

**Catcher Technology Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2012 and 2011 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Catcher Technology Co., Ltd.

We have audited the accompanying consolidated balance sheets of Catcher Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of December 31, 2012 and 2011 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, all expressed in New Taiwan dollars. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements as of and for the years ended December 31, 2012 and 2011 of certain investees accounted for by the equity method. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these investees was based solely on the reports of the other auditors. The carrying values of the investment were NT\$485,273 thousand and NT\$413,283 thousand, or 0.48% and 0.46% of the consolidated total assets as of December 31, 2012 and 2011, respectively. Investment income recognized under the equity method was NT\$104,014 thousand and NT\$57,109 thousand, or 0.75% and 0.42% of the consolidated income before income tax for the years ended December 31, 2012 and 2011, respectively.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2012 and 2011 and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

March 22, 2013

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.*

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 45,725,615	45	\$ 40,197,831	45	Short-term loans (Notes 12)	\$ 24,439,799	24	\$ 17,040,191	19
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	-	-	117,765	-	Notes payable	308,002	-	136,454	-
Available-for-sale financial assets - current (Notes 2 and 6)	937,361	1	1,343,321	2	Accounts payable	2,980,944	3	3,085,509	4
Notes receivables	30	-	-	-	Accounts payable - related parties (Note 21)	49,262	-	35,971	-
Accounts receivable, net (Notes 2 and 7)	15,173,226	15	12,322,837	14	Income tax payable	1,275,657	1	1,119,544	1
Other receivable	212,834	-	167,411	-	Accrued expenses	2,620,698	3	2,464,325	3
Inventories (Notes 2 and 8)	2,449,094	3	2,537,880	3	Financial liabilities at fair value through profit or loss - current				
Deferred income tax assets - current (Notes 2 and 17)	89,763	-	103,972	-	(Notes 2, 5 and 14)	37,772	-	49,508	-
Other current assets	<u>2,044,791</u>	<u>2</u>	<u>1,203,798</u>	<u>1</u>	Current portion of bonds payable (Notes 2 and 14)	3,487,922	3	-	-
					Current portion of long-term debt (Notes 13 and 22)	839,417	1	953,255	1
Total current assets	<u>66,632,714</u>	<u>66</u>	<u>57,994,815</u>	<u>65</u>	Deferred income tax liabilities - current (Notes 2 and 17)	-	-	38,544	-
					Other current liabilities	<u>701,901</u>	<u>1</u>	<u>827,610</u>	<u>1</u>
INVESTMENTS					Total current liabilities	<u>36,741,374</u>	<u>36</u>	<u>25,750,911</u>	<u>29</u>
Investments accounted for by the equity method (Notes 2 and 10)	1,633,938	2	1,356,340	2					
Available-for-sale financial assets - noncurrent (Notes 2 and 6)	<u>84,446</u>	<u>-</u>	<u>68,230</u>	<u>-</u>	LONG-TERM LIABILITIES				
					Bonds payable (Notes 2 and 14)	-	-	3,441,822	4
Total investments	<u>1,718,384</u>	<u>2</u>	<u>1,424,570</u>	<u>2</u>	Long-term debt (Notes 13 and 22)	<u>2,862,875</u>	<u>3</u>	<u>3,970,752</u>	<u>4</u>
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 22)					Total long-term liabilities	<u>2,862,875</u>	<u>3</u>	<u>7,412,574</u>	<u>8</u>
Cost					RESERVE FOR LAND VALUE INCREMENT TAX (Note 11)	<u>12,596</u>	<u>-</u>	<u>12,596</u>	<u>-</u>
Land	1,672,217	2	1,245,156	2					
Buildings	7,826,304	8	7,099,927	8	OTHER LIABILITIES				
Machinery and equipment	28,604,725	28	26,714,711	30	Guarantee deposit received	16,224	-	31,485	-
Transportation equipment	75,976	-	66,456	-	Deferred income tax liabilities - noncurrent (Notes 2 and 17)	<u>82,659</u>	<u>-</u>	<u>65,906</u>	<u>-</u>
Furniture and fixtures	918,890	1	731,270	1	Total other liabilities	<u>98,883</u>	<u>-</u>	<u>97,391</u>	<u>-</u>
Rental assets	314,974	-	314,974	-	Total liabilities	<u>39,715,728</u>	<u>39</u>	<u>33,273,472</u>	<u>37</u>
Leasehold improvement	8,784	-	8,991	-					
Miscellaneous equipment	<u>387,888</u>	<u>1</u>	<u>338,139</u>	<u>-</u>	STOCKHOLDERS' EQUITY OF PARENT COMPANY				
Total cost	39,809,758	40	36,519,624	41	Capital stock - common stock, NT\$10 par value (Notes 14 and 16)				
Revaluation increment - land of rental assets	<u>43,615</u>	<u>-</u>	<u>43,615</u>	<u>-</u>	Authorized - 2012 and 2011: 1,000,000 thousand shares (including 23,000 thousand shares for employee stock option)				
Cost and revaluation increment	39,853,373	40	36,563,239	41	Issued - 2012: 750,703.1 thousand shares and 2011: 750,639.4 thousand shares	<u>7,507,031</u>	<u>8</u>	<u>7,506,394</u>	<u>8</u>
Less: Accumulated depreciation	<u>11,144,371</u>	<u>11</u>	<u>9,477,309</u>	<u>11</u>	Capital surplus (Notes 2, 10, 14 and 16)				
	28,709,002	29	27,085,930	30	Additional paid-in capital	7,457,347	8	7,457,347	9
Construction in progress and prepayments for equipment	<u>2,289,038</u>	<u>2</u>	<u>1,322,310</u>	<u>2</u>	Bond conversion premium	9,245,068	9	9,239,097	10
Total property, plant and equipment	<u>30,998,040</u>	<u>31</u>	<u>28,408,240</u>	<u>32</u>	Long-term investments	14,290	-	12,092	-
INTANGIBLE ASSETS					Stock options	<u>215,758</u>	<u>-</u>	<u>216,136</u>	<u>-</u>
Land use rights (Notes 2 and 11)	<u>697,916</u>	<u>-</u>	<u>429,991</u>	<u>-</u>	Total capital surplus	<u>16,932,463</u>	<u>17</u>	<u>16,924,672</u>	<u>19</u>
OTHER ASSETS					Retained earnings (Note 16)				
Refundable deposits	18,501	-	18,341	-	Legal reserve	4,452,426	5	3,384,703	4
Deferred income tax assets - noncurrent (Notes 2 and 17)	127,333	-	4,004	-	Special reserve	-	-	858,793	1
Restricted assets - noncurrent (Note 22)	-	-	244,698	-	Unappropriated earnings	<u>31,698,758</u>	<u>31</u>	<u>24,770,699</u>	<u>28</u>
Other assets - other (Notes 2, 11 and 15)	<u>732,955</u>	<u>1</u>	<u>753,648</u>	<u>1</u>	Total retained earnings	<u>36,151,184</u>	<u>36</u>	<u>29,014,195</u>	<u>33</u>
Total other assets	<u>878,789</u>	<u>1</u>	<u>1,020,691</u>	<u>1</u>	Other equity (Notes 2, 11 and 16)				
					Cumulative translation adjustments	394,205	-	2,366,883	3
TOTAL	<u>\$ 100,925,843</u>	<u>100</u>	<u>\$ 89,278,307</u>	<u>100</u>	Unrealized loss on financial instruments	35,356	-	(11,644)	-
					Unrealized revaluation increments on properties	<u>11,019</u>	<u>-</u>	<u>11,019</u>	<u>-</u>
					Total other equity	<u>440,580</u>	<u>-</u>	<u>2,366,258</u>	<u>3</u>
					Total stockholders' equity of parent company	61,031,258	61	55,811,519	63
					MINORITY INTEREST	<u>178,857</u>	<u>-</u>	<u>193,316</u>	<u>-</u>
					Total stockholders' equity	<u>61,210,115</u>	<u>61</u>	<u>56,004,835</u>	<u>63</u>
					TOTAL	<u>\$ 100,925,843</u>	<u>100</u>	<u>\$ 89,278,307</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 22, 2013)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	%	Amount	%
NET SALES (Notes 2 and 11)	\$ 37,028,798	100	\$ 35,913,842	100
COST OF SALES (Notes 8, 18 and 21)	<u>20,989,773</u>	<u>57</u>	<u>19,023,016</u>	<u>53</u>
GROSS PROFIT	<u>16,039,025</u>	<u>43</u>	<u>16,890,826</u>	<u>47</u>
OPERATING EXPENSES (Note 18)				
Research and development	939,152	2	780,842	2
Marketing	329,511	1	287,866	1
General and administrative	<u>2,612,088</u>	<u>7</u>	<u>2,608,841</u>	<u>7</u>
Total operating expenses	<u>3,880,751</u>	<u>10</u>	<u>3,677,549</u>	<u>10</u>
OPERATING INCOME	<u>12,158,274</u>	<u>33</u>	<u>13,213,277</u>	<u>37</u>
NON-OPERATING INCOME AND GAINS				
Interest income	640,363	2	380,149	1
Investment income recognized under the equity method, net (Notes 2 and 10)	114,395	-	122,104	-
Gain on disposal of property, plant and equipment (Note 2)	18,626	-	5,343	-
Gain on sale of investments, net (Notes 2, 9 and 10)	6,950	-	23,359	-
Exchange gain, net (Note 2)	1,074,956	3	26,087	-
Valuation gain on financial assets (Notes 2 and 5)	5,038	-	262,602	1
Valuation gain on financial liabilities (Notes 2 and 14)	10,268	-	21,801	-
Others (Note 15)	<u>266,960</u>	<u>-</u>	<u>240,711</u>	<u>1</u>
Total non-operating income and gains	<u>2,137,556</u>	<u>5</u>	<u>1,082,156</u>	<u>3</u>
NON-OPERATING EXPENSES AND LOSS				
Interest expense (Notes 2 and 11)	302,546	1	253,857	1
Loss on disposal of property, plant and equipment (Note 2)	9,491	-	48,852	-
Impairment loss (Notes 2, 6 and 11)	-	-	262,634	1
Valuation loss on financial liabilities (Notes 2 and 5)	21,259	-	4,199	-
Others	<u>11,449</u>	<u>-</u>	<u>20,743</u>	<u>-</u>
Total non-operating expenses and loss	<u>344,745</u>	<u>1</u>	<u>590,285</u>	<u>2</u>
INCOME BEFORE INCOME TAX	13,951,085	37	13,705,148	38
INCOME TAX (Notes 2 and 17)	<u>3,042,042</u>	<u>8</u>	<u>3,040,364</u>	<u>8</u>
CONSOLIDATED NET INCOME	<u>\$ 10,909,043</u>	<u>29</u>	<u>\$ 10,664,784</u>	<u>30</u>

