TSRC CORPORATION
AND SUBSIDIARIES

Consolidated Financial Statements

For the Years Ended December 31, 2013 and 2012
(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

The Board of Directors
TSRC Corporation:

We have audited the accompanying consolidated balance sheets of TSRC Corporation and subsidiaries (the Group) as of December 31, 2013 and 2012, and January 1, 2012, and the related consolidated statements of comprehensive income as well as the consolidated statements of changes in stockholders' equity and of cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Group'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 "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards. Those regulations 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 in the first paragraph present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013 and 2012, and January 1, 2012, and the consolidated results of its operations and its 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the R.O.C. Financial Supervisory Commission.

We have also audited the standalone financial statements of TSRC Corporation as of December 31, 2013 and 2012, and January 1, 2012, and the related consolidated statements of comprehensive income as well as the consolidated statements of changes in stockholders' equity and of cash flows for the years ended December 31, 2013 and 2012, on which we have issued an unqualified audit opinion.

KPMG

KPMG
March 13, 2014

Note to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards approved by the R.O.C. Financial Supervisory Commission. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2013 and 2012, and January 1, 2012

(expressed 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 (note 6(a))	$ 4,994,973	15	5,147,163	14	6,055,884	16
Notes receivable, net (note 6(c))	807,638	2	1,408,383	4	2,493,559	6
Accounts receivable, net (note 6(c))	3,087,887	9	4,294,118	12	5,937,012	15
Other receivable (notes 6(c) and 7)	130,251	-	280,314	1	304,657	1
Current income tax assets	116,685	-	-	-	-	-
Inventories (note 6(d))	5,633,218	17	6,104,178	17	7,040,206	18
Other current assets	525,035	2	463,338	1	345,352	1
Total current assets	15,295,687	45	17,697,494	49	22,176,670	57
Non-current assets:						
Available-for-sale financial assets－non-current (note 6(b))	1,005,832	3	893,054	3	1,363,889	4
Investments accounted for under equity method (note 6(e))	1,779,228	5	1,985,612	6	1,058,858	3
Property, plant and equipment (notes 6(f) and 8)	10,255,107	31	9,921,124	28	8,925,205	23
Investment property (note 6(g))	1,669,950	5	1,684,675	5	1,699,400	4
Intangible assets (note 6(h))	2,506,846	8	2,590,677	7	2,760,687	7
Deferred income tax assets (note 6(m))	267,510	1	213,486	1	99,389	-
Other non-current assets (notes 6(i) and 8)	592,204	2	588,956	1	715,753	2
Total non-current assets	18,076,677	55	17,877,584	51	16,623,181	43
Total assets	**$ 33,372,364**	**100**	**35,575,078**	**100**	**38,799,851**	**100**

Liabilities and Stockholders' Equity	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
Current liabilities:						
Short-term borrowings (notes 6(j) and 8)	$ 5,805,694	17	6,194,179	17	5,101,364	13
Current portion of long-term borrowings (notes 6(j) and 8)	1,200,944	4	1,107,168	4	1,067,183	3
Short-term commercial paper payable (note 6(j))	798,856	2	349,441	1	249,601	1
Accounts payable	1,527,291	5	1,683,776	5	2,334,318	6
Accounts payable－related parties (note 7)	-	-	58,134	-	276,570	1
Current income tax liabilities	128,352	-	577,933	2	834,521	2
Other payable	1,075,144	3	1,223,878	3	1,171,099	3
Other current liabilities (note 6(j))	183,312	1	67,342	-	167,533	1
Total current liabilities	10,719,593	32	11,261,851	32	11,202,189	30
Non-current liabilities:						
Long-term borrowings (notes 6(j) and 8)	3,653,931	11	4,652,089	13	5,088,720	13
Deferred income tax liabilities (note 6(m))	903,655	3	1,012,641	3	1,196,180	3
Other non-current liabilities (notes 6(j) and 6(l))	540,220	1	703,438	2	530,672	1
Total non-current liabilities	5,097,806	15	6,368,168	18	6,815,572	17
Total liabilities	15,817,399	47	17,630,019	50	18,017,761	47
Equity attributable to shareholders of the parent (notes 6(m), 6(n) and 6(s)):						
Common stock	7,863,904	24	7,863,904	22	7,149,004	18
Capital surplus	849	-	849	-	849	-
Retained earnings:						
Legal reserve	3,355,130	10	3,097,705	9	2,523,529	7
Unappropriated earnings	3,180,995	10	3,985,802	11	6,358,188	16
	6,536,125	20	7,083,507	20	8,881,717	23
Other equities:						
Financial statement translation differences for foreign operations	1,064,983	3	688,778	2	1,002,365	3
Unrealized gain (loss) on valuation of available-for-sale financial assets	109,336	-	(1,888)	-	222,671	-
	1,174,319	3	686,890	2	1,225,036	3
Total stockholders' equity	15,575,197	47	15,635,150	44	17,256,606	44
Non-controlling interests	1,979,768	6	2,309,909	6	3,525,484	9
Total equity	17,554,965	53	17,945,059	50	20,782,090	53
Total liabilities and stockholders' equity	**$ 33,372,364**	**100**	**35,575,078**	**100**	**38,799,851**	**100**

See accompanying notes to the consolidated financial statements.

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2013 and 2012

(expressed in thousands of New Taiwan dollars)

	2013 Amount	%	2012 Amount	%
Revenue (note 6(p))	$ 34,422,999	100	45,364,375	100
Operating costs (notes 6(d), 6(f), 6(h), 6(i), 6(l) and 7)	30,155,898	88	39,327,884	87
Gross profit	4,267,101	12	6,036,491	13
Operating expenses (notes 6(f), 6(g), 6(h), 6(i), 6(k), 6(l) and 7):				
Selling expenses	1,033,162	3	1,002,171	2
General and administrative expenses	904,716	3	912,538	2
Research and development expenses	389,147	1	351,239	1
Total operating expenses	2,327,025	7	2,265,948	5
Other income and expenses, net (notes 6(h), 6(q) and 7)	124,856	-	197,059	1
Operating profit	2,064,932	5	3,967,602	9
Non-operating income and expenses (notes 6(b), 6(e) and 6(r)):				
Interest income	97,576	-	91,619	-
Other gains and losses	278,235	1	46,740	-
Finance costs	(184,832)	-	(228,157)	(1)
Share of profit (loss) of associates and joint ventures accounted for under equity method	(153,909)	1	1,981	-
Total non-operating income and expenses	37,070	2	(87,817)	(1)
Net income before tax	2,102,002	7	3,879,785	8
Less: income tax expenses (note 6(m))	386,520	1	739,884	2
Net income	1,715,482	6	3,139,901	6
Other comprehensive income (loss) (notes 6(l), 6(n) and 6(s)):				
Financial statement translation differences for foreign operations	408,615	1	(423,889)	(1)
Unrealized gain (loss) on valuation of available-for-sale financial assets	111,224	-	(224,559)	-
Actuarial gains (losses) on defined benefit plans	2,222	-	(52,549)	-
Less: income tax expense relating to components of other comprehensive income (loss)	-	-	(8,933)	-
Other comprehensive income (loss), net of tax	522,061	1	(692,064)	(1)
Total comprehensive income	**$ 2,237,543**	**7**	**2,447,837**	**5**
Net income attributable to:				
Shareholders of the parent	$ 1,495,011	5	2,534,808	5
Non-controlling interests	220,471	1	605,093	1
	$ 1,715,482	**6**	**3,139,901**	**6**
Total comprehensive income attributable to:				
Shareholders of the parent	$ 1,984,662	6	1,953,046	4
Non-controlling interests	252,881	1	494,791	1
	$ 2,237,543	**7**	**2,447,837**	**5**
Basic earnings per share (in New Taiwan dollars) (note 6(o))	**$**	**1.90**		**3.22**

See accompanying notes to the consolidated financial statements.

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2013 and 2012

(expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent										
			Retained earnings			Other equity adjustments					
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Total	Financial statement translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets	Total	Total equity attributable to shareholders of the parent	Non-controlling interests	Total
Balance at January 1, 2012	$ 7,149,004	849	2,523,529	6,358,188	8,881,717	1,002,365	222,671	1,225,036	17,256,606	3,525,484	20,782,090
Appropriations and distributions:											
Legal reserve	-	-	574,176	(574,176)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(3,574,502)	(3,574,502)	-	-	-	(3,574,502)	(1,710,366)	(5,284,868)
Stock dividends	714,900	-	-	(714,900)	(714,900)	-	-	-	-	-	-
Net income	-	-	-	2,534,808	2,534,808	-	-	-	2,534,808	605,093	3,139,901
Other comprehensive income (loss)	-	-	-	(43,616)	(43,616)	(313,587)	(224,559)	(538,146)	(581,762)	(110,302)	(692,064)
Total comprehensive income (loss)	-	-	-	2,491,192	2,491,192	(313,587)	(224,559)	(538,146)	1,953,046	494,791	2,447,837
Balance at December 31, 2012	7,863,904	849	3,097,705	3,985,802	7,083,507	688,778	(1,888)	686,890	15,635,150	2,309,909	17,945,059
Appropriations and distributions:											
Legal reserve	-	-	257,425	(257,425)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(2,044,615)	(2,044,615)	-	-	-	(2,044,615)	(583,022)	(2,627,637)
Net income	-	-	-	1,495,011	1,495,011	-	-	-	1,495,011	220,471	1,715,482
Other comprehensive income (loss)	-	-	-	2,222	2,222	376,205	111,224	487,429	489,651	32,410	522,061
Total comprehensive income (loss)	-	-	-	1,497,233	1,497,233	376,205	111,224	487,429	1,984,662	252,881	2,237,543
Balance at December 31, 2013	**$ 7,863,904**	**849**	**3,355,130**	**3,180,995**	**6,536,125**	**1,064,983**	**109,336**	**1,174,319**	**15,575,197**	**(330,141)**	**17,554,965**

See accompanying notes to the consolidated financial statements.

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2013 and 2012

(expressed in thousands of New Taiwan dollars)

	2013	2012
Cash flows from operating activities:		
Consolidated net income before tax	$ 2,102,002	3,879,785
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation	910,846	787,598
Amortization	188,665	175,142
Reversal of bad debt provision	-	(389)
Interest expenses	184,832	228,157
Interest income	(97,576)	(91,619)
Dividend income	(41,267)	(41,445)
Share of loss (profit) of associates and joint ventures accounted for under equity method	153,909	(1,981)
Losses (gains) on disposal of property, plant and equipment, net	(54)	4,647
Losses on disposal of investments, net	-	9,862
Amortization of long-term prepaid rent	12,111	11,473
Total adjustments to reconcile profit and loss	1,311,466	1,081,445
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Notes receivable	600,745	1,085,176
Accounts receivable	1,206,227	1,643,283
Other receivable	156,050	24,343
Inventories	470,960	783,137
Other current assets	(61,697)	(117,986)
Total changes in operating assets, net	2,372,285	3,417,953
Net changes in operating liabilities:		
Accounts payable	(156,485)	(650,542)
Accounts payable－related parties	(58,134)	(218,436)
Other current liabilities	(8,613)	(346,581)
Accrued pension liabilities	(12,145)	(2,619)
Other non-current liabilities	(136,725)	100,553
Total changes in operating liabilities, net	(372,102)	(1,117,625)
Total changes in operating assets / liabilities, net	2,000,183	2,300,328
Total adjustments	3,311,649	3,381,773
Cash provided by operating activities	5,413,651	7,261,558
Interest income received	82,849	87,694
Interest expense paid	(180,197)	(235,132)
Income tax paid	(1,115,796)	(1,156,944)
Net cash provided by operating activities	4,200,507	5,957,176
Cash flows from investing activities:		
Increase in available-for-sale financial assets	-	(487,169)
Proceeds from sale of available-for-sale financial assets	-	497,419
Proceeds from capital reduction of available-for-sale financial assets	-	223,961
Increase in long-term investments accounted for under equity method	-	(1,001,507)
Proceeds from capital reduction of long-term investments	-	19,522
Acquisition of property, plant and equipment	(922,538)	(1,832,679)
Proceeds from disposal of property, plant and equipment	2,228	152,306
Increase in intangible assets	(248)	(866)
Decrease in other non-current assets	22,816	100,755
Dividend received	41,267	41,445
Net cash used in investing activities	(856,475)	(2,286,813)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(388,485)	1,092,815
Increase in short-term commercial paper payable	449,415	99,840
Increase in long-term borrowings	689,026	1,126,396
Repayment of long-term borrowings	(1,593,408)	(1,307,396)
Decrease in other non-current liabilities	(5,811)	(6,200)
Cash dividends paid	(2,621,308)	(5,234,669)
Net cash used in financing activities	(3,470,571)	(4,229,214)
Effects of changes in exchange rates	(25,651)	(349,870)
Decrease in cash and cash equivalents	(152,190)	(908,721)
Cash and cash equivalents at beginning of period	5,147,163	6,055,884
Cash and cash equivalents at end of period	**$ 4,994,973**	**5,147,163**

See accompanying notes to the consolidated financial statements.

(1) Organization and Business Scope

TSRC Corporation (the original name was Taiwan Synthetic Rubber Corporation, hereinafter referred to as "the Company") was incorporated in the Republic of China (ROC) on November 22, 1973, as a corporation limited by shares in accordance with the ROC Company Act. In May 1999, Taiwan Synthetic Rubber Corporation was renamed TSRC Corporation as approved by the stockholders' meeting, and the registered address is 18F., No. 95, Sec. 2, Dunhua S. Rd., Taipei City. The consolidated financial statements comprise the Company and its subsidiaries (the Group) and the interests of the Group in associate companies and in jointly controlled companies. The Group is mainly engaged in the manufacture, import and sale of various types of synthetic rubber, and the import, export, and sale of related raw materials.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were approved by the Board of Directors and published on March 13, 2014.

(3) New Standards and Interpretations Not Yet Adopted

(a) New standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") but not yet in effect

In November 2009, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"), which was to take effect on January 1, 2013. (In December 2011, the IASB postponed the effective date until January 1, 2015, and later amended it to exclude the mandatory effective date of January 1, 2015, to allow more time for financial statement preparers to adopt to the new standards. The new effective date has not been announced yet.) This standard has been endorsed by the FSC; however, at the end of the reporting period (the reporting date), the effective date had not been announced. In accordance with FSC rules, early adoption is not permitted, and companies shall follow the guidance in the 2009 version of International Accounting Standard 39 Financial Instruments ("IAS 39"). Upon the adoption of this new standard, it is expected there will be impacts on the classification and measurement of financial instruments in the consolidated financial statements.

