Sirtec International Corp. and Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2013 and 2012 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Sirtec International Corp.

We have audited the accompanying consolidated balance sheets of Sirtec International Corp. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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 Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, 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.

As discussed in Note 28 to the consolidated financial statements, the former chairman and certain employees of Sirtec International Corp. have set up a remittance account abroad for commission, marketing expenses and employees' salaries. The account was in the name of a shell corporation and the employees. The fees were paid by overseas subsidiaries. The prosecutor's office queried the validity of the remittance and probed into the Company. On August 31, 2011, the Banciao District Court pronounced against Sirtec's ex-chairman. This case is now pending in the Taiwan High Court.

We have also audited the parent company only financial statements of Sirtec International Corp. as of and for the years ended December 31, 2013 and 2012 on which we have issued a modified unqualified report.

March 17, 2014

Notice to Readers

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.

SIRTEC INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 1,339,680	22	$ 819,417	13	$ 1,832,051	31
Held-to-maturity financial assets - current (Notes 4 and 7)	59,598	1	-	-	-	-
Debt investments with no active market - current (Notes 4, 8 and 27)	605,098	10	974,316	16	113,640	2
Notes and accounts receivable, net (Notes 4 and 9)	1,823,688	30	1,996,989	33	1,729,789	30
Inventories (Notes 4 and 10)	1,068,496	18	1,129,987	18	1,105,616	19
Non-current assets held for sale (Notes 4 and 11)	-	-	9,148	-	-	-
Other financial assets - current	66,519	1	71,044	1	51,128	1
Other current assets (Notes 14 and 27)	191,923	3	283,811	5	121,769	2
Total current assets	5,155,002	85	5,284,712	86	4,953,993	85
NON-CURRENT ASSETS						
Held-to-maturity financial assets, non-current (Notes 4, 7 and 25)	59,417	1	115,782	2	-	-
Property, plant and equipment (Notes 4 and 12)	436,549	7	457,258	7	524,609	9
Investment properties (Notes 4 and 13)	276,754	5	276,632	5	276,684	5
Intangible assets	14,262	-	12,204	-	-	-
Deferred income tax assets (Notes 4 and 21)	18,671	1	22,837	-	32,639	1
Other non-current assets (Notes 14 and 23)	74,723	1	10,393	-	23,639	-
Total non-current assets	880,376	15	895,106	14	857,571	15
TOTAL	$ 6,035,378	100	$ 6,179,818	100	$ 5,811,564	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 15)	$ 200,000	3	$ 700,000	11	$ -	-
Notes and accounts payable (Note 16)	1,040,493	17	918,651	15	1,158,652	20
Other payables (Note 17)	237,752	4	240,338	4	237,308	4
Current tax liabilities (Notes 4 and 21)	69,391	1	157,176	3	86,745	2
Other current liabilities (Note 17)	21,933	1	90,370	1	78,801	1
Total current liabilities	1,569,569	26	2,106,535	34	1,561,506	27
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 21)	111,061	2	87,508	1	117,724	2
Accrued pension liabilities (Notes 4, 5 and 18)	19,489	-	24,275	-	28,113	-
Guarantee deposits (Note 23)	1,230	-	28,490	1	1,450	-
Total non-current liabilities	131,780	2	140,273	2	147,287	2
Total liabilities	1,701,349	28	2,246,808	36	1,708,793	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Share capital	1,294,410	22	1,324,410	22	1,324,410	23
Capital surplus	370,077	6	444,729	7	444,729	8
Retained earnings						
Legal reserve	470,705	8	403,831	7	316,004	5
Special reserve	120,312	2	-	-	86,238	2
Unappropriated earnings	2,088,677	34	2,003,808	32	1,931,390	33
Total retained earnings	2,679,694	44	2,407,639	39	2,333,632	40
Other equity						
Exchange differences on translating foreign operations	(10,152)	-	(139,116)	(2)	-	-
Treasury stock	-	-	(104,652)	(2)	-	-
Total stockholders' equity	4,334,029	72	3,933,010	64	4,102,771	71
TOTAL	$ 6,035,378	100	$ 6,179,818	100	$ 5,811,564	100

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

(With Deloitte & Touche audit report dated March 17, 2014)

SIRTEC INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)	$ 8,478,796	100	$ 8,385,624	100
OPERATING COSTS (Notes 10, 20 and 23)	7,477,716	88	7,231,694	86
GROSS PROFIT	1,001,080	12	1,153,930	14
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	138,152	2	180,615	2
General and administrative expenses	269,574	3	188,906	3
Total operating expenses	407,726	5	369,521	5
PROFIT FROM OPERATIONS	593,354	7	784,409	9
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 20 and 28)	187,067	2	107,311	1
Other gains and losses (Notes 11 and 20)	209,702	2	(29,063)	-
Finance costs (Note 20)	(4,324)	-	(3,538)	-
Total non-operating income and gains	392,445	4	74,710	1
INCOME BEFORE INCOME TAX	985,799	11	859,119	10
INCOME TAX EXPENSE (Notes 4 and 21)	198,546	2	189,127	2
NET PROFIT FOR THE YEAR	787,253	9	669,992	8
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	128,964	2	(139,116)	(2)
Actuarial gain arising from defined benefit plans (Note 18)	3,092	-	-	-
Income tax relating to components of other comprehensive income (Note 21)	(526)	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 918,783	11	$ 530,876	6
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 787,253	9	$ 669,992	8
Non-controlling interests	-	-	-	-
	$ 787,253	9	$ 669,992	8

(Continued)

SIRTEC INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 918,783	11	$ 530,876	6
Non-controlling interests	-	-	-	-
	$ 918,783	11	$ 530,876	6
EARNINGS PER SHARE (Note 22)				
Basic	$ 6.08		$ 5.07	
Diluted	$ 6.08		$ 5.06	

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

(With Deloitte & Touche audit report dated March 17, 2014) (Concluded)

SIRTEC INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							
			Retained Earnings			Other Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2012	$ 1,324,410	$ 444,729	$ 316,004	$ 86,238	$ 1,931,390	$ -	$ -	$ 4,102,771
Appropriation and distribution of 2011 earnings								
Legal reserve	-	-	87,827	-	(87,827)	-	-	-
Cash dividends	-	-	-	-	(595,985)	-	-	(595,985)
Reversal of special reserve	-	-	-	(86,238)	86,238	-	-	-
Net profit for the year ended December 31, 2012	-	-	-	-	669,992	-	-	669,992
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	-	(139,116)	-	(139,116)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	669,992	(139,116)	-	530,876
Buy-back of ordinary shares	-	-	-	-	-	-	(104,652)	(104,652)
BALANCE AT DECEMBER 31, 2012	1,324,410	444,729	403,831	-	2,003,808	(139,116)	(104,652)	3,933,010
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	84,084	(84,084)	-	-	-
Appropriation and distribution of 2012 earnings								
Legal reserve	-	-	66,874	-	(66,874)	-	-	-
Special reserve	-	-	-	36,228	(36,228)	-	-	-
Cash dividends	-	-	-	-	(517,764)	-	-	(517,764)
Net profit for the year ended December 31, 2013	-	-	-	-	787,253	-	-	787,253
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	2,566	128,964	-	131,530
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	789,819	128,964	-	918,783
Cancel of treasury shares	(30,000)	(74,652)	-	-	-	-	104,652	-
BALANCE AT DECEMBER 31, 2013	$ 1,294,410	$ 370,077	$ 470,705	$ 120,312	$ 2,088,677	$ (10,152)	$ -	$ 4,334,029

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

(With Deloitte & Touche audit report dated March 17, 2014)

SIRTEC INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 985,799	$ 859,119
Adjustments for:		
Depreciation	131,497	142,222
Amortization	6,770	4,141
Reversal of allowance for doubtful accounts	(26,648)	(40,103)
Finance costs	4,324	3,538
Interest income	(39,602)	(22,291)
Loss (gain) on disposal of property, plant and equipment	1,504	(4,547)
Reclassify from property, plant and equipment to expenses	-	219
Gain on disposal of non-current assets held for sale	(192,656)	-
Reversal of write-down of inventories	(18,103)	(116,896)
Impairment loss	9,202	1,410
Changes in operating assets and liabilities		
(Increase) decrease in notes receivable	(8,967)	3,840
Decrease (increase) in accounts receivable	207,666	(229,534)
Decrease (increase) in other financial assets	8,118	(11,799)
Decrease in Inventories	79,594	92,525
Decrease (increase) in other current assets	91,888	(169,476)
Increase in notes payable	2,120	251
Increase (decrease) in accounts payable	119,722	(240,252)
(Decrease) increase in other payable	(2,257)	1,223
Decrease in accrued pension liabilities	(1,694)	(3,838)
(Decrease) increase in other current liabilities	(68,437)	11,569
Cash generated from operations	1,289,840	281,321
Interest received	36,009	21,608
Interest paid	(4,653)	(3,049)
Income tax paid	(259,754)	(138,297)
Net cash generated from operating activities	1,061,442	161,583
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	-	(860,676)
Proceeds on sale of debt investments	369,218	-
Purchase of held-to-maturity financial assets	-	(115,782)
Proceeds from disposal of non-current assets held for sale	202,180	-
Purchase of property, plant and equipment	(108,905)	(87,489)
Proceeds from disposal of property, plant and equipment	4,272	8,075
Increase in refundable deposits	(24,119)	-
Decrease in refundable deposits	-	70
Purchase of intangible assets	(8,641)	(11,890)
Purchase of investment properties	(181)	-

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SIRTEC INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
Increase in prepayment of equipment	$ (40,073)	$ -
Decrease in prepayment of equipment	-	8,980
Net cash generated from (used in) investing activities	393,751	(1,058,712)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	700,000
Decrease in short-term loans	(500,000)	-
Increase in guarantee deposits	-	27,040
Decrease in guarantee deposits	(27,260)	-
Dividends paid to owners of the Company	(517,764)	(595,985)
Payments for buy-back of ordinary shares	-	(104,652)
Net cash (used in) generated from financing activities	(1,045,024)	26,403
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	110,094	(141,908)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	520,263	(1,012,634)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	819,417	1,832,051
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,339,680	$ 819,417

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

(With Deloitte & Touche audit report dated March 17, 2014) (Concluded)

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

1. GENERAL INFORMATION

Sirtec International Corp. (the "Company") was incorporated in the Republic of China ("ROC") in July 1968 and commenced business in January 1969. The Company engaged mainly in electronic products assembly, plastic injection and mold manufacturing.

