CHENG UEI PRECISION INDUSTRY CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

JUNE 30, 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. 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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE-LANGUAGE

PWCR 13000056

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the six-month periods ended June 30, 2013 and 2012, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews. Certain consolidated subsidiaries' financial statements as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, were reviewed by other auditors. Total assets of these subsidiaries amounted to NT$5,270,342 thousand, NT$7,490,999 thousand, NT$3,085,099 thousand and NT$3,620,477 thousand, representing 9.03%, 10.77%, 5.49% and 6.03% of the consolidated total assets as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively; Total liabilities of these subsidiaries amounted to NT$1,292,235 thousand, NT$2,798,974 thousand, NT$985,079 thousand and NT$1,495,419 thousand, representing 3.94%, 6.36%, 2.97% and 4.12% of the consolidated total liabilities as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively, and total comprehensive income (loss) amounted to (NT$6,129 thousand), NT$264,229 thousand, NT$54,797 thousand and NT$71,979 thousand, representing (0.95%), 109.06%, 2.81% and (203.19%) of the consolidated total comprehensive income (loss) for three-month and six-month periods ended June 30, 2013 and 2012, respectively.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, “Rules Governing Review of Financial Statements” in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As explained in Note 4, we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including investments accounted for under equity method) of NT$8,230,829 thousand and NT$14,502,330 thousand, constituting 14.10% and 25.80% of the consolidated total assets, and total liabilities of NT$491,275 thousand and NT$3,102,939 thousand, constituting 1.50% and 9.35% of the consolidated total liabilities as of June 30, 2013 and 2012, respectively, and total comprehensive income (including share of profit (loss) and other comprehensive income (loss) of associates and joint ventures accounted for under equity method) of NT$74,658 thousand, NT$82,770 thousand, (NT$75,609 thousand) and NT$49,361 thousand constituting 11.60%, 34.16%, (3.88%) and (139.34%) of the consolidated total comprehensive income for the three-month and six-month periods then ended. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of June 30, 2013 and 2012.

Based on our reviews and the reviews of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of subsidiaries and investee companies and the related information disclosed in Note 13 been reviewed by independent accountants as stated in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph in order for them to be in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, and IAS 34, ‘Interim Financial Reporting’, and IFRS 1, ‘First-time Adoption of International Financial Reporting Standards’, as endorsed by the Financial Supervisory Commission.

The consolidated financial statements as of and for the six-month period ended June 30, 2013, expressed in United States (US) dollars are presented solely for the convenience of the readers and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of US$1.00:NT$30.00 at June 30, 2013. This basis of translation is not in accordance with International Financial Reporting Standards in the Republic of China.

PricewaterhouseCoopers, Taiwan

August 14, 2013

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 financial statements may differ from those generally accepted in countries and jurisdictions other than the 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translate.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF DOLLARS)

(Unaudited)

	January 1, 2012	June 30, 2012	December 31, 2012	June 30, 2013	June 30, 2013
	New Taiwan Dollars				US Dollars
ASSETS					(Note 4)
CURRENT ASSETS					
Cash and cash equivalents (Note 6(1))	$ 7,910,798	$ 6,435,338	$ 8,579,354	$ 5,988,794	$ 199,626
Financial assets at fair value through profit or loss - current (Note 6(2))	6,003	-	808,357	-	-
Available-for-sale financial assets - current (Note 6(3))	42,597	33,324	16,053	-	-
Notes receivable, net	10,746	7,514	6,509	12,318	411
Accounts receivable, net (Note 6(5))	14,449,390	11,942,309	18,096,733	10,983,522	366,117
Accounts receivable, net – related parties (Note 7)	288,543	370,161	358,589	468,058	15,602
Other receivables (Note 8)	1,132,236	1,015,714	957,194	198,879	6,629
Other receivables - related parties (Note 7)	209,554	315,468	322,143	344,197	11,473
Current income tax assets	9,143	2,566	6,851	51,375	1,713
Inventories (Note 6(6))	8,503,276	8,565,408	9,245,017	8,798,822	293,294
Prepayments	483,261	661,982	673,279	461,210	15,374
Other currrent assets (Notes 6(11) and 8)	-	32,646	386,564	402,322	13,411
	33,045,547	29,382,430	39,456,643	27,709,497	923,650
NON-CURRENT ASSETS					
Available-for-sale financial assets - non-current (Note 6(3))	1,370,929	1,294,132	1,171,084	1,708,746	56,958
Financial assets carried at cost - non-current (Note 6(4))	30,148	45,076	31,429	34,429	1,148
Equity investments under the equity method (Note 6(7))	3,548,261	3,609,637	3,754,538	3,739,090	124,636
Property, plant and equipment (Note 6(8))	18,470,080	18,259,556	19,730,432	20,244,687	674,823
Investment property,net (Note 6(9))	858,865	358,672	330,514	316,696	10,557
Intangible assets (Notes 6(10) and 6(30))	651,192	655,736	2,647,165	2,697,494	89,916
Deferred income tax assets	296,101	283,245	306,867	281,617	9,387
Other non-current assets (Notes 6(11) and 8)	1,803,319	2,330,961	2,099,332	1,653,346	55,112
	27,028,895	26,837,015	30,071,361	30,676,105	1,022,537
TOTAL ASSETS	60,074,442	56,219,445	69,528,004	58,385,602	1,946,187
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings (Note 6(12))	$ 11,419,643	$ 10,807,125	$ 14,853,406	$ 10,445,825	$ 348,194
Financial liabilities at fair value through profit or loss - current (Note 6(2))	6,132	16,154	-	28,368	946
Notes payable	3,108	109,594	728	6,377	212
Accounts payable	10,517,512	8,717,307	13,918,990	8,467,218	282,241
Accounts payable - related parties (Note 7)	527,364	301,204	367,643	290,154	9,672
Other payables (Note 6(13))	4,816,998	5,127,928	5,771,919	5,208,706	173,624
Income tax payable	551,041	453,051	786,129	501,524	16,717
Other current liabilities (Note 6(15))	843,221	1,027,004	1,119,835	771,647	25,722
	28,685,019	26,559,367	36,818,650	25,719,819	857,328
NON-CURRENT LIABILITIES					
Bonds payable (Note 6(14))	435,878	442,386	449,027	455,803	15,193
Long-term loans (Note 6(15))	6,299,154	5,547,997	5,916,160	5,673,437	189,115
Deferred income tax liabilities	364,314	181,906	349,635	495,047	16,502
Other non-current liabilities	487,435	466,921	466,547	459,712	15,324
	7,586,781	6,639,210	7,181,369	7,083,999	236,134
TOTAL LIABILITIES	36,271,800	33,198,577	44,000,019	32,803,818	1,093,462
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Capital (Note 6(18))					
Common stock	4,767,623	4,816,426	4,936,829	4,944,439	164,815
Dividends to be distributed	-	222,086	-	-	-
Capital reserves (Note 6(19))					
Capital reserve	8,209,333	8,442,720	8,749,703	8,779,995	292,667
Retained earnings (Note 6(20))					
Legal reserve	1,566,714	1,783,263	1,783,262	1,978,662	65,955
Special reserve	665,206	665,206	665,206	665,206	22,174
Unappropriated earnings (Note 6(28))	5,602,200	4,334,569	5,888,643	4,700,742	156,691
Other equity (Note 6(21))					
Other equity	823,622	582,639	318,947	1,458,996	48,633
Equity attributable to owners of the parent	21,634,698	20,846,909	22,342,590	22,528,040	750,935
Minority interest	2,167,944	2,173,959	3,185,395	3,053,744	101,790
TOTAL STOCKHOLDERS' EQUITY	23,802,642	23,020,868	25,527,985	25,581,784	852,725
Significant contingent liabilities and unrecognised contract commitments (Note 9)					
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 60,074,442	$ 56,219,445	$ 69,528,004	$ 58,385,602	$ 1,946,187

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

See review report of independent accountants dated August 14, 2013.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

(Unaudited)

	For the three-month period ended June 30, 2013	For the three-month period ended June 30, 2012	For the six-month period ended June 30,2013	For the six-month period ended June 30,2012	For the three-month period ended June 30, 2013	For the six-month period ended June 30,2013
	New Taiwan Dollars				US Dollars (Note 4)	
Operating Revenue (Notes 6(22) and 7)	$ 20,193,659	$ 20,968,000	$ 47,189,191	$ 41,237,713	$ 673,122	$ 1,572,973
Operating Costs (Notes 6(6), 6(26) ,6(27) and 7)	(18,159,111)	(19,092,961)	(42,388,919)	(37,350,014)	(605,304)	(1,412,964)
Gross profit	2,034,548	1,875,039	4,800,272	3,887,699	67,818	160,009
Operating expenses ((Notes 6(26) and 6(27))						
Sales and marketing expenses	(708,439)	(406,309)	(1,401,412)	(911,491)	(23,615)	(46,714)
General and administrative expenses	(832,907)	(1,138,825)	(2,002,809)	(2,134,688)	(27,764)	(66,760)
Research and development expenses	(320,398)	(355,424)	(721,439)	(744,353)	(10,680)	(24,048)
Total operating expenses	(1,861,744)	(1,900,558)	(4,125,660)	(3,790,532)	(62,059)	(137,522)
Operating income (loss)	172,804	(25,519)	674,612	97,167	5,759	22,487
Non-operating income and expense						
Other income (Notes 6(23) and 7)	27,522	35,978	46,187	57,113	917	1,540
Other gains and losses (Note 6(24))	135,642	483,357	380,986	413,735	4,521	12,700
Finance costs (Notes 6(25))	(71,027)	(96,746)	(150,144)	(185,869)	(2,368)	(5,005)
Share of profit of associates and joint ventures accounted for under equity method (Note 6(7))	55,018	85,578	137,387	117,895	1,834	4,580
Total non-operating income and expenses	147,155	508,167	414,416	402,874	4,904	13,815
Income before income tax	319,959	482,648	1,089,028	500,041	10,663	36,302
Income tax expense (Note 6(28))	(141,995)	(148,211)	(297,916)	(211,317)	(4,733)	(9,931)
Net Income	177,964	334,437	791,112	288,724	5,930	26,371
Other comprehensive income, net						
Exchange differences arising on translation of foreign operations	167,782	(13,876)	743,656	(286,849)	5,593	24,789
Unrealized gain (loss) on valuation of available-for-sale financial assets	307,028	(81,270)	497,108	(67,031)	10,234	16,570
Share of other comprehensive income of associates	26,083	(1,924)	54,045	(20,276)	869	1,802
Income tax benefit (expense) related to components of other comprehensive income (Note 6(28))	(35,271)	4,905	(135,061)	50,008	(1,176)	(4,502)
Total comprehensive (loss) income for the period	$ 643,586	$ 242,272	$ 1,950,860	($ 35,424)	$ 21,450	$ 65,030
Net income (loss) attributable to：						
Shareholders of the parent	$ 236,895	$ 61,686	$ 795,050	$ 130,222	$ 7,897	$ 26,502
Noncontrolling interests	(58,931)	272,751	(3,938)	158,502	(1,964)	(131)
Total	$ 177,964	$ 334,437	$ 791,112	$ 288,724	$ 5,933	$ 26,371
Total comprehensive income (loss) attributable to ：						
Shareholders of the parent	$ 759,924	$ 64,793	$ 1,935,099	($ 110,761)	$ 25,331	$ 64,503
Noncontrolling interests	(116,338)	177,479	15,761	75,337	(3,878)	525
Total	$ 643,586	$ 242,272	$ 1,950,860	($ 35,424)	$ 21,453	$ 65,028
Basic earnings per share (in dollars) (Note 6(29))						
Net income attributable to equity holders of the Company	$ 0.48	$ 0.13	$ 1.61	$ 0.27	$ 0.016	$ 0.054
Diluted earnings per share (in dollars)						
Net income attributable to equity holders of the Company	$ 0.47	$ 0.12	$ 1.58	$ 0.26	$ 0.016	$ 0.053

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

See review report of independent accountants dated August 14, 2013.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012

(EXPRESSED IN THOUSANDS OF DOLLARS)

(Unaudited)

	Capital			Retained earnings							
	Common stock	Dividends to be distributed	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating foreign operations	Unrealized gain or loss from available-for-sale financial assets	Total equity attributable to shareholders' of the parent	Non-controlling interests	Total equity
New Taiwan Dollars											
Balance at January 1, 2012	$ 4,767,623	$ -	$ 8,209,333	$ 1,566,714	$ 665,206	$ 5,602,200	$ -	$ 823,622	$ 21,634,698	$ 2,167,944	$ 23,802,642
Employee stock option	48,803	-	196,676	-	-	-	-	-	245,479	-	245,479
Appropriations of 2011 earnings											
Legal reserve	-	-	-	216,549	-	(216,549)	-	-	-	-	-
Stock dividends	-	48,137	-	-	-	(48,137)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,203,417)	-	-	(1,203,417)	-	(1,203,417)
Employee Bonus Shares	-	173,949	-	-	-	-	-	-	173,949	-	173,949
Adjustments to share of changes in equity of associates and joint venture	-	-	35,848	-	-	-	-	-	35,848	-	35,848
Differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	863		-	-	-	-	863	-	863
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(69,322)	(69,322)
Adjustments arising from changes in percentage of ownership in subsidiaries	-	-	-	-	-	70,250	-	-	70,250	-	70,250
Other comprehensive loss for the period	-	-	-	-	-	-	(181,811)	(59,172)	(240,983)	(83,165)	(324,148)
Net income for the period	-	-	-	-	-	130,222	-	-	130,222	158,502	288,724
Balance at June 30, 2012	$ 4,816,426	$ 222,086	$ 8,442,720	$ 1,783,263	$ 665,206	$ 4,334,569	($ 181,811)	$ 764,450	$ 20,846,909	$ 2,173,959	$ 23,020,868
New Taiwan Dollars											
Balance at January 1, 2013	$ 4,936,829	$ -	$ 8,749,703	$ 1,783,262	$ 665,206	$ 5,888,643	($ 330,227)	$ 649,174	$ 22,342,590	$ 3,185,395	$ 25,527,985
Employee stock option	7,610	-	28,461	-	-	-	-	-	36,071	-	36,071
Appropriations of 2012 earnings											
Legal reserve	-	-	-	195,400	-	(195,400)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,235,415)	-	-	(1,235,415)	-	(1,235,415)
Adjustments to share of changes in equity of associates and joint venture	-	-	1,331	-	-	-	-	-	1,331	-	1,331
Differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	500	-	-	-	-	-	500	-	500
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(147,412)	(147,412)
Adjustments arising from changes in percentage of ownership in subsidiaries	-	-	-	-	-	(552,136)	-	-	(552,136)	-	(552,136)
Other comprehensive income for the period	-	-	-	-	-	-	644,575	495,474	1,140,049	19,699	1,159,748
Net income for the period	-	-	-	-	-	795,050	-	-	795,050	(3,938)	791,112
Balance at June 30, 2013	$ 4,944,439	$ -	$ 8,779,995	$ 1,978,662	$ 665,206	$ 4,700,742	$ 314,348	$ 1,144,648	$ 22,528,040	$ 3,053,744	$ 25,581,784

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF DOLLARS)
(Unaudited)

	Capital			Retained earnings							
	Common stock	Dividends to be distributed	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating foreign operations	Unrealized gain or loss from available-for-sale financial assets	Total equity attributable to shareholders' of the parent	Non-controlling interests	Total equity
United States Dollars											
Balance at January 1, 2013	$ 164,561	$ -	$ 291,657	$ 59,442	$ 22,174	$ 196,288	($ 11,008)	$ 21,639	$ 744,753	$ 106,178	$ 850,931
Employee stock option	254	-	949	-	-	-	-	-	1,203	-	1,203
Appropriations of 2012 earnings											
Legal reserve	-	-	-	6,513	-	(6,513)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(41,181)	-	-	(41,181)	-	(41,181)
Adjustments to share of changes in equity of associates and joint venture	-	-	44	-	-	-	-	-	44	-	44
Differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	17	-	-	-	-	-	17	-	17
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(4,914)	(4,914)
ownership in subsidiaries	-	-	-	-	-	(18,405)	-	-	(18,405)	-	(18,405)
Other comprehensive income for the period	-	-	-	-	-	-	21,486	16,516	38,002	657	38,659
Net income for the period	-	-	-	-	-	26,502	-	-	26,502	(131)	26,371
Balance at June 30, 2013	$ 164,815	$ -	$ 292,667	$ 65,955	$ 22,174	$ 156,691	$ 10,478	$ 38,155	$ 750,935	$ 101,790	$ 852,725

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

(Unaudited)