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(b) New standards and interpretations not yet endorsed by the FSC

The new standards and amendments issued by the IASB which may be relevant to the consolidated financial statements and not yet been endorsed by the FSC are summarized as follows:

Issue date	New standards and amendments	Summary of main changes and the impacts	Effective date per IASB
May 12, 2011 June 28, 2012	• IFRS 10 Consolidated Financial Statements • IFRS 11 Joint Arrangements • IFRS 12 Disclosure of Interests in Other Entities • Amendment to IAS 27 Separate Financial Statements • Amendment to IAS 28 Investments in Associates and Joint Ventures	• On May 12, 2011, the IASB issued a series of standards and amendments related to consolidation, joint arrangements, and investments. The new standards provide a single model in determining whether an entity has control over an investee (including special purpose entities) other than the consolidation process, for which the original guidance and method applies. In addition, joint arrangements are separated into joint operations (concepts from jointly controlled assets and jointly controlled operations) and joint ventures (concepts from jointly controlled entities), and the new standards remove the proportionate consolidation method. • On June 28, 2012, amendments were issued clarifying the guidance over the transition period. Upon the adoption of the above standards, the determinations of control over the investees could be changed, and it is expected to increase the disclosure of the interest in subsidiaries and associates.	January 1, 2013
May 12, 2011	IFRS 13 Fair Value Measurement	IFRS 13 replaces fair value measurement guidance in other standards and integrates them as one single guidance. At the adoption of this standard, the Group should analyze the impact on the measurement of assets and liabilities. The amendment could also increase the disclosure of their fair value.	January 1, 2013
June 16, 2011	Amendment to IAS 1 Presentation of Financial Statements	Items presented in other comprehensive income shall be expressed based on whether they are subsequently reclassifiable to profit or loss. Upon adoption, this standard could change the disclosure of other comprehensive income in the comprehensive income statement.	July 1, 2012
June 16, 2011	Amendment to IAS 19 Employee Benefits	The amendments eliminate the corridor method and disallow the option to recognize actuarial gain or loss in profit or loss; in addition, the immediate recognition of past service cost is required. Upon adoption, the amendments have no significant effect on the measurement and presentation of the pension liability and actuarial gains or losses.	January 1, 2013

(Continued)

Issue date	New standards and amendments	Summary of main changes and the impacts	Effective date per IASB
May 29, 2013	Amendment to IAS 36 Impairment of Assets	Before the amendment to IAS 36, an entity is required to disclose the key assumptions of the recoverable amount of each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant. The narrow-scope amendments require an entity to disclose such information only when the entity has recognized or reversed an impairment loss. In addition, the amendments to IAS 36 require an entity to disclose the level of the fair value hierarchy when the recoverable amount is determined by the fair value less costs of disposal under the circumstances that the key assumptions used in the measurement of fair value are categorized within "Level 2" and "Level 3" of the fair value hierarchy. Upon adoption, it is expected that additional information on the fair value of the intangible assets will be disclosed.	January 1, 2014, early adoption permitted
2013.12.12	• Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards • Amendments to IFRS 2 Share-based Payment • Amendments to IFRS 3 Business Combinations • Amendments to IFRS 8 Operating Segments • Amendments to IFRS 13 Fair Value Measurement • Amendments to IAS 16 Property, Plant and Equipment • Amendments to IAS 38 Intangible Assets • Amendments to IAS 24 Related Party Disclosures • Amendments to IAS 40 Investment Property	Announced Annual Improvements – 2010-2012 cycle and 2011-2013 cycle; major amendments include: • Amends the definitions of 'vesting condition' (including 'performance condition' and 'service condition') • Clarifies the classification and the measurement of the contingent consideration • Requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments • Clarifies the scope of the financial instruments with offsetting positions • Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity • Requires an entity to evaluate, upon obtaining an investment property, whether it constitutes a business. Upon adoption, it is expected that it would impact the scope of the related-party transactions and their presentation.	July 1, 2014, early adoption permitted

(4) Significant Accounting Policies

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

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The significant accounting policies presented in the financial statements are summarized as follows. Except for those described otherwise, the accounting policies have been applied consistently to all periods presented in these financial statements, and have been applied consistently to the balance sheet as of January 1, 2012, which was prepared for the purpose of transitioning to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(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 (the Regulations) and the IFRSs endorsed by the FSC.

These consolidated financial statements are the first annual financial statements that apply the Regulations and the IFRSs endorsed by the FSC. The consolidated financial statements also apply IFRS 1 First-time Adoption of International Financial Reporting Standards. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance, and cash flows of the Group is provided in note 15.

(b) Basis of preparation

i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following accounts:

i. Available-for-sale financial instruments measured at fair market value.

ii. Pension liabilities measured at the sum of pension asset, unrecognized prior service cost, and unrecognized actuarial loss less unrecognized actuarial gain and the present value of defined benefit obligations.

ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which is Company's functional currency. The assets and liabilities of foreign operations are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

i) Principles of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its the subsidiaries.

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The financial statements of the subsidiaries are included in the consolidated financial statements from the date of obtaining control until the date control ceases. The comprehensive income from subsidiaries is allocated to TSRC and its non-controlling interests, even if the non-controlling interests have a deficit balance.

Transactions and balances, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

i. Changes in ownership

Changes in the ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

ii. Financial statements of subsidiaries are adjusted as necessary to align their accounting policies with those of the Group.

ii) List of the subsidiaries included in the consolidated financial statements

Name investor	Name of investee	Scope of business	Percentage of ownership December 31, 2013	December 31, 2012	January 1, 2012	Description
TSRC	Trimurti Holding Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC	Hardison International Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC & Hardison International Corporation	Dymas Corporation	Investment	100.00 %	100.00 %	100.00 %	(note)
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	International commerce and investment	100.00 %	100.00 %	100.00 %	
Trimurti Holding Corporation	TSRC (HONG KONG) Limited	Investment	100.00 %	100.00 %	100.00 %	
TSRC (HONG KONG) Limited	TSRC (Shanghai) Industries Ltd.	Production and sale of reengineering plastic, plastic compound metal, and plastic elasticity engineering products	100.00 %	100.00 %	100.00 %	
TSRC (HONG KONG) Limited	TSRC (Jinan) Industries Ltd.	Production and sale of reengineering plastic, plastic compound metal, and plastic elasticity engineering products	100.00 %	100.00 %	100.00 %	
TSRC (HONG KONG) Limited	TSRC (Lux.) Corporation S.'a.r.l.	International commerce and investment	100.00 %	100.00 %	100.00 %	

(Continued)

Name investor	Name of investee	Scope of business	Percentage of ownership December 31, 2013	December 31, 2012	January 1, 2012	Description
TSRC (Lux.) Corporation S.'a.r.l.	TSRC (USA) Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
Polybus Corporation Pte Ltd.	Shen Hua Chemical Industrial Co,. Ltd.	Production and sale of synthetic rubber products	65.44 %	65.44 %	65.44 %	
Polybus Corporation Pte Ltd.	TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	55.00 %	55.00 %	55.00 %	
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	100.00 %	100.00 %	100.00 %	
TSRC (USA) Investment Corporation	Dexco Polymers L.P.	Production and sale of synthetic rubber products	100.00 %	100.00 %	100.00 %	
Hardison International Corporation	Triton International Holdings Corporation	Investment	100.00 %	100.00 %	100.00 %	
Hardison International Corporation	TSRC Biotech Ltd.	Investment	100.00 %	100.00 %	100.00 %	
Triton International Holdings Corporation	Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	50.00 %	50.00 %	50.00 %	

Note: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation.

(d) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on remeasurement are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the remeasurement:

i) available-for-sale equity investment;

ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

iii) qualifying cash flow hedges to the extent the hedge is effective.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

i) An entity shall classify an asset as current when:

i. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

ii. It holds the asset primarily for the purpose of trading;

iii. It expects to realize the asset within twelve months after the reporting period; or

iv. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

ii) An entity shall classify a liability as current when:

i. It expects to settle the liability in its normal operating cycle;

ii. It holds the liability primarily for the purpose of trading;

iii. The liability is due to be settled within twelve months after the reporting period even if refinancing or a revised repayment plan is arranged between the reporting date and the issuance date of the financial statements; or

iv. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, time deposits, and short-term investments with high liquidity that are subject to an insignificant risk of changes in their fair value.

(Continued)

The time deposits with maturity of one year or less from the acquisition date are listed in cash and cash equivalents because they are held for the purpose of meeting short-term cash commitments instead of investment or other purposes, are readily convertible to a fixed amount of cash, and are subject to an insignificant risk of changes in value.

(g) Financial instruments

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

i) Financial assets

The Group classifies financial assets into the following categories: receivables and available-for-sale financial assets.

i. Receivables

Receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method. The fair value is the amount of expected future cash flows discounted to present value. Cash flows from short-term accounts receivable with high collectibility shall not be discounted.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

If objective evidence of impairment exists, an impairment loss should be recognized. An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Collateral and proceeds from insurance should also be considered when determining the estimated future cash flows. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. However, the reversing amount cannot exceed the amortized balance of the assets assuming no impairment was recognized in prior periods.

ii. Available-for-sale financial assets

Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, dividend income, and foreign currency gains or losses which are recognized as current earnings, are recognized in other comprehensive income and presented in the unrealized gain/loss from available-for-sale financial assets in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in other gains and losses under non-operating income and expenses. The purchase and disposal of financial assets are recognized using trade-date accounting.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Dividend income is recorded under non-operating income and expenses.

(Continued)

If there is any objective evidence of impairment, the accumulated gain or loss recognized as other comprehensive income is reclassified to current earnings. If, in a subsequent period, the amount of the impairment loss of a financial asset decreases, impairment losses recognized on an available-for-sale equity security cannot be reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

iii. Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

ii) Financial liabilities and equity instruments

i. Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

Interest, gains or losses related to financial liabilities are recognized in profit or loss, and recorded under non-operating income and expenses.

ii. Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is recorded under non-operating income and expenses.

iii. Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired.

iv. Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

v. Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

(Continued)

A financial guarantee contract not designated as at fair value through profit or loss issued by the Group is recognized initially at fair value plus any directly attributable transaction cost. After initial recognition, it is measured at the higher of (a) the contractual obligation amount determined in accordance with IAS 37; or (b) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with accounting policies.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

(j) Interest in joint venture

A jointly controlled entity is an entity which is established as the result of a contractual arrangement between the Group and other venturers to jointly control its financial and operating policies. Consensus for all decisions must be obtained from the venturers. The Group uses the equity method to account for a jointly controlled entity.

(Continued)

(k) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

ii) Reclassification to investment properties

Property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

iii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

iv) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight-line method over its useful life. Assets are evaluated based on their individually significant components, and if the useful life of a component varies from that of others, then this component should be separately depreciated. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

(Continued)

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

i.	Land improvements	8~30 years
ii.	Buildings	3~60 years
iii.	Machinery	5~40 years
iv.	Furniture and fixtures, and other equipment	3~8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, or to use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently measured under the cost model, and the depreciation expense is calculated using the depreciable amount. The depreciation method, the useful life, and the residual amount are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other cost and capitalized borrowing costs that can be directly attributed.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(m) Leases

i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term.

ii) Lessee

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present of the minimum lease payments. Subsequent minimum lease payments are attributable to finance cost and the reduction of the outstanding liabilities, and the finance cost is allocated to each period during the lease term using a constant periodic rate of interest on the remaining balance of the liability. The acquisition of property, plant and equipment under a finance lease is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognized in the Group's statement of financial position. Payments made under an operating lease are recognized in profit or loss on a straight-line basis over the term of the lease.

(Continued)

(n) Intangible assets

i) Goodwill

Goodwill arises from business combinations in which the acquisition method is adopted, and is recorded at cost less accumulated impairment losses.

ii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

iv) Amortization

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

i.	Computer software	3 years
ii.	Industrial technology and know-how	10~20 years
iii.	Patent	20 years
iv.	Non-compete agreement	3 years
v.	Customer relationship	18 years
vi.	Trademark and goodwill	Uncertain useful lives

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(o) Impairment－non-financial assets

With regard to non-financial assets (other than inventories and deferred tax assets), the Group assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred, and estimates the recoverable amount for assets with an indication of impairment. If it is not possible to determine the recoverable amount for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

(Continued)

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its estimated recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had it not recognized an impairment loss.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use is required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. If the carrying amount of the cash-generating units exceeds the recoverable amount of the units, the entity shall recognize the impairment loss, and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(q) Revenue

i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For export transactions, transfer occurs upon loading the goods onto the relevant carrier at the port; however, for sales in the domestic market, transfer usually occurs when the product is received at the customer's warehouse.

(Continued)

ii) Rendering of services

The Group is engaged in providing management services. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

iii) Rental income

The rental income arising from investment property is recognized in profit or loss on a straight-line basis during the lease term.

(r) Employee benefits

i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yield of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

All actuarial gains and losses at January 1, 2012, the date of transition to the IFRSs endorsed by the FSC, were recognized in retained earnings. The Group recognizes all actuarial gains and losses arising subsequently from defined benefit plans in other comprehensive income, then charges the gains and losses to retained earnings.

iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(Continued)

(s) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

ii) The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

   i. levied by the same taxing authority; or

   ii. levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(t) Earnings per share

Earnings per share (EPS) of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

(Continued)

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following year's shareholders' meeting, the effect of dilution from these potential shares is taken into consideration.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Use of Judgements and Estimates

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management will continually review the estimates and basic assumptions. Changes in accounting estimates will be recognized in the period of change and the future period of their impact.

For information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements, please refer to the following notes:

(a) Note 6(g)－classification of investment property

(b) Notes 6(j) and 6(k)－classification of leases

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2014, is included in note 6(l)－employee benefits.