The Company's shares have been listed on the Taiwan GreTai Securities Market since July 1998.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 17, 2014.

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

a. New, amended and revised standards and interpretations (the "New IFRSs") in issue but not yet effective

The Company and entities controlled by the Company (the "Group") have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
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 ending on or after June 30, 2009

(Continued)

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
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 27 (Revised 2011) "Separate Financial Statements"	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)

The New IFRSs not Included in the 2013 IFRSs Version	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
IFRS 9 "Financial Instruments"	Note 3
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Note 3
IFRS 14 "Regulatory Deferral Accounts"	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 the respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after 1 July 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after 1 July 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: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.

b. Significant impending changes in accounting policy that would result from adoption of New IFRSs in issue but not yet effective

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

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. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group 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.

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

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 Group presents all gains or losses on that liability in profit or loss.

2) 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.

3) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

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

4) Revision to IAS 19 "Employee Benefits"

Revision in 2011

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

5) 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 Group 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.

6) 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 Group.

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 Group. Consequently, the Group 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.

7) 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.

c. Significant impending changes in accounting policy resulted from the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers in issue but not yet effective

On December 30, 2013, FSC announced the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. One of the main amendments is to permit fair value model for subsequent measurement of investment properties. This amendment is effective for annual periods beginning on or after January 1, 2014.

The amendment requires that the fair value of an investment property be measured using the income approach, except for undeveloped lands in respect of which are measured using a Land Development Analysis. If the investment property is measured using the income approach, the cash flows are determined by reference to any existing lease, local rents, or market rents for similar comparable subjects, adjusted to exclude those extreme lease subjects, plus the present value of property value at the end of the analysis period, if any. For those investment properties with a finite income-generating period, the analysis period is based on the estimated remaining period. The discount rate is determined by applying a risk premium approach, and is to be no less than the floating rate for the 2-year time savings deposits of Chunghwa Post Co., Ltd plus 0.75% and any asset-specific risk premium. The amendment requires disclosures in addition to those required by IAS 40, including significant lease terms, cash flows, discount rate, etc.

d. The impact of the application of New IFRSs and the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) in issue but not yet effective on the Group’s consolidated financial statements is as follows:

As of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of the above New IFRSs will have on the Group's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (the "IFRSs") endorsed by the FSC.

The Group's consolidated financial statements for the year ended December 31, 2013 is its first IFRS consolidated financial statements. The date of transition to IFRSs was January 1, 2012. Refer to Note 32 for the impact of IFRS conversion on the Group's consolidated financial statements.

a. 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.

b. 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.

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 31.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) 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:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) 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.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.
Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

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

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

<u>Attribution of total comprehensive income to non-controlling interests</u>

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.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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.

2) Subsidiary included in consolidated financial statements

a) Consolidation

The detail information of the subsidiaries at the end of reporting period was as follows:

			% of Ownership			
Investor	**Investee**	**Main Business**	**December 31, 2013**	**December 31, 2012**	**January 1, 2012**	**Remark**
Sirtec International Corp.	Sirtec International (H.K.) Co., Ltd.	Investment activities	100	100	100	-
	Sirtec International (B.V.I.) Co., Ltd.	Plastic injection, mold manufacturing and electronic products assembly and selling	100	100	100	-
	Sirfa (B.V.I.) Co., Ltd.	Investment activities	100	100	100	-
	Sirlong (B.V.I.) Co., Ltd.	Investment activities	100	100	100	-
	Sirlight Trading Co., Ltd.	Plastic injection trading business	100	-	-	-
Sirtec International (B.V.I.) Co., Ltd.	Sirlong (Dong Guan) Plastics & Electronics Co., Ltd.	Manufacturing computer products, printers, household appliances and plastic products	100	100	100	-
	Dong Guan Shey Sun Plastics & Electronics Co., Ltd.	Manufacturing adaptor, household appliances and plastic products	100	100	100	-
Sirfa (B.V.I.) Co., Ltd.	Sirtec International (Suzhou) Co., Ltd.	Manufacturing switching power supply devices, adaptor and electronic products assembly and selling	100	100	100	-
Sirlong (B.V.I.) Co., Ltd.	Sirtec International (Nanjing) Co., Ltd.	Manufacturing PCB and electronic products assembly	100	100	100	-

b) Subsidiaries excluded from consolidated financial statements: None.

c) All intra-group transactions are eliminated in full upon consolidation.

e. 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

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 Group'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.

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 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 equity 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.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

i. Intangible assets

1) Intangible assets acquired separately

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 Group expects to dispose of the intangible asset before the end of its economic life.

2) Derecognition of intangible assets

Gains or losses arising from derecognition of an intangible asset, which are 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.

j. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

k. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

l. 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.

1) Financial assets

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

a) Measurement category

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

i. Held-to-maturity investments

Corporate bonds which are specific credit ratings and the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

ii. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, and 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.

b) 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 Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

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 is 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 except for uncollectible trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group 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.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at fair value through profit or loss

  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. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 25.

b) 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.

m. 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.

1) 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:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

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

c) The amount of revenue can be measured reliably;

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

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

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) 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 Group 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 Group 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.

n. 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.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

Lease incentives included in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

o. 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. 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 adjusted for unrecognized past service cost, and 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.

p. Taxation

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

1) 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.

2) 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, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, 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 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.

a. Held-to-maturity financial assets

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of the held-to-maturity financial asset was $119,015 thousand, $115,892 thousand and zero, respectively.

b. Income taxes

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of deferred tax assets in relation to unused tax losses was $18,671 thousand, $22,837 thousand and $32,639 thousand, respectively. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

c. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group 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, 2013, December 31, 2012 and January 1, 2012, the carrying amount of the trade receivable was $1,813,612 thousand, $1,995,891 thousand and $1,724,840 thousand, respectively (Net of allowance for doubtful accounts of $77,487 thousand, $102,874 thousand and $144,391 thousand, respectively).

d. Write-down of inventory

Inventories are stated at the lower of cost or net realizable value. Allowance for inventory losses is provided for items deemed as obsolete, slow-moving, unrecoverable, or not appropriate for production. The management should estimate the selling prices and usage conditions of inventory. Significant inventory write-downs could occur if estimated selling price was too low or estimated usage conditions was not precise.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of the inventory was $1,068,496 thousand, $1,129,987 thousand and $1,105,616 thousand, respectively (Net of allowance for inventory write-downs of $68,701 thousand, $85,272 thousand and $206,742 thousand respectively). For the years ended December 31, 2013 and 2012 the reversal of inventory write-downs was $18,103 thousand and $116,896 thousand, respectively.

e. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 2,944	$ 2,264	$ 1,203
Checking accounts and demand deposits	219,174	360,730	359,442
Cash equivalent			
Time deposits with original maturities less than three months	1,117,562	456,423	1,471,406
	$ 1,339,680	$ 819,417	$ 1,832,051

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Bank balance	0.17%-3.00%	0.17%-3.55%	0.17%-1.25%

7. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Foreign investments			
Corporate bonds - Morgan Stanley	$ 59,598	$ -	$ -
Non-current			
Foreign investments			
Corporate bonds - Morgan Stanley	$ 59,417	$115,782	$ -

In 2012, the Company invested in overseas unsecured corporate bonds at par value of US$4,000 thousand issued by Morgan Stanley with coupon rates of 4.1% and 4.2%. The maturity dates of the corporate bonds are November 24, 2014 and January 26, 2015, respectively.

8. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Time deposits with original maturity more than 3 months	$ 605,098	$ 974,316	$ 113,640

a. The market interest rates of the time deposits with original maturity more than 3 months were 1.13%-3.30%, 1.05%-3.10% and 0.60%-3.50% per annum respectively as of December 31, 2013, December 31, 2012 and January 1, 2012.

b. Refer to Note 27 for information relating to bond investments with no active market pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable			
Bank acceptances receivable - operating	$ 10,076	$ -	$ -
Notes receivable - operating	-	1,109	4,949
Less: Allowance for doubtful accounts	-	(11)	-
	10,076	1,098	4,949
Trade receivables			
Trade receivables	1,891,099	2,098,765	1,869,231
Less: Allowance for doubtful accounts	(77,487)	(102,874)	(144,391)
	1,813,612	1,995,891	1,724,840
	$ 1,823,688	$ 1,996,989	$ 1,729,789

The average credit period on sales of goods was 2 to 4 months. In addition, the Group individually accessed the collection period. In determining the recoverability of a trade receivable, the Group 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.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of the trade receivables that were past due but not impaired was both zero.

Movement in the allowance for doubtful accounts were as follows:

	For the Year Ended December 31			
	2013		2012	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Balance at January 1	$ 11	$ 102,874	$ -	$ 144,391
Less: Allowance for doubtful accounts reversed	(11)	(26,637)	11	(40,114)
Effect of exchange rate changes	-	1,250	-	(1,403)
Balance at December 31	$ -	$ 77,487	$ 11	$ 102,874

The Group reversed allowance for doubtful accounts $26,637 thousand and $40,114 thousand for the years ended December 31, 2013 and 2012, respectively. The reversal recognized represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds received from liquidation. The Group did not hold any collateral over these balances.

10. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Materials and supplies	$ 376,940	$ 476,888	$ 489,794
Work in process	50,373	55,964	49,454
Finished goods	641,183	597,135	566,368
	$ 1,068,496	$ 1,129,987	$ 1,105,616

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 was $7,477,716 thousand and $7,231,694 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 included reversal of inventory write-downs of $18,103 thousand and $116,896 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

11. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2013	December 31, 2012	January 1, 2012
Land use rights held for sale	$ -	$ 1,470	$ -
Buildings held for sale	-	3,988	-
Miscellaneous equipment held for sale	-	3,690	-
	$ -	$ 9,148	$ -

On November 26, 2012, the Company's Board of Directors decided the disposal of Sirtec Suzhou's buildings, land use rights and attached equipment to a third party and signed a transfer contract; the deal price is RMB59,000 thousand. On November 30, 2012, the Group reclassified buildings, land use rights (under other non-current assets, others) and some of miscellaneous equipment to non-current assets held for sale. On April 15, 2013 the ownership of the above assets were transferred to the third party and the disposal was completed on May 31, 2013. The profit on disposal was $192,656 thousand.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Leasehold Improvement	Miscellaneous Equipment	Total
Cost								
Balance at January 1, 2012	$ 168,743	$ 321,149	$ 620,149	$ 30,263	$ 11,415	$ 13,235	$ 36,194	$ 1,201,148
Additions	-	4,811	47,890	1,068	17,351	6,405	9,964	87,489
Disposals	-	-	(13,501)	(7,270)	(40)	-	(1,100)	(21,911)
Reclassified	-	(84,127)	(12,514)	-	10,151	154	10,962	(75,374)
Translation adjustment	-	(5,564)	(21,179)	(345)	(504)	(562)	(1,081)	(29,235)
Balance at December 31, 2012	$ 168,743	$ 236,269	$ 620,845	$ 23,716	$ 38,373	$ 19,232	$ 54,939	$ 1,162,117
Accumulated depreciation								
Balance at January 1, 2012	$ -	$ 178,688	$ 316,843	$ 9,121	$ 4,086	$ 759	$ 13,555	$ 523,052
Disposals	-	-	(7,629)	(4,422)	(25)	-	(249)	(12,325)
Reclassified	-	(14,052)	(7,719)	-	1,169	-	5,302	(15,300)
Depreciation expense	-	20,959	88,652	5,044	8,708	5,821	12,986	142,170
Translation adjustment	-	(2,240)	(9,687)	(145)	(211)	(101)	(548)	(12,932)
Balance at December 31, 2012	$ -	$ 183,355	$ 380,460	$ 9,598	$ 13,727	$ 6,479	$ 31,046	$ 624,665
Accumulated impairment								
Balance at January 1, 2012	$ 33,129	$ 68,307	$ 49,728	$ 1,012	$ 340	$ -	$ 971	$ 153,487
Disposals	-	-	(5,712)	-	-	-	(346)	(6,058)
Impairment losses recognized in profit or loss	-	-	757	-	363	-	290	1,410
Reclassified	-	(65,261)	329	-	(303)	-	200	(65,035)
Translation adjustment	-	(1,668)	(1,847)	(40)	(15)	-	(40)	(3,610)
Balance at December 31, 2012	$ 33,129	$ 1,378	$ 43,255	$ 972	$ 385	$ -	$ 1,075	$ 80,194
Carrying amounts at January 1, 2012	$ 135,614	$ 74,154	$ 253,578	$ 20,130	$ 6,989	$ 12,476	$ 21,668	$ 524,609
Carrying amounts at December 31, 2012	$ 135,614	$ 51,536	$ 197,130	$ 13,146	$ 24,261	$ 12,753	$ 22,818	$ 457,258
Cost								
Balance at January 1, 2013	$ 168,743	$ 236,269	$ 620,845	$ 23,716	$ 38,373	$ 19,232	$ 54,939	$ 1,162,117
Additions	-	7,831	47,874	2,572	8,109	13,327	29,192	108,905
Disposals	-	(470)	(24,718)	(691)	(850)	(4,073)	(2,144)	(32,946)
Reclassified	-	-	(216)	-	-	-	216	-
Translation adjustment	-	4,945	30,964	551	1,201	1,243	4,701	43,605
Balance at December 31, 2013	$ 168,743	$ 248,575	$ 674,749	$ 26,148	$ 46,833	$ 29,729	$ 86,904	$ 1,281,681
Accumulated depreciation								
Balance at January 1, 2013	$ -	$ 183,355	$ 380,460	$ 9,598	$ 13,727	$ 6,479	$ 31,046	$ 624,665
Disposals	-	(470)	(11,170)	(380)	(493)	(1,033)	(1,550)	(15,096)
Reclassified	-	-	(38)	-	-	-	38	-
Depreciation expense	-	17,937	76,132	4,232	8,950	9,114	15,073	131,438
Translation adjustment	-	3,682	18,259	285	628	507	1,613	24,974
Balance at December 31, 2013	$ -	$ 204,504	$ 463,643	$ 13,735	$ 22,812	$ 15,067	$ 46,220	$ 765,981

(Continued)

	Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Leasehold Improvement	Miscellaneous Equipment	Total
Accumulated impairment								
Balance at January 1, 2013	$ 33,129	$ 1,378	$ 43,255	$ 972	$ 385	$ -	$ 1,075	$ 80,194
Disposals	-	-	(11,623)	(285)	(357)	-	(563)	(12,828)
Impairment losses recognized in profit or loss	-	-	6,918	229	108	1,947	-	9,202
Reclassified	-	-	(13)	-	-	-	13	-
Translation adjustment	-	-	2,417	56	19	39	52	2,583
Balance at December 31, 2013	$ 33,129	$ 1,378	$ 40,954	$ 972	$ 155	$ 1,986	$ 577	$ 79,151
Carrying amounts at January 1, 2013	$ 135,614	$ 51,536	$ 197,130	$ 13,146	$ 24,261	$ 12,753	$ 22,818	$ 457,258
Carrying amounts at December 31, 2013	$ 135,614	$ 42,693	$ 170,152	$ 11,441	$ 23,866	$ 12,676	$ 40,107	$ 436,549

(Concluded)

For the years ended December 31, 2013 and 2012, as the result of the declining sale of one of the products in the market, the estimated future cash flows expected to arise from the related equipment was decreased. The Group carried out a review of the recoverable amount of that related equipment and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of $9,202 thousand and $1,410 thousand, respectively, which was recognized in other gains and losses.

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

Building	
Main buildings	28-35 years
Wall system and repair project	8-15 years
Air-conditioning and fire-fighting equipment	3-5 years
Machinery	
Elevators	15 years
Others	2-10 years
Transportation equipment	3-5 years
Office equipment	
Elevators	15 years
Others	2-6 years
Leasehold improvement	2-5 years
Miscellaneous equipment	2-10 years

Refer to Note 27 for the carrying amount of property, plant and equipment pledged by the group to secure borrowings/general banking facilities granted to the Group.

13. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1, 2012	$ 308,409
Balance at December 31, 2012	$ 308,409

(Continued)

	Completed Investment Property
Accumulated depreciation	
Balance at January 1, 2012	$ (21,098)
Depreciation expense	(52)
Balance at December 31, 2012	$ (21,150)
Accumulated impairment	
Balance at January 1, 2012	$ (10,627)
Balance at December 31, 2012	$ (10,627)
Carrying amounts at January 1, 2012	$ 276,684
Carrying amounts at December 31, 2012	$ 276,684
Cost	
Balance at January 1, 2013	$ 308,409
Additions	181
Balance at December 31, 2013	$ 308,590
Accumulated depreciation	
Balance at January 1, 2012	$ (21,150)
Depreciation expense	(59)
Balance at December 31, 2012	$ (21,209)
Accumulated impairment	
Balance at January 1, 2012	$ (10,627)
Balance at December 31, 2012	$ (10,627)
Carrying amounts at January 1, 2012	$ 276,632
Carrying amounts at December 31, 2012	$ 276,754

(Concluded)

The investment properties held by the Group were depreciated over their estimated useful lives, using the straight-line method.

Main buildings	35 years
Others	3 years

The fair value was arrived at on the basis of a valuation carried out at that date by CCIS Real Estate Joint Appraisers Firm, independent qualified professional valuers not connected to the Group. The land valuation was arrived at by reference to present earning value method and market evidence of transaction prices for similar properties. The building valuation was arrived at by reference to cost method. The important assumptions and fair value were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value	$ 767,216	$ 609,740	$ 582,155
Discount rate	1.36%	1.36%	1.36%

All of the Group's investment property was held under freehold interests. The carrying amount of investment properties pledged by the Group to secure borrowings/general banking facilities granted to the Group, were reflected in Note 27.

14. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Prepayments	$ 20,187	$ 19,559	$ 12,306
Prepayment for purchases	138,388	97,066	56,721
Temporary payments	15,342	3,756	20,412
Restricted deposits (Note 27)	1,955	163,430	21,192
Others	16,051	-	11,138
	$ 191,923	$ 283,811	$ 121,769
Non-current			
Prepayments on purchase of property, plant and equipment	$ 45,170	$ 5,097	$ 14,077
Refundable deposits	25,572	1,453	5,323
Others	3,981	3,843	4,239
	$ 74,723	$ 10,393	$ 23,639

The market interest rates of the time deposits with original maturity less than 3 months (under restricted deposits) were 1.345%-3.250%, 0.400%-2.850% and 0.960% per annum as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

15. SHORT-TERM BORROWINGS

	December 31, 2013	December 31, 2012	January 1, 2012
Secured borrowings (Note 28)			
Bank loans	$ 200,000	$ 700,000	$ -

The range of weighted average effective interest rate on bank loans was 1.270%-1.276%, and 1.000%-1.410% per annum as of December 31, 2013 and 2012, respectively.

