and Supervisors**	**Bonus to Employees**	**Remuneration of Directors and Supervisors**
Amounts approved in shareholders' meetings	$ 5,021	$ 10,042	$ 49,647	$ 12,412
Amounts recognized in respective financial statements	5,260	10,521	44,500	11,100

The differences were adjusted to profit and loss for the years ended December 31, 2014 and 2013.

For the years ended December 31, 2014 and 2013, the bonus to employees was $5,500 thousand and $5,260 thousand, respectively, and the remuneration to directors and supervisors was $11,100 thousand and $10,521 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 1% and 2%, respectively, of net income (net of bonus and remuneration). Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

The appropriations of 2014 earnings had been proposed by the board of directors on March 25, 2015. The proposed appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 65,538	$ -
Cash dividends	577,401	1.15

The appropriations of 2014 earnings and the amounts of bonus to employees and remuneration to directors and supervisors will be resolved by the shareholders in their meeting scheduled for June 15, 2015.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. The special reserve appropriated as above may be reversed in proportion to the reversal of the other equity deduction and thereafter distributed.

d. Special reserves appropriated following first-time adoption of IFRSs

The Company's special reserves appropriated following first-time adoption of IFRSs were as follows:

	December 31	
	2014	**2013**
Special reserve	$ 148,098	$ 148,098

e. Others equity items

1) Exchange differences on translating foreign operations

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized gains or losses on available-for-sale financial assets

Unrealized gains or losses on available-for-sale financial assets represents the cumulative gains and losses arising on the revaluation of AFS financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

20. TREASURY SHARES

The changes in treasury shares for the years ended December 31, 2014 and 2013 were summarized as follows (in shares):

Purpose	2014.1.1	Increase	Decrease	2014.12.31
To transfer to employees	34,868,000	-	23,000,000	11,868,000

Purpose	2013.1.1	Increase	Decrease	2013.12.31
To transfer to employees	34,868,000	-	-	34,868,000

As of December 31, 2014 and 2013, the treasury shares of Test-Rite was $248,171 thousand and $729,124 thousand, respectively, which was purchased back by Test-Rite.

Test-Rite should transfer all shares purchased back in lump sum or from time to time to employees, including those of subsidiaries in which Test-Rite holds directly or indirectly more than one half of the total number of voting shares, within three years from the buyback date.

Test-Rite transferred to employees 15,000 thousand treasury shares amounting to $322,759 thousand in March 2014. Based on the Transferring Way of Purchased Back Treasury Stock for Transfer to Employees issued by Test-Rite, employee stock options granted during the year ended December 31, 2014 were priced using the Black-Scholes model, and compensation cost of $8,250 thousand (recorded as salary expense) was recognized in 2014. In 2014, the difference of $17,344 thousand was recorded as capital surplus - treasury stock transactions, including compensation cost of $8,250 thousand and the difference of $9,094 thousand between the transferred value of $322,759 thousand and the book value of $313,665 thousand of the treasury shares granted.

Since some of the shares, purchased back by Test-Rite from time to time for the purpose of transferring to employees, were not transferred within the legal maturity (three years from the buyback date), Test-Rite retired 8,000 thousand treasury shares amounting to $167,288 thousand, and got the retirement approval from Ministry of Economic Affairs (MOEA) in October 2014. In 2014, the difference of $54,297 thousand was recorded as retained earnings, which was between the capital surplus - treasury stock transactions of $22,425 thousand and the book value of $90,566 thousand of the treasury shares granted.

According to the Stock Exchange Law of the ROC, the shares of treasury shares should not be over 10% of Test-Rite's issued and outstanding shares and the amount of treasury shares should not be over the total of retained earnings and realized additional paid-in capital. The highest number of shares of treasury shares that Test-Rite held as of December 31, 2014 and 2013 was both 34,868 thousand shares. The total amount was $729,124 thousand pursuant to the law.