(6) Description of Significant Accounts

(a) Cash and cash equivalents

		December 31, 2013	**December 31, 2012**	**January 1, 2012**
Cash on hand	$	496	486	455
Checking and savings deposits		1,144,468	2,584,005	1,464,843
Time deposits		3,720,095	2,302,819	3,236,144
Commercial paper with reverse sell agreements		129,914	259,853	1,354,442
	$	**4,994,973**	**5,147,163**	**6,055,884**

(Continued)

The Group's exposure to interest rate risk and the sensitivity analysis on the financial instruments held by the Group are disclosed in note 6(t).

(b) Available-for-sale financial assets－non-current

	December 31, 2013	December 31, 2012	January 1, 2012
Unlisted stocks (domestic or overseas)	$ 1,005,832	893,054	1,363,889

Please refer to note 6(r) for gain or loss on disposal of investments and dividend income. The information of re-measurement gain or loss recognized in other comprehensive income is provided in note 6(s).

If the market price of the available-for-sale financial assets fluctuates (assuming that all other variables remain the same), the impact on other comprehensive income will be as follows:

	2013		2012	
Fluctuation in market price at reporting date	Other comprehensive income (after tax)	Net income	Other comprehensive income (after tax)	Net income
Increase 10%	$ 100,583	-	89,305	-
Decrease 10%	$ (100,583)	-	(89,305)	-

The significant available-for-sale financial assets denominated in foreign currency were as follows:

	Foreign currency amount	Exchange rate	NTD
December 31, 2013			
THB	188,101	0.9135	171,831
December 31, 2012			
THB	191,321	0.9535	182,425
January 1, 2012			
THB	396,098	0.9647	382,116

As of December 31, 2013 and 2012, and January 1, 2012, the Group did not pledge its available-for-sale financial instruments.

(Continued)

(c) Notes and accounts receivable, and other receivable

		December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable	$	807,638	1,408,383	2,493,559
Accounts receivable (including related parties)		3,088,031	4,294,258	5,937,541
Other receivable		130,251	280,314	304,657
Less: allowance for impairment		144	140	529
	$	**4,025,776**	**5,982,815**	**8,735,228**

The Group's aging analysis of overdue notes and accounts receivable, and other receivable was as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Past due 0~30 days	$	88,909	94,334	84,646
Past due 31~120 days		1,758	746	22,145
Past due 121~180 days		144	207	144
	$	**90,811**	**95,287**	**106,935**

The movement in the allowance for impairment with respect to notes and accounts receivable during the year was as follows:

		Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2013	$	140	-	140
Effect of changes in exchange rates		4	-	4
Balance at December 31, 2013	$	**144**	**-**	**144**

		Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2012	$	529	-	529
Reversal of impairment loss		(389)	-	(389)
Balance at December 31, 2012	$	**140**	**-**	**140**

Impairment loss recognized for individually assessed impairment was the difference between the carrying amount and the amount expected to be collected. The Group does not hold any collateral for the collectible amounts.

As of December 31, 2013 and 2012, and January 1, 2012, the discount value of the Group's notes and accounts receivable was $33,138 thousand, $79,733 thousand, and $0, respectively.

(Continued)

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(d) Inventories

The components of the Group's inventories were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Raw materials	$ 1,868,697	2,076,881	2,281,521
Supplies	74,441	55,240	73,328
Work in progress	513,196	445,776	389,937
Finished goods	2,913,206	3,366,768	4,231,692
Merchandise	263,678	159,513	63,728
Total	**$ 5,633,218**	**6,104,178**	**7,040,206**

As of December 31, 2013 and 2012, and January 1, 2012, the Group's inventories were not provided as pledged assets.

The movements of the provision for loss on obsolescence and decline in value of inventory were as follows:

	2013	2012
Balance as of January 1	$ 243,778	286,870
Add: allowance provided	36,243	-
effect of changes in exchange rate	23,198	(6,369)
Less: allowance reversed	-	36,723
Balance as of December 31	**$ 303,219**	**243,778**

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	2013	2012
Loss (gain) on market value of inventory	$ 36,243	(36,723)
Income from sale of scrap	(67,512)	(122,133)
Gain on physical count	(307)	-
Loss on idle capacity	115,161	57,015
Total	**$ 83,585**	**(101,841)**

(Continued)

(e) Investments accounted for under equity method

The details of the investments accounted for under the equity method at the reporting date are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Associate:			
Asia Pacific Energy Development Co., Ltd.	$ 405,873	337,312	309,746
Indian Synthetic Rubber Limited	518,607	574,719	346,246
Joint venture:			
Taiwan Advanced Materials Corp.	705,317	716,650	-
Lanxess-TSRC (Nantong) Chemical Industrial Co., Ltd.	149,431	356,931	402,866
	$ 1,779,228	1,985,612	1,058,858

i) Associates

For the years ended December 31, 2013 and 2012, the Group recognized its share of profit from the associates of $80,587 thousand and $44,627 thousand, respectively.

A summary of the financial information on the investments in associates is as follows (before being adjusted to the Group's proportionate share):

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 6,821,785	7,606,945	3,932,491
Total liabilities	$ 4,127,721	4,891,600	2,064,344

	2013	2012
Revenue	$ 303,858	195,806
Net income for the period	$ 212,900	126,424

ii) Joint ventures

For the years ended December 31, 2013 and 2012, the Group recognized its share of loss from the joint ventures of $234,496 thousand and $42,646 thousand, respectively.

(Continued)

A summary of the financial information of the investments in joint ventures is as follows (before being adjusted to the Group's proportionate share):

		December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$	1,545,326	2,341,423	495,934
Non-current assets		2,183,830	1,660,664	984,272
	$	**3,729,156**	**4,002,087**	**1,480,206**
Current liabilities	$	1,013,912	862,196	207,834
Non-current liabilities		976,537	968,636	509,896
	$	**1,990,449**	**1,830,832**	**717,730**

		2013	2012
Income	$	**1,396,348**	**564,575**
Expenses and losses	$	**1,856,195**	**634,925**

iii) Collateral

As of December 31, 2013 and 2012, and January 1, 2012, the Group's investments accounted for under the equity method were not provided as pledged assets.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

		Land	Land improvements	Buildings	Machinery	Furniture and fixtures and other equipment	Leased assets	Prepayments for equipment and construction in progress	Total
Cost or deemed cost:									
Balance at January 1, 2013	$	614,101	79,805	3,622,756	17,058,542	216,558	94,596	1,722,202	23,408,560
Additions		-	-	1,172	63,349	18,385	-	804,293	887,199
Disposals		-	-	-	(95,795)	(29,023)	-	-	(124,818)
Reclassification		-	-	524,817	1,636,162	(17,747)	-	(2,173,435)	(30,203)
Effect of changes in exchange rates		-	616	130,249	358,263	6,571	-	73,036	568,735
Balance at December 31, 2013	$	**614,101**	**80,421**	**4,278,994**	**19,020,521**	**194,744**	**94,596**	**426,096**	**24,709,473**
Balance at January 1, 2012	$	614,101	80,678	3,607,530	16,275,751	231,268	94,596	1,051,615	21,955,539
Additions		-	-	-	14,085	2,106	-	2,072,433	2,088,624
Disposals		-	-	(321)	(201,437)	(14,986)	-	-	(216,744)
Reclassification		-	-	97,722	1,221,905	(8,212)	-	(1,420,950)	(109,535)
Effect of changes in exchange rates		-	(873)	(82,175)	(251,762)	6,382	-	19,104	(309,324)
Balance at December 31, 2012	$	**614,101**	**79,805**	**3,622,756**	**17,058,542**	**216,558**	**94,596**	**1,722,202**	**23,408,560**

(Continued)

		Land	Land improvements	Buildings	Machinery	Furniture and fixtures and other equipment	Leased assets	Prepayments for equipment and construction in progress	Total
Depreciation and impairment loss:									
Balance at January 1, 2013	$	-	77,294	1,554,679	11,722,649	132,814	-	-	13,487,436
Depreciation		-	484	137,050	741,261	17,326	-	-	896,121
Disposal		-	-	-	(95,795)	(26,849)	-	-	(122,644)
Reclassification		-	-	-	4,161	(4,161)	-	-	-
Effect of changes in exchange rates		-	591	46,255	137,498	9,109	-	-	193,453
Balance at December 31, 2013	**$**	**-**	**78,369**	**1,737,984**	**12,509,774**	**128,239**	**-**	**-**	**14,454,366**
Balance at January 1, 2012	$	-	77,644	1,513,570	11,269,444	169,676	-	-	13,030,334
Depreciation		-	484	129,919	615,075	27,395	-	-	772,873
Disposal		-	-	(321)	(45,321)	(14,149)	-	-	(59,791)
Reclassification		-	-	-	34,489	(34,489)	-	-	-
Effect of changes in exchange rates		-	(834)	(88,489)	(151,038)	(15,619)	-	-	(255,980)
Balance at December 31, 2012	**$**	**-**	**77,294**	**1,554,679**	**11,722,649**	**132,814**	**-**	**-**	**13,487,436**
Carrying value:									
December 31, 2013	**$**	**614,101**	**2,052**	**2,541,010**	**6,510,747**	**66,505**	**94,596**	**426,096**	**10,255,107**
December 31, 2012	**$**	**614,101**	**2,511**	**2,068,077**	**5,335,893**	**83,744**	**94,596**	**1,722,202**	**9,921,124**
January 1, 2012	**$**	**614,101**	**3,034**	**2,093,960**	**5,006,307**	**61,592**	**94,596**	**1,051,615**	**8,925,205**

TSRC (Jinan) Industries Ltd. performed the asset impairment test by estimating the future cash flows. Impairment loss was recognized thereon as the estimated amount of future cash flows was less than the carrying value.

Please refer to note 8 for the information on the pledged property, plant and equipment.

(g) Investment property

		Land	Buildings	Total
Cost:				
Balance as at January 1, 2013	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2013	**$**	**1,073,579**	**741,889**	**1,815,468**
Balance as at January 1, 2012	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2012	**$**	**1,073,579**	**741,889**	**1,815,468**

(Continued)

	Land	Buildings	Total
Depreciation:			
Balance as at January 1, 2013	$ -	130,793	130,793
Depreciation	-	14,725	14,725
Balance as at December 31, 2013	**$ -**	**145,518**	**145,518**
Balance as at January 1, 2012	$ -	116,068	116,068
Depreciation	-	14,725	14,725
Balance as at December 31, 2012	**$ -**	**130,793**	**130,793**
Carrying value:			
Balance as at December 31, 2013	**$ 1,073,579**	**596,371**	**1,669,950**
Balance as at December 31, 2012	**$ 1,073,579**	**611,096**	**1,684,675**
Balance as at January 1, 2012	**$ 1,073,579**	**625,821**	**1,699,400**
Fair value:			
Balance as at December 31, 2013			**$ 2,830,216**
Balance as at December 31, 2012			**$ 2,830,216**
Balance as at January 1, 2012			**$ 2,830,216**

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1~5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(k) for further information.

The fair value of investment property (as disclosed in the financial statements) is based on a valuation by an independent appraiser who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The range of yields applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable was as follows:

Region	2013	2012
Da'an Dist., Taipei City	2.55%~2.70%	2.55%~2.70%

The Group has rented a parcel of land, but has decided not to treat this property as investment property because it is not the Group's intention to hold it for capital appreciation or rental income. Accordingly, the property is still recorded under property, plant and equipment.

As of December 31, 2013 and 2012, and January 1, 2012, the Group's investment properties were not provided as pledged assets.

(h) Intangible assets

The cost and amortization of the intangible assets of the Group were as follows:

	Industrial technology and know-how	Computer software	Goodwill	Patent and trademark	Customer relationship	Non-compete agreement	Total
Costs:							
Balance at January 1, 2013	$ 956,565	141,792	200,130	579,806	1,045,983	8,741	2,933,017
Additions	-	248	-	-	-	-	248
Reclassification	-	30,203	-	-	-	-	30,203
Effect of changes in exchange rates	36,968	4,478	5,591	16,002	29,223	244	92,506
Balance at December 31, 2013	**$ 993,533**	**176,721**	**205,721**	**595,808**	**1,075,206**	**8,985**	**3,055,974**
Balance at January 1, 2012	$ 954,557	74,554	208,057	602,771	1,087,411	9,087	2,936,437
Additions	-	866	-	-	-	-	866
Reclassification	41,755	67,780	-	-	-	-	109,535
Disposals	-	(895)	-	-	-	-	(895)
Effect of changes in exchange rates	(39,747)	(513)	(7,927)	(22,965)	(41,428)	(346)	(112,926)
Balance at December 31, 2012	**$ 956,565**	**141,792**	**200,130**	**579,806**	**1,045,983**	**8,741**	**2,933,017**
Amortization:							
Balance at January 1, 2013	$ 138,110	57,522	-	39,916	101,693	5,099	342,340
Amortization	56,986	46,077	-	23,256	59,369	2,977	188,665
Effect of changes in exchange rates	11,200	2,476	-	1,081	3,205	161	18,123
Balance at December 31, 2013	**$ 206,296**	**106,075**	**-**	**64,253**	**164,267**	**8,237**	**549,128**
Balance at January 1, 2012	$ 91,054	21,008	-	17,833	43,583	2,272	175,750
Amortization	53,013	37,856	-	23,194	58,110	2,969	175,142
Disposals	-	(895)	-	-	-	-	(895)
Effect of changes in exchange rates	(5,957)	(447)	-	(1,111)	-	(142)	(7,657)
Balance at December 31, 2012	**$ 138,110**	**57,522**	**-**	**39,916**	**101,693**	**5,099**	**342,340**
Carrying value:							
December 31, 2013	**$ 787,237**	**70,646**	**205,721**	**531,555**	**910,939**	**748**	**2,506,846**
December 31, 2012	**$ 818,455**	**84,270**	**200,130**	**539,890**	**944,290**	**3,642**	**2,590,677**
January 1, 2012	**$ 863,503**	**53,546**	**208,057**	**584,938**	**1,043,828**	**6,815**	**2,760,687**

In 2013 and 2012, the amortization of intangible assets was recorded as follows:

	2013	2012
Operating costs	**$ 19,876**	**26,124**
Operating expenses	**$ 166,455**	**149,018**
Other income and expenses	**$ 2,334**	**-**

(i) Prepaid rent

		Land lease prepayment
Cost:		
January 1, 2013	$	586,624
Effects of changes in exchange rates		31,513
December 31, 2013	**$**	**618,137**
January 1, 2012	$	603,419
Effects of changes in exchange rates		(16,795)
December 31, 2012	**$**	**586,624**
Amortization:		
January 1, 2013	$	86,909
Amortization		12,111
Effects of changes in exchange rates		(6,663)
December 31, 2013	**$**	**92,357**
January 1, 2012	$	77,661
Amortization		11,473
Effects of changes in exchange rates		(2,225)
December 31, 2012	**$**	**86,909**
Carrying value:		
December 31, 2013	**$**	**525,780**
December 31, 2012	**$**	**499,715**
January 1, 2012	**$**	**525,758**
December 31, 2013		
Current	$	12,111
Non-current		513,669
	$	**525,780**
December 31, 2012		
Current	$	11,473
Non-current		488,242
	$	**499,715**
January 1, 2012		
Current	$	10,506
Non-current		515,252
	$	**525,758**

As of December 31, 2013 and 2012, and January 1, 2012, the Group's prepaid rent was provided as pledged assets for long-term borrowings and credit lines; please refer to note 8.

