PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2013 AND 2012

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. This English translation does not include additional disclosures that are required for Chinese-language reports under the Guidelines for Securities Issuers' Financial Reporting promulgated by the Securities and Futures Commission of the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Patec Precision Industry Co., Ltd.

We have audited the accompanying consolidated balance sheets of Patec Precision Industry Co., Ltd. and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, of changes in shareholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Patec Precision Industry Co., Ltd. and subsidiaries as of December 31, 2013 and 2012, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan

June 30, 2014

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2013 AND 2012
(Expressed in thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2013 Amount	%	December 31, 2012 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 226,092	15	$ 150,317	13
1170	Accounts receivable, net	6(2) and 8	472,028	31	272,357	23
1200	Other receivables		3,464	-	11,329	1
1210	Other receivables－related parties	7	5,243	1	269	-
130X	Inventories	6(3) and 8	277,982	19	231,789	19
1410	Prepayments		33,171	2	38,147	3
1460	Non-current asstes held for sale	6(4)	-	-	81,757	7
1476	Other financial assets－current	8	108,343	7	81,858	7
11XX	**Total current assets**		1,126,323	75	867,823	73
	Non-current assets					
1550	Investments accounted for using equity method	6(5)	4,277	-	7,158	1
1600	Property, plant and equipment	6(6) and 8	287,774	19	234,631	20
1780	Intangible assets		3,104	-	3,108	-
1840	Deferred tax assets	6(13)	16,347	1	16,833	1
1990	Other non-current assets－others	6(7)	71,364	5	63,847	5
15XX	**Total non-current assets**		382,866	25	325,577	27
1XXX	**Total assets**		$ 1,509,189	100	$ 1,193,400	100

(Continued)

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2013 AND 2012
(Expressed in thousands of New Taiwan Dollars)

	Liabilities and equity	Notes	December 31, 2013 Amount	%	December 31, 2012 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(8)	$ 138,425	9	$ 181,496	15
2120	Financial liabilities at fair value through profit or loss - current	6(10)	1,842	-	-	-
2170	Accounts payable		206,152	14	142,353	12
2180	Accounts payable－related parties	7	1,998	-	663	-
2200	Other payables		39,838	3	48,788	4
2220	Other payables－related parties	7	9,932	1	19,180	2
2230	Current income tax liabilities	6(13)	19,532	1	-	-
2310	Advance receipts from customers		30,743	2	8,853	1
2320	Current portion of long-term liabilities	6(9)	8,272	-	33,327	3
2355	Lease payable－current	6(11)	11,417	1	23,732	2
2399	Other current liabilities－others		41,908	3	27,035	2
21XX	**Total current liabilities**		510,059	34	485,427	41
	Non-current liabilities					
2540	Long-term borrowings	6(9)	13,323	1	21,727	2
2570	Deferred tax liabilities	6(13)	19,591	1	15,882	1
2610	Long-term notes and payable	6(11)	10,207	1	21,794	2
2670	Other non-current liabilities－others	6(12)	2,005	-	3,036	-
25XX	**Total non-current liabilities**		45,126	3	62,439	5
2XXX	**Total liabilities**		555,185	37	547,866	46
	Equity					
	Equity attributable to owners of the parent					
	Share capital					
3110	Common stock	6(14)	285,670	19	285,670	24
	Capital surplus					
3200	Capital surplus	6(15)	192,731	13	192,731	16
	Retained earnings					
3350	Unappropriated retained earnings	6(16)	262,596	17	21,589	2
	Other equity interest					
3400	Other equity interest		47,411	3	15,644	1
31XX	**Total equity attributable to owners of the parent**		788,408	52	515,634	43
36XX	**Non-controlling interest**		165,596	11	129,900	11
3XXX	**Total equity**		954,004	63	645,534	54
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
	Total liabilities and equity		$ 1,509,189	100	$ 1,193,400	100

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of New Taiwan Dollars, except Earnings Per Share)

			For the year ended December 31,			
			2013		2012	
		Notes	Amount	%	Amount	%
4000	**Operating revenue**		$ 1,314,895	100	$ 1,072,758	100
5000	**Operating costs**	6(3)	(902,377)	(69)	(760,397)	(71)
5900	**Gross profit**		412,518	31	312,361	29
	Operating expenses					
6100	Selling expenses		(46,373)	(3)	(47,496)	(4)
6200	General and administrative expenses		(139,912)	(11)	(138,392)	(13)
6300	Research and development expense		(51,441)	(4)	(33,752)	(3)
6000	**Total operating expenses**		(237,726)	(18)	(219,640)	(20)
6900	**Operating profit**		174,792	13	92,721	9
	Non-operating income and expenses					
7010	Other income		6,536	-	13,004	1
7020	Other gains and losses	6(19)	144,670	11	7,849	1
7050	Finance costs		(17,463)	(1)	(17,567)	(2)
7000	**Total non-operating income and expenses**		133,743	10	3,286	-
7900	**Profit before income tax**		308,535	23	96,007	9
7950	Income tax expense	6(13)	(43,401)	(3)	(35,763)	(3)
8200	**Profit for the year**		$ 265,134	20	$ 60,244	6
	Other comprehensive income					
8310	Currency translation differences of foreign operations		$ 43,499	3	($ 14,142)	(2)
8360	Actuarial gain (loss) on defined benefit plan		459	-	(1,188)	-
8399	Income tax related to components of other comprehensive income		(622)	-	389	-
8300	**Other comprehensive income**		$ 43,336	3	($ 14,941)	(2)
8500	**Total comprehensive income**		$ 308,470	23	$ 45,303	4
	Profit attributable to:					
8610	Owners of parent		$ 240,765	18	$ 45,738	5
8620	Non-controlling interest		$ 24,369	2	$ 14,506	1
	Comprehensive income attributable to:					
8710	Owners of parent		$ 272,774	20	$ 34,375	3
8720	Non-controlling interest		$ 35,696	3	$ 10,928	1
	Earnings per share	6(17)				
9750	**Basic earnings per share**		$ 8.43		$ 1.60	

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

PATEC PRECISION INDUSTRY CO., LTD. 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 owners of parent						
	Notes	Common stocks	Capital surplus	Unappropriated retained earnings	Currency translation differences of foreign operations	Total	Non-controlling interest	Total equity
Year 2012								
Balance at January 1, 2012		$ 285,670	$ 192,731	($ 23,561)	$ 26,419	$ 481,259	$ 118,972	$ 600,231
Net income for 2012		-	-	45,738	-	45,738	14,506	60,244
Other comprehensive income		-	-	(588)	(10,775)	(11,363)	(3,578)	(14,941)
Balance at December 31, 2012		$ 285,670	$ 192,731	$ 21,589	$ 15,644	$ 515,634	$ 129,900	$ 645,534
Year 2013								
Balance at January 1, 2013		$ 285,670	$ 192,731	$ 21,589	$ 15,644	$ 515,634	$ 129,900	$ 645,534
Net income for 2013		-	-	240,765	-	240,765	24,369	265,134
Other comprehensive income		-	-	242	31,767	32,009	11,327	43,336
Balance at December 31, 2013		$ 285,670	$ 192,731	$ 262,596	$ 47,411	$ 788,408	$ 165,596	$ 954,004