(Continued)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	%	Amount	%
ATTRIBUTABLE TO:				
Stockholders of parent company	\$ 10,890,485		\$ 10,677,233	
Minority interest	<u>18,558</u>		<u>(12,449)</u>	
	<u>\$ 10,909,043</u>		<u>\$ 10,664,784</u>	
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE				
(Note 19)				
Basic	<u>\$ 18.55</u>	<u>\$ 14.51</u>	<u>\$ 19.17</u>	<u>\$ 14.93</u>
Diluted	<u>\$ 18.11</u>	<u>\$ 14.18</u>	<u>\$ 18.21</u>	<u>\$ 14.20</u>

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

(With Deloitte & Touche audit report dated March 22, 2013)

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# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	Capital Stock	Capital Surplus				Retained Earnings			Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment on Properties	Minority Interest	Total Stockholders' Equity
		Capital in Excess of Par Value	Bond Conversion Premium	Long-term Investments	Stock Options	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2011	\$ 6,649,085	\$ 1,583,179	\$ 3,909,701	\$ 4,151	\$ 290,909	\$ 2,941,719	\$ -	\$ 18,156,426	\$ (810,625)	\$ (59,187)	\$ 11,019	\$ 177,500	\$ 32,853,877
Issuance of capital stock for GDRs - June 7, 2011 (Note 16)	335,000	5,874,168	-	-	-	-	-	-	-	-	-	-	6,209,168
Appropriation of the 2010 earnings (Note 16):													
Legal reserve	-	-	-	-	-	442,984	-	(442,984)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	858,793	(858,793)	-	-	-	-	-
Cash dividends - 36.8%	-	-	-	-	-	-	-	(2,761,183)	-	-	-	-	(2,761,183)
Change in unrealized gain on available-for-sale financial assets (Note 16)	-	-	-	-	-	-	-	-	-	47,543	-	-	47,543
Consolidated net income in 2011	-	-	-	-	-	-	-	10,677,233	-	-	-	(12,449)	10,664,784
Equity component of convertible bonds (Note 14)	-	-	-	-	264,756	-	-	-	-	-	-	-	264,756
Conversion of convertible bonds (Note 14)	522,309	-	5,329,396	-	(339,529)	-	-	-	-	-	-	-	5,512,176
Adjustment arising from change in percentage of ownership in investees (Note 10)	-	-	-	7,941	-	-	-	-	-	-	-	-	7,941
Change in translation adjustments	-	-	-	-	-	-	-	-	3,170,864	-	-	11,731	3,182,595
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	16,534	16,534
Change in translation adjustment from investees accounted for by the equity method	-	-	-	-	-	-	-	-	6,644	-	-	-	6,644
BALANCE, DECEMBER 31, 2011	7,506,394	7,457,347	9,239,097	12,092	216,136	3,384,703	858,793	24,770,699	2,366,883	(11,644)	11,019	193,316	56,004,835
Appropriation of the 2011 earnings (Note 16):													
Legal reserve	-	-	-	-	-	1,067,723	-	(1,067,723)	-	-	-	-	-
Special reverse	-	-	-	-	-	-	(858,793)	858,793	-	-	-	-	-
Cash dividends - 50%	-	-	-	-	-	-	-	(3,753,496)	-	-	-	-	(3,753,496)
Cash dividends distributed to minority interest	-	-	-	-	-	-	-	-	-	-	-	(25,299)	(25,299)
Change in unrealized loss on available-for-sale financial assets (Note 16)	-	-	-	-	-	-	-	-	-	47,000	-	-	47,000
Consolidated net income in 2012	-	-	-	-	-	-	-	10,890,485	-	-	-	18,558	10,909,043
Conversion of convertible bonds (Note 14)	637	-	5,971	-	(378)	-	-	-	-	-	-	-	6,230
Adjustment arising from change in percentage of ownership in investees (Note 10)	-	-	-	2,198	-	-	-	-	-	-	-	-	2,198
Change in translation adjustments	-	-	-	-	-	-	-	-	(1,964,079)	-	-	(6,817)	(1,970,896)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	(901)	(901)
Change in translation adjustments from investees accounted for by the equity method	-	-	-	-	-	-	-	-	(8,599)	-	-	-	(8,599)
BALANCE, DECEMBER 31, 2012	<u>\$ 7,507,031</u>	<u>\$ 7,457,347</u>	<u>\$ 9,245,068</u>	<u>\$ 14,290</u>	<u>\$ 215,758</u>	<u>\$ 4,452,426</u>	<u>\$ -</u>	<u>\$ 31,698,758</u>	<u>\$ 394,205</u>	<u>\$ 35,356</u>	<u>\$ 11,019</u>	<u>\$ 178,857</u>	<u>\$ 61,210,115</u>

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

(With Deloitte & Touche audit report dated March 22, 2013)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 10,909,043	\$ 10,664,784
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation	4,152,277	2,466,070
Amortization	122,808	98,213
Provision for doubtful accounts	4,659	-
Provision for sales returns	18,021	43,340
Amortization of discount on bonds payable	52,330	65,129
Over contribution on pension cost	(285)	(2,020)
Provision for loss on inventories	6,502	27,065
Loss on physical inventory, net	17,698	25,954
Investment income recognized under the equity method, net	(114,395)	(122,104)
Cash dividends received from equity-method investees	28,594	22,734
Loss (gain) on disposal of property, plant and equipment, net	(9,135)	43,509
Gain on sale of investment, net	(6,950)	(23,359)
Impairment loss	-	262,634
Deferred income tax	(130,911)	13,149
Net changes in operating assets and liabilities		
Financial assets held for trading	117,765	(16,716)
Notes receivable	(30)	-
Accounts receivable	(2,872,801)	(2,864,382)
Other receivable	(45,423)	(109,439)
Inventories	73,661	(478,658)
Other current assets	(840,993)	(503,137)
Financial liabilities held for trading	(11,736)	(20,333)
Notes payable	171,548	(399,146)
Accounts payable	(104,565)	422,434
Accounts payable - related parties	13,291	35,971
Income tax payable	156,113	740,286
Accrued expenses	156,373	990,674
Other current liabilities	<u>(383,983)</u>	<u>110,850</u>
Net cash provided by operating activities	<u>11,479,476</u>	<u>11,493,502</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(1,505,595)	(3,261,967)
Proceeds from disposal of available-for-sale financial assets	1,923,085	2,474,496
Proceeds from settlement of financial assets carried at cost	-	3,188
Acquisition of investments accounted for by the equity method	(236,306)	(288,890)
Proceeds from disposal of investments accounted for by the equity method	-	27,421
Net cash paid for disposal of subsidiaries	(556)	-
Acquisition of property, plant and equipment	(8,387,476)	(8,056,794)
Proceeds from disposal of property, plant and equipment	18,439	25,645

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# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
Increase in refundable deposits	\$ (160)	\$ (656)
Decrease in restricted assets	244,698	4,280,842
Increase in land use rights	(301,789)	-
Increase in other assets	<u>(97,112)</u>	<u>(95,816)</u>
Net cash used in investing activities	<u>(8,342,772)</u>	<u>(4,892,531)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	7,399,608	5,256,150
Issuance of convertible bonds	-	4,495,000
Proceeds from long-term debt	1,430,851	2,348,291
Repayment of long-term debt	(2,251,837)	(778,644)
Increase (decrease) in guarantee deposits received	(15,261)	20,247
Payment of cash dividends	(3,753,496)	(2,761,183)
Issuance of capital stock for GDRs	-	6,209,168
Increase in minority interest	-	16,534
Cash dividends received by minority interest	<u>(25,299)</u>	<u>-</u>
Net cash provided by financing activities	<u>2,784,566</u>	<u>14,805,563</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(393,486)</u>	<u>1,544,185</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,527,784	22,950,719
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>40,197,831</u>	<u>17,247,112</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 45,725,615</u>	<u>\$ 40,197,831</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest paid (excluding capitalized interest)	\$ 256,561	\$ 184,081
Income tax paid	2,789,294	2,319,148
<b>NON-CASH FINANCING ACTIVITIES</b>		
Long-term debt - current portion	\$ 839,417	\$ 953,255
Bonds payable - current portion	3,487,922	-
Conversion of convertible bonds	6,500	5,826,300
<b>INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEM</b>		
Acquisition of property, plant and equipment	\$ 8,645,750	\$ 8,287,389
Increase in payable for property, plant and equipment	<u>(258,274)</u>	<u>(230,595)</u>
Cash paid	<u>\$ 8,387,476</u>	<u>\$ 8,056,794</u>

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

(With Deloitte & Touche audit report dated March 22, 2013)

(Concluded)

# **CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2012 AND 2011**

**(Amounts in Thousands of New Taiwan Dollars, Except Per Share Data and Unless Stated Otherwise)**

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#### **1. ORGANIZATION AND OPERATIONS**

Catcher Technology Co., Ltd. (the “Company”) was incorporated in November 1984 under the laws of the Republic of China (ROC). The Company mainly manufactures and sells aluminum and magnesium extrusion, die casting and stamping products and molds. It also provides lease services.