	For the six-month periods ended June 30,		
	2012	2013	2013
	New Taiwan Dollars		US Dollars (Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	$ 500,041	$ 1,089,028	$ 36,302
Adjustments to reconcile income before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	1,762,321	1,840,422	61,347
Amortization (includes long-term prepaid rent amortization)	30,987	37,349	1,245
Write-off of allowance for doubtful accounts recognized as other income	(69,206)	(35,792)	(1,193)
Interest expense	185,869	150,144	5,005
Interest income	(43,724)	(33,787)	(1,126)
Net gain (loss) of financial assets at fair value through profit or loss	-	(412)	(14)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(117,895)	(137,387)	(4,580)
Loss on disposal of property, plant and equipment	(256,165)	55,334	1,844
Gain on disposal of investments	(7,831)	(535)	(18)
Gain on recovery of impairment of non-financial assets	(1,768)	(1,395)	(47)
Changes in assets/liabilities relating to operating activities			
Net changes in operating assets			
Notes receivable	3,232	(5,809)	(194)
Accounts receivable	2,576,287	6,499,003	216,633
Accounts receivable from related parties	(81,618)	(109,469)	(3,649)
Other receivables	309,051	922,283	30,743
Other receivables from related parties	(105,914)	(22,054)	(735)
Inventories	(62,132)	446,195	14,873
Prepayments	(178,721)	212,069	7,069
Other current assets	(32,646)	(15,758)	(525)
Other non-current assets	(104,015)	184,102	6,137
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current	16,154	28,368	946
Notes payable	106,486	5,649	188
Accounts payable	(1,800,205)	(5,451,772)	(181,726)
Accounts payables to related parties	(226,160)	(77,489)	(2,583)
Other payables	(725,578)	(1,781,050)	(59,368)
Other current liabilities	(168,022)	(358,543)	(11,951)
Cash generated from operations	1,508,828	3,438,694	114,623
Interest received	43,724	33,787	1,126
Interest paid	(172,321)	(160,946)	(5,365)
Income tax paid	(309,307)	(582,522)	(19,417)
Net cash provided by operating activities	1,070,924	2,729,013	90,967

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF DOLLARS)
(Unaudited)

	For the six-month periods ended June 30,		
	2012	2013	2013
	New Taiwan Dollars		US Dollars
			(Note 4)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets	$ -	$ 800,577	$ 26,686
Proceeds from disposal of financial assets at fair value through profit or loss	-	19,173	639
Increase in financial assets carried at cost - non-current	(14,928)	(3,000)	(100)
Increase in investments accounted for under the equity method	(150,000)	-	-
Increase in prepayments for investments	(75,922)	-	-
Proceeds from disposal of subsidiaries	13,230	-	-
Acquisitions of property, plant and equipment	(2,038,461)	(1,453,025)	(48,434)
Proceeds from disposal of property, plant and equipment	767,888	75,330	2,511
Acquisitions of intangible assets	(36,742)	(12,885)	(430)
Proceeds from disposal of intangible assets	3,909	1,579	53
Net cash used in investing activities	(1,531,026)	(572,251)	(19,075)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	(612,518)	(4,407,581)	(146,919)
Increase in long-term loans	-	5,567,632	185,588
Repayment of long-term loans	(399,352)	(5,800,000)	(193,333)
Proceeds from exercise of employee stock options	245,479	36,071	1,202
Acquisition of equity of subsidiary	-	(552,136)	(18,405)
Decrease in noncontrolling interests	(152,487)	(127,713)	(4,257)
Net cash used in financing activities	(918,878)	(5,283,727)	(176,124)
Effect of change in exchange rates	(96,480)	536,405	17,880
Net decrease in cash and cash equivalents	(1,475,460)	(2,590,560)	(86,352)
Cash and cash equivalents, beginning of period	7,910,798	8,579,354	285,978
Cash and cash equivalents, end of period	$ 6,435,338	$ 5,988,794	$ 199,626
Financing activities with no cash flow effect:			
Cash dividends distributed	$ 1,203,417	$ 1,235,415	$ 41,181

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 14, 2013.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(EXPRESSED IN THOUSANDS OF DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

(Unaudited)

1. HISTORY AND ORGANIZATION

Cheng Uei Precision Industry Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on July 14, 1986. The Company engages in the manufacture of cable assemblies, connectors, battery packs, and power modules. Effective September 1999, the shares of the Company were listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 14, 2013.

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”)

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

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

IFRS 9, ‘Financial Instruments’: Classification and measurement of financial instruments

A. The International Accounting Standards Board (“IASB”) published IFRS 9, ‘Financial Instruments’, in November, 2009, which will take effect on January 1, 2015 with early application permitted. Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 (“IAS 39”), ‘Financial Instruments: Recognition and Measurement’ reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.

C. The Group has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Group, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognised in other comprehensive income should not be reclassified to profit or loss when such assets are derecognised. The Group recognised gain on equity instruments amounting to $497,108, in other comprehensive income for the six-month period ended June 30, 2013.

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

The following are the new standards and amendments issued by IASB that are effective but not yet endorsed by the FSC and have not been adopted by the Group:

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
2010 improvements to IFRSs	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRS 9 〝Financial instruments: Classification and measurement of financial liabilities 〞	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	January 1, 2015
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters shall apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10 〝Consolidated financial statements〞	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRS 11,‘Joint arrangements’	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12, ‘Disclosure of interests in other entities’	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27,‘Separate Financial Statements’ (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, ‘Consolidated Financial Statements’.	January 1, 2013
IAS 28,‘Investments in Associates and Joint Ventures’(as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11 , ‘Joint Arrangements’, IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRS 13, ‘Fair value measurement’	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, ‘Employee benefits’ (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past-service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	Stripping costs that meet certain criteria should be recognised as the ‘stripping activity asset’. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, ‘Inventories’.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)	The amendment clarifies criterion that an entity 'currently has a legally enforceable right to set off the recognised amounts' and gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014
Mandatory effective date and transition disclosures (amendment to IFRS 7 and IFRS 9)	The mandatory effective date has been postponed to January 1, 2015.	January 1, 2015
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9,'Financial instruments', and IAS 20,'Accounting for government grants and disclosure of government assistance', prospectively to government loans that exist at the date of transition to IFRS.	January 1, 2013
2009-2011 improvements to IFRSs	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define ‘Investment Entities’ and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014
IFRIC 21, ‘Levies’	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, ‘Provisions, contingent liabilities and contingent assets’.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 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) Compliance statement

A. These consolidated financial statements are the first interim consolidated financial statements prepared by the Group in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", IAS 34, 'Interim Financial Reporting', and IFRS 1, 'First-time Adoption of International Financial Reporting Standards', as endorsed by the FSC.

B. In the preparation of the balance sheet as of January 1, 2012 (the Group's date of transition to IFRSs) ("the opening IFRSs balance sheet"), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to the International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins as endorsed by the FSC (collectively referred herein as the "IFRSs") on the Group's financial position, operating results and cash flows.

(2) Basis of preparation

A. Except for the following items, these 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) Available-for-sale financial assets measured at fair value.

c) Liabilities on cash-settled share-based payment arrangements measured at fair value.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) 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 (including special purpose 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) 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.

d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. Conversely, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be transferred directly to retained earnings, if such gains or losses would be transferred directly to retained earnings when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main activity	% of shares held June 30, 2013	% of shares held December 31, 2012	Description
The Company	CU INTERNATIONAL LTD. (CU)	Manufacture of electronic telecommunication components and holding company	100	100	Note 10
The Company	CULINK INTERNATIONAL LTD. (CULINK)	General investments holding	100	100	
The Company	Foxlink International Investment Ltd. (FII)	Holding company	100	100	
The Company	Fu Uei International Investment Ltd. (FUII)	Holding company	100	100	
The Company	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97	97	
The Company	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	100	100	
The Company	Du Precision Industry Co., Ltd. (Du Precision)	Manufacture of electronic telecommunication components	100	100	
The Company	Foxlink Technology Ltd. (Foxlink Tech)	Holding company	100	100	
The Company	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	47.77	47.77	
CU	Fu Gang Electronics (Dong Guan) Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	Note 10
CU	NEW START INDUSTRIES LTD. (NEW START)	Holding company	100	100	
CU	Fu Gang Electronics (Kun Shan) Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100	100	Notes 8 and 10
CU	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100	100	
CU	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Manufacture of electronic telecommunication components	100	100	

Investor	Subsidiary	Main activity	% of shares held June 30, 2013	December 31, 2012	Description
CU	Foxlink Electronics (Tian Jin) Ltd. (FETJ)	Manufacture of electronic telecommunication components	25	25	
CU	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	100	100	Note 10
CU	Fu Yang Electronics (Kun Shan) (FYEKS)	Manufacture of electronic telecommunication components	-	100	Note 8
CU	Neosonic Energy Technology (Tianjin) Ltd. (NE)	Manufacture of electronic telecommunication components	100	100	
CU	Kunshan Fushijing Electronics Co., Ltd. (KFE)	Manufacture of electronic telecommunication components	100	100	
CU	FUTURE VICTORY LTD. (FUTURE VICTORY)	Holding company	100	100	
CU	SOLTERAS LIMITED	General investments holding	100	100	
CU	Fushiming Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	-	100	Note 8
CU	Fushilin Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	-	100	Note 8
CU	Fushiwei Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	-	100	Note 8
CU	Funshipeng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	-	100	Note 8
CU	Fushineng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Shi Xiang Research & Development Center (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Gang Electronics (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	100	100	
CU	FUGANG ELECTRIC (YANCHENG) CO., LTD.	Manufacture of electronic telecommunication components	80	80	

Investor	Subsidiary	Main activity	% of shares held June 30, 2013	% of shares held December 31, 2012	Description
CU	FUQIANG ELECTRIC (YANCHENG) CO., LTD.	Manufacture of electronic telecommunication components	100	100	
NEW STAR	Fu Gang Electronics (Tian Jin) Ltd. (FGETJ)	Manufacture of electronic telecommunication components	100	100	
NEW STAR	Foxlink Tianjin Co., Ltd. (Foxlink Tianjin)	Manufacture of electronic telecommunication components	75	75	
NEW STAR	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	26.64	26.64	
FGETJ	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	46.93	46.93	
CULINK	FOXLINK SINGAPORE PTE LTD. (FOXLINK SINGAPORE)	Sales agent	100	100	
CULINK	PACIFIC WEALTH LIMITED (PACIFIC WEALTH)	General investments holding	100	100	
PACIFIC WEALTH	FOXLINK INTERNATIONAL INC. (FOXLINK)	Sales agent	100	100	Note 10
PACIFIC WEALTH	MICROLINK INTERNATIONAL INC. (MICROLINK)	Sales agent	100	100	
FII	Vegamedia Technology Co., Ltd. (VT)	Manufacture of electronic telecommunication components	100	100	
FII	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56	69.56	
FII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	50.03	50.03	
FII	POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	9.22	9.22	Note 10
WCT	VALUE SUCCESS LIMITED (VALUE SUCCESS)	Holding company	100	100	
VALUE SUCCESS	CAPITAL GUARDIAN LIMITED (CAPITAL)	Holding company	100	100	

Investor	Subsidiary	Main activity	% of shares held June 30, 2013	% of shares held December 31, 2012	Description
CAPITAL	Capital Guardian Limited (Capital)	Holding company	100	100	
WCTHK	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	53.07	53.07	
Darts	BENEFIT RIGHT LTD. (BENEFIT)	Holding company	100	100	
FUTURE VICTORY	Darts Technologies (Shang Hai) Co., Ltd. (DTSH)	Research and development of telecommunication components	100	100	
Du Precision	CE LINK INTERNATIONAL LTD. (CELINK)	Manufacture of electronic telecommunication components	100	100	
SOLTERAS LIMITED	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	25.59	25.59	
FUII	Studio A Inc. (Studio)	Manufacture of electronic telecommunication components	51	51	Note 10
FUII	Va Product Inc.	Manufacture of electronic telecommunication components	51	51	
FUII	Valiant Plus Co., Ltd. (Valiant)	Manufacture of electronic telecommunication components	51	51	
FUII	Procconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	1.30	1.30	
FUII	Zhi De Investment Co., Ltd. (Zhi De Investment)	General investments holding	100	100	
FUII	Shinfox Corporation Ltd. (Shinfox)	Mechanical installation and piping engineering	64.16	50	
Zhi De Investment	POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	33.34	33.34	Note 10
Shinfox Corporation Ltd. (Shinfox)	World Wide Famous Corp.	Energy service management	100	100	Note 3
PROCONN	Advance Electronic Ltd. (Advance Electronic)	General investments holding	100	100	

			% of shares held		
Investor	Subsidiary	Main activity	June 30, 2013	December 31, 2012	Description
PROCONN	BYFORD INTERNATIONAL LTD. (BYFORD)	General international trade	100	100	
PROCONN	MEDIA UNIVERSE INC. (MEDIA UNIVERSE)	General international trade	100	100	
ADVANCE ELECTRONIC	PROCONN TECHNOLOGY CO., LTD. (PROCONN)	General investments holding	100	100	
ADVANCE ELECTRONIC	SMART TECHNOLOGY INTERNATIONAL LTD. (SMART)	General investments holding	100	100	
PROCONN	Proconn Technology (Shenzhen) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
SMART	Proconn Technology (Suzhou) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
Studio A Inc.	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	-	60	Note 2
Studio A Inc.	Jing Sheng Technology Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
Studio A Inc.	Studio A Inc. (Hong Kong)	Manufacture of electronic telecommunication components	51	51	
Studio A Inc.	Ashop Co., Ltd. (ASHOP)	Manufacture of electronic telecommunication components	51	51	
Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	Manufacture of electronic telecommunication components	100	100	
Studio A Inc. (Hong Kong)	Studio A Macau Limited	Manufacture of electronic telecommunication components	100	100	
FGEKS	Kunshan Fugang Electronics Trading Co., Ltd.	Manufacture of electronic telecommunication components	51	51	
FGEKS	Kunshan Fu Shi Yu Trading Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
Kunshan Fugang Electronics Trading Co.,Ltd	ShanHau Fugang Electric Trading Co.,Ltd.	Manufacture of electronic telecommunication components	100	100	

Investor	Subsidiary	Main activity	% of shares held June 30, 2013	% of shares held December 31, 2012	Description
PQI	POWER QUOTIENT INTERNATIONAL (H.K.) CO., LTD. (PQI H.K.)	Sale of electronic telecommunication components	100	100	
PQI	PQI JAPAN CO., LTD. (PQI JAPAN)	Sale of electronic telecommunication components	93.87	93.87	
PQI	SYSCOM DEVELOPMENT CO., LTD. (SYSCOM)	Specialized investments holding	100	100	
PQI	APIX LIMITED (APIX)	Specialized investments holding	100	100	
PQI	PQI MOBILITY INC. (PQI MOBILITY)	Specialized investments holding	100	100	
PQI	SIMTECH CO., LTD. (SIMTECH)	Manufacture of electronic telecommunication components	100	100	
SYSCOM	POWER QUOTIENT INTERNATIONAL (SHANGHAI) CO., LTD. (PQI SHANGHAI)	Re-export business of international trade	100	100	
SYSCOM	PQI CORPORATION (PQI USA)	Sale of electronic telecommunication components	100	100	
PQI MOBILITY	POWER QUOTIENT TECHNOLOGY (SUZHOU) CO., LTD. (PQI SUZHOU)	Manufacture of electronic telecommunication components	100	100	Notes 7 and 9
APIX Limited	SINOCITY INDUSTRIES LTD.	Sale of electronic telecommunication components	100	100	Notes 5 and 6
APIX Limited	Perennial Ace Limited	Sale of electronic telecommunication components	100	-	Note 1
SINOCITY INDUSTRIES LTD.	Sinocity Co., Ltd.	Sale of 3C products	100	100	Note 5

Investor	Subsidiary	Main activity	% of shares held June 30, 2012	January 1, 2012	Description
The Company	CU INTERNATIONAL LTD. (CU)	Manufacture of electronic telecommunication components and holding company	100	100	Note 10
The Company	CULINK INTERNATIONAL LTD. (CULINK)	General investments holding	100	100	
The Company	Foxlink International Investment Ltd. (FII)	Holding company	100	100	
The Company	Fu Uei International Investment Ltd. (FUII)	Holding company	100	100	
The Company	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97	97	
The Company	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	100	100	
The Company	Du Precision Industry Co., Ltd. (Du Precision)	Manufacture of electronic telecommunication components	100	100	
The Company	FOXLINK TECHNOLOGY LTD. (FOXLINK TECH)	Holding company	100	100	
The Company	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	47.77	47.77	
CU	Fu Gang Electronics (Dong Guan) Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	Note 10
CU	New Star Industries Ltd. (New Star)	Holding company	100	100	
CU	Fu Gang Electronics (Kun Shan) Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100	100	Note 10
CU	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100	100	
CU	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Manufacture of electronic telecommunication components	100	100	Note 10
CU	Foxlink Electronics (Tian Jin) Ltd. (FETJ)	Manufacture of electronic telecommunication components	25	25	Note 10

Investor	Subsidiary	Main activity	% of shares held June 30, 2012	 January 1, 2012	Description
CU	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	100	100	Note 10
CU	Fu Yang Electronics (Kun Shan) (FYEKS)	Manufacture of electronic telecommunication components	100	100	
CU	Neosonic Energy Technology (Tianjin) Ltd. (NE)	Manufacture of electronic telecommunication components	100	100	
CU	Kunshan Fushijing Electronics Co., Ltd. (KFE)	Manufacture of electronic telecommunication components	100	100	Note 10
CU	FUTURE VICTORY LTD. (FUTURE VICTORY)	Holding company	100	100	
CU	SOLTERAS LIMITED	General investments holding	100	100	
CU	Fushiming Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fushilin Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fushiwei Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Funshipeng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fushineng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	Note 10
CU	Fu Shi Xiang Research & Development Center (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Gang Electronics (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	100	100	Note 10
CU	FUGANG ELECTRIC (YANCHENG) CO., LTD.	Manufacture of electronic telecommunication components	80	80	
CU	FUQIANG ELECTRIC (YANCHENG) CO., LTD.	Manufacture of electronic telecommunication components	100	100	
NEW STAR	Fu Gang Electronics (Tian Jin) Ltd. (FGETJ)	Manufacture of electronic telecommunication components	100	100	Note 10