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of New Taiwan Dollars)

	Notes	For the year ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		$ 308,535	$ 96,007
Adjustments			
Income and expenses having no effect on cash flows			
Gain on disposal of property, plant and equipment	6(19)	(142,247)	(11,198)
Loss on investments accounted for using equity method	6(5)	1,318	4,056
Bad debt expense	6(2)	918	9,174
Depreciation	6(6)	37,799	33,919
Interest expense		17,463	17,567
Net loss on financial liabilities at fair value through profit or loss	6(10)	1,842	-
Changes in assets/ liabilities relating to operating activities			
Net changes in assets related to operating activities			
Accounts receivable		(200,559)	(18,463)
Other receivables		7,835	(2,619)
Other receivables — related parties		59	10
Inventories		(46,193)	19,254
Prepayments		4,976	4,832
Net changes in liabilities related to operating activities			
Accounts payable		63,799	(4,278)
Accounts payable — related parties		1,335	578
Other payables		(8,950)	9,707
Other payables— related parties		4,129	940
Advance receipts from customers		21,890	(5,850)
Other non-current liabilities— others		(1,031)	1,493
Other current liabilities—others		14,873	15,356
Cash generated from operations		87,791	170,485
Interest paid		(15,774)	(15,376)
Income taxes paid		(29,537)	(46,239)
Net cash provided by operating activities		42,480	108,870
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other receivables— related parties		(5,033)	-
Increase in other financial assets— current		(26,485)	(23,041)
Proceeds from disposal of property, plant and equipment		236,191	33,313
Acquisition of property, plant and equipment		(95,286)	(36,534)
Increase in other non-current assets— others		(1,066)	(30,700)
Net cash provided by (used in) investing activities		108,321	(56,962)

(Continued)

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of New Taiwan Dollars)

	Notes	For the year ended December 31, 2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		($ 43,071)	$ 46,827
Increase (decrease) in other payables－related parties		(13,377)	6,067
Payment of lease payable		(30,292)	(25,922)
Proceeds from long-term borrowings		-	30,137
Repayment of long-term borrowings		(33,459)	(53,295)
Net cash provided by (used in) financing activities		(120,199)	3,814
Effect of foreign exchange rate changes		45,173	(15,024)
Increase in cash and cash equivalents		75,775	40,698
Cash and cash equivalents at beginning of year		150,317	109,619
Cash and cash equivalents at end of year		$ 226,092	$ 150,317

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORYAND ORGANIZATION

Patec Precision Industry Co., Ltd. (the “Company”), incorporated at Cayman Islands on June 29, 2011, is a reorganized holding company which has submitted an application to be listed in the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in investment holdings, production and sale of press machines and parts for automobiles and motorcycles.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized by the Board of Directors on May 23, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures－Offsetting financial assets and financial Liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, ‘Consolidated financial statements’	January 1, 2013 (Investment entities: January 1, 2014)

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 11,'Joint arrangements'	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28,'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

Based on the Group's assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the Group, except for the following:

IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. And, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

For the above items, the Group is assessing their impact on the consolidated financial statements and will disclose the affected amounts accordingly.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	Not yet been decided
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(2) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(b)Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c)Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d)Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B.Subsidiaries included in the consolidated financial statements:

			Ownership(%)	
Name of investor	Name of subsidiary	Main business activities	December 31, 2013	December 31, 2012
The Company	PATEC PTE.LTD.(PATEC)	Holding company	100%	100%
PATEC	Press Automation Technology Pte Ltd (PAT)	Production and sale of punch machines	100%	100%
PATEC	Wuxi Jingxin Precision Machining Co. Ltd. (Wuxi Jingxin)	Production and sale of products for automobiles	85%	85%
PATEC	Patec Precision Kft (KFT)	Production and sale of products for automobiles	100%	100%
PAT	PT.PATEC PRESISI ENGINEERING (PT.Patec)	Production and sale of products for automobiles and motorcycles	70%	70%
Wuxi Jingxin	Wuxi Baida Precision Molding Co., Ltd (Wuxi Baida)	Production and sale of punch machines	100%	100%
Wuxi Jingxin	Yancheng Jingxin Precision Machining Co. Ltd. (Yancheng Jingxin)	Production and sale of products for automobiles	100%	-

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2013	December 31, 2012
PT.Patec	PT. PDF PRESISI ENGINEERING (PT.PDF)	Production and sale of products for automobiles and motorcycles	70%	70%

C.Subsidiaries not included in the consolidated financial statements: None.

D.Adjustments for subsidiaries with different balance sheet dates: None.

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

(3) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in NTD, which is the Company’s functional and the Group’s presentation currency.

A.Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b)Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c)Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d)All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B.Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a)Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b)Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c)All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A.Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a)Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realised within twelve months from the balance sheet date;

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B.Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a)Liabilities that are expected to be paid off within the normal operating cycle;

(b)Liabilities arising mainly from trading activities;

(c)Liabilities that are to be paid off within twelve months from the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Accounts receivable

Accounts receivable are receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of financial assets

A.The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B.The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor;

(b)A breach of contract, such as a default or delinquency in interest or principal payments;

(c)The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d)It becomes probable that the borrower will enter bankruptcy or other financial reorganisation

C.When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as the following: the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(8) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(9) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(10) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(11) Joint ventures－Jointly controlled entities

The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements using the equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. In the case that a jointly controlled entity issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. In addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(12) Property, plant and equipment

A.Property, plant and equipment are initially recorded at cost.

B.Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	27 years
Machinery and equipment	5 ～ 10 years
Transportation equipment	5 ～ 10 years
Office equipment	3 ～ 10 years
Other equipment	5 ～ 10 years
Leasehold assets	5 ～ 10 years

(13) Leased assets/ leases (lessee)

A.Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B.Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(14) Long-term prepaid rent

Long-term prepaid rent is the agreed upon fee for land use paid by the Group's subsidiary in Indonesia to Republic of Indonesia. Long-term prepaid rent is stated initially at its cost and amortised on a straight-line basis over its lease period.

(15) Intangible assets ─ goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(16) Impairment of non-financial assets

A.The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B.The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C.For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

A.Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition.