The Company’s shares were listed and traded on the Taiwan GreTai Securities Market from November 1999 until September 2001 when the Company listed its shares on the Taiwan Stock Exchange (TSE) under stock number “2474” and ceased to be OTC traded.

The Company issued unsecured convertible bonds which are traded on the Taiwan GreTai Securities Market since December 2009 and April 2011. Since all the unsecured convertible bonds issued in 2009 had been converted into common stocks, those unsecured convertible bonds were stopped being traded on the Taiwan Gre Tai Securities Market in July 2012.

The Company increased its capital by listing its shares in the form of GDRs on the Luxembourg Stock Exchange (EuroMTF) in June 2011.

The subsidiaries were as follows:

- a. In April 2000, the Company incorporated Castmate International Co., Ltd. (“Castmate”) for indirect investments in Catcher Technology (Suzhou) Co., Ltd. (“Catcher Suzhou”). Catcher Suzhou mainly manufactures and sells aluminum and magnesium die casting products and molds. In March 2006, Castmate incorporated Meecca Technology (Suzhou Industrial Park) Co., Ltd. (“Meecca Suzhou”). For the group reorganization purpose, in the beginning of 2002, the Company’s investment in Castmate was transferred to Nanomag International Co., Ltd. (“Nanomag”, incorporated in July 2001). Nanomag incorporated Stella International Co., Ltd. (“Stella”) in November 2003, Aquila International Co., Ltd. (“Aquila”) in March 2005, and Gemini International Co., Ltd. (“Gemini”) in April 2005 for indirect investments in Topo Technology (Suzhou) Co., Ltd. (“Topo Suzhou”) and Aquila Technology (Suzhou) Co., Ltd. (“Aquila Suzhou”). The investment of US\$1,400 thousand in Aquila was in accordance with a joint-venture agreement in which the joint venture partner preferentially obtained a 10% initial equity interest in Aquila at a consideration of US\$70 thousand. In July 2006, Nanomag disposed of 210 thousand shares (US\$210 thousand) in Aquila and its interest in Aquila decreased from 90% to 75%.

In December 2007, Nanomag, Castmate, Stella and Aquila incorporated Uranus International Co., Ltd. (“Uranus”), Cygnus International Co., Ltd. (“Cygnus”), Lyra International Co., Ltd. (“Lyra”) and Cepheus International Co., Ltd. (“Cepheus”), respectively, for indirect investments in Catcher Suzhou, Meecca Suzhou, Topo Suzhou and Aquila Suzhou. Except for Aquila, which is 90% indirectly owned by the Company at its date of incorporation, all aforesaid subsidiaries are 100% directly and indirectly owned by the Company (refer to Tables 3 and 7). In January 2009, Uranus incorporated Catcher Technology (Suqian) Co., Ltd. (“Catcher Suqian”, a 100% owned subsidiary) which mainly manufactures and sells aluminum and magnesium die casting products and molds. Besides, Uranus also incorporated Vito Technology (Suqian) Co., Ltd. (“Vito Suqian”, a 100% owned subsidiary), which mainly manufactures and sells aluminum and magnesium die casting products and molds. Lyra incorporated Topo Technology (Taizhou) Co., Ltd. (“Topo Taizhou”) in June 2012, which mainly manufactures and sells aluminum and magnesium die casting products and molds.

In September 2009, Nanomag incorporated Grus International Co., Ltd. (“Grus”) and Draco International Co., Ltd. (“Draco”); Draco was liquidated and dissolved in August 2012. In February 2010, Nanomag incorporated Neat International Co., Ltd. (“Neat”), which was liquidated and dissolved in December 2012. In December 2009, Grus and Gemini incorporated Sagitta International Co., Ltd. (“Sagitta”, a 93% owned subsidiary) and Cetus International Co., Ltd. (“Cetus”, a 70% owned subsidiary), respectively, for overseas investments. In April 2010, Sagitta incorporated Chaohu Yunhai Magnesium Co., Ltd. (“Chaohu Magnesium, a 49% owned investee”) which is engaged in manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metal. In August 2012, Crus increased investment in Sagitta by NT\$232,206 thousand (US\$7,747 thousand) at a percentage different from current percentage of ownership in the investee. The ownership increased from 93% to 95%, with a corresponding amount credited to capital surplus, the amount was NT\$1,464 thousand.

In February 2010, Cetus incorporated WIT Technology (Taizhou) Co., Ltd. (“WIT Taizhou”, a 100% owned subsidiary) which mainly researches, develops and manufactures mini calculator’s mobile communication system phone and components of communication electron products. However, due to the changes in the industry, Cetus had decided to dissolve WIT Technology in February 2012, and WIT Technology was liquidated in June 2012. Cetus was liquidated and dissolved in January 2013.

In November 2008, Castmate, Stella and Aquila incorporated Castmate International Pte. Ltd. (“Castmate Pte.”), Norma International Pte. Ltd. (“Norma Pte.”) and Saturn International Pte. Ltd. (“Saturn Pte.”), respectively, for overseas investments. However, Castmate Pte., Norma Pte. and Saturn Pte. were liquidated in August 2012 and applied for the dissolution in November 2012. The dissolution has not been approved by the authority yet.

In November 2000, Castmate incorporated Catcher Technology Phils., Inc. (“Catcher Phils”, a 100% owned subsidiary), which mainly processes and sells aluminum and magnesium die casting products. For the group reorganization purpose, the Company transferred its investment in Catcher Phils to Artery Co., Ltd. (“Artery”), incorporated in November 2001 and 100% owned by Nanomag. The Company terminated the operation of Catcher Phils in 2006.

- b. In April 2002, the Company incorporated Gigamag Co., Ltd. (“Gigamag”, a 100% owned subsidiary) for indirect investment in Hoppi Co., Ltd. (“Hoppi”), Avatar Co., Ltd. (“Avatar”), Leo Co., Ltd. (“Leo”) and Orion Co., Ltd. (“Orion”), all 100% owned subsidiaries and engaged in international trade.
- c. In May 2007, the Company, Bothhand Enterprise Inc. and other investors incorporated Kryokey Co., Ltd. (“Kryokey”, a 30% owned subsidiary) which mainly engages in research and development. However, in their casual meeting, the stockholders decided to dissolve Kryokey. Kryokey was liquidated in December 2012.
- d. In June 2007, the Company incorporated Amity Capital Inc. (“Amity”, a 100% owned subsidiary) which mainly engages in investing.
- e. In September 2007, the Company and other investors incorporated I-Catcher Optoelectronics Corp. (“I-Catcher”, a 99.8% owned subsidiary) which mainly engages in manufacturing and selling electron components.

As of December 31, 2012 and 2011, the Company and its subsidiaries (“the Group”) had 32,700 and 34,530 employees, respectively.

Movements of all subsidiaries included in the consolidated financial statements for the years ended December 31, 2012 and 2011 were as follows:

Name of Investor	Name of Investee	Main Businesses	% of Ownership December 31	
			2012	2011
Catcher Technology Co., Ltd.	Nanomag International Co., Ltd.	Investing activities	100.0	100.0
	Gigamag Co., Ltd.	Investing activities	100.0	100.0
	Kryokey Co., Ltd.	Research and development	-	30.0
	Amity Capital Inc.	Investing activities	100.0	100.0
	I-Catcher Optoelectronics Corp.	Manufacturing and selling molds and electronic parts	99.8	99.8
Nanomag International Co., Ltd.	Castmate International Co., Ltd.	Investing activities	100.0	100.0
	Gemini International Co., Ltd.	Investing activities	100.0	100.0
	Stella International Co., Ltd.	Investing activities	100.0	100.0
	Uranus International Co., Ltd.	Investing activities	100.0	100.0
	Artery Co., Ltd.	Investing activities	100.0	100.0
	Aquila International Co., Ltd.	Investing activities	75.0	75.0
	Grus International Co., Ltd.	Investing activities	100.0	100.0
	Draco International Co., Ltd.	Investing activities	-	100.0
	Neat International Co., Ltd.	Investing activities	-	100.0
Castmate International Co., Ltd.	Castmate International Pte. Ltd.	Investing activities	-	100.0
	Cygnus International Co., Ltd.	Investing activities	100.0	100.0
Cygnus International Co., Ltd.	Catcher Technology (Suzhou) Co., Ltd.	Manufacturing and selling aluminum and magnesium die casting products and molds	100.0	100.0
	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Manufacturing and selling aluminum and magnesium die casting products and molds	100.0	100.0
Gemini International Co., Ltd.	Cetus International Co., Ltd.	Investing activities	-	70.0
Cetus International Co., Ltd.	WIT Technology (Taizhou) Co., Ltd.	Researching, developing and manufacturing mini calculator's mobile communication system phone and components of communication electron products	-	100.0
Stella International Co., Ltd.	Norma International Pte. Ltd.	Investing activities	-	100.0
	Lyra International Co., Ltd.	Investing activities	100.0	100.0
Lyra International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Manufacturing and selling aluminum and magnesium die casting products and molds	100.0	100.0
	Topo Technology (Taizhou) Co., Ltd.	Manufacturing and selling aluminum and magnesium die casting products and molds	100.0	-
Uranus International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Manufacturing and selling aluminum and magnesium die casting products and molds	100.0	100.0
	Vito Technology (Suqian) Co., Ltd.	Manufacturing and selling aluminum and magnesium die casting products and molds	100.0	-
Artery Co., Ltd.	Catcher Technology Phils Inc.	Manufacturing and selling aluminum and magnesium die casting products and molds	100.0	100.0
Aquila International Co., Ltd.	Saturn International Pte. Ltd.	Investing activities	-	100.0
	Cepheus International Co., Ltd.	Investing activities	100.0	100.0
Cepheus International Co., Ltd.	Aquila Technology (Suzhou) Co., Ltd.	Manufacturing and selling molds and electronic parts	100.0	100.0
Grus International Co., Ltd.	Sagitta International Co., Ltd.	Investing activities	95.0	93.0
Gigamag Co., Ltd.	Hoppi Co., Ltd.	International trade	100.0	100.0
	Avatar Co., Ltd.	International trade	100.0	100.0
	Leo Co., Ltd.	International trade	100.0	100.0
	Orion Co., Ltd.	International trade	100.0	100.0

The chairman of Kryokey is also the chairman of the Company and the Company has effective control over financing, operating and personnel matters of Kryokey; therefore, Kryokey became a consolidated entity.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China (ROC).