Investor	Subsidiary	Main activity	% of shares held June 30, 2012	 January 1, 2012	Description
NEW STAR	Foxlink Tianjin Co., Ltd. (Foxlink Tianjin)	Manufacture of electronic telecommunication components	75	75	Note 10
NEW STAR	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	26.64	26.64	
FGETJ	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	46.93	46.93	
CULINK	FOXLINK SINGAPORE PTE. LTD.(FOXLINK SINGAPORE)	Sales agent	100	100	
CULINK	PACIFIC WEALTH LIMITED (PACIFIC WEALTH)	General investments holding	100	100	
PACIFIC WEALTH	FOXLINK INTERNATIONAL INC. (FOXLINK)	Sales agent	100	100	
PACIFIC WEALTH	MICROLINK INTERNATIONAL INC. (MICROLINK)	Sales agent	100	100	
FII	Vegamedia Technology Co., Ltd. (VT)	Manufacture of electronic telecommunication components	100	100	
FII	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56	69.56	
FII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	50.03	50.03	Note 10
FII	POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	5.95	5.95	Note 10
WCT	VALUE SUCCESS LIMITED (VALUE SUCCESS)	Holding company	100	100	
VALUE SUCCESS	CAPITAL GUARDIAN LIMITED (CAPITAL)	Holding company	100	100	
CAPITAL	World Circuit Technology (Hong Kong) Limited (WCTHK)	Holding company	100	100	
WCTHK	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	53.07	53.07	

Investor	Subsidiary	Main activity	% of shares held June 30, 2012	January 1, 2012	Description
Darts	BENEFIT RIGHT LTD. (BENEFIT)	Holding company	100	100	
FUTURE VICTORY	Darts Technologies (Shang Hai) Co., Ltd. (DTSH)	Research and development of telecommunication components	100	100	
Du Precision	CE LINK INTERNATIONAL LTD. (CELINK)	Manufacture of electronic telecommunication components	100	100	
SOLTERAS LIMITED	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	25.59	25.59	
FUII	Studio A Inc. (Studio)	Manufacture of electronic telecommunication components	51	51	
FUII	Va Product Inc.	Manufacture of electronic telecommunication components	51	51	
FUII	VALIANT PLUS CO., LTD.(VALIANT)	Manufacture of electronic telecommunication components	51	51	
FUII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	1.30	1.30	
FUII	Zhi De Investment Co., Ltd. (Zhi De Investment)	General investments holding	100	100	
FUII	Shinfox Corporation Ltd. (Shinfox)	Mechanical installation and piping engineering	50	50	
Zhi De Investment	POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	9.29	9.29	Note 10
PROCONN	ADVANCE ELECTRONIC LTD. (ADVANCE ELECTRONIC)	General investments holding	100	100	Note 10
PROCONN	BYFORD INTERNATIONAL LTD. (BYFORD)	General international trade	100	100	Note 10
PROCONN	MEDIA UNIVERSE INC. (MEDIA UNIVERSE)	General international trade	100	100	Note 10
ADVANCE ELECTRONIC	PROCONN TECHNOLOGY CO., LTD. (PROCONN)	General investments holding	100	100	Note 10
ADVANCE ELECTRONIC	SMART TECHNOLOGY INTERNATIONAL LTD. (SMART)	General investments holding	100	100	Note 10

Investor	Subsidiary	Main activity	% of shares held June 30, 2012	% of shares held January 1, 2012	Description
PROCONN	Proconn Technology (Shenzhen) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	Note 10
SMART	Proconn Technology (Suzhou) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	Note 10
Studio A Inc.	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	60	60	
Studio A Inc.	Jing Sheng Technology Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
Studio A Inc.	Growing Computer Ltd.	Manufacture of electronic telecommunication components	-	100	Note 4
Studio A Inc.	Studio A Inc. (Hong Kong)	Manufacture of electronic telecommunication components	51	51	
Studio A Inc.	Ashop Co., Ltd. (ASHOP)	Manufacture of electronic telecommunication components	51	51	
Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	Manufacture of electronic telecommunication components	100	100	
Studio A Inc. (Hong Kong)	Studio A Macau Limited	Manufacture of electronic telecommunication components	100	100	
FGEKS	Kunshan Fugang Electronics Trading Co., Ltd.	Manufacture of electronic telecommunication components	51	51	
FGEKS	Kunshan Fu Shi Yu Trading Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
Kunshan Fugang Electronics Trading Co.,Ltd.	ShanHau Fugang Electric Trading Co.,Ltd.	Manufacture of electronic telecommunication components	100	100	
PQI	POWER QUOTIENT INTERNATIONAL (H.K.) CO., LTD. (PQI H.K.)	Sale of electronic telecommunication components	100	100	Note 10
PQI	PQI EUROPE B.V. (PQI EUROPE)	Sale of electronic telecommunication components	100	100	Notes 4 and 10
PQI	PQI JAPAN CO., LTD. (PQI JAPAN)	Sale of electronic telecommunication components	93.87	93.87	Note 10

Investor	Subsidiary	Main activity	% of shares held June 30, 2012	% of shares held January 1, 2012	Description
PQI	SYSCOM DEVELOPMENT CO., LTD. (SYSCOM)	Specialized investments holding	100	100	Note 10
PQI	SIMTECH CO., LTD. (SIMTECH)	Manufacture of electronic telecommunication components	100	100	Note 10
SYSCOM	PQI CORPORATION (PQI USA)	Sale of electronic telecommunication components	100	100	Note 10
SYSCOM	POWER QUOTIENT INTERNATIONAL (SHANGHAI) CO., LTD. (PQI SHANGHAI)	Re-export business of international trade	100	100	Note 10
PQI H.K.	POWER QUOTIENT TECHNOLOGY (SUZHOU) CO., LTD. (PQI SUZHOU)	Sale of electronic telecommunication components	100	100	Notes 7 and 10

Note 1: Investment or incorporation began in 2013.

Note 2: Dissolved or liquidated in 2013.

Note 3: Investment or incorporation began in 2012.

Note 4: Dissolved or liquidated in 2012

Note 5: Sinocity Industries Ltd. and Sinocity Co., Ltd. are subsidiaries of Power Quotient International Co., Ltd. in Hong Kong and Macao, respectively, with balance sheet date on March 31. For the preparation of consolidated financial statements, Power Quotient International Co., Ltd. had required Sinocity Industries Ltd. and Sinocity Co., Ltd. as consolidated entities to prepare financial statements with balance sheet date on December 31 to conform to the balance sheet date of the consolidated financial statements.

Note 6: To strengthen the Group’s management and financial planning, the Board of Directors of Power Quotient International Co., Ltd. made a resolution on November 30, 2012 to transfer 100% ownership in Sinocity Industries Ltd. to the newly-established holding company—Apix Limited.

Note 7: To strengthen the Group’s management and financial planning, the Board of Directors of Power Quotient International Co., Ltd. made a resolution on November 30, 2012 to purchase 100% ownership in Power Quotient Technology (SUZHOU) Co., Ltd. from Power Quotient International (H.K.) Co., Ltd., and then transfer the 100% ownership to the newly-established holding company—PQI MOBILITY INC.

Note 8: Fu Gang Electronics (Kun Shan) Ltd absorbed Fu Yang Electronics (Kun Shan) Co., Ltd., Fushilin Electronics (Kun Shan) Co., Ltd., Fushiming Electronics (Kun Shan) Co., Ltd., Fushiwei Electronics (Kun Shan) Co., Ltd and Fushipeng Electronics (Kun Shan) Co., Ltd. on February 28, 2013.

Note 9: Power Quotient Technology (SUZHOU) Co., Ltd. was renamed Power Quotient Technology (Yan Cheng) Co., Ltd. on March 12, 2013.

Note 10: Except for CU, Studio A Inc., Fu Gang Electronics (Dong Guan) Ltd., Fu Gang Electronics (Kun Shan) Ltd., Dong Guan Fu Qiang Electronics Ltd., FOXLINK and Power Quotient International Co., Ltd. which were included in the consolidated financial statements as of and for the six-month period ended June 30, 2013 based on their reviewed financial statements for the corresponding period, other insignificant subsidiaries were included based on their unaudited or unreviewed financial statements for the corresponding period. Except for CU, Fu Gang Electronics (Dong Guan) Ltd., Fu Gang Electronics (Kun Shan) Ltd., Dong Guan Fu Qiang Electronics Ltd., Fushilin electronics (Dong Guan) Ltd., Foxlink (Tianjin) Ltd., Kunshan Fushijing Electronics Co., Ltd. (KFE), Fushineng Electronics (Kun Shan) Co., Ltd., Fu Gang Electronics (Nan Chang) Co., Ltd. (FENC), Fu Gang Electronics (Tian Jin) Ltd. (FGETJ), Power Quotient International Co., Ltd. and Proconn Technology Co., Ltd. (PROCONN) which were included in the consolidated financial statements as of and for the six-month period ended June 30, 2012 based on their reviewed financial statements for the corresponding period, other insignificant subsidiaries were included based on their unaudited or unreviewed financial statements for the corresponding period. All subsidiaries were included in the consolidated financial statements as of and for the years ended December 31, 2012 and 2011 based on their audited financial statements for the corresponding periods.

C. Subsidiaries not included in the consolidated financial statements:

			% of shares held		
Investor	Subsidiary	Main activity	June 30, 2012	December 31, 2012	Description
Foxlink International Investment Ltd. (FII)	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and electronic machinery equipment	75.00	75.00	Note

Investor	Subsidiary	Main activity	% of shares held June 30, 2012	January 1, 2012	Description
Foxlink International Investment Ltd. (FII)	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and electronic machinery equipment	75.00	75.00	

Note: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on October 5, 2004 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

D. Adjustments for subsidiaries with different balance sheet dates:

Sinocity Industries Ltd. and Sinocity Co., Ltd. are subsidiaries of Power Quotient International Co., Ltd. in Hong Kong and Macao, respectively, with balance sheet date on March 31. For the preparation of consolidated financial statements, Power Quotient International Co., Ltd. had required Sinocity Industries Ltd. and Sinocity Co., Ltd. as consolidated entities to prepare financial statements with balance sheet date on December 31 to conform to the balance sheet date of the consolidated financial statements.

E. The restrictions on fund remittance from subsidiaries to the parent company : None.

(4) 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 New Taiwan dollars, 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

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) 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.

(6) Cash and cash equivalents

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

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a) Hybrid (combined) contracts; or

b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

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

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(9) Loans and receivable

Accounts receivable are loans and 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 effect of discounting is immaterial.

(10) 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;

e) The disappearance of an active market for that financial asset because of financial difficulties;

f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;or

h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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 follows according to the category of financial assets:

a) Financial assets measured at amortised cost

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.

b) Financial assets measured at cost

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 current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset directly.

c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset directly.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The cash flows from the financial asset have been received.

B. The contractual rights to receive cash flows from the financial asset expire.

C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

D. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard costs. The difference between standard costs and actual costs is allocated to inventories and cost of goods sold on a proportional basis at the end of period, and the valuation of cost is close to weighted-average method after the allocation. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated fixed production overheads based on actual capacity). It excludes borrowing costs. 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.

(13) Investments accounted for under the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate 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. If the above condition causes a decrease in the Group's ownership percentage of the associate, 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.

F. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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. If each component of property, plant and equipment is significant, it is 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	20～50 years
Machinery and equipment	1～5 years
Office equipment	3 years
Other equipment	3～8 years

(15) Leased assets/ leases (lessee)

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.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 ~ 50 years.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill

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

C. Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

(18) 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, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortized cost where no impairment loss was recognized.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use 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. Goodwill for impairment testing purpose is allocated to cash generating units. This allocation is identified based on operating segments. Goodwill is allocated to a cash generating unit or a group of cash generating units that expects to benefit from business combination that will produce goodwill.

(19) 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.

(20) Notes and 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, for short-term accounts payable without bearing interest, as the effect of discount is insignificant, they are measured subsequently at original invoice amount.

(21) 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. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a) Hybrid (combined) contracts; or

b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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.

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) <u>Financial liabilities and equity instruments</u>

Bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus—stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

a) Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

b) Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

c) Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

d) Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

e) When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock warrants.

(25) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(26) Employee benefits

A. 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. 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 obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows 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 high-quality 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.

iii. Past-service costs are recognised immediately in profit or loss if vested immediately; if not, the past-service costs are amortised on a straight-line basis over the vesting period.

iv. Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

B. Employees’ bonus and directors’ and supervisors’ remuneration

Employees’ bonus and directors’ and supervisors’ remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees’ bonus and directors’ and supervisors’ remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders’ meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees’ stock bonus based on the fair value per share at the previous day of the stockholders’ meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(27) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(28) 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 charge is calculated on the basis of the tax laws 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. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income 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 financial statements. However, the deferred income 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 income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income 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 income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income 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 income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. Tax preference given for expenditures incurred on research and development is recorded using the income tax credits accounting.

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(29) Share capital

A. 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.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. 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.

(31) Revenue recognition

A. The Group manufactures and sells electronic telecommunication components products. 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. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised. The volume discounts are estimated based on the anticipated annual sales quantities.

(32) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

B. If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired, the difference is recorded as goodwill; if less than the fair value of the Group's share of the identifiable net assets acquired (bargain purchase), the difference is recognised directly in profit or loss.

(33) Operating segments

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

(34) Convenience translation into US dollars

The Group maintains its accounting records and prepares its financial statements in New Taiwan dollars. The United States ("US") dollar amounts disclosed in the June 30, 2013 financial statements are presented solely for the convenience of the reader and were translated to US dollars using the average of buying and selling exchange rate of US$1：NT$30.00 on June 30, 2013. Such translation amounts are unaudited and should not be construed as representations that the NT dollar amounts represent, have been, or could be converted into US dollars at that or any other rate.

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 are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

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

A. Investment property

The Group uses part of the property for its own use and part to earn rentals or for capital appreciation. When the portions cannot be sold separately and cannot be leased separately under finance lease, the property is classified as investment property.

B. 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 received or receivable from the customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised representing commissions earned.

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; and
d. The Group bears credit risk of customers.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Revenue recognition

In principle, sales revenues are recognised when the earning process is completed. The Group estimates discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(10) for the information of goodwill impairment.

C. Impairment assessment of investments accounted for under the equity method

The Group assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyzes the reasonableness of related assumptions.

D. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industry environment, and laws and regulations might cause material adjustments to deferred income tax assets.

E. 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. Due to the rapid technology innovation, 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.

F. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Cash on hand and petty cash	$ 240,022	$ 14,237	$ 8,001
Checking accounts and demand deposits	3,996,713	6,011,740	133,224
Time deposits	1,752,059	2,553,377	58,401
	$ 5,988,794	$ 8,579,354	$ 199,626

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Cash on hand and petty cash	$ 44,915	$ 162,022	$ 1,497
Checking accounts and demand deposits	3,959,306	5,788,303	131,977
Time deposits	2,431,117	1,960,473	81,037
	$ 6,435,338	$ 7,910,798	$ 214,511

A. The Group associates 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. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss

Items	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Current items:			
Financial assets held for trading			
Beneficiary certificates - fund	$ -	$ 800,166	$ -
Non-hedging derivatives	-	8,191	-
	$ -	$ 808,357	$ -
Financial liabilities held for trading			
Non-hedging derivatives	$ 28,368	$ -	$ 946

Items	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Current items:			
Financial assets held for trading			
Corporate bonds	$ -	$ 6,003	$ -
Non-hedging derivatives	-	-	-
	$ -	$ 6,003	$ -
Financial liabilities held for trading			
Non-hedging derivatives	$ 16,154	$ 6,132	$ 538

A. The Group recognised net gain (loss) of $1,980, ($43,116), ($30,585) and ($21,919) on financial assets held for trading for the three-month periods ended June 30, 2013 and 2012 and the six-month periods ended June 30, 2013 and 2012, respectively.

B. The non-hedging derivative instrument transactions and contract information are as follows:

	June 30, 2013			December 31, 2012		
Derivative Instruments	Contract Amount (Notional Principal)		Contract Period	Contract Amount (Notional Principal)		Contract Period
Current items:						
Forward exchange contracts	USD	65,000	2013/04~ 2013/09	USD	88,000	2012/09~ 2013/03

	June 30, 2012			January 1, 2012		
Derivative Instruments	Contract Amount (Notional Principal)		Contract Period	Contract Amount (Notional Principal)		Contract Period
Current items:						
Forward exchange contracts	USD	32,000	2012/07~ 2012/09	USD	27,000	2011/10~ 2012/02

Forward exchange contracts

The Group entered into forward foreign exchange contracts to sell USD and buy NTD to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Items	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Current items:			
Listed stocks	$ -	$ 16,053	$ -
Non-current items			
Listed stocks	233,020	223,944	7,767
Emerging stocks	302,716	303,500	10,091
	535,736	527,444	17,858
Valuation adjustment of available-for-sale financial assets	1,173,010	643,640	39,100
	$ 1,708,746	$ 1,171,084	$ 56,958

Items	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Current items:			
Listed stocks	$ 33,324	$ 42,597	$ 1,111
Non-current items			
Listed stocks	188,967	192,405	6,335
Emerging stocks	341,000	341,000	11,431
	529,967	533,405	17,766
Valuation adjustment of available-for-sale financial assets	764,165	837,524	25,618
	$ 1,294,132	$ 1,370,929	$ 43,384

A. The Group recognised $322,172, ($60,990), $529,370 and ($73,359) in other comprehensive income (loss) for fair value change for the three-month periods ended June 30, 2013 and 2012 and the six-month periods ended June 30, 2013 and 2012, respectively.

B. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, no available-for-sale financial assets were pledged to others.

(4) Financial assets measured at cost

Items	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Non-current item			
Non-publicly traded company	$ 34,429	$ 31,429	$ 1,148

Items	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Non-current item			
Non-publicly traded company	$ 45,076	$ 30,148	$ 1,511

A. Based on the Group's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as the above company stocks are not traded in an active market, and no sufficient industry information of companies similar to the above company or above company's financial information can be obtained, the fair value of the investment in stocks cannot be measured reliably. The Group classified those stocks as "financial assets measured at cost".

B. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, no financial assets measured at cost held by the Group were pledged to others.

(5) Accounts receivable

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Accounts receivable	$ 11,225,671	$ 18,374,674	$ 374,189
Less: allowance for sales returns and discounts	(66,753)	(75,756)	(2,225)
Less: allowance for bad debts	(175,396)	(202,185)	(5,847)
	$ 10,983,522	$ 18,096,733	$ 366,117

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Accounts receivable-unrelated parties	$ 12,167,138	$ 14,743,425	$ 407,883
Less: allowance for sales returns and discounts	(55,551)	(69,867)	(1,862)
Less: allowance for bad debts	(169,278)	(224,168)	(5,675)
	$ 11,942,309	$ 14,449,390	$ 400,346

A. The Group’s accounts receivable that were mostly neither past due nor impaired had good credit quality.

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

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Up to 30 days	$ 278,810	$ 439,550	$ 9,294
31 to 120 days	188,173	126,094	6,272
	$ 466,983	$ 565,644	$ 15,566

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Up to 30 days	$ 106,896	$ 306,008	$ 3,584
31 to 120 days	135,957	124,999	4,558
	$ 242,853	$ 431,007	$ 8,141

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

a) As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Group’s accounts receivable that were impaired amounted to $175,396, $202,185, $169,278 and $224,168, respectively.

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

	For the six-month period ended June 30, 2013		
	Individual provision	Group provision	Total
January 1, 2013	$ 202,185	$ -	$ 202,185
Reversal of impairment	(26,789)	-	(26,789)
June 30, 2013	$ 175,396	$ -	$ 175,396

	For the six-month period ended June 30, 2012		
	Individual provision	Group provision	Total
January 1, 2012	$ 224,168	$ -	$ 224,168
Reversal of impairment	(54,890)	-	(54,890)
June 30, 2012	$ 169,278	$ -	$ 169,278

D. The maximum exposure to credit risk at June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

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

F. The Company entered into an agreement with Mega International Commercial Bank to sell its accounts receivable on April 27, 2013. Under the agreement, the Company is not required to bear uncollectible risk of the underlying accounts receivable, but is liable for the losses incurred on any business dispute. The Company issued a promissory note to Mega International Commercial Bank according to the agreement as a security for the Company's failure in fulfillment of the agreement when any business dispute arises. These accounts receivable meet the derecognition criteria for financial assets. The Company has derecognized the accounts receivable sold to Mega International Commercial Bank, net of the losses estimated for possible business disputes.

G. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the outstanding accounts receivable sold to Mega International Commercial Bank were as follows:

June 30, 2013

Purchaser of accounts receivable	Accounts receivable sold	Amount derecognized	Limit	Amount advanced	Interest rate	Collateral
Mega International Commercial Bank Co., Ltd.	$ 780,510 (USD 26,017)	$ 780,510 (USD 26,017)	$ 1,050,000 (USD 35,000)	$ 699,510 (USD 23,317)	1.25%~1.49%	None

December 31, 2012

Purchaser of accounts receivable	Accounts receivable sold	Amount derecognized	Limit	Amount advanced	Interest rate	Collateral
Mega International Commercial Bank Co., Ltd.	$ 796,712 (USD 27,435)	$ 796,712 (USD 27,435)	$ 1,016,400 (USD 35,000)	$ 714,558 (USD 24,606)	1.25%~1.49%	None

June 30, 2012

Purchaser of accounts receivable	Accounts receivable sold	Amount derecognized	Limit	Amount advanced	Interest rate	Collateral
Mega International Commercial Bank Co., Ltd.	$ 562,043 (USD18,842)	$ 562,043 (USD18,842)	$ 776,880 (USD26,044)	$ 503,687 (USD16,885)	1.28%~1.49%	None

January 1, 2012

Purchaser of accounts receivable	Accounts receivable sold	Amount derecognized	Limit	Amount advanced	Interest rate	Collateral
Mega International Commercial Bank Co., Ltd.	$ 350,766 (USD11,586)	$ 350,766 (USD11,586)	$ 787,150 (USD26,000)	$ 315,677 (USD10,427)	1.30%	None

(6) Inventories

	June 30, 2013					
			Allowance for valuation loss			
	Cost				Book value	
	New Taiwan Dollars					
Raw materials	$	3,548,180	($	227,627)	$	3,320,553
Work in process		446,138	(	16,925)		429,213
Finished goods		5,564,027	(	530,924)		5,033,103
Inventory in transit		15,953		-		15,953
	$	9,574,298	($	775,476)	$	8,798,822

	June 30, 2013					
			Allowance for valuation loss			
	Cost				Book value	
	US Dollars					
Raw materials	$	118,273	($	7,588)	$	110,685
Work in process		14,871	(	564)		14,307
Finished goods		185,467	(	17,697)		167,770
Inventory in transit		532		-		532
	$	319,143	($	25,849)	$	293,294

	December 31, 2012					
			Allowance for valuation loss			
	Cost				Book value	
	New Taiwan Dollars					
Raw materials	$	5,718,711	($	102,189)	$	5,616,522
Work in process		255,543	(	31,862)		223,681
Finished goods		3,989,543	(	603,846)		3,385,697
Inventory in transit		19,117		-		19,117
	$	9,982,914	($	737,897)	$	9,245,017

	June 30, 2012		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	$ 4,079,540	($ 183,770)	$ 3,895,770
Work in process	702,622	(136,492)	566,130
Finished goods	4,318,506	(299,003)	4,019,503
Inventory in transit	156,757	(72,752)	84,005
	$ 9,257,425	($ 692,017)	$ 8,565,408

	June 30, 2012		
	Cost	Allowance for valuation loss	Book value
	US Dollars		
Raw materials	$ 136,760	($ 6,161)	$ 130,599
Work in process	23,554	(4,575)	18,979
Finished goods	144,771	(10,024)	134,747
Inventory in transit	5,254	(2,439)	2,816
	$ 310,339	($ 23,199)	$ 287,141

	January 1, 2012		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	$ 4,808,189	($ 117,567)	$ 4,690,622
Work in process	921,066	(62,413)	858,653
Finished goods	3,451,809	(529,016)	2,922,793
Inventory in transit	32,514	(1,306)	31,208
	$ 9,213,578	($ 710,302)	$ 8,503,276

Expenses and losses incurred on inventories during the three-month periods ended June 30, 2013 and 2012 and the six-month periods ended June 30, 2013 and 2012 were as follow:

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Cost of inventories sold	$ 18,216,779	$ 19,238,029	$ 607,226
Reversal of allowance	(21,818)	(141,525)	(727)
Others (revenue from sale of	(35,850)	(3,543)	(1,195)
	$ 18,159,111	$ 19,092,961	$ 605,304

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Cost of inventories sold	$ 42,394,383	$ 37,402,294	$ 1,413,146
Loss on market price decline (Reversal of allowance)	37,579	(18,285)	1,253
Others (revenue from sale of	(43,043)	(33,995)	(1,435)
	$ 42,388,919	$ 37,350,014	$ 1,412,964

The Group sold certain inventories with net realizable values that are lower than their costs during the six-month period ended June 30, 2012, which resulted in a gain from price recovery of inventory.

(7) Investments accounted for under the equity method

	June 30, 2013			December 31, 2012	
Investee	New Taiwan Dollars	US Dollars	Ownership percentage (%)	New Taiwan Dollars	Ownership percentage (%)
Equity method:					
Well Shin Technology Co., Ltd.	$ 951,173	$ 31,706	20.03%	$ 945,153	20.03%
Foxlink Image Technology Co., Ltd.	802,583	26,753	30.48%	842,473	30.48%
Glory Science Co., Ltd.	482,694	16,090	35.82%	464,241	35.88%
Xie Xun Electronics (Ji An) Ltd.	466,567	15,552	25.00%	403,239	25.00%
Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.	323,997	10,800	27.00%	304,287	27.00%
Castles Technology CO., LTD.	185,669	6,189	22.99%	178,421	22.99%
CMPC Cultural & Creative Co., Ltd.	146,804	4,893	42.86%	150,060	42.86%
Smart Vision Co., Ltd.	135,624	4,521	31.25%	137,121	31.25%
Sharetronic Precision Industry (Shen Zhen) Co., Ltd.	119,255	3,975	25.00%	113,554	25.00%
Kleine Developments Ltd.	81,620	2,721	33.33%	90,845	33.33%
Core Solid Storage Corp.	43,104	1,437	36.04%	125,144	36.04%
Microlink Communications Inc.	(18,204)	(607)	21.43%	(10,599)	21.43%
	3,720,886	124,030		3,743,939	
Add：					
Credit balance of long-term equity investments reclassified to 'other liabilities-others'	18,204	606		10,599	
Total	$ 3,739,090	$ 124,636		$ 3,754,538	

Investee	June 30, 2012 New Taiwan Dollars	June 30, 2012 US Dollars	June 30, 2012 Ownership percentage (%)	January 1, 2012 New Taiwan Dollars	January 1, 2012 Ownership percentage (%)
Equity method:					
Well Shin Technology Co., Ltd.	$ 901,108	$ 30,208	20.03%	$ 944,618	20.03%
Foxlink Image Technology Co., Ltd.	784,414	26,296	30.51%	760,533	30.51%
Glory Science Co., Ltd.	462,947	15,520	36.93%	462,234	39.88%
Xie Xun Electronics (Ji An) Ltd.	359,925	12,066	25.00%	360,615	25.00%
Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.	303,434	10,172	27.00%	313,347	27.00%
Castles Technology CO., LTD.	177,005	5,934	23.21%	166,759	23.21%
CMPC Cultural & Creative Co., Ltd.	150,020	5,029	42.86%	150,005	42.86%
Smart Vision Co., Ltd.	144,849	4,856	31.25%	-	0.00%
Sharetronic Precision Industry (Shen Zhen) Co., Ltd.	109,652	3,676	25.00%	140,905	25.00%
Core Solid Storage Corp.	124,199	4,164	36.04%	136,534	36.04%
Kleine Developments Ltd.	92,084	3,087	33.33%	103,476	33.33%
Microlink Communications Inc.	(7,909)	(266)	21.43%	9,235	21.43%
	3,601,728	120,742		3,548,261	
Add：					
Credit balance of long-term equity investments reclassified to 'other liabilities-others'	7,909	265		-	
Total	$ 3,609,637	$ 121,007		$ 3,548,261	

A. The financial information of the Group’s principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	New Taiwan Dollars				
June 30, 2013					
Well Shin Technology Co., Ltd.	$ 6,393,327	$ 1,831,983	$ 2,620,830	$ 278,978	20.30%
Foxlink Image Technology Co., Ltd.	5,409,908	2,732,321	3,264,132	115,645	30.48%
Glory Science Co., Ltd.	1,765,516	676,496	498,174	33,329	35.82%
	$ 13,568,751	$ 5,240,800	$ 6,383,136	$ 427,952	

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	US Dollars				
June 30, 2013					
Well Shin Technology Co., Ltd.	$ 213,111	$ 61,066	$ 87,361	$ 9,299	20.30%
Foxlink Image Technology Co., Ltd.	180,330	91,077	108,804	3,855	30.48%
Glory Science Co., Ltd.	58,851	22,550	16,606	1,111	35.82%
	$ 452,292	$ 174,693	$ 212,771	$ 14,265	

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	New Taiwan Dollars				
December 31, 2012					
Well Shin Technology Co., Ltd.	$ 5,938,274	$ 1,406,396	$ 5,282,350	$ 488,016	20.03%
Foxlink Image Technology Co., Ltd.	5,625,407	2,803,462	7,704,234	361,334	30.48%
Glory Science Co., Ltd.	1,790,631	725,900	1,002,394	39,721	35.88%
	$ 13,354,312	$ 4,935,758	$ 13,988,978	$ 889,071	

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	New Taiwan Dollars				
June 30, 2012					
Well Shin Technology Co., Ltd.	$ 6,038,331	$ 1,721,592	$ 2,474,149	$ 228,113	20.03%
Foxlink Image Technology Co., Ltd.	5,571,617	2,954,890	3,444,185	137,865	30.51%
Glory Science Co., Ltd.	1,851,942	826,623	425,714	11,877	36.93%
	$ 13,461,890	$ 5,503,105	$ 6,344,048	$ 377,855	

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	US Dollars				
June 30, 2012					
Well Shin Technology Co., Ltd.	$ 202,425	$ 57,713	$ 82,942	$ 7,647	20.03%
Foxlink Image Technology Co., Ltd.	186,779	99,058	115,460	4,622	30.51%
Glory Science Co., Ltd.	62,083	27,711	14,271	398	36.93%
	$ 451,287	$ 184,482	$ 212,673	$ 12,667	

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	New Taiwan Dollars				
January 1, 2012					
Well Shin Technology Co., Ltd.	$ 5,895,387	$ 1,460,523	$ 5,147,986	$ 445,843	20.03%
Foxlink Image Technology Co., Ltd.	5,083,659	2,487,288	5,819,498	50,106	30.51%
Glory Science Co., Ltd.	2,059,990	1,116,971	825,182	(342,948)	39.88%
	$ 13,039,036	$ 5,064,782	$ 11,792,666	$ 153,001	

B. The fair value of the Group's associates which have quoted market price was as follows:

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Well Shin Technology Co., Ltd.	$ 1,160,914	$ 907,992	$ 38,697
Foxlink Image Technology Co., Ltd.	1,106,820	1,148,004	36,894
Glory Science Co., Ltd.	846,804	625,898	28,227
	$ 3,114,538	$ 2,681,894	$ 103,818

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Well Shin Technology Co., Ltd.	$ 929,159	$ 742,005	$ 31,148
Foxlink Image Technology Co., Ltd.	898,326	725,868	30,115
Glory Science Co., Ltd.	786,373	365,070	26,362
	$ 2,613,858	$ 1,832,943	$ 87,625

(8) Property, plant and equipment

	Land	Buildings	Machinery	Office equipment	Others	Total
	New Taiwan Dollars					
At January 1, 2013						
Cost	$ 412,428	$ 11,496,255	$ 9,910,348	$ 420,378	$ 5,713,494	$ 27,952,903
Accumulated depreciation and impairment	-	(1,261,847)	(4,408,346)	(216,188)	(2,336,090)	(8,222,471)
	$ 412,428	$ 10,234,408	$ 5,502,002	$ 204,190	$ 3,377,404	$ 19,730,432
Six-month period ended June 30, 2013						
Opening net book amount	$ 412,428	$ 10,234,408	$ 5,502,002	$ 204,190	$ 3,377,404	$ 19,730,432
Additions	-	163,498	756,319	39,754	493,454	1,453,025
Disposals	-	-	(114,280)	(2,408)	(13,976)	(130,664)
Reclassifications	-	(89,588)	(146,586)	(808)	492,738	255,756
Depreciation charge	-	(136,427)	(1,186,512)	(43,917)	(462,893)	(1,829,749)
Reversal of impairment loss	-	-	-	6	1,389	1,395
Net exchange differences	-	347,017	212,947	4,326	200,202	764,492
Closing net book amount	$ 412,428	$ 10,518,908	$ 5,023,890	$ 201,143	$ 4,088,318	$ 20,244,687

	Land	Buildings	Machinery	Office equipment	Others	Total
At June 30, 2013	New Taiwan Dollars					
Cost	$ 412,428	$ 11,730,364	$ 8,988,549	$ 421,183	$ 6,740,717	$ 28,293,241
Accumulated depreciation and impairment	-	(1,211,456)	(3,964,659)	(220,040)	(2,652,399)	(8,048,554)
	$ 412,428	$ 10,518,908	$ 5,023,890	$ 201,143	$ 4,088,318	$ 20,244,687

	Land	Buildings	Machinery	Office equipment	Others	Total
At June 30, 2013	US Dollars					
Cost	$ 13,748	$ 391,012	$ 299,618	$ 14,040	$ 224,690	$ 943,108
Accumulated depreciation and impairment	-	(40,382)	(132,155)	(7,335)	(88,413)	(268,285)
	$ 13,748	$ 350,630	$ 167,463	$ 6,705	$ 136,277	$ 674,823

	Land	Buildings	Machinery	Office equipment	Others	Total
At January 1, 2012	New Taiwan Dollars					
Cost	$ 500,399	$ 10,319,160	$ 9,062,858	$ 380,038	$ 5,780,253	$ 26,042,708
Accumulated depreciation and impairment	-	(903,655)	(4,056,092)	(206,540)	(2,406,341)	(7,572,628)
	$ 500,399	$ 9,415,505	$ 5,006,766	$ 173,498	$ 3,373,912	$ 18,470,080
Six-month period ended June 30, 2012						
Opening net book amount	$ 500,399	$ 9,415,505	$ 5,006,766	$ 173,498	$ 3,373,912	$ 18,470,080
Additions	-	84,222	1,236,916	31,311	686,012	2,038,461
Disposals	-	(149,552)	(234,218)	(2,662)	(125,291)	(511,723)
Reclassifications	(87,971)	514,970	177,447	48,635	(550,039)	103,042
Depreciation charge	-	(132,620)	(1,235,950)	(28,655)	(350,724)	(1,747,949)
Reversal of impairment loss	-	-	1,707	61	-	1,768
Net exchange differences	-	(61,435)	(19,029)	(3,563)	(10,096)	(94,123)
Closing net book amount	$ 412,428	$ 9,671,090	$ 4,933,639	$ 218,625	$ 3,023,774	$ 18,259,556

	Land	Buildings	Machinery	Office equipment	Others	Total
At June 30, 2012	New Taiwan Dollars					
Cost	$ 412,428	$ 10,782,660	$ 9,235,391	$ 354,139	$ 5,242,001	$ 26,026,619
Accumulated depreciation and impairment	-	(1,111,570)	(4,301,752)	(135,514)	(2,218,227)	(7,767,063)
	$ 412,428	$ 9,671,090	$ 4,933,639	$ 218,625	$ 3,023,774	$ 18,259,556
At June 30, 2012	US Dollars					
Cost	$ 13,826	$ 361,470	$ 309,601	$ 11,872	$ 175,729	$ 872,498
Accumulated depreciation and impairment	-	(37,263)	(144,209)	(4,543)	(74,362)	(260,377)
	$ 13,826	$ 324,207	$ 165,392	$ 7,329	$ 101,367	$ 612,121

A.There was no impairment loss on property, plant and equipment.