(j) Short-term and long-term borrowings

The details of the Group's short-term and long-term borrowings were as follows:

i) Short-term borrowings

	December 31, 2013			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	EUR	0.82~2.69	2014	$ 414,254
Unsecured loans	JPY	1.00	2014	10,192
Unsecured loans	NTD	1.14~1.15	2014	950,000
Unsecured loans	RMB	5.60~6.40	2014	308,782
Unsecured loans	USD	0.86~4.01	2014	3,519,183
Secured loans	USD	1.43~1.50	2014	603,283
Total				$ 5,805,694

	December 31, 2012			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	EUR	1.75~1.90	2013	$ 112,160
Unsecured loans	JPY	1.00	2013	1,104
Unsecured loans	NTD	1.15~1.21	2013	950,000
Unsecured loans	RMB	5.60~6.00	2013	368,431
Unsecured loans	USD	0.86~2.64	2013	4,267,172
Secured loans	USD	1.32~1.56	2013	495,312
Total				$ 6,194,179

	January 1, 2012			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	EUR	2.13~2.31	2012	$ 67,040
Unsecured loans	JPY	0.74~2.70	2012	32,674
Unsecured loans	RMB	2.15	2012	521,925
Unsecured loans	USD	1.18~3.07	2012	3,712,883
Mortgage loans	RMB	7.87	2012	9,592
Secured loans	USD	1.18	2012	757,250
Total				$ 5,101,364

The abovementioned short-term borrowings were to mature within one year.

(Continued)

As of December 31, 2013 and 2012, and January 1, 2012, the unused credit facilities (including credit lines for short-term commercial paper payable) amounted to $17,061,361 thousand, $14,637,292 thousand, and $10,217,403 thousand, respectively.

ii) Short-term commercial paper payable

	December 31, 2013		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	TACHING BILLS FINANCE LTD.	1.14	$ 100,000
Commercial paper payable	INTERNATIONAL BILLS FINANCE CORPORATION	1.14	300,000
Commercial paper payable	CHINA BILLS FINANCE CORPORATION	1.14	400,000
			800,000
Less: discount			1,144
Total			$ 798,856

	December 31, 2012		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	TACHING BILLS FINANCE LTD.	1.12	$ 50,000
Commercial paper payable	MEGA BILLS FINANCE CO., LTD.	1.12	300,000
			350,000
Less: discount			559
Total			$ 349,441

	January 1, 2012		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	TACHING BILLS FINANCE LTD.	1.20	$ 100,000
Commercial paper payable	MEGA BILLS FINANCE CO., LTD.	1.20	150,000
			250,000
Less: discount			399
Total			$ 249,601

The Group did not pledge assets against the short-term commercial paper payable.

iii) Long-term borrowings

	December 31, 2013			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Secured loans	USD	1.46~2.49	2015~2017	$ 4,679,839
Unsecured loans	CNY	6.15~6.40	2014~2015	128,705
Unsecured loans	USD	3.95~4.00	2014~2015	46,331
Total				$ 4,854,875
Current				$ 1,200,944
Non-current				3,653,931
Total				$ 4,854,875

	December 31, 2012			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Secured loans	USD	1.21~1.80	2015	$ 4,574,352
Secured loans	CNY	1.55~2.75	2015~2017	1,091,657
Unsecured loans	CNY	6.15	2014~2015	93,248
Total				$ 5,759,257
Current				$ 1,107,168
Non-current				4,652,089
Total				$ 5,759,257

(Continued)

	January 1, 2012			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	NTD	1.37	2012	$ 100,000
Secured loans	CNY	1.22~6.21	2012	383,458
Secured loans	USD	1.33	2012~2016	5,088,717
Unsecured loans	CNY	1.58~6.76	2012	583,728
Total				$ 6,155,903
Current				$ 1,067,183
Non-current				5,088,720
Total				$ 6,155,903

The Group has disclosed the related risk exposure to the financial instruments in note 6(t).

iv) Collateral of loans

The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

v) Special agreements of loan contracts

The Group entered into syndicated loan contracts with Taipei Fubon Bank and seven other banks:

i. Borrower: Trimurti Holding Corporation and TSRC (USA) Investment Corporation.

ii. Amount: USD88,000,000 and USD80,000,000, totaling USD168,000,000.

iii. Duration: 5 years; TSRC (USA) Investment Corporation could extend the maturity for another two years.

iv. Interest rate: 3-month or 6-month LIBOR plus 0.75%, and 3-month or 6-month LIBOR plus 1.30%.

v. Repayment term: Principal that Trimurti Holding Corporation borrowed is repaid semi-annually in 8 installments starting 18 months after the date of initial utilization of the loan. Principal amount of the loan that TSRC (USA) Investment Corporation borrowed is repaid semi-annually in 7 installments starting 24 months from the date of initial utilization of the loan. Each of the first 6 installments is 10% of the principal, and the final installment is 40% of the principal.

vi. Guarantee: Trimurti Holding Corporation did not provide any guarantee, but the Company provided a letter of support. In addition, the Company provided a guarantee for TSRC (USA) Investment Corporation.

vii. Others: During the period of borrowing, the Group should comply with the following covenants:

1) Equity-to-debt ratio should not be higher than 150%.
2) Total tangible net assets at the end of the reporting period should not be less than $10 billion.
3) Current ratio should not be less than 100%.
4) The interest coverage ratio for the reporting period should not be less than 4 times.

As of December 31, 2013 and 2012, the Group was in compliance with the covenants described above.

vi) Finance lease liabilities

The Group has entered into a lease contract for leasing a parcel of land from the Industrial Development Bureau of the Ministry of Economic Affairs for the period from June 29, 2004, to June 28, 2024. During the term of the lease, the Group has an option to purchase the rented land from the Industrial Development Bureau of the Ministry of Economic Affairs through a formal application. Once the application is approved, the rental and deposit paid during the lease period can be offset against the purchase price. The Group intends to purchase the rented land after the contract expires. The finance lease liabilities payable were as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
December 31, 2013			
Less than one year	$ 7,064	76	6,988
Between one and five years	28,256	1,054	27,202
More than five years	38,851	5,028	33,823
	$ 74,171	**6,158**	**68,013**
December 31, 2012			
Less than one year	$ 7,064	76	6,988
Between one and five years	28,256	1,054	27,202
More than five years	45,915	5,792	40,123
	$ 81,235	**6,922**	**74,313**
January 1, 2012			
Less than one year	$ 7,064	76	6,988
Between one and five years	28,256	1,054	27,202
More than five years	52,979	5,944	47,035
	$ 88,299	**7,074**	**81,225**

(k) Operating leases

i) Lessee

Non-cancellable rental payables of operating leases were as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Less than five years	$	254,272	283,078	253,481
More than five years		188,895	220,152	259,221
	$	**443,167**	**503,230**	**512,702**

The Group leases offices and factory facilities under operating leases. The leases typically run for a period of 1 to 20 years, with an option to renew the lease. The lease payment will be adjusted to reflect market price when renewing the contract.

For the years ended December 31, 2013 and 2012, lease expenses were $137,067 thousand and $138,378 thousand, respectively.

ii) Lessor

The Group leases out investment properties and buildings under operating leases; please refer to note 6(g). The future minimum lease payment receivables under non-cancellable leases were as follows:

		December 31, 2013	December 31, 2012	January 1, 2012
Less than five years	$	**308,359**	**101,523**	**155,474**

(l) Employee benefits

i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

		December 31, 2013	December 31, 2012	January 1, 2012
Present value of unfunded benefit obligation	$	270,344	284,711	243,713
Present value of funded benefit obligation		387,707	426,440	410,471
Total present value of obligation		658,051	711,151	654,184
Fair value of plan assets		(387,707)	(426,440)	(410,471)
Deficit (surplus) of the plan		270,344	284,711	243,713
Recognized liabilities for defined benefit obligation	$	**270,344**	**284,711**	**243,713**

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

i. Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. Minimum annual distributions of the funds by the Committee shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $387,707 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

ii. Movements in present value of defined benefit plan obligation

The movements in present value of the Group's defined benefit plan obligation for the years ended December 31, 2013 and 2012, were as follows:

		2013	2012
Defined benefit obligation, January 1	$	711,151	654,184
Benefits paid by the plan		(70,272)	(13,309)
Current service cost and interest		21,839	22,111
Actuarial losses (gains)		(4,667)	48,165
Defined benefit obligation, December 31	$	**658,051**	**711,151**

iii. Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2013 and 2012, were as follows:

		2013	2012
Fair value of plan assets, January 1	$	426,440	410,471
Contributions made		26,401	25,270
Benefits paid by the plan		(70,272)	(13,309)
Expected return on plan assets		7,583	8,392
Actuarial gains (losses)		(2,445)	(4,384)
Fair value of plan assets, December 31	$	**387,707**	**426,440**

(Continued)

iv. Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2013 and 2012, were as follows:

		2013	2012
Current service cost	$	9,498	9,099
Interest on obligation		12,341	13,012
Expected return on plan assets		(7,583)	(8,392)
	$	**14,256**	**13,719**
Operating costs	$	8,657	8,317
Operating expenses		4,301	4,214
Other income and expenses		1,298	1,188
	$	**14,256**	**13,719**
Actual return on plan assets	$	**5,138**	**4,008**

v. Actuarial gains (losses) recognized in other comprehensive income

The Group's actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012, were as follows:

		2013	2012
Cumulative amount, January 1		(52,549)	-
Recognized during the period		2,222	(52,549)
Cumulative amount, December 31	$	**(50,327)**	**(52,549)**

vi. Actuarial assumptions

The following are the Group's principal actuarial assumptions at the reporting dates:

	2013	2012
Discount rate	2.00 %	1.75 %
Expected return on plan assets	2.00 %	1.75 %
Future salary increases	1.50 %	1.50 %

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

(Continued)

vii. Experience adjustments on historical information

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit plans	$ 658,051	711,151	654,184
Fair value of plan assets	(387,707)	(426,440)	(410,471)
Net liabilities (assets) of defined benefit obligations	$ **270,344**	**284,711**	**243,713**
Experience adjustments arising on the present value of defined benefit plans	$ **(4,667)**	**48,165**	**-**
Experience adjustments arising on the fair value of plan assets	$ **2,445**	**4,384**	**-**

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $27,582 thousand.

viii. When calculating the present value of the defined benefit obligation, the Group uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2013, the present value of the Group's defined benefit obligation was $658,051 thousand. If the discount rate had increased or decreased by 0.25%, the Group's accrued pension liabilities would have decreased by $16,801 thousand or increased by $17,448 thousand, respectively.

ii) Defined contribution plans

The Group contributes a percentage of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution plan were $87,548 thousand and $67,584 thousand for the years 2013 and 2012, respectively. Payments were made to the Bureau of Labor Insurance and to local government for the overseas subsidiaries.

iii) Short-term employee benefit liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Compensated absence liabilities	$ **30,637**	**26,798**	**20,468**

(m) Income tax

i) Income tax expenses (income)

The amount of the Group's income tax for the years ended December 31, 2013 and 2012, was were as follows:

		2013	2012
Current income tax expense			
Current period	$	530,570	965,232
10% surtax on undistributed earnings		27,221	87,819
Adjustment for prior periods		(8,261)	(24,464)
		549,530	1,028,587
Deferred tax benefit			
Origination and reversal of temporary differences		(163,010)	(288,703)
		(163,010)	(288,703)
Income tax expenses on continuing operations	**$**	**386,520**	**739,884**

Reconciliations of the Group's income tax expense and the profit before tax for 2013 and 2012 were as follows:

		2013	2012
Income before tax	**$**	**2,102,002**	**3,879,785**
Income tax calculated on pretax accounting income at statutory rate	$	357,340	659,563
Effect of tax rates in foreign jurisdiction		297,259	312,428
Dividend income		(7,015)	(8,218)
Previously overestimated income tax		(8,261)	(24,464)
Foreign investment income		(275,858)	(273,175)
R&D tax credits utilized		(12,981)	(16,916)
Withholding tax on foreign dividend		-	17,866
10% surtax on undistributed earnings		27,221	87,819
Others		8,815	(15,019)
Total	**$**	**386,520**	**739,884**

(Continued)

ii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2013 and 2012 were as follows:

Deferred tax liabilities:

	Foreign investment income accounted for under equity method	Depreciation difference between financial and tax reporting	Land value increment tax	Others	Total
Balance at January 1, 2013	$ 804,842	99,914	56,683	51,202	1,012,641
Recognized in profit or loss	(157,299)	21,312	-	27,001	(108,986)
Balance at December 31, 2013	**$ 647,543**	**121,226**	**56,683**	**78,203**	**903,655**
Balance at January 1, 2012	$ 1,110,979	3,854	56,683	24,664	1,196,180
Recognized in profit or loss	(306,137)	96,060	-	26,538	(183,539)
Balance at December 31, 2012	**$ 804,842**	**99,914**	**56,683**	**51,202**	**1,012,641**

Deferred tax assets:

	Provision for retirement benefit	Allowance for inventory valuation	Loss carryforward	Other	Total
Balance at January 1, 2013	$ 50,314	66,047	31,766	65,359	213,486
Recognized in profit or loss	(2,089)	(14,499)	18,550	52,062	54,024
Balance at December 31, 2013	**$ 48,225**	**51,548**	**50,316**	**117,421**	**267,510**
Balance at January 1, 2012	$ 42,994	34,732	-	21,663	99,389
Recognized in profit or loss	(1,613)	31,315	31,766	43,696	105,164
Recognized in other comprehensive income	8,933	-	-	-	8,933
Balance at December 31, 2012	**$ 50,314**	**66,047**	**31,766**	**65,359**	**213,486**

iii) Examination and approval

The tax returns of the Company have been examined by the tax authorities through 2011, excluding those from 2008 to 2010.

iv) Imputation tax information

The components of unappropriated earnings were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Derived from year 1997 and prior years	$ 1,637	1,637	1,637
Derived from year 1998 and thereafter	3,179,358	3,984,165	6,356,551
	$ 3,180,995	**3,985,802**	**6,358,188**

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Balance of imputation credit account (ICA)	$ 405,975	326,272	369,144

The imputation tax credit ratio of earnings to be distributed in 2014 is estimated at 13.92%. The actual imputation tax credit ratio of earnings distributed in 2013 was 16.54%.