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes payable	$ 2,383	$ 263	$ 12
Accounts payable	1,038,110	918,388	1,158,640
	$ 1,040,493	$ 918,651	$ 1,158,652

Notes and accounts payable were all arising from operating activities. The average payment term was three (3) months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Other payables			
Salaries or bonus	$ 96,832	$ 93,488	$ 108,439
Processing charges	46,482	52,629	40,453
Payable for annual leave	3,720	2,875	4,470
Freight	4,118	3,585	25,353
Commission	2,752	2,914	3,483
Insurance	3,558	2,639	2,384
Professional fees	4,225	8,905	8,954
Bonus to directors and supervisors (Note 19)	10,800	9,000	10,350
Bonus to employees (Note 19)	3,543	2,828	5,500
Payable for purchase of equipment	7,209	1,318	2,722
Others	54,513	60,157	25,200
	$ 237,752	$ 240,338	$ 237,308
Other liabilities			
Unearned receipts	$ 14,578	$ 5,788	$ 5,257
Temporary receipts	6,192	25,241	10,135
Others	1,163	59,341	63,409
	$ 21,933	$ 90,370	$ 78,801

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group 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 of the Group 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 contribute amounts equal to 5% 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 Enforcement Rules of the Labor Pension Act, 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, 2013	December 31, 2012	January 1, 2012
Discount rate(s)	2.00%	1.50%	2.00%
Expected return on plan assets	1.75%	1.75%	2.00%
Expected rate(s) of salary increase	3.00%	3.00%	2.00%

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.

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

	For the Year Ended December 31	
	2013	2012
Current service cost	$ 2,133	$ 2,124
Interest cost	1,260	1,216
Expected return on plan assets	(823)	(724)
	$ 2,570	$ 2,616
An analysis by function		
Operating cost	$ 1,666	$ 1,667
Marketing expenses	319	305
Administration expenses	585	644
	$ 2,570	$ 2,616

Actuarial gains and losses recognized in other comprehensive income for the year ended December 31, 2013 was $3,092 thousand. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2013 was $3,092 thousand.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ 70,134	$ 71,300	$ 69,504
Fair value of plan assets	(50,645)	(47,025)	(41,391)
Net liability arising from defined benefit obligation	$ 19,489	$ 24,275	$ 28,113

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

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$ 71,300	$ 69,504
Current service cost	2,133	2,124
Interest cost	1,260	1,216
Actuarial gains	(3,777)	(298)
Benefits paid	(782)	(1,246)
Closing defined benefit obligation	$ 70,134	$ 71,300

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

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	$ 47,025	$ 41,391
Expected return on plan assets	823	724
Contributions from the employer	4,264	6,454
Actuarial losses	(685)	(298)
Benefits paid	(782)	(1,246)
Closing fair value of plan assets	$ 50,645	$ 47,025

The major categories of plan assets at the end of the reporting period were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31, 2013	December 31, 2012	January 1, 2012
Deposits of financial institutions	22.86	24.51	23.87
Short-term transactions instruments	4.10	9.88	7.61
Government bonds, financial assets, corporate bonds and securitization products	9.37	10.45	11.45
Money market fund	-	0.66	-
Government and public enterprises economic planning and development loans	-	-	0.13
Stock and beneficiary securities	8.41	8.51	10.04
Foreign investments	12.41	12.06	8.39

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic delegated management	20.95	18.52	22.70
Foreign delegated management	21.90	15.41	15.81
	100.00	100.00	100.00

(Concluded)

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (Note 31):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 70,134	$ 71,300	$ 69,504
Fair value of plan assets	$ 50,645	$ 47,025	$ 41,391
Deficit	$ 19,489	$ 24,275	$ 28,113

The Group expects to make a contribution of $4,264 thousand and $6,454 thousand, respectively to the defined benefit plans during the annual period beginning after 2013 and 2012.

19. EQUITY

a. Share capital

	December 31, 2013	December 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	240,000	240,000	240,000
Shares authorized	$ 2,400,000	$ 2,400,000	$ 2,400,000
Number of shares issued and fully paid (in thousands)	129,441	132,441	132,441
Shares issued	$ 1,294,410	$ 1,324,410	$ 1,324,410

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

A reconciliation of the Company's outstanding ordinary shares was as follows:

	Numbers of Shares (In Thousands)	Ordinary Shares	Share Premium
Balance at January 1, 2013	132,441	$1,324,410	$ 366,604
Cancellation of ordinary shares	(3,000)	(30,000)	(8,305)
Balance at December 31, 2013	129,441	$1,294,410	$ 358,299

Sources of ordinary shares were as follows:

	Amount
Initial	$ 400
Issuance of ordinary shares	609,840
Transfer of capital reserve to ordinary shares	205,938
Transfer of bonuses to employees to ordinary shares	66,945
Transfer of stock dividends to ordinary shares	729,527
Cancellation of ordinary shares	(318,240)
	$ 1,294,410

b. Capital surplus

	December 31, 2013	December 31, 2012	January 1, 2012
Share premium	$ 358,299	$ 366,604	$ 366,604
Treasury share transactions	11,778	78,125	78,125
	$ 370,077	$ 444,729	$ 444,729

A reconciliation of the carrying amount at the beginning and at the end of year ended 2013, for each class of capital surplus was as follows:

	Treasury Share Transactions	Share Premium
Balance at January 1, 2013	$ 78,125	$ 366,604
Cancellation of ordinary shares	(66,347)	(8,305)
Balance at December 31, 2013	$ 11,778	$ 358,299

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares and 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).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

The Company's Articles of incorporation provide that, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years and then set aside the following items accordingly:

1) Legal capital reserve at 10% of the profit left over, until the accumulated legal capital reserve equals the Company's paid-in capital;

2) Special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;

3) The remaining balance shall be appropriated 3% or less as bonuses to directors and supervisors, 0.5% as bonuses to employees, and, if any, the remaining as dividends to stockholders.

The Company has many products, so it is difficult to identify the Company's business growth stage and Company wishes to retain additional operating funds for operating purpose. Thus, the Company has determined its dividend policy as follows:

Undistributed earnings may be distributed as either cash or stock dividends (based on Sirtec's business plan, cash budget and resolution in stockholders' meeting). From 20% to 100% of dividends declared shall be distributed in cash. From zero to 80% of dividends declared shall be distributed in stock.

For the years ended December 31, 2013 and 2012, the bonus to employees was $3,543 thousand and $2,828 thousand, respectively, and the remuneration to directors and supervisors was $10,800 thousand and $9,000 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 0.50% and 1.52%, respectively, of 90% of net income (net of the bonus and remuneration) for the year ended December 31, 2013. The bonus to employees and remuneration to directors and supervisors represented 0.50% and 1.59%, respectively, of 90% of net income (net of the bonus and remuneration) for the year ended December 31, 2012. 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 shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' 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 shareholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the company has earnings and the original need to appropriate a special reserve is not eliminated.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 13, 2013 and June 12, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2012	2011	2012	2011
Legal reserve	$ 66,874	$ 87,827		
Cash dividends	517,764	595,985	$4.0	$4.5

Bonuses to employees and remuneration to directors and supervisors for 2012 and 2011 approved in the shareholders' meetings on June 13, 2013 and June 12, 2012, respectively, were as follows:

	For the Year Ended December 31			
	2012		2011	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Bonus to employees	$ 2,828	$ -	$ 5,500	$ -
Remuneration of directors and supervisors	9,000	-	10,350	-

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"),, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings in 2013 and 2012 and the amounts recognized in the financial statements for the years ended December 31, 2012 and 2011.

The appropriations of earnings for 2013 had been proposed by the Company's board of directors on March 17, 2014. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 78,725	
Cash dividends	465,988	$3.6

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2013 are subject to the resolution of the shareholders' meeting to be held on June 17, 2014.

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.

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, 2013	December 31, 2012	January 1, 2012
Special reserve	$ 84,084	$ -	$ -

Information on the special reserve appropriated or reversal of the above mentioned special reserve resulted from elimination of the original appropriation circumstances was as follows:

	Specific Reserve	First-time Adoption of IFRSs Appropriated	Total
For the year ended December 31, 2013			
Balance at January 1, 2013	$ -	$ -	$ -
Appropriation	36,228	84,084	120,312
Reversed	-	-	-
Balance at December 31, 2013	$ 36,228	$ 84,084	$ 120,312
For the year ended December 31, 2012			
Balance at January 1, 2012	$ 86,238	$ -	$ 86,238
Appropriation	-	-	-
Reversed	(86,238)	-	(86,238)
Balance at December 31, 2012	$ -	$ -	$ -

The unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were $58,515 thousand and $36,830 thousand, respectively. The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of $84,084 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

e. Others equity items

Exchange differences on translating foreign operations

The exchange differences on translating the net assets of foreign operations from their functional currencies into the presentation currency (New Taiwan dollars) were recognized under other comprehensive income.

f. Treasury shares

	Shares Cancelled (In Thousands of Shares)
Number of shares at January 1, 2012	-
Increase during the year	-
Decrease during the year	-
Number of shares at December 31, 2012	-
Number of shares at January 1, 2013	3,000
Increase during the year	-
Decrease during the year	3,000
Number of shares at December 31, 2013	-

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

20. NET PROFIT FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operating

a. Other income

	For the Year Ended December 31	
	2013	2012
Rental income	$ 7,606	$ 7,937
Interest income	39,602	22,291
Compensation income (Note 28)	58,242	-
Others	81,617	77,083
	$ 187,067	$ 107,311

b. Other gains and losses

	For the Year Ended December 31	
	2013	2012
Gain/(loss) on disposal of property, plant and equipment	$ (1,504)	$ 4,547
Gain on disposal of non-current assets held for sale (Note 11)	192,656	-
Net foreign exchange gains/(losses)	31,143	(31,269)
Impairment loss	(9,202)	(1,410)
Others	(3,391)	(931)
	$ 209,702	$ (29,063)

c. Finance costs

	For the Year Ended December 31	
	2013	2012
Other interest expense	$ 4,324	$ 3,538

d. Personnel, depreciation and amortization expenses

	For the Year Ended December 31					
	2013			2012		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Personnel						
Salary	$ 585,529	$ 204,461	$ 789,990	$ 563,483	$ 192,804	$ 756,287
Pension cost	36,702	12,650	49,352	34,014	5,852	39,866
Meals	40,828	7,245	48,073	43,300	6,287	49,587
Welfare	4,589	2,059	6,648	3,270	1,494	4,764
Labor/health insurance	11,656	5,431	17,087	11,021	4,261	15,282
Others	729	593	1,322	324	251	575
	$ 680,033	$ 232,439	$ 912,472	$ 655,412	$ 210,949	$ 866,361
Depreciation	$ 105,862	$ 25,635	$ 131,497	$ 118,733	$ 23,489	$ 142,222
Amortization	$ 960	$ 5,810	$ 6,770	$ 353	$ 3,788	$ 4,141