B.The property, plant and equipment were not pledged to others as collaterals.

(9) Investment property

	Land	Buildings	Total
	New Taiwan Dollars		
At January 1, 2013			
Cost	$ 65,923	$ 490,213	$ 556,136
Accumulated depreciation and impairment	-	(225,622)	(225,622)
	$ 65,923	$ 264,591	$ 330,514
Six-month period ended June 30, 2013			
Opening net book amount	$ 65,923	$ 264,591	$ 330,514
Reclassifications	-	(8,312)	(8,312)
Depreciation charge	-	(10,673)	(10,673)
Net exchange differences	-	5,167	5,167
Closing net book amount	$ 65,923	$ 250,773	$ 316,696
At June 30, 2013			
Cost	$ 65,923	$ 485,729	$ 551,652
Accumulated depreciation and impairment	-	(234,956)	(234,956)
	$ 65,923	$ 250,773	$ 316,696
At June 30, 2013	US Dollars		
Cost	$ 2,197	$ 16,191	$ 18,388
Accumulated depreciation and impairment	-	(7,832)	(7,832)
	$ 2,197	$ 8,359	$ 10,557

	Land	Buildings	Total
	New Taiwan Dollars		
At January 1, 2012			
Cost	$ 158,094	$ 1,053,041	$ 1,211,135
Accumulated depreciation and impairment	-	(352,270)	(352,270)
	$ 158,094	$ 700,771	$ 858,865
Six-month period ended June 30, 2012			
Opening net book amount	$ 158,094	$ 700,771	$ 858,865
Reclassifications	(92,171)	(387,000)	(479,171)
Depreciation charge	-	(14,372)	(14,372)
Net exchange differences	-	(6,650)	(6,650)
Closing net book amount	$ 65,923	$ 292,749	$ 358,672
At June 30, 2012			
Cost	$ 65,924	$ 519,975	$ 585,899
Accumulated depreciation and impairment	-	(227,227)	(227,227)
	$ 65,924	$ 292,748	$ 358,672
At June 30, 2012	US Dollars		
Cost	$ 2,210	$ 17,431	$ 19,641
Accumulated depreciation and impairment	-	(7,617)	(7,617)
	$ 2,210	$ 9,814	$ 12,024

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A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the six-month period ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Rental revenue from the lease of the investment property	$ 12,400	$ 13,389	$ 413
Direct operating expenses arising from the investment property that generated rental income in the period	$ 10,230	$ 13,845	$ 341

B. Investment property is stated initially at its cost and is depreciated on a straight-line basis over its estimated useful life. The fair value of the investment property held by the Group as at June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 was $506,416, $506,416, $520,929 and $894,620, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby. Market prices on June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 did not change significantly.

C. There was no impairment loss on investment property.

D. The investment property was not pledged to others as collaterals.

(10) Intangible assets

	Trademark Rights	Goodwill	Others	Total
	New Taiwan Dollars			
At January 1, 2013				
Cost	$ 48,012	$ 2,521,861	$ 397,402	$ 2,967,275
Accumulated amortization and impairment	-	-	(320,110)	(320,110)
	$ 48,012	$ 2,521,861	$ 77,292	$ 2,647,165
Six-month period ended June 30, 2013				
Opening net book amount	$ 48,012	$ 2,521,861	$ 77,292	$ 2,647,165
Additions	-	-	12,885	12,885
Disposals	-	-	(1,579)	(1,579)
Amortization charge	-	-	(28,324)	(28,324)
Net exchange differences	1,587	64,758	1,002	67,347
Closing net book amount	$ 49,599	$ 2,586,619	$ 61,276	$ 2,697,494
At June 30, 2013				
Cost	$ 49,599	$ 2,586,619	$ 409,710	$ 3,045,928
Accumulated amortization and impairment	-	-	(348,434)	(348,434)
	$ 49,599	$ 2,586,619	$ 61,276	$ 2,697,494
	US Dollars			
At June 30, 2013				
Cost	$ 1,653	$ 86,221	$ 13,656	$ 101,530
Accumulated amortization and impairment	-	-	(11,614)	(11,614)
	$ 1,653	$ 86,221	$ 2,042	$ 89,916

	Goodwill	Others	Total
	New Taiwan Dollars		
At January 1, 2012			
Cost	$ 569,278	$ 348,273	$ 917,551
Accumulated amortization and impairment	-	(266,359)	(266,359)
	$ 569,278	$ 81,914	$ 651,192
Six-month period ended June 30, 2012			
Opening net book amount	$ 569,278	$ 81,914	$ 651,192
Additions	-	36,742	36,742
Disposals	-	(3,909)	(3,909)
Amortization charge	-	(23,598)	(23,598)
Reclassifications	-	(4,324)	(4,324)
Net exchange differences	-	(367)	(367)
Closing net book amount	$ 569,278	$ 86,458	$ 655,736
At June 30, 2012			
Cost	$ 569,278	$ 376,415	$ 945,693
Accumulated amortization and impairment	-	(289,957)	(289,957)
	$ 569,278	$ 86,458	$ 655,736
At June 30, 2012	US Dollars		
Cost	$ 19,084	$ 12,618	$ 31,702
Accumulated amortization and impairment	-	(9,720)	(9,720)
	$ 19,084	$ 2,898	$ 21,982

A. Goodwill is allocated to the Group's cash-generating units identified according to operating segments as follows:

	June 30, 2013			December 31, 2012		
	Retail of triple c	Memory module	Others	Retail of triple c	Memory module	Others
	New Taiwan Dollars					
NTD	$ -	$ 419,858	$ -	$ -	$ 419,858	$ -
HKD	2,026,663	-	-	1,961,810	-	-
All other segments	128,490	-	11,608	128,585	-	11,608
	$ 2,155,153	$ 419,858	$ 11,608	$ 2,090,395	$ 419,858	$ 11,608

	June 30, 2013		
	Retail of triple c	Memory module	Others
	US Dollars		
NTD	$ -	$ 13,995	$ -
HKD	67,555	-	-
All other segments	4,283	-	387
	$ 71,838	$ 13,995	$ 387

	June 30, 2012			January 1, 2012		
	Retail of triple c	Memory module	Others	Retail of triple c	Memory module	Others
	New Taiwan Dollars					
NTD	$ -	$ 419,858	$ -	$ -	$ 419,858	$ -
All other segments	137,812	-	11,608	137,812	-	11,608
	$ 137,812	$ 419,858	$ 11,608	$ 137,812	$ 419,858	$ 11,608

	June 30, 2012		
	Retail of triple c	Memory module	Others
	US Dollars		
NTD	$ -	$ 14,075	$ -
All other segments	4,620	-	389
	$ 4,620	$ 14,075	$ 389

B. The Group evaluated the impairment on the recoverable amount of goodwill at the end of the reporting period using value in use as the basis for calculation of recoverable amount. Value in use was calculated based on the cash flow of future five years financial forecast of the Group. The cash flow of future five years financial forecast was prepared based on the estimated changes in revenue, gross profit and other operating costs for each year of future five years. The Group used discount rate of 15.74% to 17.64% for both 2013 and 2012, to reflect specific risk of related cash generating units. According to the results evaluated through the above method, there was no impairment loss on goodwill for six-month period ended June 30, 2013.

C. The Intangible assets were not pledged to others as collaterals.

(11) Long-term prepaid rents (Shown in other non-current assets)

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Land use right	$ 847,889	$ 822,380	$ 28,263

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Land use right	$ 840,923	$ 863,126	$ 28,191

Mainly consisting of land access right, the Group signed land access rights contracts for the use of land in China. All rentals had been paid on the contract date. The Group recognized rental expenses of $4,943, $3,734, $9,025 and $7,389 for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

(12) Short-term borrowings

	June 30, 2013			
Type of borrowings	New Taiwan Dollars	US Dollars	Interest rate range	Collateral
Bank borrowings				
Credit borrowings	$ 10,445,825	$ 348,194	1.0025%~6%	-

Type of borrowings	December 31, 2012	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 14,853,406	1.02%~6%	-

	June 30, 2012			
Type of borrowings	New Taiwan Dollars	US Dollars	Interest rate range	Collateral
Bank borrowings				
Credit borrowings	$ 10,807,125	$ 362,290	1.10%~3.85%	-

Type of borrowings	January 1, 2012	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 11,419,643	0.71%~5.51%	-

(13) Other payables

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Payables on conversion fee	$ 126,586	$ 246,022	$ 4,220
Payables on salary and bonus	1,363,871	1,485,813	45,462
Payables on sales commission	323,641	240,117	10,788
Payables on equipment	607,427	1,752,810	20,248
Payables on investment	-	1,011,690	-
Payables on cash dividends	1,352,415	-	45,081
Others	1,434,766	1,035,467	47,825
	$ 5,208,706	$ 5,771,919	$ 173,624

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Payables on conversion fee	$ 149,963	$ 196,008	$ 5,027
Payables on salary and bonus	1,153,832	1,272,256	38,680
Payables on sales commission	83,795	250,000	2,809
Payables on cash dividends	1,203,417	-	40,343
Payables on equipment	737,051	667,393	24,708
Others	1,799,870	2,431,341	60,338
	$ 5,127,928	$ 4,816,998	$ 171,905

(14) Bonds payable

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Unsecured convertible bonds	$ 475,000	$ 475,000	$ 15,833
Less: Discount on bonds payable	(19,197)	(25,973)	(640)
	$ 455,803	$ 449,027	$ 15,193

On November 12, 2009, Power Quotient International Co., Ltd. issued five-year unsecured convertible bonds in the amount of $475,000 (November 12, 2009 to November 12, 2014). The initial conversion price at issuance of the bonds was $15.7 (in dollars) per share. Under the terms of the bonds, the bonds are convertible into the common shares of Power Quotient International Co., Ltd. from 30 days after issuance of the bonds through 10 days before maturity of the bonds. The conversion price was adjusted to $15.3 (in dollars) per share on October 4, 2010. Power Quotient International Co., Ltd. made capital reduction on December 11, 2012 to cover its accumulated deficit. The capital reduction rate was 40%. According to the terms of the first domestic unsecured private placement convertible bonds issued by Power Quotient International Co., Ltd., conversion price of the bonds was adjusted to $25.5. And conversion price of the bonds was adjusted to $22.7 after the private placement common shares were settled on January 23, 2013. The fair value of convertible option embedded in bonds payable was separated from bonds payable, and was recognized in equity and liabilities, respectively, in accordance with IAS 32. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 the bondholders exercised put options, and the amount that was reclassified from “capital reserve from stock warrants” to “capital reserve - additional paid-in capital in excess of par - common stock” was all $65,491.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	June 30, 2013	Unused credit line	June 30, 2013
			New Taiwan dollars		US dollars	
Long-term loan borrowings						
Bank credit borrowing	The payable of NTD 53,062 thousand, USD 5,450 thousand and RMB 18,413 thousand in installments starting from September 2011 to November 2019.	1.28%~4.93%	$ 8,159	$ 328,454	$ 272	$ 10,948
Medium-term and long-term syndicated loans	The payable of NTD 5,600,000 thousand from March 2013 to March 2016.	1.64%	2,400,000	5,600,000	80,000	186,667
				5,928,454		197,615
Less: Current portion				(255,017)		(8,500)
				$ 5,673,437		$ 189,115

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2012
			New Taiwan dollars	
Long-term loan borrowings				
Bank credit borrowing	The Payable of USD 8,425 thousand and RMB 24,921 thousand in installments starting from September 2011 to September 2014.	1.36%~1.79%	$ 31,845	$ 360,822
Medium-term and long-term syndicated loans	The payable of NTD 5,800,000 thousand from March 2009 to March 2014.	1.79%	1,000,000	5,800,000
				6,160,822
Less: Current portion				(244,662)
				$ 5,916,160

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	June 30, 2012	Unused credit line	June 30, 2012
			New Taiwan dollars		US dollars	
Long-term loan borrowings						
Bank credit borrowing	The payable USD 17,937 thousand and RMB 25,300 thousand in installments starting from October 2011 to September 2014.	1.33%~2.06%	$ -	$ 710,113	$ -	$ 23,805
Medium-term and long-term syndicated loans	The payable of NTD 5,200,000 thousand from March 2009 to March 2014.	2.06%	1,300,000	5,200,000	43,580	174,321
				5,910,113		198,126
Less: Current portion				(362,116)		(12,139)
				$ 5,547,997		$ 185,987

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	January 1, 2012
			New Taiwan dollars	
Long-term loan borrowings				
Bank credit borrowing	The payable USD 22,400 thousand and RMB 25,176 thousand in installments starting from April 2012 to September 2014.	1.11%~3.18%	$ -	$ 799,154
Medium-term and long-term syndicated loans	The payable of NTD 5,500,000 thousand from March 2009 to March 2014.	3.18%	1,300,000	5,500,000
				6,299,154
Less: Current portion				-
				$ 6,299,154

A. On March 6, 2013, the Company signed a medium-term syndicated revolving NTD credit facility agreement with the consortium – Mega International Commercial Bank as the lead bank. The terms of agreement are summarized below:

a) Duration of loan: The loan period of the agreement was 3 years from the agreement signing date.

b) Credit line and draw-down: The credit line was $8,000,000, which can be drawn down in installments of at least $100,000 per draw-down.

c) Principal repayment: The duration of each loan drawn down is either 90 days or 180 days at the Company's option. The Company, if without any default, may submit an application to the banks to draw down a new loan with principal equal to the old one before its maturity, and the new loan is directly used to repay the original loan. The banks and the Company are not required to make remittances for such draw-down and repayment, which is viewed that the Company has received the new loan on the maturity of original loan.

d) Commitment: The Company should maintain the following financial ratios during the contract duration for annual non-consolidated and consolidated financial statements and quarterly non-consolidated financial statements:

i. Current assets to current liabilities ratio of at least 1:1;

ii. Liabilities not exceeding 200% of tangible net equity;

iii. Interest coverage of at least 400%; and

iv. Tangible net equity of at least NT$15,000,000.

e) The loan period is decided by the borrower. The borrower may choose to early repay the loans during the contract period according to the syndicated loan contract.

B. Following the resolution made by the Board of Directors on March 7, 2013, the Company signed a syndicated loan contract on March 6, 2013 with the consortium led by Mega International Commercial Bank and obtained a credit line in the amount of $8,000,000. Part of the loan amounting to $6,800,000 was used to pay off early the original syndicated loan offered by the consortium led by Cathay United Bank.

(16) Pensions

A.

a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 329,876	$ 318,750
Fair value of plan assets	(83,718)	(84,912)
	246,158	233,838
Unrecognized past service cost	(17,816)	(19,147)
Net liability in the balance sheet	$ 228,342	$ 214,691

c) The Group recognized pension expenses of $719, $1,762, $4,546 and $5,304 in profit or loss for the three-month periods ended June 30, 2013 and 2012 and for the six-month periods ended June 30,2013 and 2012, respectively.

d) As of December 31, 2012 and January 1, 2012, cumulative actuarial losses/(gains) recognized in other comprehensive income were $9,617 and $13,073, respectively.

e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of June 30, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

f) The principal actuarial assumptions used were as follows:

	December 31, 2012	December 31, 2011
Discount rate	1.5%~1.63%	1.75%
Effect of future salary increments	1%~3%	1.5%~3%
Expected return rate on plan assets	1.5%~1.88%	1.75%~2%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

g) Historical information of experience adjustments was as follows:

	2012
Present value of defined benefit obligation	$ 329,876
Fair value of plan assets	(83,718)
Surplus/(deficit) in the plan	$ 246,158
Experience adjustments on plan liabilities	-
Experience adjustments on plan assets	-

h) Expected contributions to the defined benefit pension plans of the Group within one year from June 30, 2013 amounts to $7,000.