B.Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(20) Derecognition of financial liabilities

Financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a)Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plans

i.Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in these corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii.Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Shareholders' dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's Board of Directors. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales of goods

The Group manufactures and sells punch machines and products for automobiles and motorcycles. Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Subcontracting revenue

The Group renders subcontracting services for products of automobiles. The Group renders services and recognises revenue under percentage-of-completion according to contracts.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Critical judgements, estimates and assumptions concerning uncertainties are addressed below:

(1) Critical judgements in applying the Group’s accounting policies

Revenue recognition on a net/gross basis

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of Group’s exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount of received or receivable from customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised. The following characteristics of a principal are used as indicators to determine whether the Group shall recognise revenue on a gross basis:

a. The Group has primary responsibilities for the goods or services it provides;

b. The Group bears inventory risk;

c. The Group has the latitude in establishing prices for the goods or services, either directly or indirectly.

d. The Group bears credit risk of customers.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2013	December 31, 2012
Cash on hand and revolving funds	$ 519	$ 314
Demand deposits	225,573	150,003
Total	$ 226,092	$ 150,317

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group’s maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. As of December 31, 2013 and 2012, cash and cash equivalents amounting to $108,343 and $81,858 were pledged to others as collateral and were reclassified to other financial assets.

Details are provided in Note 8.

(2) Accounts receivable

	December 31, 2013	December 31, 2012
Accounts receivable	$ 483,821	$ 283,232
Less: allowance for bad debts	(11,793)	(10,875)
	$ 472,028	$ 272,357

A.The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2013	December 31, 2012
Group 1	$ 283,759	$ 163,453
Group 2	111,603	70,481
	$ 395,362	$ 233,886

Group 1:Well-known international companies or listed company with no critical bad debt record.

Group 2: Customers other than Group 1.

B.The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2013	December 31, 2012
Up to 90 days	$ 30,979	$ 17,091
91 to 180 days	27,905	19,465
Over 181 days	17,782	1,915
	$ 76,666	$ 38,471

The above ageing analysis was based on invoice date.

C.Movement analysis of financial assets that were impaired is as follows:

(a)As of December 31, 2013 and 2012, the Group's accounts receivable that were impaired amounted to $11,793 and $10,875, respectively.

(b)Movements on the Group provision for impairment of accounts receivable are as follows:

Individual provision	2013	2012
At January 1	$ 10,875	$ 1,701
Provision for impairment	918	9,174
At December 31	$ 11,793	$ 10,875

D.The maximum exposure to credit risk at December 31, 2013 and 2012 was the carrying amount of each class of accounts receivable.

E.The Group does not hold any collateral as security.

F.Details of accounts receivable pledged as collateral are provided in Note 8.

(3) Inventories

	December 31, 2013		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 137,667	($ 1,377)	$ 136,290
Work in process	73,073	(71)	73,002
Finished goods	74,140	(5,450)	68,690
Total	$ 284,880	($ 6,898)	$ 277,982

	December 31, 2012		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 91,796	($ 1,366)	$ 90,430
Work in process	87,676	(92)	87,584
Finished goods	55,681	(1,906)	53,775
Total	$ 235,153	($ 3,364)	$ 231,789

A.The cost of inventories recognised as expense for the years ended December 31, 2013 and 2012 was $902,377 and $760,397, respectively, including the amounts of $3,534 and $916, respectively, that the Group wrote down from cost to net realisable value accounted for as cost of goods sold.

B.Details of inventories pledged as collaterals are provided in Note 8.

(4) Non-current assets held for sale

Certain assets related to the subsidiary in Singapore have been reclassified as held for sale following the approval of the Group's Board of Directors on December 7, 2012. The net book value of $81,757 from the gross amount of building of $109,044 and accumulated depreciation of $27,287 was reclassified as non-current assets held for sale. The transaction was completed in January 2013, and the gain on disposal was $140,464.

(5) Investments accounted for using equity method

A. PT. API Precision (PT. API) is the joint venture of the Group's subsidiary in Indonesia, PT. Patec, and Asia Precision Company Limited. The original investment amount for both companies was $14,913 which represents 50% of the ownership of the joint venture.

B. In February, 2012, Asia Precision Company Limited's loans to PT. API were converted to ownership in PT. API in accordance with the borrowing contract rights. The Group's joint equity was subsequently reduced to 40%.

C. The Group did not include PT. API in the consolidated financial statements. The investment is accounted for using equity method. The share of the Group's assets and liabilities of PT.API and investment loss recognised under equity method are as follows:

	December 31,	
	2013	2012
Assets :		
Current assets	$ 11,358	$ 6,451
Long-term assets	12,647	18,169
	$ 24,005	$ 24,620

	December 31,	
	2013	2012
Liabilities :		
Current liabilities	$ 17,798	$ 17,400
Long-term liabilities	1,930	62
	19,728	17,462
Net assets	$ 4,277	$ 7,158

	For the year ended December 31,	
	2013	2012
Revenue/income	$ 12,340	$ 4,429
Expenses/losses	(13,658)	(8,485)
Net loss after tax	($ 1,318)	($ 4,056)
Proportionate interest in joint venture's commitments	40%	40%

D. There are no contingent liabilities related to the Group's interest in this joint venture, and no contingent liabilities of the joint venture itself.