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

Significant accounting policies are summarized as follows:

### **Basis of Consolidated Financial Statements**

As stated in Note 1, the consolidated financial statements include the financial statements of the Company and all of the above subsidiaries. All significant intercompany transactions and balances are eliminated on consolidation.

### **Foreign-currency Transactions and Translation of the Financial Statements of Foreign Operations**

The entities in the Group use their functional currency as reporting currency.

Non-derivative foreign-currency transactions are recorded in functional currency at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

The financial statements of foreign operations are translated into New Taiwan dollars at the following exchange rates:

- a. Assets and liabilities - at exchange rates prevailing on the balance sheet date;
- b. Shareholders' equity - at historical exchange rates;
- c. Income and expenses - at average exchange rates for the year.

Exchange differences arising from the translation of the financial statements of foreign operations are recognized as a separate component of shareholders' equity. Such exchange differences are recognized in profit or loss in the year in which the foreign operations are disposed of.

### **Accounting Estimates**

Under above guidelines and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, allowance for sales return, allowance for loss on inventories, depreciation of property, plant and equipment, tax, pension cost, bonuses to employees, directors and supervisors, etc. Actual results may differ from these estimates.

## **Current and Noncurrent Assets and Liabilities**

Current assets include cash and cash equivalents, and those assets held primarily for trading purposes or to be realized, sold or consumed within twelve months from the balance sheet date. All other assets such as property, plant and equipment and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purpose or to be settled within twelve months from the balance sheet date. All other liabilities are classified as noncurrent.

## **Cash Equivalents**

Cash equivalents are repurchase agreements collateralized by bonds. They are highly liquid financial instruments with maturities of three months or less when acquired and with carrying amounts that approximate fair values.

## **Financial Assets and Liabilities at Fair Value Through Profit or Loss**

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss ("FVTPL") include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Group recognizes a financial asset or a financial liability on its balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Group has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value plus transaction costs. At each balance sheet date subsequent to initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

A derivative that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: Convertible bonds and Forward exchange contracts which are financial assets and financial liabilities without quoted prices in an active market - at values determined using valuation techniques.

## **Available-for-sale Financial Assets**

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are the same with those of financial assets at FVTPL.

Fair values of available-for-sale financial assets at the balance sheet date are determined as follows: Publicly traded convertible bonds - at closing prices; funds - at net asset values; private-placement domestic shares - at values determined using valuation techniques.

Cash dividends are recognized on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity.

### **Financial Assets Carried at Cost**

Investments in equity instruments with no quoted prices in an active market, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

### **Impairment of Accounts Receivable**

Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It is becoming probable that the debtor will enter bankruptcy or financial re-organization.

Accounts receivable that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Group's past experience in the collection of payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

### **Impairment of Assets**

If the recoverable amount of an asset (mainly property, plant and equipment, investments accounted for by the equity method, land use rights and other assets - other) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings unless the asset is carried at a revalued amount, in which case the impairment loss is first treated as a deduction to the unrealized revaluation increment and any remaining loss is charged to earnings.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years. A reversal of an impairment loss is recognized in earnings, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is first recognized as gain to the extent that an impairment loss on the same revalued asset was previously charged to earnings. Any excess amount is treated as an increase in the unrealized revaluation increment. A reversal of an impairment loss on goodwill is disallowed.

For long-term equity investments in which the Group has significant influence but with no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing.

### **Allowance for Sales Returns**

Allowance for sales returns is generally recorded in the year the related revenue is recognized on the basis of past experience, management's judgment, and relevant factors.

### **Inventories**

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

### **Investments Accounted for by the Equity Method**

Investments in which the Company holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

The cost of investment is allocated to the assets and liabilities of the investee (proportionate to the percentage of ownership) on the basis of their fair values at the date of investment, and the investment cost in excess of the fair value of the identifiable net assets is recognized as goodwill. Goodwill is not amortized. The fair value of the net identifiable assets of the investee in excess of the investment cost is used to reduce the fair value of each of the noncurrent assets of the investee (except for financial assets other than investments accounted for by the equity method, noncurrent assets held for sale, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain.

When the Group subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Group records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus from long-term investments is insufficient, the shortage is debited to retained earnings.

### **Property, Plant and Equipment**

Land (including rental assets) is stated at cost or cost plus revaluation increment.

Property, plant and equipment except land, are stated at cost less accumulated depreciation and accumulated impairment losses. Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are capitalized as part of the cost of those assets. Major additions and improvements to property, plant and equipment are capitalized, while costs of repairs and maintenance are expensed currently.

Depreciation is provided on a straight-line basis over estimated useful lives as follows: Buildings - 5 to 50 years; machinery and equipment - 2 to 10 years; transportation equipment - 5 years; furniture and fixtures - 2 to 10 years; rental assets (except land) - 5 to 35 years; leasehold improvements - 4 to 5 years and miscellaneous equipment - 2 to 15 years. Property, plant and equipment still in use beyond their original estimated useful lives are further depreciated over their new estimated useful lives.

The related cost (including revaluation increment), accumulated depreciation and any unrealized revaluation increment of an item of property, plant and equipment are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the year of disposal.

### **Intangible Assets**

Intangible assets acquired are initially recorded at cost and are amortized on a straight-line basis over their estimated useful lives. Prepaid lease payments to Taiwan Sugar Corporation for land use rights are amortized over 20 years. Prepaid lease payments to Catcher Suzhou, Topo Suzhou, Meecca Suzhou, Catcher Suqian and Vito Suqian for land use rights are amortized over 50 to 70 years.

### **Deferred Expenses**

Deferred expenses comprise molds and others which are amortized on a straight-line basis over estimated useful lives.

### **Capitalized and Current Expenditures**

Expenditure which exceeds a certain amount and which benefits a period longer than one year is capitalized as assets, otherwise presented as expenses or losses.

### **Convertible Bonds**

For convertible bonds issued on or after January 1, 2006, the Company first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component, then determines the carrying amount of the equity component, representing the equity conversion option, by deducting the fair value of the liability component from the fair value of the convertible bonds as a whole. The liability component (excluding embedded derivatives) is measured at amortized cost using the effective interest method, while the embedded non-equity derivatives are measured at fair value. Upon conversion, the Company uses the aggregate carrying amount of the liability and equity components of the bonds at the time of conversion as a basis to record the common shares issued.

Pursuant to a newly released SFAS, transaction costs of bonds issued on or after January 1, 2006, net of related income tax benefit, are allocated in proportion to the liability and equity components of the bonds.

### **Pension Costs**

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

## **Income Tax**

The Group applies the inter-year allocation method to its income tax, whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences. Valuation allowance is provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

If the Company can control the timing of the reversal of a temporary difference between the book value and the tax basis of a long-term equity investment in a foreign subsidiary or joint venture and if the temporary difference is not expected to reverse in the foreseeable future and will, in effect, exist indefinitely, then a deferred tax liability or asset is not recognized.

Tax credits for purchases of machinery, equipment and technology expenditures are recognized using the flow-through method.

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

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

## **Revenue Recognition**

Revenue from sales of goods is recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, acceptance by customers or delivery to customers, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable. The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Group and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

## **3. ACCOUNTING CHANGE**

### **Financial Instruments**

On January 1, 2011, the Group adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." The main revisions include (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Group are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost when a debtor has financial difficulties and the terms of obligations have been modified; and (5) accounting treatment by a debtor for modifications in the terms of obligations. This accounting change did not have significant effect on the Group's consolidated financial statements as of and for the year ended December 31, 2011.

## Operating Segments

On January 1, 2011, the Group adopted the newly issued SFAS No. 41 - "Operating Segments." The requirements of the statement are based on the information about the components of the Company that management uses to make operating decisions. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20, "Segment Reporting." This accounting change did not have significant effect on the Group's reported segment information.

## 4. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Cash on hand	\$ 3,515	\$ 3,186
Savings accounts in the banks	10,019,214	9,576,745
Time deposits: Interest at 0.01%-4.19% in 2012 and 0.10%-4.51% in 2011	35,059,257	29,953,350
Repurchase agreements - maturity in January to March 2013 and January to March 2012; interest at 1.30%-1.50% in both 2012 and 2011	643,629	661,586
Travel check	-	2,964
	<u>\$ 45,725,615</u>	<u>\$ 40,197,831</u>

On December 31, 2012 and 2011, overseas deposits were as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
United States of America - New York (US\$62 thousand on both December 31, 2012 and 2011)	<u>\$ 1,799</u>	<u>\$ 1,875</u>

## 5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Financial assets at FVTPL		
Forward exchange contracts	<u>\$ -</u>	<u>\$ 117,765</u>
Financial liabilities at FVTPL		
Put and call option for bonds payable	\$ 37,772	\$ 48,040
Forward exchange contracts	<u>-</u>	<u>1,468</u>
	<u>\$ 37,772</u>	<u>\$ 49,508</u>

### a. Forward exchange contracts

The Group entered into derivative contracts to manage exposures to market price and cash flow risks. For the years ended December 31, 2012 and 2011, the Group's forward exchange contracts, which were entered to manage exposures to exchange rate changes, resulted in net loss of NT\$16,221 thousand

(valuation gain on financial assets NT\$5,038 thousand and valuation loss on financial liabilities NT\$21,259 thousand) and net gain of NT\$258,403 thousand (valuation gain on financial assets NT\$262,602 thousand and valuation loss on financial liabilities NT\$4,199 thousand), respectively. The financial instruments did not meet the criteria of hedge accounting; thus, the instruments were categorized as financial assets held for trading.