B.

a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a funded defined contribution pension plan (the “New Plan”) under the Labor Pension Act. Employees have the option to be covered under the New Plan. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are portable upon termination of employment. The pension costs under the defined contribution pension plan for the three-month periods ended June 30, 2013 and 2012 and for the six-month periods ended June 30, 2013 and 2012 were $20,585, $18,104, $38,516 and $36,381, respectively.

b) Foxlink Singapore, Foxlink, Microlink, and the Company’s mainland subsidiaries have a funded defined contribution plan. Monthly contributions are based on the employees' monthly salaries and wages to an independent fund administered by the government in accordance with the pension regulations.

(17) Share-based payment

A. As of June 30, 2013 and 2012, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Actual resignation rate in the current period	Estimated future resignation rate
Employee stock options	2007.12.28	40,000,000	7 years	The stock options may be exercised in installments after two years of issuance of stock options.	0%	0%

B. Details of the share-based payment arrangements are as follows:

	For the six-month period ended June 30, 2013			For the six-month period ended June 30, 2012		
	No. of options	Weighted-average exercise price (in dollars)		No. of options	Weighted-average exercise price (in dollars)	
		New Taiwan Dollars	US Dollars		New Taiwan Dollars	US Dollars
Options outstanding at beginning of the period	21,926	$ 47.40	$ 1.58	31,183	$ 50.30	$ 1.69
Options exercised	(761)	47.40	1.58	(4,880)	50.30	1.69
Options forfeited	(41)	47.40	1.58	(50)	50.30	1.69
Options outstanding at end of the period	21,124	$ 47.40	$ 1.58	26,253	$ 50.30	$ 1.69
Options exercisable at end of the period	21,124			26,253		

(Note): Under the stock-based employee compensation plan, the weighted-average exercise price of the outstanding shares at beginning of the period is subject to adjustments due to changes in the number of common shares.

C. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the range of exercise prices of stock options outstanding was $47.4, $47.4, $50.3, $50.3 (in dollars), respectively; the weighted-average remaining contractual period was 1.5 years, 2 years, 2.5 years and 3 years, respectively.

D. For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted average parameters used in the estimation of the fair value are as follows:

Grant date	2007.12.28
Dividend rate	0%
Expected price volatility	39.98%
Risk-free interest rate	2.44%
Expected vesting period	5.05 years
Exercise price per share	$68.8
Fair value per unit	$26.66

(18) Share capital

A. As of June 30, 2013, the Company′s authorized common stock was $7,000,000 (US$241,047) for both periods (including 50,000,000 shares reserved for the issuance of employees' warrants), and the issued and outstanding shares were 494,443,940 shares, with a par value of $10 (in dollars) per share.

	2013	2012	2013
	New Taiwans dollars		US dollars
At January 1	$ 493,682,940	$ 476,762,275	$ 16,456,098
Employee stock options exercised	761,000	4,880,280	25,367
At June 30	$ 494,443,940	$ 481,642,555	$ 16,481,465

B. The common shares issued through the exercise of employee stock option in July 18, 2013 had been registered on a quarterly basis in accordance with relevant regulations.

(19) Capital surplus

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

		Share premium	Treasury share transactions	Difference between proceeds from disposal of subsidiary and book value	Change in net equity of associates and joint ventures accounted for under the equity method	Total
At January 1, 2013		$ 8,689,447	$ 3,065	$ 2,691	$ 54,500	$ 8,749,703
Employee stock options exercised		28,461	-	-	-	28,461
Change in net equity of associates and joint ventures accounted for under the equity method		-	-	-	1,331	1,331
Difference between proceeds from disposal of subsidiary		-	-	500	-	500
At June 30, 2013	(New Taiwan dollars)	$ 8,717,908	$ 3,065	$ 3,191	$ 55,831	$ 8,779,995
At June 30, 2013	(US dollars)	$ 290,597	$ 102	$ 106	$ 1,862	$ 292,667

		Share premium	Treasury share transactions	Difference between proceeds from disposal of subsidiary and book value	Change in net equity of associates and joint ventures accounted for under the equity method	Total
At January 1, 2012		$ 8,188,260	$ 3,065	$ -	$ 18,008	$ 8,209,333
Employee stock options exercised		196,676	-	-	-	196,676
Difference between proceeds from disposal of subsidiary		-	-	863	-	863
Change in net equity of associates and joint ventures accounted for under the equity method		-	-	-	35,848	35,848
At June 30, 2012	(New Taiwan dollars)	$ 8,384,936	$ 3,065	$ 863	$ 53,856	$ 8,442,720
At June 30, 2013	(US dollars)	$ 281,091	$ 103	$ 29	$ 1,805	$ 283,028

(20) Retained earnings

A. Based on the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder shall be appropriated as (a) 0.10% as remuneration to directors and supervisors; (b) at least 8% as bonus to employees, and (c) as dividends to stockholders.

B. According to the Company's Articles of Incorporation, no more than 90% of the distributable retained earnings shall be distributed as stockholders' bonus, of which a major portion is payable by shares and the balance by cash, which will be defined and approved during the stockholders' meeting. In general, cash dividend distributed in any calendar year shall be at least 20% of the total distributable earnings in that year.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D.

a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The estimated amount of employees' bonus and directors' and supervisors' remuneration for the six-month period ended June 30, 2013 amounted to $100,000, based on a certain percentage (prescribed by the Company's Articles of Incorporation) of net income, after taking into account the legal reserve and other factors, and are recognized as operating costs or operating expenses in 2013. Employees' bonus and directors' and supervisors' remuneration for the year ended December 31, 2012 amounted to $198,565 and 1,435, respectively, as resolved by the stockholders were in agreement with those amounts recognised in the 2012 financial statements.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. The Company recognised dividends distributed to owners amounting to $1,235,415 ($2.5 (in dollars) per share) and $1,251,554 ($2.6 (in dollars) per share) for the years ended December 31, 2013 and 2012, respectively.

(21) Other equity items

		Available-for-sale investments	Currency translation differences	Total
At January 1, 2013		$ 649,174	($ 330,227)	$ 318,947
Valuation adjustment of available -for-sale investments		495,474	-	495,474
Currency translation differences:				
Group		-	590,530	590,530
Associates		-	54,045	54,045
At June 30, 2013	(New Taiwan dollars)	$ 1,144,648	$ 314,348	$ 1,458,996
At June 30, 2013	(US dollars)	$ 38,155	$ 10,478	$ 48,633

		Available-for-sale investments	Currency translation differences	Total
At January 1, 2012		$ 823,622	$ -	$ 823,622
Valuation adjustment of available -for-sale investments		(59,172)	-	(59,172)
Currency translation differences:				
Group		-	(168,821)	(168,821)
Associates		-	(12,990)	(12,990)
At June 30, 2012	(New Taiwan dollars)	$ 764,450	$(181,811)	$ 582,639
At June 30, 2012	(US dollars)	$ 25,627	$(6,095)	$ 19,532

(22) Operating revenue

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Sales revenue	$ 20,193,659	$ 20,968,000	$ 673,122

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Sales revenue	$ 47,189,191	$ 41,237,713	$ 1,572,973

(23) Other income

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Rental revenue	$ 6,149	$ 6,668	$ 205
Interest income	21,373	29,310	712
Total	$ 27,522	$ 35,978	$ 917

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Rental revenue	$ 12,400	$ 13,389	$ 413
Interest income	33,787	43,724	1,126
Total	$ 46,187	$ 57,113	$ 1,540

(24) Other gains and losses

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Net losses on financial assets at fair	$ 1,980	($ 43,116)	$ 66
Net currency exchange gains	116,103	85,027	3,870
Gains (losses) on disposal of property, plant and equipment	(50,117)	303,075	(1,671)
Gains on disposal of investments	878	7,831	29
Others	66,798	130,540	2,227
Total	$ 135,642	$ 483,357	$ 4,521

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Net losses on financial assets at fair value through profit or loss	($ 30,585)	($ 21,919)	($ 1,020)
Net currency exchange gains	296,228	(62,122)	9,874
Gains (losses) on disposal of property, plant and equipment	(55,334)	256,165	(1,844)
Gains on disposal of investments	535	7,831	18
Others	170,142	233,780	5,672
Total	$ 380,986	$ 413,735	$ 12,700

(25) Finance costs

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Interest expense:			
Bank borrowings	$ 62,428	$ 92,288	$ 2,081
Bonds	4,593	4,458	153
Others	4,006	-	134
Finance costs	$ 71,027	$ 96,746	$ 2,368

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Interest expense:			
Bank borrowings	$ 135,411	$ 176,903	$ 4,514
Bonds	9,152	8,883	305
Others	5,581	83	186
Finance costs	$ 150,144	$ 185,869	$ 5,005

(26) Expenses by nature

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Employee benefit expense	$ 2,841,883	$ 3,071,627	$ 94,729
Depreciation charges on property, plant and equipment and investment	834,091	893,574	27,803
Amortization charges on intangible assets	4,287	4,147	143
Transportation expenses	200,935	166,793	6,698
Advertising costs	25,929	4,920	864
Operating lease payments	269,267	169,597	8,976
Total cost of sales and operating expenses	$ 4,176,392	$ 4,310,658	$ 139,213

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Employee benefit expense	$ 6,675,083	$ 5,570,521	$ 222,503
Depreciation charges on property, plant and equipment and investment	1,840,422	1,762,321	61,347
Amortization charges on intangible assets	28,324	23,598	944
Transportation expenses	319,211	254,342	10,640
Advertising costs	31,076	14,778	1,036
Operating lease payments	490,453	357,958	16,349
Total cost of sales and operating expenses	$ 9,384,569	$ 7,983,518	$ 312,819

(27) Employee benefit expense

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Wages and salaries	$ 2,396,936	$ 2,827,435	$ 79,898
Labor and health insurance fees	212,271	109,609	7,076
Pension costs	21,304	19,866	710
Other personnel expenses	211,372	114,717	7,045
	$ 2,841,883	$ 3,071,627	$ 94,729

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Wages and salaries	$ 5,810,422	$ 5,087,086	$ 193,681
Labor and health insurance fees	327,109	223,749	10,904
Pension costs	43,062	41,685	1,435
Other personnel expenses	494,490	218,001	16,483
	$ 6,675,083	$ 5,570,521	$ 222,503

(28) <u>Income tax</u>

A. Income tax expense

a) Components of income tax expense:

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Current tax :			
Current tax on profits for the period	$ 108,271	$ 279,207	$ 3,609
Adjustments in respect of prior years	3,774	(53,644)	126
Total current tax	112,045	225,563	3,735
Deferred tax :			-
Origination and reversal of temporary differences	29,950	(77,352)	998
Impact of change in tax rate	-	-	-
Total deferred tax	29,950	(77,352)	998
Income tax expense	$ 141,995	$ 148,211	$ 4,733

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Current tax :			
Current tax on profits for the period	$ 257,434	$ 397,096	$ 8,581
Adjustments in respect of prior years	3,774	(53,644)	126
Total current tax	261,208	343,452	8,707
Deferred tax :			
Origination and reversal of temporary differences	36,708	(132,135)	1,224
Impact of change in tax rate	-	-	-
Total deferred tax	36,708	(132,135)	1,224
Income tax expense	$ 297,916	$ 211,317	$ 9,931

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

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Currency translation differences	($ 35,271)	$ 4,905	($ 1,176)

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Currency translation differences	$ 135,061	$ 50,008	$ 4,502

B. The last year of the Company's and its domestic subsidiaries' income tax returns that have been assessed and approved by the Tax Authority is as follows:

	Status of Assessment
The Company, PQI, PROCONN	Assessed and approved up to 2010
FII, WCT, FUII, Studio A Inc, Va Product Inc., Zhi De Investment, Shinfox, Du Precision, VT, Dart	Assessed and approved up to 2011

C. Unappropriated retained earnings:

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Earnings generated in and before 1998	$ 4,700,742	$ 5,888,643	$ 156,691

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Earnings generated in and before 1997	$ 40,389	$ 40,389	$ 1,354
Earnings generated in and before 1998	4,294,180	5,561,811	143,955
	$ 4,334,569	$ 5,602,200	$ 145,309

D. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the balance of the imputation tax credit account was $1,378,056, $992,137, $1,141,212 and $952,215, respectively. The creditable tax rate was 20.81% for 2011 and is estimated to be 29.31% for 2012. The estimated creditable tax rate for 2012 was calculated based on the proposed amendment rules of the Income Tax Law.

E. The tax expenses recognised in interim periods were calculated using estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The disclosure requirement of reconciliation between accounting income and taxable income is not applicable.

(29) Earnings per share

	For the three-month period ended June 30, 2013				
	Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
	New Taiwan Dollars	US Dollars		New Taiwan Dollars	US Dollars
Basic earnings per share					
Profit attributable to the parent	$ 236,895	$ 7,897	494,305	$ 0.48	$ 0.016
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 236,895	$ 7,897	494,305		
Assumed conversion of all dilutive potential ordinary shares					
Employees' options	-	-	4,412		
Employees' bonus	-	-	5,363		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 236,895	$ 7,897	504,080	$ 0.47	$ 0.016

	For the three-month period ended June 30, 2012				
	Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
	New Taiwan Dollars	US Dollars		New Taiwan Dollars	US Dollars
Basic earnings per share					
Profit attributable to the parent	$ 61,686	$ 2,068	486,564	$ 0.13	$ 0.004
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 61,686	$ 2,068	486,564		
Assumed conversion of all dilutive potential ordinary shares					
Employees' options	-	-	5,112		
Employees' bonus	-	-	4,459		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 61,686	$ 2,056	496,135	$ 0.12	$ 0.004

	For the six-month period ended June 30, 2013				
	Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
	New Taiwan Dollars	US Dollars		New Taiwan Dollars	US Dollars
Basic earnings per share					
Profit attributable to the parent	$ 795,050	$ 26,502	494,115	$ 1.61	$ 0.054
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 795,050	$ 26,502	494,115		
Assumed conversion of all dilutive potential ordinary shares					
Employees' options	-	-	4,038		
Employees' bonus	-	-	5,363		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 795,050	$ 26,502	503,516	$ 1.58	$ 0.053

	For the six-month period ended June 30, 2012				
	Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
	New Taiwan Dollars	US Dollars		New Taiwan Dollars	US Dollars
Basic earnings per share					
Profit attributable to the parent	$ 130,222	$ 4,365	485,344	$ 0.27	$ 0.009
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 130,222	$ 4,365	485,344		
Assumed conversion of all dilutive potential ordinary shares					
Employees' options	-	-	6,216		
Employees' bonus	-	-	4,459		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 130,222	$ 4,341	496,019	$ 0.26	$ 0.009

Note: Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus issuance in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalized), the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively.

(30) Business combinations

A. Following the resolution made by the Board of Directors of Power Quotient International Co., Ltd. on March 27, 2012, Power Quotient International Co., Ltd. signed an equity transfer agreement on March 28, 2012 to invest HK$675,000 thousand in 6,000 thousand shares (100% ownership) of Sinocity Industries Ltd.

B. Sinocity Industries Ltd. is an electronic distributor; it operates consumer electronic products chain stores mainly in Hong Kong.

C. The down payment for this investment amounting to HK$20,000 (equivalent to NT$75,922) was made after the signing of the agreement, and recorded under prepayment for investment as of June 30, 2012. This investment was approved by the Investment Commission, MOEA on June 25, 2012 (approval no.: Jing-Shen-2-Zi Letter No. 10100145920). The second payment amounting to HK$385,000 (equivalent to NT$1,486,177) was made after the equity transfer registration was done on July 11, 2012. Under the agreement, the remaining amount for this investment amounting to HK$270,000 (equivalent to NT$1,011,890) and the interest amounting to NT$101,160 were paid in installments after evaluating if the investee's profit level is achieved.

D. In accordance with International Financial Reporting Standards, an entity shall measure the fair value of net assets acquired in an acquisition. Power Quotient International Co., Ltd. has appointed an expert to evaluate the fair value of identifiable net assets acquired. According to the expert's analysis result, the fair value of intangible asset acquired that are identifiable and can be presented separately—trademark amounted to HK$12,415 (equivalent to NT$47,924). The difference of HK$505,819 (equivalent to NT$1,952,561) was recognized as goodwill.