(n) Capital and other equity

As of December 31, 2013 and 2012, and January 1, 2012, the total value of authorized ordinary shares amounted to $9,000,000 thousand, with par value of $10 per share, of which 786,390 thousand shares, 786,390 shares, and 714,900 thousand shares, respectively, were issued.

i) Additional paid-in capital

The components of additional paid-in capital as of December 31, 2013 and 2012, and January 1, 2012, were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Share premium	$ 849	849	849

In accordance with the ROC Company Act amended in 2012, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

ii) Retained earnings

i. Legal reserve

The ROC Company Act amended in January 2012 stipulates that companies must retain 10% of their annual net earnings, as defined in the Act, until such retention equals the amount of issued share capital. When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed.

(Continued)

ii. Special earnings reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs endorsed by the FSC, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) were reclassified to retained earnings at the adoption date. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special earnings reserve during earnings distribution. However, when adjusted retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC are insufficient for the appropriation of a special earnings reserve at the transition date, the Company may appropriate a special earnings reserve up to the amount of increase in retained earnings. Upon the use, disposal, or reclassification of related assets, the Company may reverse the special earnings reserve proportionately. As a result of elections made according to IFRS 1, the Company has reclassified $(103,035) thousand to retained earnings and is not required to appropriate a special earnings reserve.

In accordance with the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

iii. Distribution of retained earnings

In accordance with the Company's articles of incorporation, the Company must retain 10% of its after-tax earnings as legal reserve (less deficits of prior years, if any) and then provide a special reserve. No less than 50% of distributable earnings shall be appropriated in the following order:

1) 97% is distributed as stockholders' dividends and bonus.

2) 1% is distributed as directors' and supervisors' emoluments.

3) 2% is distributed as employees' bonuses.

If the dividends and bonuses mentioned above were to be distributed, distribution of cash dividends should not be less than 20% of total dividends, and the distribution of stock dividends should not be more than 80% of total dividends. If the dividends per share are less than $0.5 (dollars), part or all of the remaining earnings can be retained.

For the years 2013 and 2012, the estimated amounts of employees' bonuses were $30,321 thousand and $42,157 thousand, respectively, and the estimated amounts of directors' and supervisors' emoluments were $15,160 thousand and $21,078 thousand, respectively. Such amounts were estimated by multiplying after-tax income by the percentage of distribution of employees' bonuses and directors' and supervisors' emoluments, and recorded as cost of sales or operating expenses in the respective periods. The employees' bonuses and directors' and supervisors' emoluments for the year 2013 were prepared by the board of directors and are subject to the resolutions of the shareholders' meeting. The relevant information can be obtained from the Market Observation Post System after the shareholders' meeting. The difference between the amount approved in the shareholders' meeting and that recognized in the financial statements, if any, shall be accounted for as a change in accounting estimates and recognized in profit or loss in 2014.

For the years 2012 and 2011, the estimated amounts of employees' bonuses were $42,157 thousand and $88,441 thousand, respectively, and the estimated amounts of directors' and supervisors' emoluments were $21,078 thousand and $44,221 thousand, respectively. The estimated amounts were consistent with the resolutions approved by the shareholders' meeting of the Company, and related information can be accessed through the Market Observation Post System.

The appropriations of 2012 and 2011 earnings as dividends to stockholders that were approved by the Company's shareholders during their meetings on June 18, 2013, and June 6, 2012, respectively, were as follows:

	2012		2011	
	Amount per share (NT dollars)	**Total amount**	**Amount per share (NT dollars)**	**Total amount**
Dividends distributed to common shareholders:				
Cash	$ 2.60	2,044,615	5.00	3,574,502
Stock	-	-	1.00	714,900
Total		$ 2,044,615		4,289,402

iii) Other equities

		Foreign exchange differences arising from foreign operation	Available-for-sale financial assets
Balance as of January 1, 2013	$	688,778	(1,888)
Foreign exchange differences (net of tax)－the Group		376,205	-
Unrealized gains (losses) from available-for-sale financial assets－the Group		-	111,224
Balance as of December 31, 2013	$	**1,064,983**	**109,336**
Balance as of January 1, 2012	$	1,002,365	222,671
Foreign exchange differences (net of tax)－the Group		(313,587)	-
Unrealized gains (losses) from available-for-sale financial assets－the Group		-	(224,559)
Balance as of December 31, 2012	$	**688,778**	**(1,888)**

(o) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for the years ended December 31, 2013 and 2012, was as follows:

i) Basic earnings per share

		2013	2012
Net income attributable to common shareholders of the Company	$	**1,495,011**	**2,534,808**
Weighted-average number of common shares		**786,390**	**786,390**
Basic earnings per share (in NT dollars)	$	**1.90**	**3.22**

ii) Diluted earnings per share

		2013	2012
Net income attributable to common shareholders of the Company (diluted)	$	**1,495,011**	**2,534,808**
Weighted-average number of common shares (basic)		786,390	786,390
Impact of potential common shares			
Effect of employees' bonuses		1,022	1,241
Weighted-average number of shares outstanding (diluted)		**787,412**	**787,631**
Diluted earnings per share (in NT dollars)	$	**1.90**	**3.22**

(Continued)

(p) Revenue

The details of the Group's revenue for the years ended December 31, 2013 and 2012, are as follows:

		2013	2012
Sale of goods	$	34,385,523	45,315,260
Service income		37,476	49,115
	$	**34,422,999**	**45,364,375**

(q) Other income and expenses

The components of the Group's other income and expenses for the years ended December 31, 2013 and 2012, were as follows:

		2013	2012
Rental income		76,614	74,209
Royalty income		31,489	50,074
Net service income (expenses), net		26,642	84,599
Depreciation of investment properties		(14,725)	(14,725)
Net other income (expenses), net		4,836	2,902
	$	**124,856**	**197,059**

(r) Non-operating income and expenses

i) Other gains and losses

The components of the Group's other gains and losses for the years ended December 31, 2013 and 2012, were as follows:

		2013	2012
Dividend income	$	41,267	41,445
Foreign exchange gain (loss), net		230,948	(6,608)
Gain (loss) on disposal of property, plant and equipment, net		54	(4,647)
Loss on disposal of investments, net		-	(9,862)
Other		5,966	26,412
	$	**278,235**	**46,740**

ii) Finance costs

The components of the Group's finance costs for the years ended December 31, 2013 and 2012, were as follows:

		2013	2012
Interest expenses	$	**184,832**	**228,157**

(Continued)

(s) Reclassification of components of other comprehensive income

The changes in components of other comprehensive income were as follows:

		2013	2012
Available-for-sale financial assets			
Net change in fair value for current period	$	111,224	(244,671)
Net change in fair value reclassified to profit or loss		-	20,112
Net changes in fair value recognized in other comprehensive income	$	**111,224**	**(224,559)**

(t) Financial instruments

i) Categories of financial instruments

i. Financial assets

		December 31, 2013	December 31, 2012	January 1, 2012
Available-for-sale financial assets	$	1,005,832	893,054	1,363,889
Cash and cash equivalents		4,994,973	5,147,163	6,055,884
Notes, accounts, and other receivables		4,025,776	5,982,815	8,735,228
Total	$	**10,026,581**	**12,023,032**	**16,155,001**

ii. Financial liabilities

		December 31, 2013	December 31, 2012	January 1, 2012
Financial liabilities measured at amortized cost:				
Short-term borrowings	$	5,805,694	6,194,179	5,101,364
Short-term commercial paper payable		798,856	349,441	249,601
Accounts payable (including related parties)		1,527,291	1,741,910	2,610,888
Other payable		1,075,144	1,223,878	1,171,099
Long-term borrowing (including current portion)		4,854,875	5,759,257	6,155,903
Subtotal		14,061,860	15,268,665	15,288,855
Financial guarantee contracts		47,320	53,409	15,993
Total	$	**14,109,180**	**15,322,074**	**15,304,848**

(Continued)

ii) Credit risk

i. Credit risk exposure

The maximum credit risk exposure of the Group's financial assets is equal to their carrying amount. As of December 31, 2013 and 2012, and January 1, 2012, the maximum credit risk exposure amounted to $10,026,581 thousand, $12,023,032 thousand, and $16,155,001 thousand, respectively.

ii. Concentration of credit risk

The Group's cash and cash equivalents and accounts receivable are the main source of potential credit risk. The Group deposits its cash and cash equivalents in different financial institutions and has no concentration of credit risk on an individual customer. Therefore, the Group concluded that it is not exposed to credit risk.

The Group guarantees bank loans for investees. The Group concluded that it is not exposed to credit risk for these transactions.

iii) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2013							
Non-derivative financial liabilities							
Short-term borrowings	$ 5,805,694	5,844,600	4,897,085	947,515	-	-	-
Short-term commercial paper payable	798,856	800,000	800,000	-	-	-	-
Accounts payable (including related parties)	1,527,291	1,527,291	1,527,291	-	-	-	-
Other payable	1,075,144	1,075,144	1,075,144	-	-	-	-
Long-term borrowings (including current portion)	4,854,875	4,994,615	597,050	642,112	1,726,503	2,028,950	-
Financial guarantee contracts	47,320	2,402,805	171,955	-	393,040	1,239,409	598,401
	$ 14,109,180	**16,644,455**	**9,068,525**	**1,589,627**	**2,119,543**	**3,268,359**	**598,401**
December 31, 2012							
Non-derivative financial liabilities							
Short-term borrowings	$ 6,194,179	6,222,501	5,449,650	772,851	-	-	-
Short-term commercial paper payable	349,441	350,000	350,000	-	-	-	-
Accounts payable (including related parties)	1,741,910	1,741,910	1,741,910	-	-	-	-
Other payable	1,223,878	1,223,878	1,223,878	-	-	-	-
Long-term borrowings (including current portion)	5,759,257	5,978,517	575,594	575,442	1,239,094	3,588,387	-
Financial guarantee contracts	53,409	2,153,259	-	373,000	-	1,198,121	582,138
	$ 15,322,074	**17,670,065**	**9,341,032**	**1,721,293**	**1,239,094**	**4,786,508**	**582,138**

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
January 1, 2012							
Non-derivative financial liabilities							
Short-term borrowings	$ 5,101,364	5,101,364	5,101,364	-	-	-	-
Short-term commercial paper payable	249,601	250,000	250,000	-	-	-	-
Accounts payable (including related parties)	2,610,888	2,610,888	2,610,888	-	-	-	-
Other payable	1,171,099	1,171,099	1,171,099	-	-	-	-
Long-term borrowings (including current portion)	6,155,903	6,155,903	-	1,067,183	-	5,088,720	-
Financial guarantee contracts	15,993	718,886	-	47,960	-	670,926	-
	$ 15,304,848	**16,008,140**	**9,133,351**	**1,115,143**	**-**	**5,759,646**	**-**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

iv) Currency risk

i. Risk exposure

The Group's financial assets and financial liabilities exposed to significant currency risk were as follows:

	Foreign currency	Exchange rate	NTD
December 31, 2013			
Financial assets:			
Monetary assets:			
USD	42,142	29.9500	1,262,156
EUR	2,212	41.0600	90,839
JPY	31,947	0.2831	9,044
CNY	461,458	4.9130	2,267,141
Non-monetary assets:			
INR	1,070,175	0.4846	518,607
CNY	113,027	4.9130	555,304
Financial liabilities:			
Monetary liabilities:			
USD	161,140	29.9500	4,826,156
EUR	8,693	41.0600	356,951
JPY	36,014	0.2831	10,196

	Foreign currency	Exchange Rate	NTD
December 31, 2012			
Financial assets:			
Monetary assets:			
USD	86,475	29.1360	2,519,536
EUR	32,595	38.2800	1,247,737
JPY	97,392	0.3345	32,578
CNY	54,747	4.6625	255,258
Non-monetary assets:			
INR	1,084,990	0.5297	574,719
CNY	148,899	4.6625	694,243
Financial liabilities:			
Monetary liabilities:			
USD	207,790	29.1360	6,054,169
EUR	6,960	38.2800	266,429
JPY	44,667	0.3345	14,941
January 1, 2012			
Financial assets:			
Monetary assets:			
USD	74,279	30.2900	2,249,911
EUR	8,090	38.9900	315,429
JPY	150,363	0.3886	58,431
Non-monetary assets:			
INR	605,961	0.5714	346,246
CNY	148,585	4.7960	712,612
Financial liabilities:			
Monetary liabilities:			
USD	153,203	30.2900	4,640,519
EUR	4,267	38.9900	166,370
JPY	245,535	0.3886	95,415

ii. Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, loans and borrowings, and accounts and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the NTD against the USD, Euro, CNY and JPY as of December 31, 2013 and 2012, would have increased (decreased) the net income after tax by $12,982 thousand and $18,928 thousand, respectively. The analysis was performed on the same basis for both periods.

(Continued)

v) Interest rate risk analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates of the non-derivative financial instruments on the reporting date. For floating-rate instruments, the sensitivity analysis assumes the floating-rate liabilities as of the reporting date are outstanding for the whole year.