(6) Property, plant and equipment

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold assets	Others	Total
At January 1, 2013							
Cost	$ 25,336	$ 308,511	$ 20,782	$ 12,385	$ 8,914	$ 35,104	$ 411,032
Accumulated depreciation	(8,020)	(122,660)	(8,859)	(8,786)	(3,421)	(24,655)	(176,401)
	$ 17,316	$ 185,851	$ 11,923	$ 3,599	$ 5,493	$ 10,449	$ 234,631
2013							
Opening net book amount	$ 17,316	$ 185,851	$ 11,923	$ 3,599	$ 5,493	$ 10,449	$ 234,631
Additions	9,693	81,199	4,365	2,308	1,556	2,555	101,676
Disposals	-	(10,496)	(102)	(139)	(766)	(948)	(12,451)
Depreciation charge	(1,082)	(29,561)	(3,033)	(1,653)	(626)	(1,844)	(37,799)
Net exchange differences	31	580	215	111	316	464	1,717
Closing net book amount	$ 25,958	$ 227,573	$ 13,368	$ 4,226	$ 5,973	$ 10,676	$ 287,774
At December 31, 2013							
Cost	$ 35,405	$ 381,345	$ 23,581	$ 13,542	$ 8,065	$ 17,793	$ 479,731
Accumulated depreciation	(9,447)	(153,772)	(10,213)	(9,316)	(2,092)	(7,117)	(191,957)
	$ 25,958	$ 227,573	$ 13,368	$ 4,226	$ 5,973	$ 10,676	$ 287,774
At January 1, 2012							
Cost	$ 133,882	$ 265,693	$ 21,810	$ 11,648	$ 9,018	$ 32,947	$ 474,998
Accumulated depreciation	(32,393)	(103,780)	(11,700)	(7,711)	(2,913)	(22,586)	(181,083)
	$ 101,489	$ 161,913	$ 10,110	$ 3,937	$ 6,105	$ 10,361	$ 293,915
2012							
Opening net book amount	$ 101,489	$ 161,913	$ 10,110	$ 3,937	$ 6,105	$ 10,361	$ 293,915
Additions	373	65,884	9,073	596	44	1,703	77,673
Disposals	-	(18,867)	(3,248)	-	-	-	(22,115)
Reclassifications	-	461	-	-	-	(461)	-
Classified as non-current assets held for sale	(81,756)	-	-	-	-	-	(81,756)
Depreciation charge	(3,686)	(23,296)	(3,460)	(1,403)	(856)	(1,218)	(33,919)
Net exchange differences	896	(244)	(552)	469	200	64	833
Closing net book amount	$ 17,316	$ 185,851	$ 11,923	$ 3,599	$ 5,493	$ 10,449	$ 234,631
At December 31, 2012							
Cost	$ 25,336	$ 308,511	$ 20,782	$ 12,385	$ 8,914	$ 35,104	$ 411,032
Accumulated depreciation	(8,020)	(122,660)	(8,859)	(8,786)	(3,421)	(24,655)	(176,401)
	$ 17,316	$ 185,851	$ 11,923	$ 3,599	$ 5,493	$ 10,449	$ 234,631

A.The Group leases certain machinery and automobiles, classified as machinery and transportation equipment, under finance lease. As of December 31, 2013 and 2012, the carrying value of the leased assets was $53,882 and $83,009, respectively.

B.Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Long-term prepaid rents

Long-term prepaid rents are the land use right contract with term of 50 years signed by the Group with Republic of Indonesia. All rentals had been paid on the contract date. As of December 31, 2013 and 2012, the carrying amount of long-term prepaid rents was $57,804 and $59,374, respectively. For the years ended December 31, 2013 and 2012, the rental expense recognised was $1,482 and $3,723, respectively. The information of long-term prepaid rents pledged as collaterals is provided in Note 8.

(8) Short-term borrowings

	December 31,	
Type of borrowings	2013	2012
Bank borrowings		
Secured borrowings	$ 138,425	$ 179,592
Unsecured borrowings	-	1,904
	$ 138,425	$ 181,496
Interest rate range	2.86 %~13.00%	2.00 %~10.50%

Details of assets pledged as collateral for borrowings is provided in Note 8.

(9) Long-term borrowings

		December 31,	
Type of Borrowings	Borrowing period	2013	2012
Long-term bank borrowings -secured			
15 years	Oct. 1998 to Oct. 2013	$ -	$ 4,564
4 years	Apr. 2009 to Apr. 2013	-	4,742
2 years	Aug. 2011 to Jul. 2013	-	15,611
4 years	Aug. 2012 to Jul. 2016	21,595	30,137
		21,595	55,054
Less: current portion		(8,272)	(33,327)
		$ 13,323	$ 21,727
Interest rate range		10.50%	2.26%~10.50%

Details of assets pledged as collateral for borrowings is provided in Note 8.

(10) Financial liabilities at fair value through profit or loss - current

	December 31,	
	2013	2013
Current items:		
Non-hedging derivatives	$ 1,842	$ -

A.The Group recognised net loss of $1,842 and $0 on financial liabilities at fair value through profit or loss for the years ended December 31, 2013 and 2012, respectively.

B.The non-hedging derivative instruments transaction and contract information are as follows:

	December 31,			
	2013		2012	
Financial Instruments	Contract Amount (Notional Principal)	Contract Period	Contract Amount (Notional Principal)	Contract Period
Forward foreign exchange	EUR 1,900,000	Jan.27.2014~ Jun.23.2014	-	-

The Group entered into forward exchange transactions for presale of forward foreign exchange transactions to hedge exchange risks of export proceeds. However, these interest rate swap contracts are not accounted for under hedge accounting.

(11) Finance lease liabilities

The Group leases machinery and automobiles, classified as machinery and transportation equipment, under finance lease. The lease will expire in December 2019. Under the lease contract, future minimum lease payments and their present value are as follows:

	December 31, 2013		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 12,977	$ 1,560	$ 11,417
Non-current			
(shown as ‘long-term notes and payables”)			
Later than one year but not later than five years	10,146	843	9,303
Over five years	923	19	904
	11,069	862	10,207
	$ 24,046	$ 2,422	$ 21,624

	December 31, 2012		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 27,918	$ 4,186	$ 23,732
Non-current			
(shown as ‘long-term notes and payables”)			
Later than one year but not later than five years	21,949	1,934	20,015
Over five years	1,846	67	1,779
	23,795	2,001	21,794
	$ 51,713	$ 6,187	$ 45,526

(12) Pensions

A. Consolidated entity PT. Patec has a defined benefit pension plan in accordance with regulations of Republic of Indonesia. As of December 31, 2013 and 2012, the net amount of liabilities recognised in the balance sheet was $2,005 and $3,036, respectively.

B. Other consolidated entities make monthly contributions to pension and post-retirement funds administered by the government in accordance with local benefit regulations.

(13) Income tax

A. Income tax expense

	For the years ended December 31,			
	2013		2012	
Current tax:				
Current tax on profits for the period	$	39,828	$	30,165
Adjustments in respect of prior years		-	(	365)
Total current tax		39,828		29,800
Deferred tax:				
Origination of temporary differences		3,573		5,963
Total deferred tax		3,573		5,963
Income tax expense	$	43,401	$	35,763

B. The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,			
	2013		2012	
Currency translation differences	($	507)	$	74
Actuarial gains/losses on defined benefit obligations	(	115)		315
	($	622)	$	389

C. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,			
	2013		2012	
Tax calculated based on profit before tax and statutory tax rate	$	55,496	$	19,458
Prior year income tax overestimation		-	(	365)
Effects from items disallowed by tax regulation		9,044		16,871
Effect from net operating loss carry forward		-	(	575)
Effect from Alternative Minimum Tax		863		374
Effect of tax-exempt income	(	22,002)		-
Income tax expense	$	43,401	$	35,763