E. The following table summarizes the consideration that Power Quotient International Co., Ltd. paid for Sinocity Industries Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	July 11, 2012	
	New Taiwan Dollars	US Dollars
Purchase consideration		
Cash paid	$ 2,606,958	$ 87,233
Trademark rights	(47,924)	(1,604)
Fair value of the identifiable assets acquired and liabilities assumed	2,559,034	85,629
Cash	127,684	4,273
Other current assets	716,568	23,978
Other assets	71,933	2,407
Short-term borrowings	(22,518)	(753)
Other liabilities	(287,194)	(9,610)
Total identifiable net assets	606,473	20,295
Goodwill	$ 1,952,561	$ 65,335

F. The operating revenue included in the consolidated statement of comprehensive income since July 11, 2012 contributed by Sinocity Industries Ltd. was $3,944,798. Sinocity Industries Ltd. also contributed profit before income tax of $133,129 over the same period. Had Sinocity Industries Ltd. been consolidated from January 1, 2012, the consolidated statement of comprehensive income would show operating revenue of $106,821,336 and profit before income tax of $3,492,686.

(31) Operating leases

The Group leases offices, warehouses and branch locations under non-cancellable operating lease agreements. The lease terms are between 1 to 6 years, and all the lease agreements are renewable at the end of the lease period. The Group recognised rental expenses of $60,632, $68,537, $167,998 and $126,157 and contingent rents of $3,183, $10,239, $13,414 and $17,596 for these leases in profit or loss for the three-month periods ended June 30, 2013 and 2012, and for the six-month periods ended June 30, 2013 and 2012, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Not later than one year	$ 212,631	$ 276,468	$ 7,088
Later than one year but not later than five years	347,543	387,018	11,585
Later than five years	-	1,778	-
	$ 560,174	$ 665,264	$ 18,673

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Not later than one year	$ 207,260	$ 121,869	$ 6,948
Later than one year but not later than five years	443,285	265,514	14,860
Later than five years	7,111	-	238
	$ 657,656	$ 387,383	$ 22,047

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales of goods

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Sales of goods:			
Associates	$ 390,096	$ 326,760	$ 13,003

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Sales of goods:			
Associates	$ 639,129	$ 515,758	$ 21,304

For the three-month periods ended June 30, 2013 and 2012, the credit term on sales to related parties was both 120 to 180 days after monthly billings. The credit term on sales to third parties was 30 to 120 days after monthly billing or upon shipment of goods, except for receivables arising from the sales of tooling that are collectible upon acceptance by customers.

B. Purchases of goods

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Purchases of goods:			
Associates	$ 462,149	$ 502,066	$ 15,405

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Purchases of goods:			
Associates	$ 721,891	$ 991,488	$ 24,063

All purchases from related parties are at arm's-length. Payment period was 60 to 120 days after receipt of goods from suppliers.

C. Accounts receivable

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Receivables from related parties:			
Associates	$ 468,058	$ 358,589	$ 15,602

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Receivables from related parties:			
Associates	$ 370,161	$ 288,543	$ 12,409

D. Accounts payable

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Payables from related parties:			
Associates	$ 290,154	$ 367,643	$ 9,672

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Payables from related parties:			
Associates	$ 301,204	$ 527,364	$ 10,097

E. Other period-end balance

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Other recievable-related parties			
Associates	$ 344,197	$ 322,143	$ 11,473

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Other recievable-related parties			
Associates	$ 315,468	$ 209,554	$ 10,576

F. Loans to related parties:

a) Receivables from related parties

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Associates	$ 90,805	$ 23,391	$ 3,027

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Associates	$ -	$ -	$ -

b) Interest income

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Associates	$ -	$ -	$ -

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Associates	$ -	$ -	$ -

There is no charge of interest for the loans to related parties above.

(2) Key management compensation

	For the three-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Salaries and other short-term employee benefits	$ 14,792	$ 12,237	$ 493
Post-employment benefits	4,463	294	149
Share-based payments	-	140	-
Total	$ 19,255	$ 12,671	$ 642

	For the six-month periods ended June 30		
	2013	2012	2013
	New Taiwan Dollars		US Dollars
Salaries and other short-term employee benefits	$ 29,197	$ 25,798	$ 973
Post-employment benefits	4,869	641	162
Share-based payments	14,932	280	498
Total	$ 48,998	$ 26,719	$ 1,633

8. PLEDGED ASSETS

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

	Book value		
Pledged assets	June 30, 2013	December 31, 2012	Pledged purpose
Restricted assets - current	$ 393,343	$ 386,564	Customs deposit and guarantee for L/C issued for purchases of materials
	(US$ 13,111)		
Other receivables	81,000	82,154	Sale of accounts receivable retention money
	(US$ 2,700)		
Refundable deposits	199,462	201,508	Customs deposit and plant deposit
	(US$ 6,649)		
Other assets - other	2,500	2,500	Litigation deposit
	(US$ 83)	-	
	$ 676,305	$ 672,726	

Pledged assets	Book value June 30, 2012		Book value January 1, 2012		Pledged purpose
Restricted assets - current	$	15,084	$	13,521	Customs deposit and guarantee for L/C issued for purchases of materials
	(US$	503)			
Other receivables		58,356		35,089	Sale of accounts receivable retention money
	(US$	1,945)			
Refundable deposits		170,770		186,025	Customs deposit and plant deposit
	(US$	5,692)			
Other assets - other		2,500		2,500	Litigation deposit
	(US$	83)		-	
	$	246,710	$	237,135	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows :

	June 30, 2013	December 31, 2012	June 30, 2013
	New Taiwan Dollars		US Dollars
Property, plant and equipment	$ 401,350	$ 647,626	$ 13,378

	June 30, 2012	January 1, 2012	June 30, 2012
	New Taiwan Dollars		US Dollars
Property, plant and equipment	$ 1,103,776	$ 616,090	$ 37,002

(2) On December 16, 2011, PQI was informed by its US indirect subsidiary that it had a dispute over accounts receivable with a customer in Central and South America. Through the Company’s investigation, it was found that this event was caused by one employee of the US indirect subsidiary of PQI, who altered the related delivery documents without permission, which resulted to the delivery of the goods to a location that was not designated by the customer. The related amount was estimated at US$19,447 thousand (NT$577,633 thousand). Based on the attorney’s opinion, the US indirect subsidiary of PQI has the credit right to the employee on this event. However, based on conservatism principle, the US indirect subsidiary of PQI has recognized bad debts in full for the credit right (shown under non-operating expenses – other expenses). This case has been under the investigation of the courts in ROC and USA. However, actual loss depends on the judgement of the courts. PQI had filed a lawsuit in ROC and USA, respectively, against the employee and applied to Taiwan New Taipei District Court for provisional seizure with a deposit of $2,500 as security. Based on the attorney’s opinion, the collectability of the credit right was uncertain. In addition, the US indirect subsidiary of PQI

filed a lawsuit against its client—PRIVATE LABEL PC, INC. (PLPC), seeking compensation. PLPC also filed a counterclaim against the US indirect subsidiary and HK subsidiary of PQI, seeking compensation of US$3,224 thousand. As of the financial reporting date, the final results of these cases had not been determined.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk 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. The Group monitors capital on the basis of the actual financial condition.

(2) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amount of financial instruments measured at amortized cost (including notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable and other payables) is approximate to their fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	June 30, 2013			
	Book value	Fair value	Book value	Fair value
	New Taiwan Dollars		US Dollars	
Financial assets :				
Financial assets with fair value equal to book value	$ 19,903,976	$ 19,903,976	$ 663,465	$ 663,465
Financial assets measured at cost	34,429	-	1,148	-
	$ 19,938,405	$ 19,903,976	$ 664,613	$ 663,465
Financial liabilities :			-	-
Financial liabilities with fair value equal to book value	$ 24,446,648	$ 24,446,648	$ 814,889	$ 814,889
Bonds payable	455,803	475,000	15,193	15,833
Long-term borrowings (including current portion)	5,928,454	5,658,121	197,615	188,604
	$ 30,830,905	$ 30,579,769	$ 1,027,697	$ 1,019,327

	December 31, 2012	
	Book value	Fair value
	New Taiwan Dollars	
Financial assets :		
Financial assets with fair value equal to book value	$ 30,517,524	$ 30,517,524
Financial assets measured at cost	31,429	-
	$ 30,548,953	$ 30,517,524
Financial liabilities :		
Financial liabilities with fair value equal to book value	$ 34,912,686	$ 34,912,686
Bonds payable	449,027	475,000
Long-term borrowings (including current portion)	6,160,822	5,970,904
	$ 41,522,535	$ 41,358,590

	June 30, 2012			
	Book value	Fair value	Book value	Fair value
	New Taiwan Dollars		US Dollars	
Financial assets :				
Financial assets with fair value equal to book value	$ 21,584,730	$ 21,584,730	$ 723,591	$ 723,591
Financial assets measured at cost	45,076	-	1,511	-
	$ 21,629,806	$ 21,584,730	$ 725,102	$ 723,591
Financial liabilities :				
Financial liabilities with fair value equal to book value	$ 25,079,312	$ 25,079,312	$ 840,741	$ 840,741
Bonds payable	442,386	475,000	14,830	15,924
Long-term borrowings (including current portion)	5,910,113	5,694,732	198,126	190,906
	$ 31,431,811	$ 31,249,044	$ 1,053,697	$ 1,047,571

	January 1, 2012	
	Book value	Fair value
	New Taiwan Dollars	
Financial assets :		
Financial assets with fair value equal to book value	$ 25,606,821	$ 25,606,821
Financial assets measured at cost	30,148	-
	$ 25,636,969	$ 25,606,821
Financial liabilities :		
Financial liabilities with fair value equal to book value	$ 27,290,757	$ 27,290,757
Bonds payable	435,878	475,000
Long-term borrowings (including current portion)	6,299,154	6,004,100
	$ 34,025,789	$ 33,769,857

The financial assets with fair value equal to book value includes cash and cash equivalents, financial assets at fair value through profit or loss, available-for-sale financial assets, notes and accounts receivable and other financial assets. The financial liabilities with fair value equal to book value includes short-term borrowings, financial liabilities at fair value through profit or loss, notes and accounts payable and long-term liabilities due within one year.

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. The Group uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).

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

- The Group primarily uses US dollars as the valuation unit in purchases and sales, and the fair value of foreign currency will change as the market exchange rate changes. If a short-term position gap arises, the Group will enter into foreign exchange forward contracts. Hence, it does not expect to have significant market risk.
- The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2013		
	Foreign currency (in thousands)	Exchange rate	Book Value (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 389,124	30.00	$ 11,673,720
RMB:NTD	12,557	4.89	61,379
USD:RMB	51,139	6.14	1,534,170
RMB:HKD	57,968	1.26	283,348
HKD:NTD	63,592	3.87	245,910
KRW:NTD	3,241,737	0.03	84,934
EUR:NTD	2,919	39.15	114,279
JPY:NTD	321,184	0.30	97,511
Non-monetary items			
RMB:HKD	$ 93,949	1.26	$ 459,223
RMB:USD	53,283	0.16	260,447
KRW:NTD	1,662,000	0.03	43,544
Financial liabilities			
Monetary items			
USD:NTD	$ 227,901	30.00	$ 6,837,030
RMB:NTD	17,767	4.89	86,845
USD:RMB	288,717	6.14	8,661,510
RMB:HKD	98,482	1.26	481,380
HKD:NTD	25,549	3.87	37,197
KRW:NTD	10,487,000	0.03	274,759
JPY:NTD	172,786	0.30	52,458

	December 31, 2012			
	Foreign currency (in thousands)		Exchange rate	Book Value (NTD)
(Foreign currency: Functional currency)				
Financial assets				
Monetary items				
USD:NTD	$	1,319,744	29.04	$ 38,325,362
RMB:NTD		153,129	4.66	713,749
USD:RMB		133,901	6.23	834,245
RMB:HKD		101,924	1.24	475,076
HKD:NTD		245,094	3.75	918,369
KRW:NTD		6,632,945	0.03	181,278
EUR:NTD		1,763	38.49	67,870
JPY:NTD		268,741	0.34	90,404
Non-monetary items				
RMB:HKD	$	99,225	1.24	$ 371,796
RMB:USD		51,361	0.16	239,397
Financial liabilities				
Monetary items				
USD:NTD	$	870,876	29.04	$ 25,290,230
RMB:NTD		30,068	4.66	140,148
USD:RMB		587,694	6.23	17,066,664
RMB:HKD		162,779	1.24	758,729
HKD:NTD		380,420	3.75	1,425,434
KRW:NTD		15,076,394	0.03	412,038
JPY:NTD		239,502	0.34	80,569

	June 30, 2012		
	Foreign currency (in thousands)	Exchange rate	Book Value (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 830,207	29.88	$ 24,806,591
RMB:NTD	154,688	4.72	730,774
USD:RMB	51,794	6.32	154,761
RMB:HKD	50,846	1.23	62,541
HKD:NTD	129,292	3.85	497,774
KRW:NTD	6,402,242	0.03	197,995
EUR:NTD	1,010	37.56	37,936
JPY:NTD	452,575	0.38	171,979
Non-monetary items			
RMB:HKD	$ 87,904	1.23	$ 108,122
RMB:USD	51,223	0.16	8,196
Financial liabilities			
Monetary items			
USD:NTD	$ 630,389	29.88	$ 18,836,032
RMB:NTD	44,098	4.72	169,909
USD:RMB	207,179	6.32	1,309,371
RMB:HKD	185,040	1.23	227,599
HKD:NTD	159,450	3.85	613,883
KRW:NTD	15,721,000	0.03	412,519
JPY:NTD	32,202	0.38	12,089

	January 1, 2012		
	Foreign currency (in thousands)	Exchange rate	Book Value (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 444,454	30.28	$ 13,455,844
RMB:NTD	102,224	4.81	491,714
USD:RMB	13,840	6.29	418,998
RMB:HKD	118,626	1.23	570,606
HKD:NTD	6,839	3.90	26,652
KRW:NTD	-	-	-
EUR:NTD	285	39.18	11,178
JPY:NTD	493,247	0.39	192,662
Non-monetary items			
RMB:HKD	$ 94,179	1.23	$ 444,881
RMB:USD	52,200	0.16	251,087
Financial liabilities			
Monetary items			
USD:NTD	$ 271,020	30.28	$ 8,205,136
RMB:NTD	7,867	4.81	37,843
USD:RMB	270,718	6.29	8,195,987
RMB:HKD	143,081	1.23	688,238
HKD:NTD	57,573	3.90	224,360
KRW:NTD	-	-	-
JPY:NTD	38,544	0.39	15,055

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

	For the six-month period ended June 30, 2013		
	Sensitivity Analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 116,737	$ -
RMB:NTD	1%	614	-
USD:RMB	1%	153,342	-
RMB:HKD	1%	2,833	-
HKD:NTD	1%	2,459	-
KRW:NTD	1%	849	-
EUR:NTD	1%	1,143	-
JPY:NTD	1%	975	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 68,370	$ -
RMB:NTD	1%	868	-
USD:RMB	1%	86,615	-
RMB:HKD	1%	4,814	-
HKD:NTD	1%	872	-
KRW:NTD	1%	2,748	-
JPY:NTD	1%	525	-

	For the six-month period ended June 30, 2012		
	Sensitivity Analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 248,066	$ -
RMB:NTD	1%	7,308	-
USD:RMB	1%	15,476	-
RMB:HKD	1%	2,402	-
HKD:NTD	1%	4,982	-
KRW:NTD	1%	1,680	-
EUR:NTD	1%	379	-
JPY:NTD	1%	1,720	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 188,360	$ -
RMB:NTD	1%	1,699	-
USD:RMB	1%	61,905	-
RMB:HKD	1%	8,742	-
HKD:NTD	1%	6,144	-
KRW:NTD	1%	4,125	-
JPY:NTD	1%	121	-

Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The Group has set stop-loss amounts. No significant market risk is expected.

- The Group’s investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the six-month periods ended June 30, 2013 and 2012 would have increased/decreased by $17,087 and $12,941 as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- The Group’s interest rate risk arises from long-term 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. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group’s borrowings at variable rate were denominated in the NTD, USD .
- As of June 30, 2013 and 2012, if interest rates on borrowings at that date had been 1% lower/higher with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2013 and 2012 would have been $47,090 and $46,048 lower/higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only financial institutions with high credit quality are accepted as counterparties of trade.

Loan guarantees provided by the Company are in compliance with the Company's "Procedures for Provision of Endorsements and Guarantees" and are only provided to subsidiaries of which the Company owns directly more than 50% ownership or affiliates of which the Company owns directly or indirectly more than 50% ownership and on which the Company has a significant influence. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Company is the total amount of loan guarantees.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The individual analysis of financial assets that had been impaired is provided in the disclosure for each type of financial asset in Note 6.

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.

ii. The Group expects the foreign exchange forward contracts to result in a cash inflow of NT$1,950,000,000 and outflow of US$65,000,000 from July to September, 2013. The exchange rate is reasonably assured and the Group has sufficient operating capital to meet the above cash needs.