There was no outstanding forward exchange contract as of December 31, 2012.

Outstanding forward exchange contracts as of December 31, 2011 were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)	Currency Rate
<u>The Company</u>				
Sell	US\$/NT\$	January - March 2012	US\$20,000/NT\$604,542	30.019-30.41
<u>Topo Suzhou</u>				
Sell	US\$/RMB	January - March 2012	US\$27,000/RMB172,820	6.3765-6.4217
Sell	US\$/RMB	April - June 2012	US\$39,500/RMB252,038	6.3625-6.3987
Sell	US\$/RMB	July 2012	US\$15,000/RMB95,473	6.3584-6.3778
<u>Catcher Suzhou</u>				
Sell	US\$/RMB	January - March 2012	US\$22,000/RMB140,811	6.3765-6.4217
Sell	US\$/RMB	April - June 2012	US\$30,000/RMB191,498	6.3625-6.3987
Sell	US\$/RMB	July 2012	US\$10,000/RMB63,778	6.3778
<u>Meeca Suzhou</u>				
Sell	US\$/RMB	January - March 2012	US\$51,000/RMB326,483	6.3765-6.4217
Sell	US\$/RMB	April - June 2012	US\$50,500/RMB322,101	6.3625-6.3915
Sell	US\$/RMB	July 2012	US\$10,000/RMB63,584	6.3584

b. Put and call option for bonds payable: Refer to Note 14.

## 6. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT AND NONCURRENT

	December 31	
	2012	2011
Current		
Mutual funds	\$ 882,881	\$ 1,285,178
Listed convertible bonds	<u>54,480</u>	<u>58,143</u>
	<u>\$ 937,361</u>	<u>\$ 1,343,321</u>
Noncurrent		
Private-placement domestic listed shares	<u>\$ 84,446</u>	<u>\$ 68,230</u>

Private-placement domestic listed shares are stocks of Giantplus Technology Co., Ltd (Giantplus). Because of the significant decline in stock price of Giantplus, the Company evaluated and recognized an impairment loss on the investment in Giantplus of NT\$140,030 thousand in the third quarter of 2011 on the basis of valuation report.

## 7. ACCOUNTS RECEIVABLE

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Accounts receivable	\$ 15,231,357	\$ 12,375,716
Less: Allowance for doubtful accounts (Note 2)	12,980	8,438
Allowance for sales returns (Note 2)	<u>45,151</u>	<u>44,441</u>
	<u>\$ 15,173,226</u>	<u>\$ 12,322,837</u>

Movements of the allowance for doubtful accounts were as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Balance, beginning of year	\$ 8,438	\$ 8,438
Add: Provision for doubtful accounts	4,659	-
Effects of exchange rate changes	<u>(117)</u>	<u>-</u>
Balance, end of year	<u>\$ 12,980</u>	<u>\$ 8,438</u>

Movements of the allowance for sales returns were as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Balance, beginning of year	\$ 44,441	\$ 19,288
Add: Provision for sales returns	18,021	43,340
Deduct: Amounts write-off	(17,160)	(18,302)
Effects of exchange rate changes	<u>(151)</u>	<u>115</u>
Balance, end of year	<u>\$ 45,151</u>	<u>\$ 44,441</u>

## 8. INVENTORIES

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Merchandise	\$ 33,759	\$ 11,148
Finished goods	794,184	837,556
Work in process and semi-finished goods	1,200,323	1,282,307
Raw materials	247,189	221,604
Supplies	<u>173,639</u>	<u>185,265</u>
	<u>\$ 2,449,094</u>	<u>\$ 2,537,880</u>

As of December 31, 2012 and 2011, the allowance for inventory devaluation was NT\$182,014 thousand and NT\$307,808 thousand, respectively.

The cost of inventories recognized as cost of sales for the years ended December 31, 2012 and 2011 was as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Cost of goods sold	\$ 21,032,358	\$ 18,458,406
Loss on work stoppages	133,997	587,546
Unallocated overheads	31,929	3,437
Provision for loss on inventories	6,502	27,065
Loss on physical inventory, net	17,698	25,954
Scrap income	<u>(238,823)</u>	<u>(89,057)</u>
	<u><b>\$ 20,983,661</b></u>	<u><b>\$ 19,013,351</b></u>

Loss on work stoppages resulted from the suspension of operations of certain subsidiaries in China's Suzhou Industrial Park because of complaints from people living 2km away from the factories about odor. In mid October, 2011, the local authority required the subsidiaries to suspend part of the production and make the necessary rectification. The subsidiaries have done preliminary rectification in late October 2011 and adopted multi-level testing phases. The authority has not officially approved to resume the normal operation so far.

#### 9. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	<b>December 31</b>			
	<b>2012</b>		<b>2011</b>	
	<b>Amount</b>	<b>% of Owner-ship</b>	<b>Amount</b>	<b>% of Owner-ship</b>
Domestic unquoted common stocks				
Light Tek Co., Ltd.	\$ -	1	\$ -	1
Asia Pacific Telecom Co., Ltd.	-	-	-	-
Overseas unquoted common stocks				
Digital Value Investment Ltd.	-	-	-	-
North America Venture Fund II, L.P.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>\$ -</b></u>		<u><b>\$ -</b></u>	

The above equity investments, which had no quoted prices in an active market, were carried at cost.

Asia Pacific Telecom Co., Ltd., Light Tek Co., Ltd., Digital Value Investment Ltd., and North America Venture Fund II, L.P. had continuing operating losses. Thus, the Group recognized permanent investment losses in prior years.

The Group received NT\$3,225 thousand (US\$110 thousand) as distribution of proceeds from liquidation of Digital Value Investment Ltd. and North America Venture Fund II, L.P., and recognized as gain on sale of investment in the consolidated statements of income for the year ended December 31, 2011.

# 10. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	December 31			
	2012		2011	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Epileds Technology Inc. (“Epileds”)	\$ 142,692	7.3	\$ 140,478	7.3
Sinher Technology Co., Ltd. (“Sinher”)	435,673	27.2	360,204	27.3
Chaohu Yunhai Magnesium Co., Ltd. (“Chaohu Yunhai”)	1,004,046	49.0	801,523	49.0
Yue-Kang Health Control Technology Inc. (“Yue-Kang”)	1,927	40.0	1,056	40.0
Kon-Cheng Accuracy Co., Ltd. (Kon-Cheng)	<u>49,600</u>	40.0	<u>53,079</u>	40.0
	<u>\$ 1,633,938</u>		<u>\$ 1,356,340</u>	

In October 2007, the Company invested NT\$111,000 thousand and acquired 30% equity of Sinher Technology Co., Ltd. which is engaged in manufacturing electron components.

The Group’s investment in Epileds was previously classified as financial assets carried at cost - noncurrent. In June 2009, the Group can exercise significant influence over Epileds’s operating and financial policy decision because the chairman of the Group was elected as the chairman of Epileds. Therefore, the Group accounted for the investment by the equity method. The carrying amount of the investment as of January 1, 2009 was its deemed cost for the purpose of applying the equity method. The difference of NT\$1,981 thousand between the cost and the Group’s share in the investee’s net assets is amortized over 5 years. As of December 31, 2012, the unamortized amount was NT\$396 thousand.

Since employee’s bonus transferred to capital of Shiner in June 2012, the Group recorded the change in its equity in the investee’s net assets as an adjustment to investments, with a corresponding amount credited to capital surplus; the amount was NT\$734 thousand. In 2011, because of employee stock options and the valuation of employee stock option of Epileds, and employee’s bonus transferred to capital and disposal of stocks of Sinher, the Group recorded the change in its equity in the investees’ net assets as an adjustment to investments, with a corresponding amount credited to capital surplus; the amount was NT\$8,279 thousand. The Company sold 278 thousand shares of Sinher for NT\$24,391 thousand in May 2011, and 101 thousand shares of Epileds for NT\$3,030 thousand in November 2011. The gains on these disposals were NT\$13,563 thousand and NT\$1,231 thousand, respectively.

In December 2009, the Company invested NT\$3,000 thousand and acquired 30% equity of Yue-Kang Health Control Technology Inc. which is engaged in health and medical treatment consultancy services. In 2011, the Company invested NT\$2,000 thousand and NT\$1,000 thousand. Therefore, the ownership increased from 30% to 40%. Because the Company subscribed newly issued shares at a percentage differently from percentage of ownership in the investee, the Company recorded the change in its equity in the investee’s net assets as an adjustment to investments, with a corresponding amount debited to capital surplus; the amount was NT\$338 thousand. In April and December 2012, the Company invested a total of NT\$4,000 thousand for 400 thousand shares in proportion with the holding percentage.

In 2010, Sagitta invested US\$16,035 thousand and acquired 49% equity of Chaohu Yunhai Magnesium Co., Ltd. which is engaged in manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metal. In the third quarter of 2012, The Group increased investment by NT\$232,306 thousand (US\$7,747 thousand) and NT\$235,890 thousand (US\$7,765 thousand) with the same percentage of ownership in the investee, respectively, in 2012 and 2011.

In July 2011, the Company invested NT\$50,000 thousand and acquired 40% equity of Kon-Cheng which is engaged in manufacturing and selling of plastic products. The difference of NT\$4,170 thousand between the cost and the Company's share in the investee's net assets is amortized over 5 years. As of December 31, 2012, the unamortized amount was NT\$1,295 thousand.