As of December 31, 2014, information regarding Test-Rite's share-based payment was summarized below:

a. As of December 31, 2014, Test-Rite's share-based payment was as follows:

Type of Arrangement	Grant Date	Number of Options Granted	Contract Period	Grant Condition	Turnover Rates for This Year	Estimated Turnover Rate
Treasury stock transfer to employees	March 10, 2014	15,000,000	-	Immediate	-	-

b. Options granted were priced at estimated fair market value using Black-Scholes pricing model and the inputs to the model were as follows:

Type of Arrangement	Grant Date	Grant-date Share Price (NT$)	Exercise Price (NT$)	Expected Volatility	Option Life (Years)	Expected Dividend Yield	Risk-free Interest Rate	Fair Value Per Unit (NT$)
Treasury stock transfer to employees	March 10, 2014	$22.10	$21.582	11.58%	-	-	0.53%	$0.55

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

21. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	For the Year Ended December 31	
	2014	2013
In respect of the current year	$ 175,060	$ 104,300
Adjustments to deferred tax	(2,602)	(5,498)
Income tax expense of unappropriated earnings	-	9,500
In respect of prior periods	(4,461)	(16,194)
	$ 167,997	$ 92,108

b. A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2014	2013
Profit before tax		
Income tax expense calculated at the statutory rate	$ 351,808	$ 303,672
Decrease in tax resulting from other adjustments of permanent differences		
Tax-exempt income	(116,700)	(190,504)
Others	(62,650)	(14,366)
Additional income tax on unappropriated earnings	-	9,500
In respect of prior periods	(4,461)	(16,194)
Income tax expense recognized in profit or loss	$ 167,997	$ 92,108

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

c. The information of Test-Rite about Integrated Income Tax was summarized as follows:

	December 31	
	2014	2013
Unappropriated earnings		
Unappropriated earnings generated on and after January 1, 1998	$ 655,376	$ 557,887
Imputation credits accounts	$ 579,079	$ 506,515

The creditable ratio for distribution of earnings of 2014 and 2013 was 20.48% (expected) and 20.48% (actual), respectively.

d. Income tax assessments

The income tax returns of Test-Rite for years through 2012 have been examined and approved by the tax authority.

22. EARNINGS PER SHARE

For the years ended December 31, 2014 and 2013, the amounts of earnings per share were calculated as follows:

	2014						
	Amounts (Numerator)				EPS (NT$)		
	Income Before Tax Include Minority	Income After Tax Include Minority	Parent Co. Stockholders Income After Tax	Shares (Denominator) (In Thousands)	Income Before Tax Include Minority	Income After Tax Include Minority	Parent Co. Stockholders Income After Tax
Basic earnings per share							
Net income to stockholders of common stock	$ 883,144	$ 715,167	$ 705,731	498,337,558	$ 1.77	$ 1.44	$ 1.42
The effects of dilutive potential ordinary shares							
Bonus to employees	-	-	-	405,313			
Diluted earnings per share							
Net income to stockholders of common stock and the effects of potential ordinary shares	$ 883,144	$ 715,167	$ 705,731	498,742,871	$ 1.77	$ 1.43	$ 1.42

	2013						
	Amounts (Numerator)				EPS (NT$)		
	Income Before Tax Include Minority	Income After Tax Include Minority	Parent Co. Stockholders Income After Tax	Shares (Denominator) (In Thousands)	Income Before Tax Include Minority	Income After Tax Include Minority	Parent Co. Stockholders Income After Tax
Basic earnings per share							
Net income to stockholders of common stock	$ 732,722	$ 640,614	$ 635,139	487,087,558	$ 1.50	$ 1.32	$ 1.30
The effects of dilutive potential ordinary shares							
Bonus to employees	-	-	-	1,264,906			
Diluted earnings per share							
Net income to stockholders of common stock and the effects of potential ordinary shares	$ 732,722	$ 640,614	$ 635,139	488,352,464	$ 1.50	$ 1.31	$ 1.30

Test-Rite assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year. Bonuses to employees shall be recognized as expense. Therefore, the weighted-average number of common shares outstanding in the calculation of basic and diluted EPS shall not be adjusted retroactively for the increase in common shares outstanding from stock issuance for employee's bonuses.

23. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
International Art Enterprise	Trading of leisure goods	January 30, 2013	100	$ 107,109

International Art Enterprise was acquired in order to continue the expansion of the Company's trading activities in leisure goods.

b. Considerations transferred

	International Art Enterprise
Cash	$ 78,069
Contingent consideration arrangement	29,040
	$ 107,109

Under the contingent consideration arrangement, the Company is required to pay the vendors an additional US$1,000 thousand if International Art Enterprise's sales revenue in 2013 exceeds US$24,000 thousand or gross profit in 2013 exceeds US$3,240 thousand. The amount of US$1,000 thousand represents the estimated fair value of this obligation at the acquisition date, which amounted to $29,040 thousand approximately.

c. Assets acquired and liabilities assumed at the date of acquisition

	Amount
Cash	$ 70,016
Trade receivables	45,371
Inventories	4
Other receivables	4
Prepayments	2,482
Other current assets	246
Other intangible assets	13,700
Goodwill	53,799
Other assets	1,919
Notes payable	(1,002)
Trade payables	(34,724)
Other payables	(44,557)
Other current liabilities	(149)
	$ 107,109

d. Net cash outflow on acquisition of subsidiaries

	For the Year Ended December 31, 2014
Consideration paid in cash	$ 78,069
Less: Cash and cash equivalent balances acquired	(70,016)
	$ 8,053

24. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 16, 2014, the Company paid total US$453 thousand to related parties, You-Chuan Hsieh and Yu-Yi Shih, and non-related parties, Wei-Kang Sung, Nam Long Investment Corporation and Doan Thi Tuan Huong to acquire 49% of interests in Viet Han. After the acquisition, the Company increased its interests of ownership in Viet Han to 100%.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries.

	Viet Han
Cash consideration paid	$ 13,596
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(11,241)
Differences arising from equity transaction	$ 2,355

25. OPERATING LEASE

The agreement on lease of land, buildings and improvements which Test-Rite entered into with related party, Tsai Wang was from December 26, 2011 to December 25, 2017. A list of rent expense for the next 3 years as of December 31, 2014 was as follows:

Period	Amount
2015	$ 307,468
2016	316,693
2017	326,193
	$ 950,354

The lease agreements which Test-Rite entered into with non-related parties covered the period from 2 to 15 years. A list of rent revenue for the next 3 years as of December 31, 2014 was as follows:

Period	Amount
2015	$ 245
2016	186
2017	62
	$ 493

Hola Shanghai Retail & Trading entered into lease agreement for office premises with non-related parties. A list of rent expense for the next 5 years including the present value of rentals from 2020 to 2029 as of December 31, 2014 was as follows:

Period	Amount
2015	$ 604,421
2016	581,434
2017	556,732
2018	552,285
2019	418,894
2020-2024 (present value $841,498 thousand)	991,062
2025-2029 (present value $178,369 thousand)	347,433
	$ 4,052,261

Test-Rite Retail's lease agreements for office premises are with non-related parties. A list of rent expense for the next 5 years including the present value from 2020 to 2039 as of December 31, 2014 was as follows:

Period	Amount
2015	$ 958,343
2016	736,443
2017	622,873
2018	555,593
2019	551,999
2020-2024 (present value $1,922,454 thousand)	2,101,457
2025-2019 (present value $231,890 thousand)	271,569
2030-2034 (present value $119,791 thousand)	149,745
2035-2039 (present value $62,527 thousand)	83,382
	$ 6,031,404

26. PERSONNEL, DEPRECIATION, AND AMORTIZATION EXPENSES

Personnel, depreciation, and amortization expenses for the years ended December 31, 2014 and 2013 were summarized as follows:

Function / Expense Item	2014			2013		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses						
Salaries	$ 79,436	$ 3,220,144	$ 3,299,580	$ 89,864	$ 2,897,902	$ 2,987,766
Labor insurance and health insurance	5,760	234,140	239,900	5,396	235,274	240,670
Pension cost	3,165	187,758	190,923	3,266	118,438	121,704
Others	2,703	297,400	300,103	2,395	273,643	276,038
Depreciation expenses	69,917	574,369	644,286	61,671	606,727	668,398
Amortization expenses	25	165,862	165,887	25	143,115	143,140

27. CAPITAL MANAGEMENT

The objective of the company's capital management is to ensure it has the necessary financial resource and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures and dividends spending.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between Test-Rite and its subsidiaries have been eliminated on consolidation. Details of transactions between the Company and other related parties are disclosed below.

a. Operating transactions

	Rent Expense Year Ended December 31 2014	2013
Others (Tsai Wang)	$ 300,226	$ 291,531

The Company's rental income from related parties is according to market price and the rental income is received monthly.