D. Amounts of deferred tax as a result of temporary difference are as follows:

Temporary differences:	For the year ended December 31, 2013			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Unrealised gain on disposal of property, plant and equipment	$ 15,472	($ 1,467)	$ -	$ 14,005
Others	1,361	1,096	(115)	2,342
	$ 16,833	($ 371)	($ 115)	$ 16,347
Deferred tax liabilities:				
Book-tax difference in the basis of property, plant and equipment	($ 7,710)	$ 6,249	$ -	(1,461)
Book-tax difference in the basis of finance lease	(3,018)	(1,621)	-	(4,639)
Investment income of long-term equity investments	(5,154)	(7,830)	(507)	(13,491)
	($ 15,882)	($ 3,202)	($ 507)	($ 19,591)

Temporary differences:	For the year ended December 31, 2012			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Unrealised gain on disposal of property, plant and equipment	$ 14,282	$ 1,190	$ -	$ 15,472
Others	487	559	315	1,361
	$ 14,769	$ 1,749	$ 315	$ 16,833
Deferred tax liabilities:				
Book-tax difference in the basis of property, plant and equipment	($ 7,307)	($ 403)	$ -	(7,710)
Book-tax difference in the basis of finance lease	(832)	(2,186)	-	(3,018)
Investment gain of long-term equity investments	-	(5,228)	74	(5,154)
Others	(105)	105	-	-
	($ 8,244)	($ 7,712)	$ 74	($ 15,882)

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31,	
	2013	2012
Deductible temporary differences	$ 11,255	$ 7,907

F. The Company considers its environment, growing stage to fulfill future capital needs, long-term financial planning and meeting shareholders' need for dividend distribution from cash inflow. In accordance with local government regulations of Wuxi Jingxin and PT. Patec Presisi Engineering, a 5~10% and 10~20% tax is posed on the remittance of cash dividend, respectively.

G. On May 3, 2013, the Board of Directors of Wuxi Jingxin has resolved that the company's net income shall first be used to offset accumulated deficit from prior years and to set aside 10% of the remainder, if any, as reserve. Special reserve shall be set aside in accordance with the regulations or the authorities. Dividend or bonus is distributed after taking financial, business and operating factors into consideration. In principle, dividend distribution is 70% of the earnings for the year, however, actual operating needs are considered for maintaining funds.

H. As subsidiaries in Indonesia are currently at the growth stage, there is no plan for earnings appropriation in the short term.

(14) Share capital

As of December 31, 2013, the Company's capital consist of 28,567 thousand shares of ordinary stock, and the paid-in capital was $285,670.

(15) Capital surplus

The Company's capital surplus arose from the paid-in capital in excess of par. Subject to the Cayman Company Rules, so long as the shares are listed on any securities exchange, the Company may use capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations to issue new shares to stockholders, provided that the Company has no accumulated deficit, as approved by the shareholders by way of a special resolution, in accordance with the Company's Articles of Incorporation.

(16) Retained earnings

A.The Company shall appropriates profit in accordance with the profit appropriation plan that is proposed by the Board of Directors and resolved by the shareholders at the stockholder's meeting.

B.Current year's earnings shall be used to offset prior year's operating losses. In accordance with the regulations, the Company shall set aside special reserve and appropriate no more than 3% of the remainder as remuneration to directors and supervisors and as bonus to employees. There were no employees' bonus and directors' and supervisors' remuneration accrued for the year 2013 and 2012. The remaining net income is appropriated in accordance with regulations after considering financial, business and operating plans. At least 10% of the Company's distributable earnings as of the end of the year shall be appropriated as dividends, and cash dividends shall account for at least 10% of total dividend distribution.

C.Details of the appropriation of 2013 net income that was proposed at the Board of Directors' meeting on May 23, 2014 is as follows:

	For the year ended December 31, 2013	
	Amount	Dividend per share
Cash Dividend	$ 30,067	$ 1.0

The aforementioned appropriation of 2013 net income was resolved at the shareholders' meeting on June 13, 2014.

(17) Basic earnings per share

	For the year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Profit attributable to ordinary shareholders of the parent	$ 240,765	28,567	$ 8.43

	For the year ended December 31, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Profit attributable to ordinary shareholders of the parent	$ 45,738	28,567	$ 1.60

(18) Operating leases

The Group leases land and buildings to others under non-cancellable operating lease agreements. The leases will expire in July 2024. The Group has recognised $26,375 and $18,185 as rental expenses for the years ended December 31, 2013 and 2012, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31,	
	2013	2012
Not later than one year	$ 14,971	$ 14,736
Later than one year but not later than five years	36,401	40,142
Later than five years	44,325	52,531
	$ 95,697	$ 107,409

(19) Other gains and losses

	For the year ended December 31,	
	2013	2012
Net currency exchange gains	$ 7,143	$ 1,218
Gains on disposal of property, plant and equipment	142,247	11,198
Share of loss of joint ventures accounted for using equity method	(1,318)	(4,056)
Miscellaneous expenses	(3,402)	(511)
	$ 144,670	$ 7,849

(20) Expenses by nature

	For the year ended December 31,	
	2013	2012
Employee benefit expense	$ 242,729	$ 221,572
Depreciation charges on property, plant and equipment	37,799	33,919

(21) Employee benefit expense

	For the year ended December 31,	
	2013	2012
Wages and salaries	$ 191,337	$ 172,500
Labour and health insurance fees	18,085	17,480
Pension costs	21,583	20,874
Other personnel expenses	11,724	10,718
	$ 242,729	$ 221,572

(22) Non-cash transaction

	For the year ended December 31,	
	2013	2012
Assets acquired through finance leasing	$ 6,390	$ 41,139

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A.Processing expense

	For the year ended December 31,	
	2013	2012
Associates	$ 8,108	$ 5,420

The processing charges by related party are determined in accordance with mutual agreement and the payment term is 30 days from the first day of the month following the purchase.

B.Other receivables

(a)The Group's subsidiary PT. Patec has leased certain plants to the Group's joint venture. The rent is calculated based on the actual area used under the local market rental rates. The rental income from the Group's joint venture was $472 and $664 for the years ended December 31, 2013 and 2012, respectively.

(b)As of December 31, 2013 and 2012, the other receivables collectible from joint venture was $210 and $269, respectively, which includes the operating expense (electricity bill, communication and maintenance expense) amortised under aforementioned lease agreements to joint venture.

C.Financing receivable

	For the year ended December 31, 2013			
	Ending balance	Interest rate	Interest Income	Interest receivable
Associates	$ 5,019	6%	$ 23	$ 14

D.Payables

(a)Accounts Payable

	December 31,	
	2013	2012
Associates	$ 1,998	$ 663

The payables to associates arise mainly from purchase transactions. The payables bear no interest.

(b)Financing Payable

The borrowings from related parties were fully repaid in 2013. The interest expense of the borrowings paid to related parties for the year ended December 31, 2013 was $1,469.