Investment income (loss) recognized under the equity method was as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Epileds	\$ 6,649	\$ 17,956
Sinher	103,493	54,030
Chaohu Yunhai	6,861	50,592
Yue-Kang	(3,129)	(3,553)
Kon-Cheng	<u>521</u>	<u>3,079</u>
	<u>\$ 114,395</u>	<u>\$ 122,104</u>

## 11. PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND OTHER ASSETS - OTHER

### a. Property, plant and equipment

Accumulated depreciation was as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Buildings	\$ 2,048,734	\$ 1,697,020
Machinery and equipment	8,223,170	7,064,900
Transportation equipment	46,449	41,252
Furniture and fixtures	516,057	417,283
Rental assets	93,141	87,513
Leasehold improvement	7,217	6,964
Miscellaneous equipment	<u>209,603</u>	<u>162,377</u>
	<u>\$ 11,144,371</u>	<u>\$ 9,477,309</u>

Information about capitalized interest was as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Amount of interest	\$ 317,878	\$ 263,257
Capitalized interest	<u>15,332</u>	<u>9,400</u>
Interest expense	<u>\$ 302,546</u>	<u>\$ 253,857</u>
Capitalization rates	1.146%-1.5570%	0.867%-1.97%

Aquila Suzhou leases building from Hwa-Sheng Technology (Suzhou) Co., Ltd. For the related information please see Note 23.

The Group has leased out a portion of factory buildings and land (included in rental assets) to other companies since 2002. The net book values of these properties were as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Land	\$ 159,748	\$ 159,748
Buildings	<u>155,226</u>	<u>155,226</u>
	314,974	314,974
Revaluation increment	<u>43,615</u>	<u>43,615</u>
	358,589	358,589
Less: Accumulated depreciation	<u>93,141</u>	<u>87,513</u>
	<u>\$ 265,448</u>	<u>\$ 271,076</u>

The Company revalued its land in July 1993 and September 1995 resulting in a revaluation increment of NT\$43,615 thousand. The net revaluation increment of NT\$20,714 thousand, less reserve for land value increment tax of NT\$22,901 thousand, was credited to equity as unrealized revaluation increment; of which NT\$20,000 thousand was subsequently transferred to capital.

The ROC government revised the Land Tax Act, resulting in the permanent reduction of the land value increment tax from February 1, 2005. Thus, the Company reduced its reserve for land value increment tax by NT\$10,305 thousand and increased as unrealized revaluation increment account in equity by the same amount in 2005.

The lease agreements on the above rental properties will expire in February 2017. The Group recognized rental income of NT\$18,173 thousand and NT\$19,316 thousand for the years ended December 31, 2012 and 2011, respectively. Estimated minimum rental income in future years is as follows:

<b>Year</b>	<b>NT\$</b>
2013	\$ 17,808
2014	17,220
2015	12,600
2016	12,600
2017 and later	3,000

For future capacity expansion and operating plan, the Board of Directors' meeting approved to authorize the chairman to enter an auction held by court in April 2008. The Company acquired land, buildings and machinery amounting to NT\$742,542 thousand which are located at Bentian Rd., Tainan City, ROC from the auction. Because the acquired machinery cannot be used for the Company's industry, the Company sold the acquired machinery to third party amounting to NT\$160,000 thousand (sales tax excluded). The remaining assets, including land and buildings, amounting to NT\$582,542 thousand reclassified as land and buildings in August 2012.

For future capacity expansion, the Company acquired land amounting to NT\$1,120,804 thousand which is located at Yung-Kang Technology Industrial Park in February 2011, and acquired land amounting to NT\$124,352 thousand which is located at Tainan Technology Industrial Park in March 2011. The ownership transfer and registration process of the land had been completed.

Because of the uncertain operation of WIT Technology (Taizhan) Co., Ltd., the Group recognized impairment loss of NT\$122,604 thousand in the fourth quarter of 2011.

b. Land use rights

In April 2000, the Company obtained the usage right of the land on which its buildings are situated under an agreement with Taiwan Sugar Corporation which will expire in 2050. The annual rental is 10% of the government appraised price of the land. The Company is required to pay for the land use right every twenty years, as determined by the government. The Company had paid the cost of NT\$21,140 thousand as of December 31, 2012, and the unamortized balance was NT\$7,928 thousand and NT\$9,009 thousand as of December 31, 2012 and 2011, respectively.

At the expiration of the rights are over, the Company should remove all the ground objects and return the land to Taiwan Sugar Corporation.

Catcher Suzhou, Topo Suzhou and Meeca Suzhou obtained the usage rights on the land on which their buildings stand under agreements with the Suzhou Industrial Park, Catcher Suqian and Vito Suqian obtained the usage rights on the land on which their buildings stand under agreements with the Suzhou Suqian Industrial Park which will expire in succession before 2082. The rights were paid in the year the agreement was signed. As of December 31, 2012 and 2011, Catcher Suzhou, Topo Suzhou Meeca Suzhou, Catcher Suqian and Vito Suqian had paid RMB165,340 thousand and RMB101,207 thousand, the unamortized balance was NT\$689,988 thousand (RMB149,343 thousand) and NT\$420,982 thousand (RMB87,616 thousand), respectively, presented as land use rights.

c. Other assets - other

For the construction of operating headquarters and center for research and development, the Company acquired land located in Neihu District, Taipei City, ROC for NT\$507,106 thousand in November 2009. The land is recorded as other assets, because the development and construction have not yet started.

## 12. SHORT-TERM LOANS

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Secured loans: Interest at 0.71%-1.80% in 2012 and 0.5544%-1.25% in 2011	\$ 19,400,999	\$ 5,026,302
Unsecured loans: Interest at 1.091%-1.56% in 2012 and 0.888%-2.41% in 2011	5,038,800	6,357,750
Usance letters of credit: Interest at 0.5893%-1.35%	-	5,656,139
	<u>\$ 24,439,799</u>	<u>\$ 17,040,191</u>

### 13. LONG-TERM DEBT

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Unsecured loans: Repayable in May 2014, interest rate at 0.53371%-0.68229% in 2012 and 0.53844%-0.9975% in 2011	\$ 1,036,041	\$ 2,545,870
Secured loans: Repayable in April 2014, interest rate at 1.253% in 2012 and 1.244% in 2011	1,000,000	1,000,000
Secured loans: Repayable in 48 equal monthly installments starting September 2009 to August 2013, interest rate at 1.086% in 2012 and 1.055% in 2011	156,667	406,667
Secured loans: Repayable in 48 equal monthly installments starting January 2010 to December 2013, interest rate at 1.088% in 2012 and 1.061% in 2011	450,000	900,000
Unsecured loans: Repayable in May 2014, interest rate at 0.89085%-0.91285%	1,059,584	-
Unsecured loans: Repayable in February 2012, interest rate at 0.73906%	-	71,470
	<u>3,702,292</u>	<u>4,924,007</u>
Less: Current portion due within one year	<u>839,417</u>	<u>953,255</u>
	<u>\$ 2,862,875</u>	<u>\$ 3,970,752</u>

### 14. BONDS PAYABLE

#### First Domestic Unsecured Bond

In December 2009, the Company issued five-year (maturity date of December 8, 2014) domestic unsecured convertible bonds at par value of NT\$5,000,000 thousand, zero coupon rate and effective interest at 1.5%. Upon maturity, the Company should redeem the remaining bonds at their face value. All of the bonds had been converted into the Company's common shares before June 2012. The bonds were deemed as compound financial instruments. The compound financial instruments were separated and presented as follows:

	<b>December 31, 2011</b>
Liability component	
Unsecured bonds payable	\$ 6,500
Deduct: Discount of bonds payable (1.5% effective rate)	<u>282</u>
	<u>\$ 6,218</u>
Equity component	
Capital surplus - stock option of convertible bonds	<u>\$ 378</u>

Except as provided below, the bondholders are entitled to convert the convertible bonds into common stocks of the Company from next month after the issuance date to ten days before the maturity date. The conversion price was NT\$106.73 per share.

Periods restricted for conversion:

- a. Period from at least fifteen trading days prior to the non-transferring declaration date of stock dividends, cash dividends or capital increase by cash contribution to the granted date of the distribution of dividends;
- b. Period from the granted date of capital reduction to one trading day prior to replacement of old share certificates by new ones;
- c. Other stipulated non-transferring periods.

After issuing the bonds, conversion prices should be adjusted if the Company increases capital by contributing cash, stock dividends, capital surplus, employees' bonus, consolidation or acquisition, stock split and issuing of GDR, etc., except stock issued from exercise of conversion option of bonds. The conversion price was adjusted to NT\$102.06 per share because of cash dividends for 2011 and 2010.

The bondholders can request the Company to redeem at 101.0025% of par value (0.5% effective rate) on December 8, 2011 (the day after two years from issuance date). In accordance with Accounting Research and Development Foundation guidance No. 290 issued on December 8, 2006, the bondholders can exercise put option within one year; therefore the Company reclassified bonds payable as current liability as of December 31, 2010. However, the bondholders had not exercised put option on that day; thus, the Company reclassified bonds payable as noncurrent as of December 31, 2011.

The convertible bonds may be redeemed at par value under the following conditions:

- a. Between June 9, 2010 and October 29, 2014, if the closing price of the Company's stock reaches 130% of the conversion price for 30 consecutive trading days.
- b. Between June 9, 2010 and October 29, 2014, the outstanding balance is lower than 10% of the original issuance amounts.

The Company recognized the related valuation gain of NT\$15,402 thousand as valuation gain on financial liabilities as of December 31, 2011.

As of December 31, 2012 and 2011, bonds with aggregate face value of NT\$5,000,000 thousand and NT\$4,993,500 thousand, respectively, had been converted into the Company's common shares as follows:

	December 31, 2011	Year Ended December 31, 2012	December 31, 2012
The total amount of bonds converted	\$ 4,993,500	\$ 6,500	\$ 5,000,000
Less: Common shares at conversion price of NT\$103.81	477,085	-	477,085
Less: Common shares at conversion price of NT\$102.06	<u>3,997</u>	<u>637</u>	<u>4,634</u>
Premium on conversion	4,512,418	5,863	4,518,281
Add: Capital surplus - stock option of convertible bonds	290,531	378	290,909
Financial liabilities at FVTPL	1,298	-	1,298
Less: Discount of bonds payable	<u>261,335</u>	<u>270</u>	<u>261,605</u>
The portion of issued common stock recognized as capital surplus - bond conversion premium	<u>\$ 4,542,912</u>	<u>\$ 5,971</u>	<u>\$ 4,548,883</u>

As of December 31, 2012, the above 48,172 thousand common shares were issued to the bondholders and recorded as common stock amounting to NT\$481,719 thousand. The registration process of the above common shares with the government had been completed.