	Refundable Deposits Paid	
	December 31	
	2014	2013
Others (Tsai Wang)	$ 125,000	$ 125,000

The transaction conditions of related parties are almost the same as non-related parties.

b. Equity transaction

See Note 24.

For integrating group resources, upgrading efficiency of investment and operation in coordination with the set strategy of the Company, on January 1, 2015, the Company purchased three trading companies through TR Development by paying total EUR7,697 thousand to related parties, Tony Ho, Judy Lee and Robin Ho and non-related parties, Dirk Zimmermann and Michael Schmidt to acquire 100% of interest in subsidiaries of TR Development. The down payment for the above equity transaction in the amount of EUR1,155 thousand, which amounted to $44,404 thousand, was paid in advance in December 17, 2014, and included in prepayments for investment.

c. Property lease

See Note 25.

d. Endorsements or guarantees

Endorsements or guarantees that Test-Rite provided to subsidiaries were summarized in Note 31.

As of December 31, 2014, short-term borrowings of $891,276 thousand were guaranteed by others (Tony Ho and Judy Lee), short-term borrowings of $412,334 thousand were guaranteed by others (Judy Lee) and short-term borrowings of $310,000 thousand were guaranteed by others (Tony Ho). As of December 31, 2014, short-term borrowings of $30,000 thousand were guaranteed by others (Yu-chuan Hsieh).

As of December 31, 2014, long-term borrowings of $1,449,512 thousand were guaranteed by others (Tony Ho and Judy Lee), long-term borrowings of $3,736 thousand were guaranteed by others (Judy Lee) and short-term borrowings of $925,000 thousand were guaranteed by others (Tony Ho).

As of December 31, 2013, short-term borrowings of $512,794 thousand were guaranteed by others (Tony Ho and Judy Lee). As of December 31, 2013, short-term borrowings of $40,000 thousand were guaranteed by others (Yu-chuan Hsieh).

As of December 31, 2013, long-term borrowings of $1,006,788 thousand was guaranteed by others (Tony Ho and Judy Lee) and long-term borrowings of $3,198,500 thousand was guaranteed by others (Judy Lee).

e. Compensation of key management personnel

	For the Year Ended December 31	
	2014	2013
Short-term employee benefits	$ 183,719	$ 354,267
Post-employment benefits	2,982	618
	$ 186,701	$ 354,885

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments,

1) Fair value of financial instruments not carried at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not carried at fair value approximate their fair value or the fair values are not measured reliably.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives financial assets	$ -	$ 308,883	$ -	$ 308,883
Non-derivative financial assets	$ 744,671	$ -	$ -	$ 744,671

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 2,348	$ -	$ 2,348
Non-derivative financial assets	$ 349,619	$ -	$ -	$ 349,619

There were no transfers between Level 1 and 2 in the current and prior periods.

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Company are consistent with those that market participants would use in setting a price for the financial instrument;

- The fair values of foreign currency forward contracts of derivative instruments were calculated using forward exchange swap rate and discount rate published by financial organization and the forward exchange rates on maturity date of specific contract, respectively. Discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

- The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair Value of Financial Instruments

The fair value of non-derivative financial instruments as of December 31, 2014 and 2013 was summarized as follows:

	December 31	
	2014	**2013**
Assets		
Cash and cash equivalents	$ 2,316,128	$ 2,418,439
Financial assets at fair value through profit or loss - current	1,053,554	351,967
Notes receivable, trade receivables and other receivables	3,521,753	3,215,059
Other current assets	1,707	262
Financial assets measured at cost	71,085	71,823
Debt investments with no active market	208,668	216,123
Liabilities		
Short-term borrowings	2,749,782	2,256,663
Short-term bills payable	79,957	9,997
Notes payable, trade payables and other payables	7,278,193	7,298,201
Long-term borrowings (Note)	6,162,504	5,527,615

Note: The balance included short-term portion of long-term borrowings.