	For the year ended December 31, 2012			
	Ending balance	Interest rate	Interest expense	Interest Payable
The Group's key management personnel	$ 9,667	10%	$ 833	$ 670
Other related parties	3,021	10%	210	19
Total	$ 12,688		$ 1,043	$ 689

(c)Others- managing and consulting expenses

For the years ended December 31, 2013 and 2012, the managing and consulting expenses paid to other related party - PT.PRESISI CIKARANG MAKMUR was $5,910 and $5,840, respectively. As of December 31, 2013 and 2012, the remaining other payables amounted to $9,932 and $5,803, respectively.

(2) Key management compensation

	For the years ended December 31,	
	2013	2012
Salary and benefits	$ 32,549	$ 29,952

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
	December 31,		
Pledged asset	2013	2012	Purpose
Property, plant and equipment	$ 74,735	$ 177,172	short-term and long-term borrowings and finance lease liabilities
Accounts receivable	12,346	15,018	short-term and long-term borrowings
Inventories	30,032	28,983	"
Long-term prepaid rents	57,804	59,374	"
Other financial assets -current -time deposits	108,343	81,858	Short-term borrowings
	$ 283,260	$ 362,405	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2013, except for Note 6(11) and (18), there was no other significant commitments and contingencies.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) On February 28, 2014, the day of the grant, the Company issued 1,500 units of employee stock options as resolved by the Board of Directors on February 28, 2014. Each stock option shall entitle its holder to subscribe for 1,000 new ordinary shares. The duration of the stock options is 4 years. The share subscription price of the stock options is NTD$28. After 2 full years have elapsed from the time the employee stock options is allocated, the employee may exercise the share purchase right according to the schedule and proportion set out in the stock option agreement.

(2) On April 17, 2014, the Board of Directors resolved to increase capital by issuing 1,500 thousand ordinary shares, which amounted to NT$60,000 thousand with a par value of NT$10 per share. As of June 30, 2014, all proceeds have been collected and the registration was completed.

(3) Wuxi Jingxin, the Group's subsidiary in Mainland China has distributed cash dividends amounting to RMB$19,000 thousand as resolved at the shareholders' meeting on April 28, 2014.

(4) On May 23, 2014, the Board of Directors resolved that the Group's subsidiary in Singapore – PAT participate in the cash capital increase of the subsidiary in Indonesia – PT. Patec. PAT has increased its investment by US$1,050 thousand in proportion to its shareholding ratio.

(5) Asia Precision Company Limited, the jointly controlled company of PT. API, the Group's jointly controlled entity planned to withdraw from the joint venture. On May 23, 2014, the Board of Directors resolved that PT. Patec, the Group's subsidiary in Indonesia increase its investment to acquire 437,500 shares (originally 35% of joint equity) of PT. API held by Asia Precision Company Limited at $0.45 per share, amounting to US$197 thousand. The transaction has been completed and registered at the end of June 2014. The Group's shareholding ratio in PT. API has increased to 75% and the Group has gained control over PT. API.

(6) On May 23, 2014, the Board of Directors resolved the Company's appropriation of 2013 net income. Details are provided in Note 6 (16).

(7) On June 12, 2014, Wuxi Jingxin, the Group's subsidiary in Mainland China has increased its investment of RMB$5,000 thousand in subsidiary - Wuxi Baida as resolved by the Board of Diretors. The capital increase was completed at the end of June and the registration is in process.

(8) On June 13, 2014, PT. Patec, the Group's subsidiary in Indonesia has increased US$350 thousand cash investment to its subsidiary – PDF. PT. Patec, in proportion to its original percentage of ownership in PDF. The capital increase is in process.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Relevant liability and capital ratios are provided in balance sheets for each period end.

(2) Financial instruments

A.Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, short-term loans, accounts payable, other payables and long-term borrowings on a floating interest rate basis) are approximate to their fair values.

B.Financial risk management policies

(a)The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b)Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C.Significant financial risks and degrees of financial risks

(a)Market risk

Foreign exchange risk

A.The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NTD, SGD, USD, RMB and HUF. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operation.

B.Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

C.The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

D.The Group's businesses involve some non-functional currency operations (the Company's and subsidiaries' functional currency: SGD, USD, RMB and HUF). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2013		
(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Financial assets			
Monetary items			
EUR: RMB	$ 2,041	8.30	$ 83,547
USD: RMB	1,220	6.10	36,710
IDR: USD	21,360,148	0.00008	53,291
USD: SGD	2,210	1.27	66,508

(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
	December 31, 2013		
Financial liabilities			
Monetary items			
IDR: USD	31,923,220	0.00008	79,645
SGD: HUF	3,074	0.00577	73,049

(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
	December 31, 2012		
Financial assets			
Monetary items			
EUR: RMB	$ 1,310	8.33	$ 50,352
USD: RMB	1,039	6.29	30,155
IDR: USD	13,035,048	0.00010	37,861
USD: SGD	644	1.22	18,714
Financial liabilities			
Monetary items			
IDR: USD	35,028,146	0.00010	101,741
SGD: HUF	1,017	0.00555	24,193

E.Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	Degree of Variation	Effect on profit or loss	Effect on other comprehensive Income
	For the year ended December 31, 2013 — Sensitivity analysis		
Financial assets			
Monetary items			
EUR: RMB	1%	$ 835	$ -
USD: RMB	1%	367	-
IDR: USD	1%	533	-
USD: SGD	1%	665	-
Financial liabilities			
Monetary items			
IDR: USD	1%	796	-
SGD: HUF	1%	730	-

(Foreign currency: functional currency)	For the year ended December 31, 2012				
	Sensitivity analysis				
	Degree of Variation	Effect on profit or loss		Effect on other comprehensive Income	
Financial assets					
Monetary items					
EUR: RMB	1%	$	504	$	-
USD: RMB	1%		302		-
IDR: USD	1%		379		-
USD: SGD	1%		187		-
Financial liabilities					
Monetary items					
IDR: USD	1%		1,017		-
SGD: HUF	1%		242		-

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on post-tax profit of a 0.1% shift would be a maximum increase of $175 and $182 or decrease of $175 and $182 for the years ended December 31, 2013 and 2012, respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(b)Credit risk

i.Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

ii.Management does not expect any significant losses from non-performance by these counterparties.

iii.The credit quality information of financial assets that are neither past due nor impaired and the ageing analysis of financial assets that were past due but not impaired are provided in Note 6(2).

iv.The analysis of financial assets that had been impaired is provided in Note 6(2).