## Second Domestic Unsecured Bond

On April 27, 2011, the Company issued five-year (maturity date of April 27, 2016) domestic unsecured convertible bonds at par value of NT\$4,500,000 thousand, zero coupon rate and effective interest at 1.2%. Upon maturity, the Company should redeem the remaining bonds at their face value. The bonds were deemed as compound financial instruments. The compound financial instruments were separated and presented as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Liability component		
Unsecured bonds payable	\$ 3,667,200	\$ 3,667,200
Deduct: Discount of bonds payable (1.2% effective rate)	<u>179,278</u>	<u>231,596</u>
	<u>\$ 3,487,922</u>	<u>\$ 3,435,604</u>
Financial liabilities held for trading: Call and put option	<u>\$ 37,772</u>	<u>\$ 48,040</u>
Equity component		
Capital surplus - stock option of convertible bonds	<u>\$ 215,758</u>	<u>\$ 215,758</u>

Except as provided below, the bondholders are entitled to convert the convertible bonds into common stocks of the Company from next month after the issuance date to ten days before the maturity date. The original conversion price was NT\$202 per share.

Periods restricted for conversion:

- Period from at least fifteen trading days prior to the non-transferring declaration date of stock dividends, cash dividends or capital increase by cash contribution to the granted date of the distribution of dividends;
- Period from the granted date of capital reduction to one trading day prior to replacement of old share certificates by new ones;
- Other stipulated non-transferring periods.

After issuing the bonds, conversion prices should be adjusted if the Company increases capital by contributing cash, stock dividends, capital surplus, employees' bonus, consolidation or acquisition, stock split and issuing of GDR, etc., except stock issued from exercise of conversion option of bonds. The conversion price was adjusted to NT\$192.06 per share because of cash dividends for both 2012 and 2011.

The bondholders can request the Company to redeem at 101.5056% of par value (0.75% effective rate) and 102.2669% on April 27, 2013 (the day after two years from issuance date) and 2014 (the day after three years from issuance date), respectively. In accordance with Accounting Research and Development Foundation guidance No. 290 issued on December 8, 2006, the bondholders can exercise put option within one year; therefore, the Company reclassified bonds payable as current liability as of December 31, 2012.

The convertible bonds may be redeemed at par value under the following conditions:

- Between October 28, 2011 and March 18, 2016, if the closing price of the Company's stock reaches 130% of the conversion price for 30 consecutive trading days.

- b. Between October 28, 2011 and March 18, 2016, the outstanding balance is lower than 10% of the original issuance amounts.

In accordance with SFAS No. 36, the Company has bifurcated the bonds into a liability component and an equity component.

In the April 2011, the Company recognized NT\$264,756 thousand as capital surplus - stock option of convertible bonds.

The Company recognized the related valuation gain of NT\$10,268 thousand and NT\$6,399 thousand as valuation gain on financial liabilities as of December 31, 2012 and 2011, respectively.

As of December 31, 2012, bonds with aggregate face value of NT\$832,800 thousand had been converted into the Company's common shares as follows:

	<b>Amount</b>
The total amount of bonds converted	\$ 832,800
Less: Common shares at conversion price of NT\$202	<u>41,227</u>
Premium on conversion	791,573
Add: Capital surplus - stock option of convertible bonds	48,998
Financial liabilities at FVTPL	3,097
Less: Discount of bonds payable	<u>57,184</u>
The portion of issued common stock recognized as capital surplus - bond conversion premium	<u>\$ 786,484</u>

As of December 31, 2012, the above 4,123 thousand common shares were issued to the bondholders and recorded as common stock amounting to NT\$41,227 thousand. The registration process of the above common shares with the government had been completed.

## 15. PENSION PLAN

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were NT\$44,263 thousand and NT\$34,204 thousand for the years ended December 31, 2012 and 2011, respectively.

Catcher Suzhou, Topo Suzhou, Meeca Suzhou, Aquila Suzhou, Topo Taizhou and Catcher Suqian contribute a definite percentage of employees' basic salary to a government pension fund. The pensions are paid to retired employees directly on the basis of basic monthly salaries and length of service. The Group recognized pension costs of NT\$553,510 thousand and NT\$287,008 thousand for the years ended December 31, 2012 and 2011, respectively.

Based on the defined benefit plan under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is deposited in the Bank of Taiwan in the committee's name. The Company recognized pension cost of NT\$1,810 thousand and gain of NT\$65 thousand (recognized as non-operating income and gains) for the years ended December 31, 2012 and 2011, respectively.

Information about the defined benefit pension was as follows:

a. Components of net periodic pension cost

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Service cost	\$ 2,071	\$ 386
Interest cost	1,074	1,011
Projected return on pension assets	(1,335)	(1,362)
Amortization	<u>-</u>	<u>(100)</u>
Net periodic pension cost (gain)	<u>\$ 1,810</u>	<u>\$ (65)</u>

b. Reconciliation of the funded status of the plan and accrued pension cost

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Benefit obligation		
Vested benefits obligation	\$ 1,126	\$ 2,814
Non-vested benefits obligation	<u>55,744</u>	<u>38,049</u>
Accumulated benefit obligation	56,870	40,863
Additional benefits based on future salaries	<u>13,196</u>	<u>12,832</u>
Projected benefit obligation	70,066	53,695
Fair value of plan assets	<u>(68,653)</u>	<u>(65,908)</u>
Funded status	1,413	(12,213)
Unrecognized net gain (Loss)	<u>(7,362)</u>	<u>6,550</u>
Prepaid pension cost (recognized as other assets - other)	<u>\$ (5,949)</u>	<u>\$ (5,663)</u>
Vested benefits	<u>\$ 1,357</u>	<u>\$ 3,568</u>

c. Actuarial assumptions

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Discount rate used in determining present values	1.875%	2.000%
Future salary increase rate	1.875%	2.000%
Expected rate of return on plan assets	1.875%	2.000%

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
d. Contributions to the fund	<u>\$ 2,095</u>	<u>\$ 1,955</u>
e. Payments from the fund	<u>\$ -</u>	<u>\$ 3,748</u>

## **16. STOCKHOLDERS' EQUITY**

### **Issuance of Global Depositary Receipts (GDRs)**

In June 2011, the Company increased its capital by listing its shares in the form of Global Depositary Receipts ("GDRs"). Each GDR was issued at US\$32.84 and represented 5 common shares. The issued units of GDRs were 6,700 thousand units representing 33,500 thousand common shares. The registration process had been completed.

### **Capital Surplus**

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares and conversion of bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year). The capital surplus from long-term investments and stock options may not be used for any purpose.

### **Appropriation of Earnings and Dividend Policy**

The Company's Articles of Incorporation provide that the annual net income should be appropriated as follows:

- a. Offset against deficit, if any;
- b. 10% of the remainder as legal reserve, until the accumulated amount equals the Company's paid-in capital;
- c. Special reserve may be appropriated as required;
- d. The remainder, no more than 1% as remuneration to directors and supervisors; not less than 1% as bonus to employees. The remaining portion plus reversal of special reserve and the accumulated unappropriated earnings generated from prior years should be deemed as the distributable earnings, the distribution plan of which should be proposed by the Board of Directors and approved in the shareholders meeting. The Company may issue stock bonuses to employees of an affiliated company meeting the conditions set by the management and the balance shall be distributed to stockholders as proposed by the board of directors.

For the years ended December 31, 2012 and 2011, the bonus to employees was NT\$156,900 thousand and NT\$106,772 thousand representing 1.6% and 1% of net income (net of the bonus to employees and bonus to directors and supervisors). The bonus to directors and supervisors was NT\$6,785 thousand and NT\$3,085 thousand estimated based on the actual amounts of prior year appropriation. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain stockholders' equity accounts (including unrealized revaluation increment, unrealized gain or loss on financial instruments, net loss not recognized as pension cost, cumulative translation adjustments) shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Legal reserve shall be appropriated until it has reached the Company's paid-in capital. This reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriations of earnings for 2011 and 2010 had been approved in the stockholders' meetings on June 13, 2012 and June 24, 2011, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Legal reserve	\$ 1,067,723	\$ 442,984		
Special reserve	(858,793)	858,793		
Cash dividends	<u>3,753,496</u>	<u>2,761,183</u>	<u>\$ 5.00</u>	<u>\$ 3.68</u>
	<u>\$ 3,962,426</u>	<u>\$ 4,062,960</u>		

The bonus to employees and the remuneration to directors and supervisors for 2011 and 2010 approved in the stockholders' meetings on June 13, 2012 and June 24, 2011, respectively, were as follows:

	<b>Year Ended December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Cash</b>	<b>Stock</b>	<b>Cash</b>	<b>Stock</b>
Bonus to employees	\$ 106,772	\$ -	\$ 44,298	\$ -
Remuneration to directors and supervisors	<u>3,085</u>	<u>-</u>	<u>3,085</u>	<u>-</u>
	<u>\$ 109,857</u>	<u>\$ -</u>	<u>\$ 47,383</u>	<u>\$ -</u>

	<b>Year Ended December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Bonus to Employees</b>	<b>Remuneration to Directors and Supervisors</b>	<b>Bonus to Employees</b>	<b>Remuneration to Directors and Supervisors</b>
Amounts approved in shareholders' meetings	\$ 106,772	\$ 3,085	\$ 44,298	\$ 3,085
Amounts recognized in respective financial statements	106,772	3,085	44,298	3,400

The differences between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the accrual amounts reflected in the financial statements for the years ended December 31, 2012 and 2011 were primarily due to changes in estimates.