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2013	2012
Foreign exchange gains	$ 72,893	$ 5,532
Foreign exchange losses	(41,750)	(36,801)
	$ 31,143	$ (31,269)

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current year	$ 165,474	$ 180,057
Income tax expense of unappropriated earnings	4,786	28,069
In respect of prior periods	1,096	1,415
Deferred tax		
In respect of the current year	27,190	(20,414)
Income tax expense recognized in profit or loss	$ 198,546	$ 189,127

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

	For the Year Ended December 31	
	2013	**2012**
Profit before tax from continuing operations	$ 985,799	$ 985,799
Income tax expense calculated at the statutory rate	$ 167,586	$ 146,051
Nondeductible expenses in determining taxable income	25	119
Additional income tax on unappropriated earnings	4,786	28,069
Unrecognized temporary differences	12,266	1,479
Effect of different tax rate of group entities operating in other jurisdictions	12,787	11,994
Adjustments for prior years' tax	1,096	1,415
Income tax expense recognized in profit or loss	$ 198,546	$ 189,127

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

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

	For the Year Ended December 31	
	2013	**2012**
Actuarial gains and losses on defined benefit plan	$ (526)	$ -

c. Current tax assets and liabilities

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Current tax liabilities			
Income tax payable	$ 69,391	$ 157,176	$ 86,745

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2013

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Others**	**Closing Balance**
Deferred tax assets					
Temporary differences					
Defined benefit obligation	$ 4,127	$ (288)	$ (526)	$ -	$ 3,313
Doubtful debts	11,700	(3,170)	-	-	8,530
Inventory write-downs	5,796	(221)	-	-	5,575
Unrealized exchange gains/losses	293	(293)	-	-	-

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Payable for annual leave	$ 489	$ -	$ -	$ (3)	$ 486
Unrealized profit on intercompany sales	432	335	-	-	767
	$ 22,837	$ (3,637)	$ (526)	$ (3)	$ 18,671
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gains/losses	$ -	$ 168	$ -	$ -	$ 168
Unappropriated earnings of subsidiaries	46,618	23,385	-	-	70,003
Exchange difference on foreign operations	7,544	-	-	-	7,544
Reserve for land value increment tax	33,346	-	-	-	33,346
	$ 87,508	$ 23,553	$ -	$ -	$ 111,061

(Concluded)

For the year ended December 31, 2012

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Defined benefit obligation	$ 4,779	$ (652)	$ -	$ -	$ 4,127
Doubtful debts	16,368	(4,668)	-	-	11,700
Inventory write-downs	8,306	(2,510)	-	-	5,796
Unrealized exchange gains/losses	2,426	(2,133)	-	-	293
Payable for annual leave	760	(271)	-	-	489
Unrealized profit on intercompany sales	-	432	-	-	432
	$ 32,639	$ (9,802)	$ -	$ -	$ 22,837
Deferred tax liabilities					
Temporary differences					
Unappropriated earnings of subsidiaries	$ 76,834	$ (30,216)	$ -	$ -	$ 46,618
Exchange difference on foreign operations	7,544	-	-	-	7,544
Reserve for land value increment tax	33,346	-	-	-	33,346
	$ 117,724	$ (30,216)	$ -	$ -	$ 87,508

e. Investments for which deferred tax liabilities have not been recognized

The Group makes long-term investment in foreign subsidiaries in accordance with IAS, the Group can control the time of distribution of earnings and does not intend to distribute earnings in the near future. As of December 31, 2013, December 31, 2012 and January 1, 2012, the taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were $384,950 thousand, $405,861 thousand and $413,464 thousand, respectively. The aforementioned deferred tax liabilities will be recognized when subsidiaries declare dividend.

f. Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	$ 2,088,677	$ 2,003,808	$ 1,931,390
Imputation credits accounts	$ 214,407	$ 178,000	$ 138,807

The creditable ratio for distribution of earnings of 2013 and 2012 was 13.09% (expected ratio) and 16.50%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. [The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs

g. Income tax assessments

The tax returns through 2011 have been assessed by the tax authorities. The Company disagreed with the tax authorities' assessment of its 2011 tax return and applied for a re-examination. Nevertheless, the additional tax expense was recognized in 2013.

22. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2013	**2012**
Earnings used in the computation of basic earnings per share	$ 787,253	$ 669,992
Earnings used in the computation of diluted earnings per share	$ 787,253	$ 669,992

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2013	**2012**
Weighted average number of ordinary shares in computation of basic earnings per share	129,441	132,251
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	64	138
Weighted average number of ordinary shares used in the computation of diluted earnings per share	129,505	132,389

If the Group offered to settle bonuses paid to employees in cash or shares, the Group 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.

23. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of plant and employee dormitory with lease terms between 1 and 5 years.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 31, 2012
Not later than 1 year	$ 24,244	$ 27,603	$ 28,875
Later than 1 year and not later than 5 years	13,863	35,970	26,547
	$ 38,107	$ 63,573	$ 55,422

The refundable deposits of the Group paid for operating leases contracts at December 31, 2013, December 31, 2012 and January 1, 2012, were $2,825 thousand, $1,453 thousand and $5,323 thousand, respectively.

The lease payments recognized in expense for the current period were as follows:

	For the Year Ended December 31	
	2013	2012
Operating costs	$ 30,049	$ 28,923
Operating expenses	3,693	1,575
	$ 33,742	$ 30,498

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 2 to 5 years.

The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 6,234	$ 6,766	$ 6,094
Later than 1 year and not later than 5 years	6,145	9,019	671
	$ 12,379	$ 15,785	$ 6,765

The guarantee deposits of the Group received from operating leases contracts at December 31, 2013, December 31, 2012 and January 1, 2012, were $1,230 thousand, $1,230 thousand and $1,450 thousand, respectively.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the reporting period.

The capital structure of the Group consists of equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity (Note 19).

The Group is not subject to any externally imposed capital requirements.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Refundable deposits	$ 25,572	$ 25,228	$ 1,453	$ 1,433	$ 5,323	$ 5,253
Financial liabilities						
Guarantee deposits	1,230	1,213	28,490	28,119	1,450	1,431

2) 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:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

b) 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.

b. Categories of financial instruments

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Available-for-sale financial assets, current	$ 59.598	$ 61,208	$ -	$ -	$ -	$ -
Available-for-sale financial assets, non-current	59,417	61,285	115,782	120,452	-	-
Loans and receivables (1)	3,834,985	3,834,985	3,861,766	3,861,766	3,726,608	3,726,608
	$3,954,000	$3,957,478	$3,977,548	$3,982,218	$3,726,608	$3,726,608
Financial liabilities						
Amortized cost (2)	$1,478,245	$1,478,245	$1,858,989	$1,858,989	$1,395,960	$1,395,960

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, trade and other receivables, and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, trade and other payables.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivable, trade payables and short-term borrowings. The Group'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 Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporate Treasury function reports quarterly to the board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Assets			
USD	$ 2,834,118	$ 3,134,551	$ 3,412,952
RMB	1,140,258	582,649	380,274
Liabilities			
USD	846,544	767,813	960,954
RMB	261,602	134,201	223,290

Sensitivity analysis

The Group was mainly exposed to US dollars and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% 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 1% against the relevant currency. For a 1% 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.

	USD impact		RMB impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2013	2012	2013	2012
Profit or loss	$19,876	$23,667 (i)	$8,787	$4,484 (i)

i. This was mainly attributable to the exposure outstanding on USD/RMB monetary assets and monetary liabilities, which were not hedged at the end of the reporting period.

b) Interest rate risk

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

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value interest rate risk			
Financial assets	$ 119,015	$ 115,782	$ -
Cash flow interest rate risk			
Financial liabilities	200,000	700,000	-

Sensitivity analysis

The Group is exposed to interest rate risk because it invests in fixed interest rate debt instruments, of which the fair values are affected by changes in market interest rates. When the market interest rate increases by 1% in 2013, the fair value will decrease by $1,137 thousand based on the amount of principal on December 31, 2013.

The Group's short-term loans are floating-rate loans. When the market interest rate increases by 1% in 2013, the cash outflow will increase by $2,000 thousand based on the amount of principal on December 31, 2013.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers.

The receivables from Company A, the largest customer, amounted to $1,021,465 thousand, $1,249,116 thousand and $1,233,903 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The receivables from Company B amounted to $249,309 thousand, $298,430 thousand and $277,213 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. Apart from Company A and Company B, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk related to Company A did not exceed 25% of gross monetary assets at any time during the years ended 2013 and 2012. Concentration of credit risk to any other counterparty did not exceed 20% of gross monetary assets at any time during the years ended 2013 and 2012.