(c)Liquidity risk

i.Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii.Surplus cash held by the operating entities over and above balance required for working capital management are invested in time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii.As of December 31, 2013 and 2012, except for non-current liabilities, the Group's short-term borrowings, accounts payable and other payables are all due within one year. The balance of cash flow within one year is undiscounted and agrees with each account's balance under the balance sheets.

iv.The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2013	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term borrowings (including current portion)	$ 2,129	$ 6,757	$ 9,256	$ 5,502	$ -
Finance lease liabilities	3,711	9,266	6,267	3,879	923

December 31, 2012	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term borrowings (including current portion)	$ 14,290	$ 19,673	$ 9,318	$ 15,831	$ -
Finance lease liabilities	7,868	20,050	14,927	7,022	1,846

v.The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Inputs for the asset or liability that are not based on observable market data.

As of December 31, 2013, the Group's financial liabilities that are measured at fair value were categorised as level 2. Details are provided in Note 6(10).

B. Specific valuation techniques used to value financial liabilities that are measured at fair value and are categorised at level 2 include:

(a) Quoted market prices or dealer quotes for similar instruments.

(b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

13.SUPPLEMENTARY DISCLOSURES

(1)Significant transactions information

For the year ended December 31, 2013

A.Loans to others:

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Maximum outstanding balance during the year ended December 31, 2013 (Note 3)	Balance at December 31, 2013	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
1	PATEC PTE. LTD.	Patec Precision Kft	Other receivables	$ 83,163	$ 83,163	$ 75,916	5%	2	$ -	Capital needs	$ -	$ -	$ -	$ 790,919	$ 790,919	Note 8
2	Press Automation Technology Pte Ltd	PATEC PTE. LTD.	Other receivables	126,689	118,804	106,891	5%	2	-	Capital needs	-	-	-	310,306	310,306	Note 8
2	Press Automation Technology Pte Ltd	PT. PATEC PRESISI ENGINEERING	Other receivables	19,562	19,562	19,562	3%	2	-	For operating capital purposes	-	-	-	62,061	124,122	Note 8
3	Wuxi Jingxin Precision Machining Co. Ltd.	Wuxi Baida Precision Molding Co., Ltd	Other receivables	28,978	10,364	10,364	0%	2	-	For operating capital purposes	-	-	-	70,233	280,932	Note 9
4	PT. PATEC PRESISI ENGINEERING	PT.API Precision	Other receivables	10,008	5,018	5,018	6%	2	-	For operating capital purposes	-	-	-	42,428	84,856	Note 8
4	PT. PATEC PRESISI ENGINEERING	PT.PDF PRESISI ENGINEERING	Other receivables	13,786	13,786	13,786	3.5~10%	2	-	For operating capital purposes	-	-	-	42,428	84,856	Note 8

Note 1:The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2:Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3:Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2013.

Note 4:The column of ‘Nature of loan’ shall fill in ‘Business transaction’ or ‘Short-term financing’.

(1)Business transaction shall fill in 1.

(2)Short-term financing shall fill in 2.

Note 5:Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6:Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7:Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8:The limit on total financing and financing to individuals shall not be more than 40% and 20% the Company’s net asset, respectively.

If the borrowing is in between foreign subsidiaries whose voting rights are directly and indirectly wholly owned by the Company and the short-term borrowing is necessary, the limit is 100% of the lender company’s net asset and the financing period shall not be no longer than 5 years.

Note 9:The limit on total financing and financing to individuals shall not be more than 40% and 10% the company’s net asset, respectively.

B.Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements / guarantees provided for a single party	Maximum outstanding endorsement / guarantee amount as of December 31, 2013	Outstanding endorsement / guarantee amount at December 31, 2013 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Foot note
		Company name	Relationship with the endorser/ guarantor (Note 2)											
1	PATEC PTE. LTD.	Patec Precision Kft	3	$ 158,184	$ 18,422	$ 18,422	$ 18,422	$ -	6%	$ 310,306	$ -	$ -	$ -	Note 4
2	Wuxi Jingxin Precision Machining Co. Ltd.	PATEC PTE. LTD.	4	210,699	83,897	83,897	83,897	83,897	12%	702,329	-	-	-	Note 3 and 6
3	PT. PATEC PRESISI ENGINEERING	PT.PDF PRESISI ENGINEERING	2	42,428	15,104	12,474	1,448	-	13%	84,856	-	-	-	Note 4
3	PT PATEC PRESISI ENGINEERING	PT.API Precision	2	42,428	15,967	15,967	8,202	-	13%	84,856	-	-	-	Note 4

Note 1:The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3:The endorsement amount guaranteed by the Company shall not exceed the Company’s net asset for the period, and the endorsement for any individual company shall not exceed 30% of the Company’s net asset for the period. If the endorsement is for business relationship, the limit shall not exceed the total transaction amount for the latest year (purchases or sales, whichever is higher). The net asset is based on the latest financial statements audited or reviewed by independent accountants.

Note 4:The endorsement amount guaranteed by the Company shall not exceed 40% of the Company's net asset for the period, and the endorsement for any individual company shall not exceed 20% of the Company's net asset for the period. If the endorsement is for business relationship, the limit shall not exceed the total transaction amount for the latest year (purchases or sales, whichever is higher). The net asset is based on the latest financial statements audited or reviewed by independent accountants.

Note 5:Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6:Wuxi Jingxin Precision Machining Co. Ltd. pledged certificate of deposit amounted to RMB$17,000,000 as collaterals for PATEC PTE. LTD.

Note 7:Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

C.Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D.Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E.Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F.Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more:

Real estate disposed by	Real estate	Date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price
Press Automation Technology Pte Ltd	Buildings	Contract signed in October 2012	1998	$ 81,757	$ 227,619	All proceeds collected as of January 2013	$ 140,464	NEKO INT'L Pte. Ltd.	Third parties	Real estate is sold and leased back taking into consideration asset activation and effectiveness of application of funds.	The estimated price of $215,639 is based on the actuarial report.

Note 1:The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquisition of should be appraised pursuant to the regulations.

Note 2:Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners on the parent in the calculation.

Note 3:Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

G.Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H.Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more:

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2013（Note 1）		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
PATEC PTE. LTD.	Patec Precision KFT	Affiliated company	Other receivables	$ 75,916	-	$ -	-	$ 14,484	$ -
PATEC PTE. LTD.	Press Automation Technology Pte Ltd	Parent-subsidiary company	Dividends receivable	72,755	-	-	-	-	-

Note 1:Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties….

Note 2:Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners on the parent in the calculation.

I.Derivative financial instruments undertaken during the year ended December 31, 2013: Please refer to Note 6(10).