If the interest rate had increased / decreased by 1%, the Group's net income would have increased / decreased by $95,113 thousand and $102,114 thousand for the years ended December 31, 2013 and 2012, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

vi) Fair value

i. Fair value and carrying amount

The Group's management believes that the carrying value of the assets and liabilities measured at amortized cost in the consolidated financial statements is close to fair value.

ii. Interest rate used to determine the fair value

The Group's available-for-sale financial assets are unlisted stocks (domestic or overseas), the fair value of which was estimated by referencing the market multiples derived from quoted prices of companies comparable to the investees.

iii. Fair value hierarchy

The table below analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

1) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

2) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

3) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Available-for-sale financial assets	$ -	1,005,832	-	1,005,832
December 31, 2012				
Available-for-sale financial assets	$ -	893,054	-	893,054

(Continued)

		Level 1	Level 2	Level 3	Total
January 1, 2012					
Available-for-sale financial assets	$	-	1,363,889	-	1,363,889

(u) Financial risk management

i) Overview

The Group is exposed to the following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk

This note discloses information about the Group's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

ii) Risk management framework

The Group's finance department is responsible for the establishment and management of the Group's risk management framework and policies. It is overseen by and reports to management, the Precursory Audit Committee, and the Board of Directors regarding the framework's operations.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Precursory Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Precursory Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Precursory Audit Committee.

(Continued)

iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

i. Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. In 2013 and 2012, there was no geographical concentration of credit risk regarding the Group's revenue.

The sales department and the finance department of the Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes the history of transactions with the counter-party, its financial position, and geographic considerations. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Goods are sold subject to a retention of title clause so that in the event of non-payment, the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

The Group has established an allowance of doubtful accounts to reflect actual and estimated potential losses resulting from uncollectible account and trade receivables. The allowance of doubtful accounts consists primarily of specific losses regarding individual customers and estimates of potential losses based on statistics from payment histories of similar customer groups.

ii. Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since those who transact with the Group are banks and other external parties with good credit standing, financial institutions with a credit rating above investment grade, and government agencies, there are no non-compliance issues. With regard to investment in a financial institution with a credit rating above investment grade, an investment limit is set according to the long-term credit rating. Hence, there is no significant credit risk.

iii. Guarantees

The Group's policy allows it to provide financial guarantees to business partners or to related parties and jointly controlled entities according to its percentage ownership in these entities. Financial guarantees provided by the Group as of December 31, 2013 and 2012, and January 1, 2012, are disclosed in note 7 "Related-party Transactions."

(Continued)

iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

i. Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan dollar (NTD), US dollar (USD), Euro (EUR), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, EUR, USD, Japanese Yen (JPY) and CNY.

Foreign exchange gains and losses resulting from account and trade receivables held by the Group in a currency other than the respective functional currencies are used to offset foreign exchange gains and losses resulting from short-term loans denominated in a foreign currency. Hence, the Group's risk exposure to foreign exchange risk is reduced.

Interest expenses are denominated in the same currency as that of the principal. Generally, the currency of loans matches that of the Group's operating cash flow, primarily consisting of NTD, EUR, USD, JPY, and CNY.

With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the Group relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptable level.

The Group does not hedge against investments of related parties.

ii. Interest rate risk

The interest rates of the Group's long-term and short-term borrowings are floating. Hence, changes in market conditions will cause fluctuations in the effective interest rate of the aforementioned loans. The Group's finance department monitors and measures potential changes in market conditions, entering into interest rate swaps to achieve a fixed interest rate on the Group's loans.

iii. Other market price risk

The Group does not enter into any commodity contracts other than to meet the Group's expected usage and sales requirements; such contracts are not settled on a net basis.

(Continued)

(v) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's target is to achieve a return on capital of between 12% and 15% percent; in 2013 and 2012, the return was 9.77% and 16.21%, respectively. In comparison, the weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 1.56% and 1.92%, respectively. The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Total liabilities	$ 15,817,399	17,630,019	18,017,761
Less: cash and cash equivalents	4,994,973	5,147,163	6,055,884
Net debt	**$ 10,822,426**	**12,482,856**	**11,961,877**
Total equity	**$ 17,554,965**	**17,945,059**	**20,782,090**
Debt-to-adjusted-capital ratio	**62 %**	**70 %**	**58 %**

(7) Related-party Transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Significant transactions with related parties

i) Purchases

The amounts of purchase transactions with related parties were as follows:

	2013	2012
Other related parties	**$ 409,454**	**1,161,538**

There were no significant differences between the pricing of purchase transactions with related parties and that with other customers. The payment terms ranged from one to two months, which were similar to those of other suppliers.

ii) Service income and expenses

The Group provided management, technologies and IT services to associates, joint ventures, and other related parties. The amounts recognized as other income and expenses were as follows:

	2013	2012
Associates and joint ventures	$ 181,672	54,032
Other related parties	20,139	30,153
	$ 201,811	**84,185**

iii) Receivable from related parties

The details of the Group's receivable from related parties were as follows:

Accounts	Type of related parties	December 31, 2013	December 31, 2012	January 1, 2012
Other receivable	Associates and joint ventures	**$ 43,815**	**55,495**	**18,128**

iv) Payable to related parties

The details of the Group's payable to related parties were as follows:

Accounts	Type of related parties	December 31, 2013	December 31, 2012	January 1, 2012
Accounts payable	Other related parties	**$ -**	**58,134**	**276,570**

v) Guarantees

As of December 31, 2013 and 2012, and January 1, 2012, the Group had provided guarantees on the bank loans of associates and joint ventures. The credit limits of the guarantees were $2,402,805 thousand, $2,153,259 thousand, and $718,886 thousand, respectively, and accordingly, the Group increased provision liabilities and investments accounted for under equity method by $47,320 thousand, $53,409 thousand, and $15,993 thousand, respectively.

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	2013	2012
Short-term employee benefits	$ 71,371	67,148
Post-employment benefits	1,518	1,267
	$ 72,889	**68,415**

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment	Guarantee for bank loans	$ -	319,541	529,976
Prepaid rent	Guarantee for bank loans	-	50,203	52,779
Restricted savings deposits (recorded as other non-current assets)	Guarantee for bank loans	7,510	-	-
Restricted savings deposits (recorded as other non-current assets)	Deposit for safety production	4,460	5,927	5,755
		$ 11,970	375,671	588,510

(9) Significant Commitments and Contingencies

(a) As of December 31, 2013 and 2012, and January 1, 2012, the Group's unused letters of credit outstanding for purchases of materials were $1,733,819 thousand, $1,643,162 thousand, and $2,444,076 thousand, respectively.

(b) As of December 31, 2013 and 2012, and January 1, 2012, the Group's signed construction and design contracts with several factories totaled $82,994 thousand, $1,102,345 thousand, and $132,065 thousand, respectively, of which $40,971 thousand, $868,136 thousand, and $76,863 thousand, respectively, were paid.

(10) Significant Losses from Calamity: None.

(11) Significant Subsequent Events: None.

(Continued)

(12) Others

The employee benefit expenses, depreciation and amortization, categorized by function, were as follows:

By function / By nature	2013 Operating costs	2013 Operating expenses	2013 Total	2012 Operating costs	2012 Operating expenses	2012 Total
Employee benefits						
Salary	704,388	554,084	1,258,472	724,329	479,350	1,203,679
Labor and health insurance	68,132	47,930	116,062	53,768	34,585	88,353
Pension (note 1)	63,073	36,161	99,234	43,515	35,400	78,915
Others (note 2)	113,519	65,912	179,431	118,745	94,715	213,460
Depreciation (note 3)	727,208	168,913	896,121	628,281	144,592	772,873
Amortization (note 4)	19,876	166,455	186,331	26,124	149,018	175,142

note 1: Pension expenses excluded expenses for employees on international assignments amounting to $2,570 thousand and $2,388 thousand for the years 2013 and 2012, respectively.

note 2: Others personnel expenses included meals, employee welfare, training expenses and employees' bonus.

note 3: Depreciation expenses for investment property recognized under other income and expenses amounting to $14,725 thousand for both 2013 and 2012 were excluded.

note 4: Amortization of intangible assets recognized under other income and expenses amounting to $2,334 thousand and $0 thousand for the years 2013 and 2012, respectively, was excluded.

(Continued)

(13) Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

i) Loans extended to other parties:

Unit: thousand dollars

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers (Note 7)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	TSRC (Shanghai) Industries Ltd.	TSRC (Jinan) Industries Ltd.	Loan	Yes	66,326	31,935	31,935	4%	2	-	Operating capital	-		-	- (Note 1)	- (Note 2)
2	Trimurti Holding Corporation	TSRC (Lux.) Corporation S.'a.r.l.	Loan	Yes	410,600	410,600	-	LIBOR+ 1%	2	-	Operating capital	-		-	1,048,723 (Note 3)	4,194,892 (Note 4)

Note 1: The loan limit extended per party of TSRC (Shanghai) Industries Ltd. should not be over 5% of total equity. However, if the counterparty is a subsidiary 100.00% owned, directly or indirectly, by TSRC, there is no loan limit.

Note 2: The maximum loan extended to all parties of TSRC (Shanghai) Industries Ltd. should not be over 40% of total equity. However, if the counterparty is a subsidiary 100.00% owned, directly or indirectly, by TSRC, there is no loan limit.

Note 3: The loan limit extended per party of Trimurti Holding Corporation should not be over 10% of total equity of the most recent financial statements audited or reviewed by a CPA.

Note 4: The total loan limit of Trimurti Holding Corporation should not be over 40% of total equity of the most recent financial statements audited or reviewed by a CPA.

Note 5: TSRC (Shanghai) Industries Ltd., TSRC (Jinan) Industries Ltd., Trimurti Holding Corporation and TSRC (Lux) Corporation S.'a.r.l are 100.00% owned by TSRC.

Note 6: Credit period: The financing period should not be over one year.

Note 7: Nature of financing activities is as follows:

(1) if there are transactions between these two parties, the number is "1".

(2) if it is necessary to loan to other parties, the number is "2".

Note 8: Transactions within the Group were eliminated in the consolidated financial statements.

ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company										
0	TSRC	TSRC (USA) Investment Corporation	3	(Note 2)	3,144,750	3,144,750	2,396,000	-	20.19 %	(Note 3)	Y		
0	TSRC	TSRC (Nantong) Industries Ltd.	3	(Note 2)	1,048,250	1,048,250	1,048,250	-	6.73 %	(Note 3)	Y		Y
0	TSRC	TSRC (Jinan) Industries Ltd.	3	(Note 2)	67,388	67,388	67,388	-	0.43 %	(Note 3)	Y		Y
0	TSRC	Lanxess-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,798,510	1,405,470	1,035,557	-	9.02 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Limited	6	(Note 2)	997,335	997,335	997,335	-	6.40 %	(Note 3)			

Note 1: The guarantee's relationship with the guarantor is as follows:

(1) Ordinary business relationship.

(2) A subsidiary whose common stock is more than fifty percent directly owned by the guarantor.

(3) An investee whose common stock is more than fifty percent owned by the parent company and its subsidiary in aggregate.

(4) The parent company owns, directly or indirectly via subsidiaries, more than fifty percent of the guarantor's common stock.

(5) A company in the same trade that is mutually guaranteed pursuant to the covenants of a construction contract upon contracting a project.

(6) A company that is guaranteed proportionately according to the guarantor's ownership percentage due to co-investment by various investors.

Note 2: The guaranteed amount is limited to fifty percent of issued capital, amounting to $3,931,952 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to $23,362,796 thousand.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

iii) Securities held as of December 31, 2013 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2013	Remarks
				Number of shares	Book value	Holding percentage	Market value		
TSRC	Taiwan High Speed Rail Corporation	-	Available-for-sale financial assets－non-current	50,000,000	274,000	0.77 %	274,000	500,000	
TSRC	Evergreen Steel Corporation	-	Available-for-sale financial assets－non-current	12,148,000	308,559	3.00 %	308,559	209,878	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Available-for-sale financial assets－non-current	599,999	71,718	5.42 %	71,718	65,143	
TSRC	Hsin-Yung Enterprise Corporation	-	Available-for-sale financial assets－non-current	5,657,000	251,442	3.90 %	251,442	64,296	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Available-for-sale financial assets－non-current	837,552	100,113	7.57 %	100,113	55,625	
TSRC Biotech Ltd.	Pulse Metric Inc.	-	Available-for-sale financial assets－non-current	312,500	-	6.23 %	(note 1)	-	
TSRC Biotech Ltd.	CytoPharm, Inc.	-	Available-for-sale financial assets－non-current	95,108	-	0.17 %	(note 1)	-	
					1,005,832		1,005,832	894,942	

Note 1: The securities were written down due to impairment loss.

iv) Accumulated holding amount of a single security in excess of $100 million or 20% of TSRC's issued share capital: None.

v) Acquisition of real estate in excess of $100 million or 20% of TSRC's issued share capital: None.

vi) Disposal of real estate in excess of $100 million or 20% of TSRC's issued share capital: None.

vii) Sales to and purchases from related parties in excess of $100 million or 20% of TSRC's issued share capital:

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
TSRC	TSRC (Lux.) Corporation S.'a.r.l.	Related parties	Sale	(207,862)	(1.61) %	70 days	-		89,973	6.75 %	
TSRC (Lux.) Corporation S.'a.r.l.	TSRC	Related parties	Purchase	207,862	9.93 %	70 days	-		(89,973)	(22.38) %	
Shen Hua Chemical Industries Co., Ltd.	Marubeni Corporation	A director of Shen Hua Chemical Industries Co., Ltd.	Purchase	278,801	3.20 %	14 days	-		-	- %	
TSRC-UBE (Nantong) Industries Ltd.	Marubeni Corporation	A director of TSRC-UBE (Nantong) Industries Ltd.	Purchase	130,653	7.80 %	14 days	-		-	- %	
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	348,663	79.01 %	40 days	-		-	- %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	Related parties	Sale	(348,663)	(10.64) %	40 days	-		-	- %	
TSRC (Lux.) Corporation S.'a.r.l.	Dexco Polymers L.P.	Related parties	Purchase	1,541,153	73.56 %	30 days	-		(90,389)	(22.48) %	
Dexco Polymers L.P.	TSRC (Lux.) Corporation S.'a.r.l.	Related parties	Sale	(1,541,153)	(30.17) %	30 days	-		90,389	16.75 %	
TSRC (Lux.) Corporation S.'a.r.l.	TSRC (Namtong) Industries Ltd.	Related parties	Purchase	344,515	16.51 %	70 days	-		(221,711)	(55.15) %	
TSRC (Namtong) Industries Ltd.	TSRC (Lux.) Corporation S.'a.r.l.	Related parties	Sale	(344,515)	(10.52) %	70 days	-		221,711	48.47 %	

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.

viii) Receivables from related parties in excess of $100 million or 20% of TSRC's issued share capital:

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
					Amount	Action taken		
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a.r.l.	Related parties	221,711	3.11 (Note 3)	-		221,711	-

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

Note 2: Until March 13, 2014.