The Group's concentration of credit risk of 54%, 60% and 76% in total trade receivables as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, was related to the Group's largest customer.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Group had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2013

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**Total**
Non-derivative financial liabilities				
Short-term borrowing	$ 200,036	$ -	$ -	$ 200,036
Non-interest bearing	909,182	282,426	86,637	1,278,245
	$ 1,109,218	$ 282,426	$ 86,637	$ 1,478,281

December 31, 2012

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**Total**
Non-derivative financial liabilities				
Short-term borrowing	$ 660,577	$ 40,062	$ -	$ 700,639
Non-interest bearing	798,139	312,061	48,789	1,158,989
	$ 1,458,716	$ 352,123	$ 48,789	$ 1,859,628

January 1, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Non-derivative financial liabilities				
Short-term borrowing	$ -	$ -	$ -	$ -
Non-interest bearing	595,730	452,188	348,042	1,395,960
	$ 595,730	$ 452,188	$ 348,042	$ 1,395,960

c) Financing facilities

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank loan facilities which may be extended by mutual agreement:			
Amount used	$ -	$ 110,000	$ -
Amount unused	750,000	225,000	-
	$ 750,000	$ 335,000	$ -
Secured bank loan facilities which may be extended by mutual agreement:			
Amount used	$ 200,000	$ 590,000	$ -
Amount unused	425,000	887,040	-
	$ 625,000	$ 1,477,040	$ -

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of key management personnel

	For the Year Ended December 31	
	2013	2012
Short-term employee benefits	$ 50,341	$ 49,786

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of post clearance duty payment system or duty paid after customs release guarantees and Handbook of Processing Trade guarantees:

	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment			
Land	$ 98,848	$ 95,848	$ 95,848
Buildings	10,324	10,324	8,077
Investment properties			
Land	96,932	96,932	96,932
Other current assets			
Pledge deposits (under debt investments with no active market)	30,473	390,263	22,307
Pledge deposits (under other current assets)	1,955	32,250	21,192
Reserve deposits (under other current assets)	-	130,910	-
	$ 238,532	$ 756,797	$ 244,356

28. OTHER

The Company complied with the probe of Banciao District Prosecutor's Office. The related information is as follows:

a. The Company's ex-chairman Jun-Liang, Wu (hereinafter referred to as ex-chairman) remitted commission, marketing expense and employees' salaries to an account abroad which was in the name of the Company's employees and a shell corporation. The fees were paid by the Company's overseas subsidiaries - Sirtec International (B.V.I.) Co., Ltd. and Sirlong (B.V.I.) Co., Ltd. The prosecutor's office queried the validity of the remittance and probed into Sirtec on February 10, 2010.

b. The Company's ex-chairman resigned his position both as chairman and general manager on February 11, 2010. The Company's Board of Directors elected new chairman and general manager at the same day.

c. In order to assist the inspection of the prosecutor's office, the Company's lawyer had provided criminal presentation to the Banciao District Prosecutor's Office on February 25, 2010.

d. Based on the result of the probe, the Banciao District Prosecutor's Office sued the Company's ex-chairman and some employees on August 26, 2010. They sued the Company's ex-chairman for violation of paragraph 2 of Article 171 of the Securities and Exchange Act, and paragraph 1 of Article 11 of Money Laundering Control Act. The amount of the funds in question is about $13 billion. The Banciao District Prosecutors have seized properties equivalent to $13 billion.

e. The Banciao District Court pronounced against the Company's ex-chairman on August 31, 2011. The Banciao District Prosecutor's Office sued the Company's ex-chairman for violation of paragraph 2 of Article 171 of the Securities and Exchange Act. The amounts of the illegally gotten funds in question are about NT$542,500 thousand and US$23,084 thousand. The US$1,950 thousand illegally gotten income was returned to Sirtec International (B.V.I.) by the Court in advance in July 2011. The rest of the illegally gotten income will be returned at the exchange rate when the order of the court on this case is executed.

f. On March 11, 2013, the Company received an official letter from the Securities and Futures Investors Protection Center to confirm whether the Company agrees to make a civil reconciliation with the Company's ex-chairman. If a settlement is reached, the Company's ex-chairman will compensate for the above illegally gotten income even if in the future the amounts judged to be returned by the Taiwan High Court is a lesser amount. On April 16, 2013, the Company and the Securities and Futures Investors Protection Center signed the settlement agreement with the Company's ex-chairman. The amount received in advance, US$1,950 thousand, was recorded as other income in 2013.

g. The above cases are pending in the Taiwan High Court as of the auditors' report date.

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

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2013

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 70,115	29.805	(USD:NTD)	$ 2,089,778
USD	54,478	6.09682	(USD:RMB)	1,623,717
USD	4,332	7.75566	(USD:HKD)	16,648
HKD	14,117	0.12894	(HKD:USD)	54,252
HKD	4,332	0.78611	(HKD:RMB)	16,648
RMB	54,345	0.16402	(RMB:USD)	265,672
				$ 4,066,715
Financial liabilities				
Monetary items				
USD	113,595	29.805	(USD:NTD)	$ 1,522,737
USD	2,419	6.09682	(USD:RMB)	72,098
HKD	3,873	0.12894	(HKD:USD)	14,884
RMB	3,832	0.16402	(RMB:USD)	18,733
JPY	27,566	0.00953	(JPY:USD)	7,826
				$ 1,636,278

December 31, 2012

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 87,602	29.04	(USD:NTD)	$ 2,543,967
USD	4,052	7.75020	(USD:HKD)	117,674
USD	18,962	6.2855	(USD:RMB)	550,666
HKD	12,768	0.12903	(HKD:USD)	47,841
RMB	51,141	0.15910	(RMB:USD)	238,317
JPY	34,093	0.01158	(JPY:USD)	11,469
				$ 3,509,934
Financial liabilities				
Monetary items				
USD	56,483	29.04	(USD:NTD)	$ 1,640,263
USD	1,270	6.2855	(USD:RMB)	36,883
HKD	1,230	0.12903	(HKD:USD)	4,608
RMB	2,442	0.15910	(RMB:USD)	11,378
				$ 1,693,132

January 1, 2012

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 64,627	30.275	(USD:NTD)	$ 1,956,582
USD	4,035	7.76880	(USD:HKD)	122,170
USD	2,090	6.3009	(USD:RMB)	63,262
HKD	75,945	0.81069	(HKD:RMB)	295,957
HKD	14,093	0.12872	(HKD:USD)	54,919
				$ 2,492,890
Financial liabilities				
Monetary items				
USD	59,970	30.275	(USD:NTD)	$ 1,815,579
USD	461	6.3009	(USD:RMB)	13,942
HKD	78,134	0.12872	(HKD:USD)	304,489
RMB	3,130	0.15871	(RMB:USD)	15,045
JPY	29,420	0.01290	(JPY:USD)	11,491
				$ 2,160,546

30. SEGMENT 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 Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Electronics division engages in:

- The use of SMT (surface mount technology) and testing of TFT display panel drive card module,
- The order reception and planning for development, production and selling of electronic products, and
- The molding, injection and assembling of electronics-related plastic tools.

Plastics division engages in:

- The planning and execution for development, manufacturing and selling of steel mold, and
- The planning and execution for materials preparing, manufacturing, quality control and selling of plastic products.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Electronics Division	Plastics Division	Total
Year ended December 31, 2013			
Revenues from external customers	$ 7,292,852	$ 1,185,944	$ 8,478,796
Inter-segment revenues	5,888,489	366,179	6,254,668
Segment revenues	$ 13,181,341	$ 1,552,123	14,733,464
Eliminations			(6,254,668)
Consolidated revenues			$ 8,478,796
Segment income	$ 526,188	$ 149,002	$ 675,190
Interest income			39,602
General income			346,673
General expenses and losses			(71,342)
Financial costs			(4,324)
Profit before tax (continuing operations)			$ 985,799

(Continued)

	Electronics Division	Plastics Division	Total
Year ended December 31, 2012			
Revenues from external customers	$ 6,947,047	$ 1,438,577	$ 8,385,624
Inter-segment revenues	5,499,318	389,683	5,889,001
Segment revenues	$ 12,446,365	$ 1,828,260	14,274,625
Eliminations			(5,889,001)
Consolidated revenues			$ 8,385,624
Segment income	$ 651,868	$ 201,093	$ 852,961
Interest income			22,291
General income			119,710
General expenses and losses			(132,305)
Financial costs			(3,538)
Profit before tax (continuing operations)			$ 859,119

(Concluded)

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group operates in two principal geographical areas - the Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets		
	Year Ended December 31		December 31,	December 31,	January 1,
	2013	2012	2013	2012	2012
Taiwan	$ 937,300	$ 1,137,932	$ 528,885	$ 524,972	$ 531,130
China	1,575,518	1,189,088	273,403	219,311	293,802
USA	330,104	217,580	-	-	-
Suisse	5,424,600	5,818,302	-	-	-
Others	211,274	22,722	-	-	-
	$ 8,478,796	$ 8,385,624	$ 802,288	$ 744,283	$ 824,932

Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets.

c. Information about major customers

Included in revenues arising from sales of $8,478,796 thousand and $8,385,624 thousand in 2013 and 2012 respectively, are revenues of approximately $5,425,923 thousand and $5,817,749 thousand which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2013 and 2012.

31. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 were the first IFRS financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact on the transition to IFRSs

After transition to IFRSs, the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

ROC GAAP		The Effect of the Transition from ROC GAAP to IFRSs			IFRSs	
Item	Amount	Presentation Difference	Measurement or Recognition Difference	Amount	Item	Note
Cash	$ 1,923,384	$ (91,333)	$ -	$ 1,832,051	Cash	b. 5) m)
Notes and accounts receivable, net	1,729,789	-	-	1,729,789	Notes and accounts receivable, net	
Other financial assets, current	51,128	-	-	51,128	Other financial assets, current	
		113,640		113,640	Bond investments with no active market, current	b. 5) m)
Inventories	1,105,616	-	-	1,105,616	Inventories	
Restricted assets, current	43,499	(22,307)	-	21,192	Restricted assets, current	
Other current assets	100,577	-	-	100,577	Other current assets	
Total current assets	4,953,993	-	-	4,953,993	Total current assets	
Property, plant and equipment	1,156,803	44,345	-	1,201,148	Property, plant and equipment	b. 5) j)
Less: Accumulated impairment	(118,980)	(34,507)	-	(153,487)	Less: Accumulated impairment	b. 5) j)
Less: Accumulated depreciation	(522,426)	(626)	-	(523,052)	Less: Accumulated depreciation	b. 5) j)
Prepayments on purchase of property, plant and equipment	14,077	(14,077)	-	-	-	b. 5) i)
Total property, plant and equipment	529,474	(4,865)	-	524,609	Total property, plant and equipment	
-	-	276,684	-	276,684	Investment property, net	b. 5) g)
Other assets						
Rental assets, net	276,684	(276,684)	-	-	-	b. 5) g)
Idle assets, net	9,212	(9,212)	-	-	-	b. 5) j)
-	-	14,077	-	14,077	Prepayments for equipment	b. 5) i)
Refundable deposits	5,323	-	-	5,323	Refundable deposits	
Deferred charges	4,239	(172)	-	4,067	Deferred charges	b. 5) f)
Deferred income tax assets, noncurrent	3,233	27,100	2,306	32,639	Deferred income tax assets	b. 5) a), b), c)
-	-	172	-	172	Long-term prepaid rent	b. 5) f)
Total other assets	298,691	(244,719)	2,306	56,278	Total other assets	
Total	$ 5,782,158	$ 27,100	$ 2,306	$ 5,811,564	Total	
Notes and accounts payable	$ 1,158,652	$ -	$ -	$ 1,158,652	Notes and accounts payable	
Income tax payable	86,745		-	86,745	Current tax liabilities	
Accrued expenses	232,838	(232,838)	-	-	-	b. 5) l)
-	-	232,838	4,470	237,308	Other payables	b. 5) b), l)
Deferred income tax liabilities, current	49,734	(49,734)	-	-	-	b. 5) a)
Other current liabilities	78,801	-	-	78,801	Other current liabilities	
Total current liabilities	1,606,770	(49,734)	4,470	1,561,506	Total current liabilities	
Reserve for land revaluation increment tax	33,346	(33,346)	-	-	-	b. 5) e)
Total reserve	33,346	(33,346)	-	-	-	
Accrued pension liabilities	19,016	-	9,097	28,113	Liabilities reserves	b. 5) c)
Guarantee deposits received	1,450	-	-	1,450	Guarantee deposits received	
Deferred income tax liabilities, noncurrent	-	110,180	7,544	117,724	Deferred income tax liabilities	b. 5) a), e), k)
Total other liabilities	20,466	110,180	16,641	147,287	Total other liabilities	
Total liabilities	1,660,582	27,100	21,111	1,708,793	Total liabilities	