J.Significant inter-company transactions during the year ended December 31, 2013:

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Press Automation Technology Pte Ltd	PT. PATEC PRESISI ENGINEERING	3	Other receivables	$ 22,952	90 to150 days from the first day of the month following the month of purchase	2%
1	Press Automation Technology Pte Ltd	PT. PATEC PRESISI ENGINEERING	3	Other receivables	19,562	Lending of capital	1%
1	Press Automation Technology Pte Ltd	PATEC PTE. LTD.	3	Other receivables	106,891	Lending of capital	7%
2	PATEC PTE. LTD.	Patec Precision Kft	3	Other receivables	75,916	Lending of capital	5%
2	PATEC PTE. LTD.	Press Automation Technology Pte Ltd	3	Other receivables	72,755	Dividends receivable	5%

Note 1:The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3:Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(2)Information on investees

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2013	Initial investment amount: Balance as at December 31, 2012	Shares held as at December 31, Shares held as at December 31, 2013: Number of shares (in thousand shares)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2013	Investment income (loss) recognised by the Company for the year ended December 31, 2013	Footnote
Patec Precision Industry Co., Ltd.	PATEC PTE. LTD.	Singapore	Investment holding	$ 280,812	$ 280,812	16,422	100%	$ 785,043	$ 241,413	$ 241,413	-
PATEC PTE. LTD.	Press Automation Technology Pte Ltd	Singapore	Assembly and sale of machinery and equipment	258,508	258,508	2,047	100%	310,960	174,362	174,362	-
PATEC PTE. LTD.	Wuxi Jingxin Precision Machining Co. Ltd.	China	Manufacturing and sale of elements of automobiles	201,600	201,600	-	85%	567,754	131,672	114,620	-
PATEC PTE. LTD.	Patec Precision Kft	Hungary	Manufacturing and sale of elements of automobiles	88,597	88,597	-	100%	(22,809)	(13,119)	(13,063)	-
Press Automation Technology Pte Ltd	PT. PATEC PRESISI ENGINEERING	Indonesia	Manufacturing and sale of elements of automobiles and motorcycles	89,686	89,686	2,730	70%	117,338	17,886	14,451	-
Wuxi Jingxin Precision Machining Co. Ltd.	Wuxi Baida Precision Molding Co., Ltd	China	Assembly and sale of machinery and equipment	23,560	23,560	-	100%	26,499	10,247	7,926	-
Wuxi Jingxin Precision Machining Co. Ltd.	Yancheng Jingxin Precision Machining Co. Ltd.	China	Manufacturing and sale of elements of automobiles	24,148	-	-	100%	20,217	(872)	(741)	-
PT. PATEC PRESISI ENGINERRING	PT. PDF PRESISI ENGINEERING	Indonesia	Manufacturing and sale of elements of automobiles and motorcycles	10,440	10,440	350	70%	194	(1,581)	(405)	-
PT. PATEC PRESISI ENGINERRING	PT. API PRECISION	Indonesia	Manufacturing and sale of elements of automobiles and motorcycles	14,913	14,913	500	40%	1,198	(4,708)	(1,318)	-

(3)Information on investments in Mainland China

Not applicable.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group manufactures and sells customized machinery and equipment and elements of automobiles and motorcycles from a geographic perspective and provides information for the chief operating decision-maker to review. The areas of sales and order receiving are separated into four major areas which are Singapore, China, Indonesia and Europe. The Company's chief operating decision-maker also separates into these four areas when managing finance and reviewing operating performance, therefore, Singapore, China, Indonesia and Europe shall be reportable segments.

(2) Measurement of segment information

The chief operating decision-maker assesses the performance of operating segments based on segment revenues and profit or loss after tax.

(3) Information about segments and their profit or loss

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2013					
	Singapore	Indonesia	China	Europe	Reconciliation	Total
Revenue from external customers						
Machinery and equipment	$ 97,967	$ -	$ 59,344	$ -	$ -	$ 157,311
Elements of motorcycles	-	291,812	-	-	-	291,812
Elements of automobiles	-	69,967	738,884	42,275	-	851,126
Processing income	-	-	14,646	-	-	14,646
	97,967	361,779	812,874	42,275	-	1,314,895
Inter-segment revenue	14,038	-	27,244	48	(41,330)	-
Total segment revenue	$ 112,005	$ 361,779	$ 840,118	$ 84,598	($ 41,330)	$ 1,314,895
Total segment profit (loss)	$ 133,904	$ 23,684	$ 125,839	($ 73)	($ 18,220)	$ 265,134
Segment income (loss):						
Depreciation	($ 4,534)	($ 18,966)	($ 18,316)	($ 3,158)	$ 7,175	($ 37,799)
Income tax benefit (expense)	$ 6,242	($ 9,551)	($ 30,275)	($ 562)	($ 9,255)	($ 43,401)
Investment loss under equity method	$ -	($ 1,318)	$ -	$ -	$ -	($ 1,318)

	For the year ended December 31, 2012					
	Singapore	Indonesia	China	Europe	Reconciliation	Total
Revenue from external customers						
Machinery and equipment	$ 118,885	$ -	$ 19,755	$ -	$ -	$ 138,640
Elements of motorcycles	-	246,160	-	-	-	246,160
Elements of automobiles	-	65,840	562,786	40,798	-	669,424
Processing income	-	-	18,534	-	-	18,534
	118,885	312,000	601,075	40,798	-	1,072,758
Inter-segment revenue	32,123	-	12,716	13	(44,852)	-
Total segment revenue	$ 151,008	$ 312,000	$ 613,791	$ 40,811	($ 44,852)	$ 1,072,758
Total segment profit (loss)	($ 10,087)	$ 17,612	$ 87,337	($ 24,155)	($ 10,463)	$ 60,244
Segment income (loss):						
Depreciation	($ 7,351)	($ 15,727)	($ 19,719)	($ 1,371)	$ 10,249	($ 33,919)
Income tax benefit (expense)	$ 221	($ 12,349)	($ 18,139)	($ 370)	($ 5,126)	($ 35,763)
Investment loss under equity method	$ -	($ 4,056)	$ -	$ -	$ -	($ 4,056)

Note: Because the measuring amount of the Group's assets does not include the measuring amount of segment assets reviewed by the chief operating decision-maker, therefore, the measuring amount of assets to be disclosed is $0 in accordance with IFRS 8, 'Operating Segments'.

(4)Reconciliation for segment income (loss)

As the Group's chief operating decision-maker evaluates segment performance and determines how to allocate resources based on segment revenue and profit or loss, sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4, therefore, no adjustment to operating profit or loss is needed.

(5)Information on products and services

Please refer to Note 14(3).

(6)Major customer information

Major customer information of the Group for the years ended December 31, 2013 and 2012 is as follows:

	For the years ended December 31,			
	2013		2012	
	Revenue	Segment	Revenue	Segment
Customer A	$ 514,367	China	$ 427,944	China
Customer B	172,069	Indonesia	163,256	Indonesia