Note 3: The transactions with TSRC (Lux.) Corporation S.' a.r.l. start in 2013.

ix) Derivative financial instrument transactions: None.

(Continued)

x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Sales revenue	84,082	The transaction is not significantly different from normal transactions, and the terms were about two months	0.24 %
0	TSRC	Polybus Corporation Pte Ltd.	1	Sales revenue	68,531	〃	0.20 %
0	TSRC	TSRC (Lux.) Corporation S.'a.r.l	1	Sales revenue	207,862	〃	0.60 %
0	TSRC	TSRC (Lux.) Corporation S.'a.r.l	1	Accounts receivable	89,973	〃	0.27 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	42,211	〃	0.12 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other receivable	41,182	〃	0.12 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	87,392	〃	0.25 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	3	Sales revenue	348,663	〃	1.01 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a.r.l.	3	Sales revenue	344,515	〃	1.00 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a.r.l	3	Accounts receivable	221,711	〃	0.66 %
2	Dexco Polymers LP	TSRC (Lux.) Corporation S.'a.r.l.	3	Sales revenue	1,541,153	〃	4.48 %
2	Dexco Polymers LP	TSRC (Lux.) Corporation S.'a.r.l.	3	Accounts receivable	90,389	〃	0.27 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Note 4	1,048,250	-	-
0	TSRC	TSRC(USA)Investment Corporation	1	〃	3,144,750	-	-
0	TSRC	TSRC (Jinan) Industries Ltd.	1	〃	67,388	-	- %
1	TSRC (Nantong) Industries Ltd.	TSRC	2	Purchases	84,082	The transaction is not significantly different from normal transactions, and the terms were about two months	0.24 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	162,104	〃	0.47 %
3	Polybus Corporation Pte Ltd	TSRC	2	Purchases	68,531	〃	0.20 %
3	Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	3	Purchases	348,663	〃	1.01 %
4	TSRC (Lux.) Corporation S.'a.r.l.	TSRC	2	Purchases	207,862		0.60 %
4	TSRC (Lux.) Corporation S.'a.r.l.	TSRC	2	Accounts payable	89,973	〃	0.27 %
4	TSRC (Lux.) Corporation S.'a.r.l.	TSRC (Nantong) Industries Ltd.	3	Accounts payable	221,711	〃	0.66 %
4	TSRC (Lux.) Corporation S.'a.r.l.	TSRC (Nantong) Industries Ltd.	3	Purchases	344,515		1.00 %
4	TSRC (Lux.) Corporation S.'a.r.l.	Dexco Polymers LP	3	Purchases	1,541,153	〃	4.48 %
4	TSRC (Lux.) Corporation S.'a.r.l.	Dexco Polymers LP	3	Accounts payable	90,389	〃	0.26 %
5	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Purchases	87,392	〃	0.25 %
5	TSRC (Shanghai) Industries Ltd.	TSRC (Jinan) Industries Ltd.	3	Bank loans	31,935	〃	0.10 %

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
6	TSRC (Jinan) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Entrusted loans	31,935	The transaction is not significantly different from normal transactions, and the terms were about two months	0.10 %

Note 1: Company numbering is as follows:
(1) Parent company - 0.
(2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:
(1) 1 represents dowmstream transactions.
(2) 2 represents upstream transactions.
(3) 3 represents sidstream transactions.

Note 3: For balance sheet items, over 0.1% of total consolidated assets, and for profit or loss items, over 0.1% of total consolidated revenue were selected for disclosure.

Note 4: TSRC's guarantees for bank loans of investees.

Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2013 (excluding information on investees in Mainland China):

Unit: thousand dollars

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2013	Net income of investee	Investment income (losses)	Remarks
				December 31, 2013	December 31, 2012	Shares	Percentage of ownership	Book value				
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,005,495	1,005,495	86,920,000	100.00 %	10,495,815	1,005,945	603,761	597,781	Subsidiary
TSRC	Hardison International Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	109,442	109,442	3,896,305	100.00 %	564,568	109,442	80,323	80,323	Subsidiary
TSRC	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	38,376	38,376	1,161,004	19.48 %	109,545	38,376	99,087	19,302	Subsidiary (note 2)
TSRC	Taiwam Advanced Material Corp.	26F-2, No. 8, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	Production and sale of synthetic rubber products	720,000	720,000	72,000,000	48.00 %	705,317	720,000	(23,611)	(11,333)	-
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	9. Temasek Boulevard, 31F Suntec Tower 2, Singapore	International commerce and investment corporation	1,949,775 (USD65,101)	1,949,775 (USD65,101)	105,830,000	100.00 %	6,435,924	1,949,775	524,748	519,703	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (HONG KONG) Limited	Suite 2303 23F Great Eagle Centre 23 Harbour Road, Wanchai, HK	Investment corporation	2,331,608 (USD77,850)	2,331,608 (USD77,850)	77,850,000	100.00 %	2,638,172	2,331,608	80,158	80,158	Indirectly owned subsidiary
Trimurti Holding Corporation	Indian Synthetic Rubber Limited	Room No.702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yusuf Sarai, New Delhi 110016, India	Produchion and sale of synthetic rubber products	628,651 (USD20,990)	628,651 (USD20,990)	105,468,750	30.00 %	518,607	628,651	(49,482)	(18,541)	-
TSRC (HONG KONG) Limited	TSRC (Lux.) Corporation S.'a.r.l.	34-36 avenue de la Liberte, L-1930, Luxembourg	International commerce and investment corporation	1,521,460 (EUR50,800)	1,521,460 (EUR50,800)	50,800,000	100.00 %	2,334,422	1,521,460	55,867	55,867	Indirectly owned subsidiary
TSRC (Lux.) Corporation S.'a.r.l.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, County of New Castle, Wilmington, Delaware, USA	Investment corporation	2,097,998 (USD70,050)	2,097,998 (USD70,050)	100	100.00 %	2,280,586	2,097,998	60,129	60,129	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	Dexco Polymers L.P.	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of synthetic rubber products	5,768,879 (USD192,617)	5,768,879 (USD192,617)	100	100.00 %	4,613,428	5,768,879	314,499	147,256	Indirectly owned subsidiary
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,498 (USD50)	1,498 (USD50)	50,000	100.00 %	107,950	1,498	763	763	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	143,730 (USD4,799)	143,730 (USD4,799)	4,798,566	80.52 %	452,801	143,730	99,087	79,785	Indirectly owned subsidiary
Hardison International Corporation	TSRC Biotech Ltd.	4th F1., Harbour Centre, P.O. BOX 613, George Town, Grand Cayman, Cayman Islands	Investment corporation	90,449 (USD3,020)	90,449 (USD3,020)	3,020,210	100.00 %	5	90,449	-	-	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	337,986 (USD11,285)	337,986 (USD11,285)	7,522,337	37.78 %	405,873	337,986	262,382	99,128	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD29.95).

Note 2: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation.

Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

(Continued)

(c) Information on investment in Mainland China:

i) Information on investment in Mainland China:

Unit: thousand dollars

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2013	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2013	Net income of investee	Direct / indirect investment holding percentage	Maximum investment in 2013	Investment income (loss)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,234,539 (USD41,220)	(2)a.	-	-	-	-	609,754	65.44 %	1,234,539	399,023 (note 2)	2,145,583	4,379,389
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	691,845 (USD23,100)	(2)c.	114,768 (USD3,832)	-	-	114,768 (USD3,832)	369,498	28.34 %	691,845	104,715 (note 3)	401,978	-
TSRC (Shanghai) Industries Ltd.	Production and sale of reengineering plastic, plastic compound metal, and plastic elasticity engineering products	164,725 (USD5,500)	(2)b.	117,404 (USD3,920)	-	-	117,404 (USD3,920)	30,438	100.00 %	164,725	30,438 (note 2)	275,701	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	89,850 (USD3,000)	(2)d.	44,925 (USD1,500)	-	-	44,925 (USD1,500)	1,499	50.00 %	89,850	749 (note 2)	98,494	-
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,198,000 (USD40,000)	(2)a.	29,950 (USD1,000)	-	-	29,950 (USD1,000)	15,558	55.00 %	1,198,000	8,557 (note 2)	922,722	-
TSRC (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	2,070,294 (USD69,125)	(2)a.	199,108 (USD6,648)	-	-	199,108 (USD6,648)	322,990	100.00 %	2,070,294	322,990 (note 2)	2,959,730	-
TSRC (Jinan) Industries Ltd.	Production and sale of reengineering plastic, plastic compound metal, and plastic elasticity engineering products	67,388 (USD2,250)	(2)b.	67,388 (USD2,250)	-	-	67,388 (USD2,250)	(3,916)	100.00 %	67,388	(3,916) (note 2)	(44,461)	-
Lanxess-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NRB	742,760 (USD24,800)	(2)a.	-	-	-	-	(436,236)	50.00 %	735,816	(223,163) (note 3)	149,431	-

Note 1: The method of investment is divided into the following four categories:

(1) Remittance from third-region companies to invest in Mainland China.

(2) Through the establishment of third-region companies then investing in Mainland China.

a. Through the establishment of Polybus Corporation Pte. Ltd. then investing in Mainland China.

b. Through the establishment of TSRC (HONG KONG) Limited then investing in Mainland China.

c. Through the establishment of Asia Pacific Energy Development Co., Ltd. then investing in Mainland China.

d. Through the establishment of Triton International Holdings Corporation then investing in Mainland China.

(3) Through transferring the investment to third-region existing companies then investing in Mainland China.

(4) Other methods: EX: delegated investments.

Note 2: The investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: The investment income (losses) were recognized under the equity method and based on the financial statements audited by international accounting firms.

Note 4: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD29.95).

Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of December 31, 2013	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	573,543 (USD19,150)	4,232,983 (USD141,335) (Note 2)	- (Note 1)

Note 1: In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on November 1, 2012. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from November 11, 2012 to October 10, 2015.

Note 2: This amount includes capital increase out of earnings, approved by the Investment Commission, MOEA.

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD29.95).

iii) Significant transactions with investees in Mainland China:

Related information is provided in note 13(a).

(14) Segment Information

(a) General information

There are three service departments which should be reported: synthetic rubber services department, non-synthetic rubber services department, and others. The synthetic rubber services department produces and sells synthetic rubber products. The non-synthetic rubber services department produces and sells reengineering plastic and plastic elasticity engineering products. The others department provides storage service.

A reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity. Because taxation and extraordinary activity are managed on a group basis, they are not able to be allocated to each reportable segment. In addition, not all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with that in the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Aaccounting Policies".

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

Information on reportable segments and reconciliation for the Group is as follows:

	2013				
	Synthetic rubber services department	**Non-synthetic rubber services department**	**Others**	**Adjustments or elimination**	**Total**
Revenue:					
Revenue from external customers	$ 33,647,883	737,640	37,476	-	34,422,999
Inter-segment revenues	2,732,045	19,294	-	(2,751,339)	-
Interest revenue	90,503	3,722	3,463	(112)	97,576
Total revenue	**$ 36,470,431**	**760,656**	**40,939**	**(2,751,451)**	**34,520,575**
Interest expenses	$ 180,208	4,736	-	(112)	184,832
Depreciation and amortization	$ 1,003,207	32,055	83,549	(19,300)	1,099,511
Share of profit of equity-accounted investees (associates and jointly controlled entities)	$ 374,919	-	99,128	(627,956)	(153,909)
Reportable segment profit or loss	$ 2,337,770	39,125	339,687	(614,578)	2,102,004
Reportable segment assets (note)	$ -	-	-	-	-

(Continued)

	2012				
	Synthetic rubber services department	Non-synthetic rubber services department	Others	Adjustments or elimination	Total
Revenue:					
Revenue from external customers	$ 44,497,247	818,013	49,115	-	45,364,375
Inter-segment revenues	2,833,188	4,820	-	(2,838,008)	-
Interest revenue	88,181	1,634	3,013	(1,209)	91,619
Total revenue	**$ 47,418,616**	**824,467**	**52,128**	**(2,839,217)**	**45,455,994**
Interest expenses	$ 225,168	4,198	-	(1,209)	228,157
Depreciation and amortization	$ 888,492	33,474	57,315	(16,541)	962,740
Share of profit of equity-accounted investees (associates and jointly controlled entities)	$ 1,253,723	-	104,398	(1,356,140)	1,981
Reportable segment profit or loss	$ 5,177,536	19,016	163,060	(1,479,827)	3,879,785
Reportable segment assets (note)	$ -	-	-	-	-

note: As the information on segment assets was not provided to the chief operating decision maker, the information on segment assets is not disclosed.

(c) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographical information	**2013**	**2012**
Revenue from external customers:		
China	$ 15,434,398	21,583,587
United States	4,245,689	5,134,260
Taiwan	2,808,653	4,260,068
Thailand	2,530,272	2,066,445
Japan	1,513,324	2,223,182
Other countries	7,890,663	10,096,833
Total	**$ 34,422,999**	**45,364,375**
Non-current assets:		
China	$ 8,409,962	8,360,266
Taiwan	4,848,604	4,832,977
United States	2,618,433	2,665,594
Other countries	926,336	912,207
Total	**$ 16,803,335**	**16,771,044**

Non-current assets include investment accounted for under the equity method, property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from insurance contract (non-current).

(d) Information about major customers

For the years 2013 and 2012, the Group had no major customer who constituted 10% or more of net sales.

(15) First-time adoption of IFRSs

The consolidated financial statements as of December 31, 2012, were prepared according to the previous ROC GAAP. As explained in note 4(a), these consolidated financial statements are the first annual consolidated financial statements prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers" and the IFRSs endorsed by the FSC, and are in accordance with IFRS 1 "First-Time Adoption of International Financial Reporting Standards" (endorsed by the FSC).

The accounting policies described in note 4 were applied in preparing the comparative consolidated financial statements for the year ended December 31, 2012, and the opening consolidated balance sheet as of January 1, 2012 (the Group's date of adoption of IFRSs).