(Continued)

ROC GAAP Item	Amount	Presentation Difference	Measurement or Recognition Difference	Amount	IFRSs Item	Note
		The Effect of the Transition from ROC GAAP to IFRSs				
Capital stock	$ 1,324,410	$ -	$ -	$ 1,324,410	Capital stock	
Capital surplus - additional paid-in capital	366,604	-	-	366,604	Capital surplus - additional paid-in capital	
Capital surplus - treasury stock transactions	78,125	-	-	78,125	Capital surplus - treasury stock transactions	
Capital surplus - long-term equity investments	3,789	-	(3,789)	-	-	b. 5) d)
Retained earnings	2,245,759	-	87,873	2,333,632	Retained earnings	b. 5) b), c), d), h), k)
Cumulative translation adjustments	44,374	-	(44,374)	-	Cumulative translation adjustments	b. 5) k)
Unrealized revaluation increment	58,515	-	(58,515)	-	-	b. 5) h)
Total stockholders' equity	4,121,576	-	(18,805)	4,102,771	Total stockholders' equity	
Total	$ 5,782,158	$ 27,100	$ 2,306	$ 5,811,564	Total	

(Concluded)

2) Reconciliation of consolidated balance sheet as of December 31, 2012

ROC GAAP Item	Amount	Presentation Difference	Measurement or Recognition Difference	Amount	IFRSs Item	Note
		The Effect of the Transition from ROC GAAP to IFRSs				
Cash	$ 1,403,470	$ (584,053)	$ -	$ 819,417	Cash	b. 5) m)
Notes and accounts receivable, net	1,996,989	-	-	1,996,989	Notes and accounts receivable, net	
Other financial assets, current	71,044	-	-	71,044	Other financial assets, current	
		974,316		974,316	Bond investments with no active market, current	b. 5) m)
Inventories	1,129,987	-	-	1,129,987	Inventories	
Noncurrent assets classified as held for sale	9,148	-	-	9,148	Noncurrent assets classified as held for sale	
Deferred income tax assets, current	17,789	(17,789)	-	-	-	b. 5) a)
Restricted assets, current	553,693	(390,263)	-	163,430	Restricted assets, current	
Other current assets	120,381	-	-	120,381	Other current assets	
Total current assets	5,302,501	(17,789)	-	5,284,712	Total current assets	
Held-to-maturity financial assets, noncurrent	115,782	-	-	115,782	Held-to-maturity financial assets, noncurrent	
Property, plant and equipment	1,117,772	44,345	-	1,162,117	Property, plant and equipment	b. 5) j)
Less: Accumulated impairment	(45,687)	(34,507)	-	(80,194)	Less: Accumulated impairment	b. 5) j)
Less: Accumulated depreciation	(624,039)	(626)	-	(624,665)	Less: Accumulated depreciation	b. 5) j)
Prepayments on purchase of property, plant and equipment	5,097	(5,097)	-	-	-	b. 5) i)
Total property, plant and equipment	453,143	4,115	-	457,258	Total property, plant and equipment	
-	-	276,632	-	276,632	Investment property, net	b. 5) g)
Computer software	12,204	-	-	12,204	Computer software	
Total intangible assets	12,204	-	-	12,204	Total intangible assets	
Other assets						
Rental assets, net	276,632	(276,632)	-	-	-	b. 5) g)
Idle assets, net	9,212	(9,212)	-	-	-	b. 5) j)
-	-	5,097	-	5,097	Prepayments for equipment	b. 5) i)
Refundable deposits	1,453	-	-	1,453	Refundable deposits	
Deferred charges	43	-	-	43	Deferred charges	
Deferred income tax assets, noncurrent	-	20,789	2,048	22,837	Deferred income tax assets, noncurrent	b. 5) a), b), c)
Other assets	3,800	-	-	3,800	Other assets	
Total other assets	291,140	(259,958)	2,048	33,230	Total other assets	
Total	$ 6,174,770	$ 3,000	$ 2,048	$ 6,179,818	Total	
Short-term loans	$ 700,000	$ -	$ -	$ 700,000	Short-term loans	
Notes and accounts payable	918,651	-	-	918,651	Notes and accounts payable	
Income tax payable	157,176	-	-	157,176	Current tax liabilities	
Accrued expenses	205,260	(205,260)	-	-	-	b. 5) l)
Other payables	32,203	205,260	2,875	240,338	Other payables	b. 5) b), l)
Other current liabilities	90,370	-	-	90,370	Other current liabilities	
Total current liabilities	2,103,660	-	2,875	2,106,535	Total current liabilities	
Reserve for land revaluation increment tax	33,346	(33,346)	-	-	-	b. 5) e)
Total reserve	33,346	(33,346)	-	-	-	
Accrued pension liabilities	15,104	-	9,171	24,275	Liabilities reserves	b. 5) c)
Guarantee deposits received	28,490	-	-	28,490	Guarantee deposits received	
Deferred income tax liabilities, noncurrent	43,618	36,346	7,544	87,508	Deferred income tax liabilities	b. 5) a), e), k)
Total other liabilities	87,212	36,346	16,715	140,273	Total other liabilities	
Total liabilities	2,224,218	3,000	19,590	2,246,808	Total liabilities	
Capital stock	1,324,410	-	-	1,324,410	Capital stock	
Capital surplus - additional paid-in capital	366,604	-	-	366,604	Capital surplus - additional paid-in capital	
Capital surplus - treasury stock transactions	78,125	-	-	78,125	Capital surplus - treasury stock transactions	
Capital surplus - long-term equity investments	3,789	-	(3,789)	-	-	b. 5) d)
Retained earnings	2,318,503	-	89,136	2,407,639	Retained earnings	b. 5) b), c), d), h), k)

(Continued)

ROC GAAP Item	Amount	Presentation Difference	Measurement or Recognition Difference	Amount	IFRSs Item	Note
	The Effect of the Transition from ROC GAAP to IFRSs					
Cumulative translation adjustments	$ (94,742)	$ -	$ (44,374)	$ (139,116)	Cumulative translation adjustments	b. 5) k)
Unrealized revaluation increment	58,515	-	(58,515)	-	-	b. 5) h)
Treasury stock	(104,652)	-	-	(104,652)	Treasury stock	
Total shareholders' equity	3,950,552	-	(17,542)	3,933,010	Total equity	
Total	$ 6,174,770	$ 3,000	$ 2,048	$ 6,179,818	Total	

(Concluded)

3) Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012

ROC GAAP Item	Amount	Presentation Difference	Measurement or Recognition Difference	Amount	IFRSs Item	Note
	The Effect of the Transition from ROC GAAP to IFRSs					
Net sales	$ 8,385,624	$ -	$ -	$ 8,385,624	Net sales	
Cost of goods sold	7,232,718	-	(1,024)	7,231,694	Cost of goods sold	b. 5) b), c)
Gross profit	1,152,906	-	1,024	1,153,930	Gross profit	
Operating expenses					Operating expenses	
Selling expenses	180,885	-	(270)	180,615	Selling expenses	b. 5) b), c)
General administrative expenses	189,163	-	(227)	188,906	General administrative expenses	b. 5) b), c)
Total operating expenses	370,018	-	(497)	369,521	Total operating expenses	
Operating income	782,828	-	1,521	784,409	Operating income	
Non-operating income and gains					Non-operating income and gains	
Interest income	22,291	-	-	22,291	Interest income	
Gain on sale of property, plant and equipment, net	4,930	-	-	4,930	Gain on sale of property, plant and equipment, net	
Rent income	7,937	-	-	7,937	Rent income	
Others	77,803	-	-	77,803	Others	
Total non-operating income and gains	107,311	-	-	107,311	Total non-operating income and gains	
Non-operating expenses and losses					Non-operating expenses and losses	
Loss on disposal of property, plant and equipment	383	-	-	383	Loss on disposal of property, plant and equipment	
Foreign exchange loss, net	31,269	-	-	31,269	Foreign exchange loss, net	
Impairment loss	1,410	-	-	1,410	Impairment loss	
Others	4,469	-	-	4,469	Others	
Total non-operating expenses and losses	37,531	-	-	37,531	Total non-operating expenses and losses	
Income before income tax	857,598	-	1,521	859,119	Income before income tax	
Income tax expense	188,869	-	258	189,127	Income tax expense	b. 5) b), c)
Consolidated net income	$ 668,729	$ -	$ 1,263	669,992	Consolidated net income	
				(139,116)	Cumulative translation adjustments	
				$ 530,876	Comprehensive income	

4) Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

Share-based payment transactions

The Group elected to take the optional exemption from applying IFRS 2 "Share-based Payment" retrospectively for the shared-based payment transactions granted and vested before the date of transition.