The equity instruments are traded in active markets and accordingly, are expected to be readily sold at approximately its fair value.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

June 30, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	$ 10,445,825	$ -	$ -	$ -	$ -
Short-term notes and bills payable	-	-	-	-	-
Financial liabilities at fair value through profit or loss	28,368	-	-	-	-
Notes payable	6,377	-	-	-	-
Accounts payable	8,757,372	-	-	-	-
Others payable	5,208,706	-	-	-	-
Bonds payable	-	475,000	-	-	-
Long-term borrowings (including current portion)	255,017	56,500	5,612,400	4,537	-

Non-derivative financial liabilities:

June 30, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	US Dollars				
Short-term borrowings	$ 348,194	$ -	$ -	$ -	$ -
Short-term notes and bills payable	-	-	-	-	-
Financial liabilities at fair value through profit or loss	946	-	-	-	-
Notes payable	212	-	-	-	-
Accounts payable	291,913	-	-	-	-
Others payable	173,624	-	-	-	-
Bonds payable	-	15,833	-	-	-
Long-term borrowings (including current portion)	8,501	1,883	187,080	152	-

Non-derivative financial liabilities:

December 31, 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	$ 14,853,406	$ -	$ -	$ -	$ -
Notes payable	728	-	-	-	-
Accounts payable	14,286,633	-	-	-	-
Other payables	5,771,919	-	-	-	-
Bonds payable	-	475,000	-	-	-
Long-term borrowings (including current portion)	244,662	5,916,160	-	-	-

Non-derivative financial liabilities:

June 30, 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	$ 10,807,125	$ -	$ -	$ -	$ -
Financial liabilities at fair value through profit or loss	16,154	-	-	-	-
Notes payable	109,594	-	-	-	-
Accounts payable	9,018,511	-	-	-	-
Other payables	5,127,928	-	-	-	-
Bonds payable	-	-	475,000	-	-
Long-term borrowings (including current portion)	362,116	5,428,477	119,520	-	-

Non-derivative financial liabilities:

January 1, 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	$ 11,419,643	$ -	$ -	$ -	$ -
Financial liabilities at fair value through profit or loss	6,132	-	-	-	-
Notes payable	3,108	-	-	-	-
Accounts payable	11,044,876	-	-	-	-
Other payables	4,816,998	-	-	-	-
Bonds payable	-	-	475,000	-	-
Long-term borrowings (including current portion)	-	678,154	5,621,000	-	-

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, all of the derivative financial liabilities of the Group will be settled in less than 1 year.

iv. 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 June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, financial assets and liabilities that were measured at fair value were ‘financial assets and liabilities at fair value through profit or loss’ and ‘available-for-sale financial assets’. Level 1 was applied to measure fair value of all these financial assets and liabilities.

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

13. SUPPLEMENTARY DISCLOSURES

1)Significant transactions information

A. Loans to others:

(The information disclosed relative to the investee companies was based on their financial statements for the corresponding period which were not reviewed by independent accountants)

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the six-month period ended June 30, 2013(Note 2)	Balance at June 30, 2013(Note 2)	Actual amount of allocated credit	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrowe	Reason for short – term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
												Item	Value		
0	Cheng Uei Precision Industry Co., Ltd.	Suntain Co., Ltd	Other receivables - related parties	NT$150,000 (US$5,000)	NT$150,000 (US$5,000)	NT$98,805 (US$3,027)	-	2	$-	Operations	$-	-	$-	$4,505,608 (US$150,187)	$9,011,216 (US$300,374)
0	〃	Foxlink Electronics (Tian Jin) Ltd.	〃	NT$200,000 (US$6,667)	NT$200,000 (US$6,667)	NT$182,850 (US$6,095)	-	2	-	〃	-	-	-	〃	〃
0	〃	Fu Gang Electronics (Tian Jin) Ltd.	〃	NT$500,000 (US$16,667)	NT$500,000 (US$16,667)	NT$465,144 (US$15,505)	-	2	-	〃	-	-	-	〃	〃
1	Cu International Ltd.	Fu Yang Electronics (Kun Shan) Ltd.	〃	100,000	-	-	-	2	-	〃	-	-	-	〃	〃
1	〃	World Circuit Technology (Hong Kong) Limited	〃	NT$30,000 (US$1,000)	NT$30,000 (US$1,000)	-	-	2	-	〃	-	-	-	〃	〃
1	〃	Fu Gang Electronics (Kun Shan) Ltd.	〃	NT$100,000 (US$3,333)	NT$100,000 (US$3,333)	NT$53,481 (US$1,783)	-	2	-	〃	-	-	-	〃	〃
1	〃	Kunshan Fushijing Electronics Co., Ltd.	〃	NT$200,000 (US$6,667)	NT$200,000 (US$6,667)	NT$110,738 (US$3,691)	-	2	-	〃	-	-	-	〃	〃
2	Fu Gang Electronics (Dong Guan) Ltd.	Dong Guan Fu Qiang Electronics Ltd.	〃	NT$107,536 (US$3,585)	NT$107,536 (US$3,585)	-	-	2	-	〃	-	-	-	〃	〃
3	Fu Gang Electronics (Kun Shan) Ltd.	Fushilin Electronics (Kun Shan) Co., Ltd.	〃	NT$1,442 (US$48)	-	-	-	2	-	〃	-	-	-	〃	〃
3	〃	Fushipeng Electronics (Kun Shan) Co. Ltd..	〃	NT$1,442 (US$48)	-	-	-	2	-	〃	-	-	-	〃	〃
3	Fu Gang Electronics (Kun Shan) Ltd. 〃	Fushiwei Electronics (Kun Shan) Co., Ltd.	Other receivables - related parties	NT$2,067 (US$69)	-	-	-	2	-	〃	-	-	-	〃	〃
3	〃	Fushiming Electronics (Kun Shan) Co. Ltd.	Other receivables - related parties	NT$197,046 (US$6,568)	-	-	-	2	-	〃	-	-	-	〃	〃

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the six-month period ended June 30, 2013(Note 2)	Balance at June 30, 2013(Note 2)	Actual amount of allocated credit	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrowe	Reason for short – term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
												Item	Value		
3	Fu Gang Electronics (Kun Shan) Ltd.	Kunshan Fu Shi Yu Trading Co., LTD.	Other receivables - related parties	NT$604,035 (US$20,135)	$-	$-	-	2	$-	Operations	$-	-	$-	$4,505,608 (US$150,187)	$9,011,216 (US$300,374)
3	〃	Kunshan Fu Shi Yu Trading Co., LTD.	〃	NT$24,440 (US$815)	NT$24,440 (US$815)	NT$24,440 (US$815)	-	2	-	〃	-	-	-	〃	〃
3	〃	Darts Technologies (Shang Hai) Co., Ltd.	〃	NT$174,013 (US$5,800)	NT$174,013 (US$5,800)	NT$92,872 (US$3,096)	-	2	-	〃	-	-	-	〃	〃
3	〃	Kunshan Fugang Electronics Trading Co.,	〃	NT$146,640 (US$4,888)	NT$146,640 (US$4,888)	NT$122,220 (US$4,073)	-	2	-	〃	-	-	-	〃	〃
4	Proconn Technology Co., Ltd.	Byford International Ltd.	〃	NT$774 (US$26)	-	-	-	1	-	〃	-	-	-	$178,823 (US$5,961)	$178,823 (US$5,961)
4	〃	Media Universe Inc.	〃	NT$19,110 (US$637)	NT$5,506 (US$184)	NT$5,506 (US$184)	1.5	1	NT$178,823 (US$5,961)	〃	-	-	-	〃	〃
5	Media Universe Inc.	Proconn Technology (Suzhou) Co., Ltd.	〃	NT$224,789 (US$7,493)	NT$209,904 (US$6,997)	NT$209,904 (US$6,997)	1.5	1	NT$175,762 (US$5,859)	〃	-	-	-	$228,917 (US$7,631)	$228,917 (US$7,631)
6	Darts Technologies (Shang Hai) Co., Ltd.	Fine Stone Electronic Technology (Shanghai) Co., Ltd.	〃	NT$2,933 (US$98)	NT$2,933 (US$98)	-	-	2	-	〃	-	-	-	$4,505,608 (US$150,187)	$9,011,216 (US$300,374),
7	VALIANT PLUS CO., LTD.	Ashop.Co ,Ltd.	〃	NT$200,655 (US$6,689)	NT$192,570 (US$6,419)	-	-	2	-	〃	-	-	-	〃	〃
8	Studio A Inc.	Jing Jing Technology Co., Ltd	〃	NT$100,000 (US$3,333)	NT$100,000 (US$3,333)	-	-	2	-	〃	-	-	-	〃	〃
8	〃	Ashop.Co ,Ltd.	〃	NT$150,000 (US$5,000)	NT$150,000 (US$5,000)	-	-	2	-	〃	-	-	-	〃	〃
8	〃	Studio A Inc. (Hong Kong)	〃	NT$300,000 (US$10,000)	NT$300,000 (US$10,000)	-	-	2	-	〃	-	-	-	〃	〃
9	World Circuit Technology Co., Ltd.	World Circuit Technology (Hong Kong) Limited	〃	NT$30,000 (US$1,000)	NT$30,000 (US$1,000)	NT$23,601 (US$787)	-	2	-	〃	-	-	-	〃	〃
9	World Circuit Technology Co., Ltd.	Shanghai World Circuit Technology Co., Ltd.	〃	NT$150,000 (US$5,000)	NT$150,000 (US$5,000)	NT$74,384 (US$2,479)	-	2	-	〃	-	-	-	〃	〃

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the six-month period ended June 30, 2013(Note 2)	Balance at June 30, 2013(Note 2)	Actual amount of allocated credit	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrowe	Reason for short – term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
												Item	Value		
9	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	Other receivables - related parties	NT$222,000 (US$7,400)	NT$222,000 (US$7,400)	NT$222,000 (US$7,400)	$-	2	$-	Operations	$-	-	$-	$4,505,608 (US$150,187)	$9,011,216 (US$300,374)
10	Byford International Ltd.	Proconn Technology (Shenzhen) Co., Ltd.	〃	NT$157,737 (US$5,258)	NT$157,737 (US$5,258)	NT$157,737 (US$5,258)	-	1	-	〃	-	-	-	$228,917 (US$7,631)	$228,917 (US$7,631)
11	Jing Jing Technology Co., Ltd.	Studio A Inc.	〃	NT$100,000 (US$3,333)	NT$100,000 (US$3,333)	-	-	2	-	〃	-	-	-	$4,505,608 (US$150,187)	$9,011,216 (US$300,374)
12	Studio A Macau Limited	Studio A Inc. (Hong Kong)	〃	NT$150,000 (US$5,000)	NT$150,000 (US$5,000)	NT$135,237 (US$5,000)	-	2	-	〃	-	-	-	〃	〃
13	Foxlink Electronics (Tian Jin) Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	〃	NT$264,441 (US$8,815)	NT$264,441 (US$8,815)	-	-	2	-	〃	-	-	-	〃	〃
14	Neosonic Energy Technology (Tianjin) Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	〃	NT$188,188 (US$6,273)	NT$188,188 (US$6,273)	-	-	2	-	〃	-	-	-	〃	〃

Note 1: The numbers as follows represent the nature of loan:

a) Business transaction is labeled as “1”.

b) Short-term financing is labeled as “2”.

Note 2: Securities and Futures Institution (SFI) Ruling (93) Chi-Mi-Tzu No. 167 requires overdue receivables to be regarded as loans to related parties and reclassified to other receivables, if the credit terms of the related parties are obviously longer that the normal credit terms of the third parties.

Note 3: Limit on loans granted to a single party is 20% of the Company’s net assets value.

Limit on loans granted by Proconn Technology Co., Ltd. to a single party which has business association with Proconn Technology Co., Ltd. shall not exceed 100% of the business association amount between the two sides. Ceiling on total loans granted by Proconn Technology Co., Ltd. to all parties which have business association with Proconn Technology Co., Ltd. shall not exceed 100% of Proconn Technology Co., Ltd.’s net assets value. Business association amount means the higher of purchase amount or sales amount between the two sides.

Note 4: Ceiling on total loans granted to all parties is 40% of the Company's net assets value.

Ceiling on total loans granted by Proconn Technology Co., Ltd. or each subsidiary to all parties is 40% of their respective net assets value. Ceiling on total loans granted mutually between foreign subsidiaries of Proconn Technology Co., Ltd. of which Proconn Technology Co., Ltd. holds directly or indirectly 100% voting shares is 500% of Proconn Technology Co., Ltd.'s net assets value, with a limit loan period up to three years.

B. Provision of endorsements and guarantees to others

Number	Endorser/guarantor	Party being endorsed / guaranteed	Relationship with the endorser/guarantor	Limit on endorsements / guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount during the six-month period ended June 30, 2013	Outstanding endorsement /guarantee amount at June 30, 2013	Actual amount of allocated credit	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China
0	Cheng Uei Precision Industry Co., Ltd.	Valiant Plus Co., Ltd.	An indirect wholly-owned subsidiary	NT$9,011,216 (US$300,374)	NT$300,000 (US$10,000)	$-	$-	$-	1.33%	NT$11,264,020 (US$375,467)	Y	N	N
0	〃	Ashop Co., Ltd	Indirect Subsidiary	〃	NT$450,000 (US$15,000)	NT$450,000 (US$15,000)	NT$450,000 (US$15,000)	〃	2.00%	〃	Y	N	N
0	〃	Jing Jing Technology Co., Ltd. (Jing Jing)	〃	〃	NT$270,000 (US$9,000)	NT$270,000 (US$9,000)	-	〃	1.20%	〃	Y	N	N
0	〃	Studio A Inc.	An indirect wholly-owned subsidiary	〃	NT$600,000 (US$20,000)	NT$600,000 (US$20,000)	-	〃	2.66%	〃	Y	N	N
0	〃	Studio A (Hong Kong) Inc.	Indirect Subsidiary	〃	NT$2,250,000 (US$75,000)	NT$2,250,000	NT$311,400 (US$10,380)	〃	9.99%	〃	Y	N	N
0	〃	Fu Gang Electronics (Nanchang) Ltd.	An indirect wholly-owned subsidiary	NT$11,264,020 (US$375,467)	NT$150,000 (US$5,000)	NT$120,000 (US$4,000)	NT$120,000	〃	0.67%	〃	Y	N	Y
0	〃	Fushineng Electronics (Kun Shan) Co., Ltd.	〃	〃	NT$390,000 (US$13,000)	NT$360,000 (US$12,000)	NT$360,000	〃	1.73%	〃	Y	N	Y
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electronics Trading Co.,Ltd.	Indirect Subsidiary	NT$9,011,216 (US$300,374)	NT$1,230,000 (US$41,000)	NT$1,230,000 (US$41,000)	NT$117,963 (US$3,932)	〃	5.46%	〃	Y	N	Y

Number	Endorser/guarantor	Party being endorsed / guaranteed	Relationship with the endorser/guarantor	Limit on endorsements / guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount during the six-month period ended June 30, 2013	Outstanding endorsement /guarantee amount at June 30, 2013	Actual amount of allocated credit	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China
1	Proconn Technology Co., Ltd.	Media Universe Inc.	Subsidiary	NT$137,350 (US$4,578)	NT$45,000 (US$1,500)	NT$45,000 (US$1,500)	NT$45,000 (US$1,500)	$-	0.20%	NT$137,350 (US$4,578)	Y	N	N
1	〃	Proconn Technology (Suzhou) Co., Ltd.	Indirect Subsidiary	〃	NT$60,000 (US$2,500)	NT$60,000 (US$2,500)	NT$51,000 (US$1,700)	〃	0.27%	〃	Y	N	Y
2	Power Quotient International Co., Ltd.	SINOCITY INDUSTRIES LTD.	An indirect wholly-owned subsidiary	NT$2,191,962 (US$73,065)	NT$600,000 (US$20,000)	NT$600,000 (US$20,000)	-	〃	2.66%	NT$2,191,962 (US$73,065)	Y	N	N
3	Studio A Inc.	Jing Jing Technology Co., Ltd.	Subsidiary	NT$9,011,216 (US$300,374)	NT$200,000 (US$6,667)	NT$150,000 (US$5,000)	-	〃	0.89%	NT$11,264,020 (US$375,467)	Y	N	N
3	〃	Studio A (Hong Kong) Inc.	〃	〃	NT$1,050,000 (US$35,000)	NT$1,050,000 (US$35,000)	-	〃	4.66%	〃	Y	N	N
4	Fu Gang Electronics (Kun Shan) Ltd.	ShanHai Fugang Electric Trading Co.,Ltd.	〃	〃	NT$58,656 (US$1,955)	NT$58,656 (US$1,955)	-	〃	0.26%	〃	Y	N	Y

Note 1: Ceiling on total amount of endorsements and guarantees provided by the Company for with holding of 90% share or above of subsidiaries is 50% of the Company's net assets value; limit on endorsements and guarantees provided by the Company for a single party is 40% of the Company's net assets value.

For Proconn, Ceiling on total amount of endorsements and guarantees provided by Proconn for with holding of 90% share or above (direct or indirect) of subsidiaries is 300% of Proconn 's net assets value; limit on endorsements and guarantees provided by Proconn for a single party is 40% of Proconn 's net assets value.

For PQI, Ceiling on total amount of endorsements and guarantees provided by PQI for with holding of 50% share or above (direct or indirect) of subsidiaries is 50% of PQI's net assets value; limit on endorsements and guarantees provided by PQI for a single party is 40% of PQI's net assets value.

Note 2: The Company’s guarantee to others should not exceed 50% of the Company’s net assets.

Proconn‘s guarantee to others should not exceed 300% of Proconn’s net assets.

The Board meeting of PQI approved that on August 21, 2012 and March 18, 2013, The Company’s guarantee to its indirect wholly-owned subsidiary amount to US$10,000, total amount is US$20,000. As June 30, 2013, the indirect wholly-owned subsidiary have not used its guarantee credit limit.