When preparing the related financial statements of 2012, the Group converted the amounts in the financial statements prepared in accordance with the previous ROC GAAP to amounts in conformity with IFRSs endorsed by the FSC. Below are the adjustments and related descriptions of the balance sheet and statements of comprehensive income and of cash flows due to conversion.

(a) Reconciliation for consolidated balance sheets

	December 31, 2012			January 1, 2012		
	ROC GAAP	Difference	IFRSs	ROC GAAP	Difference	IFRSs
Assets						
Cash and cash equivalents	$ 5,147,163	-	5,147,163	6,055,884	-	6,055,884
Notes receivable	1,408,383	-	1,408,383	2,493,559	-	2,493,559
Accounts receivable	4,294,118	-	4,294,118	5,937,012	-	5,937,012
Other receivable	280,314	-	280,314	304,657	-	304,657
Inventories	6,104,178	-	6,104,178	7,040,206	-	7,040,206
Other current assets	544,665	(81,327)	463,338	379,875	(34,523)	345,352
Total current assets	17,778,821	(81,327)	17,697,494	22,211,193	(34,523)	22,176,670
Available-for-sale financial assets－non-current	-	893,054	893,054	-	1,363,889	1,363,889
Investments accounted for under equity method	1,939,833	45,779	1,985,612	1,005,468	53,390	1,058,858
Financial assets carried at cost－non-current	894,942	(894,942)	-	1,141,218	(1,141,218)	-
Property, plant and equipment	9,719,459	201,665	9,921,124	8,723,540	201,665	8,925,205
Investment property, net	-	1,684,675	1,684,675	-	1,699,400	1,699,400
Intangible assets	3,213,218	(622,541)	2,590,677	3,356,446	(595,759)	2,760,687
Deferred income tax assets	37,614	175,872	213,486	13,649	85,740	99,389
Other non-current assets	1,975,581	(1,386,625)	588,956	2,091,060	(1,375,307)	715,753
Total non-current assets	17,780,647	96,937	17,877,584	16,331,381	291,800	16,623,181
Total assets	**$ 35,559,468**	**15,610**	**35,575,078**	**38,542,574**	**257,277**	**38,799,851**

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2012			January 1, 2012		
	ROC GAAP	Difference	IFRSs	ROC GAAP	Difference	IFRSs
Liabilities						
Short-term borrowings	$ 6,194,179	-	6,194,179	5,101,364	-	5,101,364
Current portion of long-term borrowings	466,176	-	466,176	1,067,183	-	1,067,183
Notes and accounts payable	349,441	-	349,441	249,601	-	249,601
Accounts payable	1,683,776	-	1,683,776	2,334,318	-	2,334,318
Accounts payable－related parties	58,134	-	58,134	276,570	-	276,570
Current income tax liabilities	577,933	-	577,933	834,521	-	834,521
Other current liabilities	1,291,220	-	1,291,220	1,338,632	-	1,338,632
Total current liabilities	10,620,859	-	10,620,859	11,202,189	-	11,202,189
Long-term borrowings	5,293,081	-	5,293,081	5,088,720	-	5,088,720
Deferred income tax liabilities	914,976	97,665	1,012,641	1,124,831	71,349	1,196,180
Other non-current liabilities	610,876	92,562	703,438	433,900	96,772	530,672
Total non-current liabilities	6,818,933	190,227	7,009,160	6,647,451	168,121	6,815,572
Total liabilities	17,439,792	190,227	17,630,019	17,849,640	168,121	18,017,761
Equity attributable to shareholders of the parent						
Common stock	7,863,904	-	7,863,904	7,149,004	-	7,149,004
Capital surplus	69,003	(68,154)	849	69,003	(68,154)	849
Retained earnings	7,269,598	(186,091)	7,083,507	8,984,752	(103,035)	8,881,717
Other equity	607,262	79,628	686,890	964,691	260,345	1,225,036
Total shareholders' equity	15,809,767	(174,617)	15,635,150	17,167,450	89,156	17,256,606
Non-controlling interests	2,309,909	-	2,309,909	3,525,484	-	3,525,484
Total equity	18,119,676	(174,617)	17,945,059	20,692,934	89,156	20,782,090
Total liabilities and shareholders' equity	**$ 35,559,468**	**15,610**	**35,575,078**	**38,542,574**	**257,277**	**38,799,851**

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Reconciliation for consolidated statements of comprehensive income

	2012		
	ROC GAAP	Difference	IFRSs
Revenue	$ 45,364,375	-	45,364,375
Operating costs	39,334,266	(6,382)	39,327,884
Gross profit	6,030,109	6,382	6,036,491
Operating expenses			
Selling expenses	944,670	57,501	1,002,171
General and administrative expenses	896,784	15,754	912,538
Research and development expenses	352,376	(1,137)	351,239
Total operating expenses	2,193,830	72,118	2,265,948
Other income and expenses	210,986	(13,927)	197,059
Operating profit	4,047,265	(79,663)	3,967,602
Non-operating income and expenses:			
Interest income	84,008	7,611	91,619
Finance costs	14,596	32,144	46,740
Other gains and losses	(228,157)	-	(228,157)
Share of profit of associates and joint ventures accounted for under equity method	9,592	(7,611)	1,981
Income before income tax	3,927,304	(47,519)	3,879,785
Income tax expenses	747,962	(8,078)	739,884
Net income	3,179,342	(39,441)	3,139,901
Other comprehensive income (loss):			
Financial statement translation differences for foreign operations	(423,889)	-	(423,889)
Unrealized loss on valuation of available-for sale financial assets	-	(224,559)	(224,559)
Actuarial losses of defined benefit plans	-	(52,549)	(52,549)
Less: Income tax relating to components of other comprehensive income (loss)	-	8,933	8,933
Other comprehensive income (loss) after tax	(423,889)	(268,175)	(692,064)
Total comprehensive income	**$ 2,755,453**	**(307,616)**	**2,447,837**
Net income attributable to:			
Shareholders of the parent	$ 2,574,249	(39,441)	2,534,808
Non-controlling interests	605,093	-	605,093
Net income	**$ 3,179,342**	**(39,441)**	**3,139,901**
Total comprehensive income attributable to:			
Shareholders of the parent	$ 2,260,662	(307,616)	1,953,046
Non-controlling interests	494,791	-	494,791
Total comprehensive income	**$ 2,755,453**	**(307,616)**	**2,447,837**
Earnings per share			
Basic earnings per share (in NT dollars)	**$ 3.27**	**(0.05)**	**3.22**
Diluted earnings per share (in NT dollars)	**$ 3.27**	**(0.05)**	**3.22**

(Continued)

(c) Significant adjustments for statement of cash flows

There was no significant difference between the consolidated statements of cash flows prepared in accordance with the IFRSs endorsed by FSC and those prepared in accordance with the previous ROC GAAP.

(d) Notes for the reconciliations

i) Under ROC GAAP, when an investee issues new shares and an investor does not increase the investment proportionately, the resulting changes in net equity are recognized under capital surplus. Upon conversion to the IFRSs endorsed by the FSC, the Group should retrospectively adjust such changes. If such changes cannot be computed in practice, the Group may reclassify the amount previously recognized under capital surplus in accordance with ROC GAAP to retained earnings. As of December 31 and January 1, 2012, the Group reclassified related capital surplus amounting to $68,154 thousand to retained earnings.

ii) The stock investments held by the Group for which there were no publicly quoted market values in an active market were measured at cost in accordance with the previous ROC GAAP. When the Group changed its accounting principles to the IFRSs endorsed by the FSC, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", the Group changed the measuring of financial assets carried at cost to measuring at fair value, and reclassified such investments to available-for-sale financial assets－non-current.

A summary of the effects of the aforementioned changes is as follows:

	2012
Consolidated statement of comprehensive income	
Unrealized loss on valuation of available-for-sale financial assets	$ (244,671)
Unrealized gain on valuation of available-for-sale financial assets reclassified to net income	20,112
Adjustments before tax	$ (224,559)

	December 31, 2012	January 1, 2012
Consolidated balance sheets		
Available-for-sale financial assets	$ 893,054	1,363,889
Financial assets carried at cost	(894,942)	(1,141,218)
Other comprehensive income	1,888	(222,671)
Adjustment to retained earnings	$ -	-

iii) Under the regulations, the Group recorded the provision for reserve for land revaluation increment tax and unrealized increment from revaluation as other liabilities and other adjustment under shareholders' equity. Upon transitioning to the IFRSs endorsed by the FSC, the Group elected the exemption for deemed costs. In accordance with IAS 12 "Income Tax" and IAS 16 "Property, Plant and Equipment", as of both December 31 and January 1, 2012, the Group reclassified the reserve for land revaluation increment tax and unrealized increment from revaluation as deferred income tax liabilities—non-current and retained earnings, respectively, amounting to $56,683 thousand and $7,266 thousand, respectively.

iv) In accordance with the previous ROC GAAP, the Group recorded the rental assets and idle assets as other assets. When transitioning to the IFRSs endorsed by the FSC, the Group chose to apply the exemption, and reclassified the assets mentioned above to property, plant and equipment and investment property, respectively, in accordance with IAS 16 "Property, Plant and Equipment" and IAS 40 "Investment Property".

A summary of the effects resulting from the aforementioned changes is as follows:

		December 31, 2012	January 1, 2012
Consolidated balance sheets			
Reclassification to investment property	$	1,684,675	1,699,400
Reclassification to property, plant and equipment		201,665	201,665
Originally recorded as other assets	**$**	**1,886,340**	**1,901,065**

In 2012, the depreciation expenses for the assets mentioned above were recorded as non-operating gain and loss, amounting to $32,144 thousand, and were reclassified to operating expenses when transitioning to the IFRSs endorsed by the FSC.

v) In accordance with the previous ROC GAAP, the land lease prepayments were recorded as intangible assets. When transitioning to the IFRSs endorsed by the FSC, the land lease prepayments were reclassified to other assets in accordance with their nature, and the balance as of December 31 and January 1, 2012, was $525,758 thousand and $499,715 thousand, respectively.

vi) The Group recorded the unidentifiable premium from acquisition as goodwill in accordance with the previous ROC GAAP. Upon transitioning to the IFRSs endorsed by the FSC, the Group should allocate a portion of the acquisition premium to customer relationship in accordance with IFRS 3 "Business Combination", and retrospectively adjust at the acquisition date.

A summary of the effects of the aforementioned changes is as follows:

		2012
Consolidated statement of comprehensive income		
Selling expenses:		
Amortization of customer relationship	$	(58,110)
Adjustments before tax	**$**	**(58,110)**

(Continued)

		December 31, 2012	January 1, 2012
Consolidated balance sheets			
Customer relationship	$	(101,693)	(43,583)
Tax effect		17,288	7,409
Adjustment to retained earnings	$	**(84,405)**	**(36,174)**

vii) According to the previous ROC GAAP, it was unnecessary to recognize the amount of financial guarantee contracts provided for associates and joint ventures. When transitioning to the IFRSs endorsed by the FSC, the Group should measure the financial guarantee contracts at fair value, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". This change increased the investments accounted for under the equity method and other liabilities by $15,993 thousand and $53,409 thousand as of January 1 and December 31, 2012, respectively, and the interest income and investment loss accounted for under the equity method were increased by $3,926 thousand for the year 2012.

viii) In accordance with the IFRSs endorsed by the FSC, the Group recognizes all actuarial gains and losses under other comprehensive income. Under the previous ROC GAAP, the Group recognized actuarial gains and losses as gains and losses over the employee's remaining period of service. On the date of transitioning to IFRSs, all previous unrecognized accumulated actuarial gains and losses were recognized under retained earnings and reversed in the comprehensive income statement of prior years.

A summary of the effects of the aforementioned changes is as follows:

		2012
Consolidated statement of comprehensive income		
Operating cost	$	(6,382)
Selling expenses		(609)
General and administrative expenses		(1,664)
Research and development expenses		(1,137)
Other income and expenses, net		(798)
Other comprehensive income		(52,549)
Adjustments before tax	$	**(63,139)**

		December 31, 2012	January 1, 2012
Consolidated balance sheets			
Intangible assets	$	(21,133)	(26,418)
Other non-current liabilities		(103,466)	(100,065)
Other equity		(88,782)	(44,940)
Tax effect		36,275	29,142
Adjustment to retained earnings	$	**(177,106)**	**(142,281)**

(Continued)

ix) In accordance with the previous ROC GAAP, deferred income tax assets and liabilities were classified to current and non-current by nature, and reported in net amount. When transitioning to the IFRSs endorsed by the FSC, all of the deferred income tax assets and liabilities should be reclassified to non-current in accordance with IAS 12 "Income Tax".

A summary of the effects of the aforementioned changes is as follows:

		December 31, 2012	January 1, 2012
Consolidated balance sheets			
Deferred income tax assets－current	$	(81,327)	(34,523)
Deferred income tax assets－non-current		153,636	70,450
Deferred income tax liabilities－non-current		(72,309)	(35,927)
Adjustment to retained earnings	$	-	-

x) The changes in deferred income tax assets and liabilities due to the transitions mentioned above were as follows:

		December 31, 2012	January 1, 2012
Employee benefits	$	22,236	15,290
Gross amount of deferred income tax assets and liabilities		153,636	70,450
Increase in deferred income tax assets	$	**175,872**	**85,740**

		December 31, 2012	January 1, 2012
Reserve for land revaluation increment tax	$	56,683	56,683
Customer relationship		(17,288)	(7,409)
Employee benefits		(14,039)	(13,852)
Gross amount of deferred income tax assets and liabilities		72,309	35,927
Increase in deferred income tax liabilities	$	**97,665**	**71,349**

The net effect on the consolidated statement of comprehensive income for the year 2012 was a reduction in income tax expenses of $8,078 thousand.

The adjustment for actuarial gains and losses under other comprehensive income decreased income tax expense recognized under other comprehensive income by $8,933 thousand.

(Continued)

xi) The increase (decrease) in retained earnings in relation to the changes mentioned above were as follows:

	December 31, 2012	January 1, 2012
Reclassification of other equity	$ 68,154	68,154
Reclassification of revaluation gains	7,266	7,266
Customer relationship	(84,405)	(36,174)
Employee benefits	(177,106)	(142,281)
Decrease in retained earnings	**$ (186,091)**	**(103,035)**