Deemed cost

For certain freehold lands, the Group elected to use the ROC GAAP revalued amount at the date of transition to IFRSs as their deemed cost under IFRSs. For certain investment properties with sufficient evidence that those properties are continuously being rented out and can generate a stable cash flow in the medium or long-term, the Group elected to use their fair value at the date of transition as their deemed cost. For other certain investment properties, the ROC GAAP revaluated amount at the date of the transition was used as their deemed cost under IFRSs. All other property, plant and equipment, investment properties and intangible assets applied IFRSs retrospectively.

Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Group elected to apply the exemption disclosure requirement provided by IFRS 1, in which the experience adjustments are determined for each accounting period prospectively from the transition date.

Cumulative translation differences

The Group elected to reset the cumulative translation differences to zero at the date of transition to IFRSs and adjusted retained earnings accordingly. Gains or losses of a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to IFRSs.

5) Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under IFRSs were as follows:

a) Classifications of deferred income tax assets and liabilities and Offsetting of deferred income tax assets and liabilities

Under ROC GAAP, deferred tax assets or liabilities are classified as current or non-current in accordance with the classification of their related assets or liabilities. However, if deferred income tax assets or liabilities do not relate to assets or liabilities in the financial statements, they are classified as either current or non-current based on the expected length of time before they are realized or settled.

Under IFRSs, deferred tax assets or liabilities are classified as non-current assets or liabilities.

As of December 31, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets to non-current assets were $17,789 thousand and zero, respectively; the amounts reclassified from deferred income tax liabilities to non-current liabilities were zero and $49,734 thousand, respectively.

Under ROC GAAP, the current deferred income tax liabilities and assets of the same taxable entity should be offset against each other and presented as a net amount; the same for the noncurrent deferred income tax liabilities and assets.

Under IFRSs, an entity should offset deferred income tax assets and deferred income tax liabilities only if:

i. The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii. The deferred income tax assets and the deferred income tax liabilities related to income taxes levied by the same taxation authority on either:

   i) The same taxable entity; or

   ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

As of December 31, 2012 and January 1, 2012, the Company's deferred tax assets and deferred tax liabilities were increased by $3,000 thousand and $27,100 thousand, respectively.

b) Employee benefits - short-term accumulated compensated absences

Under ROC GAAP, there are no specific requirements for recognizing accumulated compensated absences at the end of reporting periods. Companies usually recognize the related costs when the employees actually go on leave.

Under IFRSs, the expected cost of short-term accumulated compensated absences should be recognized as the employees render services that increase their entitlement to these compensated absences.

As of December 31, 2012 and January 1, 2012, the IFRS-based evaluation adjustment resulted in an increase of other payables by $2,875 thousand and $4,470 thousand, respectively. This adjustment also resulted in increases in deferred income tax assets by $489 thousand and $760 thousand, respectively. For the year ended December 31, 2012, the salary expense was adjusted for a decrease of $1,595 thousand. The income tax expense was also adjusted for an increase of $271 thousand.

c) Employee benefits - defined benefit pension plans

Under ROC GAAP, actuarial gains and losses should be accounted for under the corridor approach which resulted in the deferral of gains and losses. When using the corridor approach, actuarial gains and losses should be amortized to profit or loss over the average remaining service period of those employees who are still in service and expected to receive pension benefits.

Under IFRSs, the Company should carry out actuarial valuation on defined benefit plans in accordance with IAS No. 19, "Employee Benefits," and recognize actuarial gains and losses immediately in full in the period in which they occur, as other comprehensive income. The actuarial gains and losses recognized in other comprehensive income are recognized immediately in retained earnings in the statement of changes in equity. The subsequent reclassification to profit or loss is not permitted.

At the date of transition to IFRSs, the Company performed the actuarial valuation on defined benefit plans under IAS No. 19, "Employee Benefits," and recognized the valuation difference under the requirement of IFRS 1. As of December 31, 2012 and January 1, 2012, accrued pension cost was adjusted for an increase of $9,171 thousand and $9,097 thousand, respectively; deferred income tax assets were adjusted for an increase of $1,559 thousand and $1,546 thousand, respectively. For the year ended December 31, 2012, IFRS adoption resulted in an increase of $74 thousand in pension cost and a decrease of $13 thousand in income tax expense.

d) Adjustments to carrying value of and capital surplus from long-term equity investment due to new share subscription at different percentage

Under ROC GAAP, if an investee issues new shares and an investor does not buy new shares proportionately, the investor's ownership percentage and its interest in net assets of the investee will change. The resulting difference should be used to adjust the capital surplus and long-term equity investment accounts.

Under IFRSs, when the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. Changes in ownership interest of a subsidiary without loss of control shall be treated as an equity transaction.

In addition, in accordance with the "Q&A on the Adoption of IFRSs" issued by the Taiwan Stock Exchange, capital surplus, if not covered by IFRSs, ROC Company Law and relevant legal interpretations of the Ministry of Economic Affairs, ROC, should be adjusted accordingly at the date of transition to IFRSs.

As of December 31, 2012 and January 1, 2012, the amounts reclassified from capital surplus to retained earnings were both $3,789 thousand.

e) The measurement basis of property, plant and equipment and reserve for land value increment tax

Under ROC GAAP, fixed assets can be revalued according to the law. The revalued amount of the land is based on the current announced land value. The recognized land value increment is subject to a provision for land value increment tax.

On transition to IFRSs, property, plant and equipment are measured under the cost model and no land revaluation is recognized.

Based on the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, land revaluation increment tax is recorded under other liabilities. The Company selected the book value after revaluation as deemed cost; thus, the Company reclassified land value increment tax to deferred income tax liabilities.

As of December 31, 2012 and January 1, 2012, reserves for land revaluation increment tax were both adjusted for a decrease of $33,346 thousand, and deferred income tax liabilities were both adjusted for an increase of $33,346 thousand.

f) Land use rights

Under ROC GAAP, land use rights are classified as deferred charges.

Under IFRSs, based on their nature, a land use right is classified as prepayment in accordance with International Accounting Standard (IAS) No. 17 - "Leases."

On January 1, 2012, long-term prepaid rent was adjusted for an increase of $172 thousand and deferred charges were adjusted for a decrease of $172 thousand.

g) Investment property

Under ROC GAAP, properties used for operating or capital appreciation are classified as property, plant and equipment and other assets. Under IFRSs, investment property is held to earn rentals or for capital appreciation or both.

As of December 31, 2012 and January 1, 2012, the amounts reclassified from rental assets to investment property were $276,632 thousand and $276,684 thousand, respectively.

h) Unrealized revaluation increment

Under ROC GAAP, land revaluation increment recognized due to revaluation on land is classified as unrealized revaluation increment under equity. Under IFRSs, ROC GAAP revaluations are selected as deemed cost for the designated land at the date of transition to IFRSs; thus, the related land revaluation increment is reclassified to retained earnings. Under Order No. 1010012865 issued by the FSC on April 6, 2012, the Company reclassified unrealized revaluation increment to special reserve. As of December 31, 2012 and January 1, 2012, the amounts reclassified from unrealized revaluation increment to special reserve were both $58,515 thousand.

i) Classification of the prepayments for purchase of property, plant and equipment

Under ROC GAAP, the prepayments for purchase of property, plant and equipment are usually recorded under property, plant and equipment. Under IFRSs, prepayments for purchase of property, plant and equipment are usually recorded under prepayments as non-current assets. As of December 31, 2012 and January 1, 2012, the amounts reclassified from prepayments for purchase of property, plant and equipment to prepayments were $5,097 thousand and $14,077 thousand, respectively.

j) Classification of the idle assets

Under ROC GAAP, the cost, accumulated depreciation, and accumulated impairment of property, plant and equipment not used in operation should be reclassified to idle assets.

Under IFRSs, there is no requirement to reclassify property, plant and equipment to idle assets.

As of December 31, 2012 and January 1, 2012, the amounts reclassified from idle assets to property, plant and equipment were both $9,212 thousand.

k) Cumulative translation differences

Under ROC GAAP, the Company used comprehensive judgments to determine the functional currency.

Under IFRSs, the Company shall give priority to the main factors, and then, the factors that may also provide evidence of the Company’s functional currency in accordance with IAS No. 21, “The Effects of Changes in Foreign Exchange Rates.”

Under IFRSs, cumulative translation differences are recognized in other comprehensive income and accumulated in a separate component of equity. The Company elected to reset the cumulative translation differences on all foreign operations as zero and recognized the amount in retained earnings at the date of transition to IFRSs. In accordance with Order No. 1010012865 issued by the FSC on April 6, 2012, the Company reclassified cumulative translation differences to special reserve.

As of December 31, 2012 and January 1, 2012, cumulative translation differences were both adjusted for a decrease of $44,374 thousand; deferred income tax liabilities were both adjusted for an increase of $7,544 thousand; retained earnings were both adjusted for an increase of $36,830 thousand.

l) Classification of accrued expenses

Under ROC GAAP, accrued expenses are classified as current liabilities. In accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC, aside from notes and accounts payable, all other payables such as tax payable, salaries payable, dividend payable, etc. are classified as other payables. Accrued expenses were reclassified to other payables by their nature. As of December 31, 2012 and January 1, 2012, the amounts reclassified from accrued expenses to other payables were $205,260 thousand and $232,838 thousand, respectively.

m) Time deposits with term of more than three months

Under ROC GAAP, time deposits that can be withdrawn anytime without detriment to the principal are classified as cash. Under IFRSs, time deposits with deposit terms of over three months are not cash and cash equivalents. Time deposits with term of more than three months and do not have a quoted price in an active market and with fixed or determinable payments are classified as bond investments with no active market, current.

As of December 31, 2012 and January 1, 2012, the time deposits reclassified from cash and cash equivalents to debt securities without active market, current were $584,053 thousand and $91,333 thousand, respectively; the time deposits reclassified from the restricted assets, current to debt securities without active market, current were $390,263 thousand and $22,307 thousand, respectively.