Financial Risk Management Objectives and Policies

The Company's major financial instruments include equity and debt investments, borrowings, trade receivables and trade payables. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the company's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments for speculative purposes.

a. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates. The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on the export.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (see Note 32).

The sensitivity analysis included only outstanding foreign currency denominated monetary items, and the effect on profit and loss by their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 10% against the relevant currency. For a 10% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	Currency USD Impact		**Currency EUR Impact**		**Currency GBP Impact**		**Currency RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Equity	$ (327,387)	$ (305,304)	$ 28,910	$ (6,853)	$ 1,637	$ 1,965	$ (81,269)	$ (110,345)

2) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at floating interest rates. The risk is managed by the Company by maintaining floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Company's interest rate risk arises primarily from fixed revenue investment and floating interest rate borrowings.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2014	**2013**
Fair value interest rate risk		
Financial assets	$ 189,629	$ 287,658
Financial liabilities	8,992,243	7,794,275

The sensitivity analyses were calculated by a change in fair value of the fixed interest rates financial assets and liabilities at the end of the reporting period.

If interest rates at end of the reporting period were higher by 1% and all other variables were held constant, the Company's cash outflow for the years ended December 31, 2014 and 2013 would have been higher by $88,026 thousand and $75,066 thousand.

b. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

1) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

2) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The Company direct against the counterparties which deal with materially to providing sufficient collateral or other right pledged, so that it could minimize credit risk effectively. Management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company did transactions with a large number of customers among different industries and geography area. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

3) Liquidity risk

The Company manages and contains sufficient working capital to support the operations so there is no liquidity risk of shortage of funds by the maturity date of implementing obligation to the contracts, reduce the impact on fluctuation of cash flow.

The Company's non-derivative financial liabilities with their agreed repayment period were as follows:

	December 31, 2014			
	1 Year	**1-3 Years**	**3+ Years**	**Total**
Non-derivative financial liabilities				
Non-interest bearing	$ 7,278,193	$ -	$ 225,464	$ 7,503,657
Fixed interest rate liabilities	79,957	-	-	79,957
Variable interest rate liabilities	3,249,782	-	5,662,504	8,912,286
	$ 10,607,932	$ -	$ 5,887,968	$ 16,495,900

	December 31, 2013			
	1 Year	1-3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 7,298,201	$ -	$ 197,999	$ 7,496,200
Fixed interest rate liabilities	9,997	-	-	9,997
Variable interest rate liabilities	2,556,663	-	5,227,615	7,784,278
	$ 9,864,861	$ -	$ 5,425,614	$ 15,290,475

30. PLEDGED ASSETS

	December 31	
	2014	2013
Time deposits (see Notes 6 and 9)	$ 312,053	$ 215,101

31. COMMITMENTS AND CONTINGENCIES

Letter of Credit

Test-Rite Retail's outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2014 were US$56 thousand and EUR33 thousand.

Test-Rite's and Test-Rite Retail's outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2013 were US$1,011 thousand and EUR173 thousand.

Endorsements/guarantees provided: As of December 31, 2014 and 2013, endorsements or guarantees that the Company provided to its business related legal entities and subsidiaries were summarized as follows:

	December 31			
	2014		2013	
Standby letters of credit				
Test-Rite Business Development	US$	-	US$	3,000
Endorsements				
TR Products	US$	27,559	US$	29,074
TR Trading & TR Retailing	US$	21,000	US$	17,500
Hola Shanghai Retail & Trading	US$	11,500	US$	8,500
Test-Rite Business Development	US$	15,000	US$	5,000
TR Pte.	US$	1,500	US$	2,000
TR GI	EUR	1,000	EUR	1,000
TR Canada	CAD	60	CAD	60

As of December 31, 2014 and 2013 Test-Rite Retail has import duty relief on temporary admission, coupon execution guarantee and CPC Corporation guarantee rendered by banks for approximately $132,391 thousand and $109,679 thousand.

32. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The information of significant foreign-currency financial assets and liabilities as of December 31, 2014 and 2013 was summarized as follows:

(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31					
	2014			2013		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 136,186	31.718	$ 4,319,548	$ 86,373	29.95	$ 2,586,871
EUR	13,239	38.4582	509,152	2,072	41.1562	85,276
GBP	332	49.2997	16,368	398	49.3743	19,651
RMB	269,368	5.0978	1,373,184	196,335	4.9355	969,011
Financial liabilities						
Monetary items						
USD	239,404	31.718	7,593,416	188,311	29.95	5,639,914
EUR	5,722	38.4582	220,058	3,737	41.1562	153,801
RMB	428,787	5.0978	2,185,870	419,909	4.9355	2,072,461

33. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Company's reportable segments under IFRS 8 "Operating Segments" were as follows:

A Segment - retail segment
B Segment - trading segment
C Segment - construction segment

Segment Revenue and Results

The analysis of the Company's revenue and results from continuing operations by reportable segment for the years ended December 31, 2014 and 2013 was as follows:

	2014				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Operating revenue	$ 21,843,553	$ 20,298,314	$ 1,724,214	$ (7,919,840)	$ 35,946,214
Operating costs	(13,958,892)	(15,895,587)	(1,434,423)	6,174,687	(25,114,215)
Gross profit	7,884,601	4,402,727	289,791	(1,745,153)	10,832,026
Operating expenses	(7,280,703)	(4,213,395)	(184,254)	1,828,228	(9,850,124)
Profit from operations	$ 603,958	$ 189,332	$ 105,537	$ 83,075	981,902
Nonoperating income and expenses					(98,758)
Profit before income tax					$ 883,144

	2013				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Operating revenue	$ 21,254,030	$ 19,027,948	$ 1,918,553	$ (6,996,667)	$ 35,203,864
Operating costs	(13,545,656)	(15,143,310)	(1,687,902)	5,783,338	(24,593,530)
Gross profit	7,708,374	3,884,638	230,651	(1,213,329)	10,610,334
Operating expenses	(7,114,645)	(3,859,919)	(125,244)	1,266,212	(9,833,596)
Profit from operations	$ 593,729	$ 24,719	$ 105,407	$ 52,883	776,738
Nonoperating income and expenses					(44,016)
Profit before income tax					$ 732,722

All intercompany transactions have been eliminated upon consolidation for the years ended December 31, 2014 and 2013.

Segment Assets and Liabilities

The analysis of the Company's assets and liabilities by reportable segment as of December 31, 2014 and 2013 was as follows:

	2014				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Assets	$ 5,719,985	$ 20,807,881	$ 1,996,700	$ (3,603,620)	$ 24,920,946
Liabilities	$ 5,674,330	$ 13,442,006	$ 775,762	$ (2,332,127)	$ 17,559,971

	2013				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Assets	$ 8,407,033	$ 16,406,444	$ 1,867,210	$ (3,308,449)	$ 23,372,238
Liabilities	$ 8,407,033	$ 9,573,665	$ 690,489	$ (2,092,109)	$ 16,579,078

All intercompany transactions have been eliminated upon consolidation for the years ended December 31, 2014 and 2013.

Geographical Information

The Company operates in two principal geographical areas - Asia and America. The Company's revenue from continuing operations from external customers and information about its noncurrent assets by geographical location were detailed below:

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Asia	$ 30,673,964	$ 30,501,624	$ 10,299,600	$ 10,090,587
America	4,376,559	4,195,312	-	-

(Continued)

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Europe	$ 877,578	$ 468,401	$ -	$ -
Australia and others	18,140	38,527	-	-
	$ 35,946,241	$ 35,203,864	$ 10,229,600	$ 10,090,587

(Concluded)

Noncurrent assets excluded those classified as financial instruments, deferred pension cost and deferred income tax assets.

Major Customer

No individual customer accounted for at least 10% of consolidated revenue in 2014 and 2013.