As of March 22, 2013, the board of directors had not proposed appropriations of earnings for 2012.

Information on the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## Unrealized Gain or Loss on Financial Instruments

For the years ended December 31, 2012 and 2011, movements of unrealized gain or loss on financial instruments were as follows:

	<b>Available-for-sale Financial Assets</b>	
	<b>2012</b>	<b>2011</b>
Balance, beginning of year	\$ (11,644)	\$ (59,187)
Recognized in shareholders' equity	53,950	(87,147)
Transferred to profit or loss	<u>(6,950)</u>	<u>134,690</u>
Balance, end of year	<u>\$ 35,356</u>	<u>\$ (11,644)</u>

## Unrealized Revaluation Increment on Properties

Unrealized revaluation increment on properties cannot be used for any purpose, and will be transferred into profits or losses when the revalued assets were disposed of.

## 17. INCOME TAX

- a. A reconciliation of income tax expense based on consolidated income before income tax at statutory tax rate and income tax expense was as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Income tax based on consolidated income before income tax at statutory tax rate	<u>\$ 2,201,033</u>	<u>\$ 2,802,059</u>
Add (deduct) tax effects of:		
Temporary differences		
Depreciation	105,561	(19,571)
Unrealized foreign exchange loss (gain)	29,132	(24,606)
Provision (reversal of provision) for loss on inventories	(29,710)	1,751
Unrealized gain on financial instruments	28,518	4,569
Others	<u>(6,407)</u>	<u>17,815</u>
	<u>127,094</u>	<u>(20,042)</u>
Permanent differences		
Withholding tax on remittance of earnings	245,712	307,527
Impairment loss	-	23,805
Amortization of discount on bonds payable	8,896	11,072
Tax-exempt income	(10,856)	(12,570)
Unrealized valuation gain on financial liabilities	(1,746)	(3,706)
Others	<u>1,093</u>	<u>(898)</u>
	<u>243,099</u>	<u>325,230</u>
Tax of 10% on undistributed earnings	<u>671,480</u>	<u>36,688</u>
Research and development tax credits from China	<u>(52,110)</u>	<u>(45,824)</u>
Investment tax credits	<u>(11,699)</u>	<u>(90,496)</u>
Current income tax expense	3,178,897	3,007,615
Deferred income tax expense		
Temporary differences	(130,911)	19,916
Effect of tax law changes on deferred income tax	-	(6,767)
Prior year's tax adjustments	(2,373)	13,867
Effects of exchange rate changes	<u>(3,571)</u>	<u>5,733</u>
	<u>\$ 3,042,042</u>	<u>\$ 3,040,364</u>

The above depreciation difference resulted from using different methods in machinery and equipment depreciation, i.e., the Company used the straight-line method for financial reporting, but used the fixed-percentage on declining balance method for tax reporting, and the subsidiaries used the different useful lives and resident value for financial and tax reporting.

Catcher Suzhou, Topo Suzhou, Meecca Suzhou and Aquila Suzhou were within the three-year partial income tax holiday. The tax rate of Catcher Suzhou and Topo Suzhou is 25% and 24% in 2012 and 2011, respectively. The tax rate of Meecca Suzhou is 25% and 12% in 2012 and 2011, respectively. The tax rate of Aquila Suzhou, Topo Taizhou, Catcher Suzhou and WIT Taizhou is 25%.

- b. Deferred income tax assets (liabilities) as of December 31, 2012 and 2011 were as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Current</b>		
Deferred income tax assets		
Provision for loss on inventories	\$ 44,026	\$ 75,768
Unrealized intercompany profit	290	1,068
Unrealized foreign exchange loss	15,819	-
Unrealized sales return	1,968	888
Others	<u>27,660</u>	<u>30,285</u>
	<u>87,763</u>	<u>108,009</u>
Deferred income tax liabilities		
Unrealized valuation gain on financial instruments	-	(29,268)
Unrealized foreign exchange gain	<u>-</u>	<u>(13,313)</u>
	<u>-</u>	<u>(42,581)</u>
Deferred income tax assets - current, net	<u>89,763</u>	<u>65,428</u>
<b>Noncurrent</b>		
Deferred income tax assets		
Unrealized intercompany profit	1,560	1,621
Depreciation difference	127,333	-
Others	<u>4</u>	<u>19</u>
	<u>128,897</u>	<u>1,640</u>
Deferred income tax liabilities		
Depreciation difference	<u>(84,223)</u>	<u>(63,542)</u>
Deferred income tax assets (liabilities) - noncurrent, net	<u>44,674</u>	<u>(61,902)</u>
Deferred income tax asset, net	<u>\$ 134,437</u>	<u>\$ 3,526</u>

The deferred income tax asset, net was shown in balance sheet as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Deferred income tax asset - current	\$ 89,763	\$ 103,972
Deferred income tax liabilities - current	-	(38,544)
Deferred income tax asset - noncurrent	127,333	4,004
Deferred income tax liabilities - noncurrent	<u>(82,659)</u>	<u>(65,906)</u>
	<u>\$ 134,437</u>	<u>\$ 3,526</u>

The Company's management resolved that the unappropriated retained earnings of overseas investees as of December 31, 2012 will be used for permanent investment to support investees' operating fund; this was approved by the board of directors on March 22, 2013. Therefore, no deferred income tax liabilities were recognized on the subsidiaries' unappropriated earnings.

A portion of the Company's income from the manufacture of plastic and metal products, electronic components, computer, electronic product and optics product etc. is exempt from income tax for five years ending December 2015.

- c. The Company's tax returns through 2010 had been assessed by the tax authorities.
- d. Information about integrated income tax was as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Unappropriated earnings generated before December 31, 1997	\$ 11,609	\$ 11,609
Unappropriated earnings generated on and after January 1, 1998	<u>31,687,149</u>	<u>24,759,090</u>
	<u>\$ 31,698,758</u>	<u>\$ 24,770,699</u>

As of December 31, 2012 and 2011, the balances of the imputation credits which can be allocated to the stockholders amounted to NT\$1,562,265 thousand and NT\$829,507 thousand, respectively.

The creditable ratio for distribution of earnings of 2012 and 2011 was 7.11% (estimate) and 5.82%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to the stockholders of the Company is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2011 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution. Nonresident stockholders can only be allowed a tax credit from the 10% income tax on the unappropriated earnings, which can be used as deduction of the withholding income tax on dividends paid.

## 18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<b>Year Ended December 31</b>					
	<b>2012</b>			<b>2011</b>		
	<b>Cost of Sales</b>	<b>Operating Expense</b>	<b>Total</b>	<b>Cost of Sales</b>	<b>Operating Expense</b>	<b>Total</b>
Personnel expenditures						
Salary	\$ 5,603,743	\$ 1,911,753	\$ 7,515,496	\$ 5,156,644	\$ 1,946,497	\$ 7,103,141
Labor and health insurance	83,359	10,817	94,176	63,107	9,195	72,302
Pension	492,541	107,042	599,583	275,825	45,387	321,212
Others	<u>477,252</u>	<u>134,977</u>	<u>612,229</u>	<u>621,876</u>	<u>137,882</u>	<u>759,758</u>
	<u>\$ 6,656,895</u>	<u>\$ 2,164,589</u>	<u>\$ 8,821,484</u>	<u>\$ 6,117,452</u>	<u>\$ 2,138,961</u>	<u>\$ 8,256,413</u>
Depreciation	\$ 3,849,327	\$ 302,950	\$ 4,152,277	\$ 2,269,608	\$ 196,462	\$ 2,466,070
Amortization	83,704	39,104	122,808	62,397	35,816	98,213

## 19. EARNINGS PER SHARE (EPS)

The numerators and denominators used in calculating EPS for the years ended December 31, 2012 and 2011 were as follows:

- a. Numerator, consolidated net income attributable to stockholders of parent company

	Year Ended December 31			
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Consolidated net income	\$ 13,921,776	\$ 10,890,485	\$ 13,709,843	\$ 10,677,233
Effect of dilutive potential common shares - convertible bonds	<u>42,062</u>	<u>41,925</u>	<u>43,328</u>	<u>43,188</u>
Diluted earnings	<u>\$ 13,963,838</u>	<u>\$ 10,932,410</u>	<u>\$ 13,753,171</u>	<u>\$ 10,720,421</u>

- b. Denominator - thousand shares

	Year Ended December 31	
	2012	2011
The weighted average number of shares outstanding at beginning of year	750,639	664,909
Add: the weighted average number of shares from convertible bonds	55	31,609
Add: the weighted average number of shares from GDRs	<u>-</u>	<u>18,540</u>
	750,694	715,058
Add: Potential dilutive common stock - bonus to employees	1,391	899
Effect of dilutive potential common shares - convertible bonds	<u>19,103</u>	<u>39,152</u>
	<u>771,188</u>	<u>755,109</u>

The ARDF issued Interpretation 2007-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Company may settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 20. FINANCIAL INSTRUMENTS

### a. Fair values of financial instruments

	December 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Financial assets at fair value through profit or loss - current	\$ -	\$ -	\$ 117,765	\$ 117,765
Available-for-sale financial assets - current and noncurrent	1,021,807	1,021,807	1,411,551	1,411,551
Refundable deposits	18,501	18,501	18,341	18,341
Liabilities				
Financial liabilities at fair value through profit or loss - current	37,772	37,772	49,508	49,508
Long-term debt (including current portion)	3,702,292	3,702,292	4,924,007	4,924,007
Bonds payable (including current portion)	3,487,922	3,487,922	3,441,822	3,441,822
Guarantee deposit received	16,224	16,224	31,485	31,485

### b. Methods and assumptions used to estimate the fair values of financial instruments were as follows:

- 1) The aforementioned financial instruments excluded cash and cash equivalents, notes receivable, accounts receivable, other receivable, short-term loans, notes payable, accounts payable, accounts payable - related parties and accrued expenses. The carrying amounts of these financial instruments approximate their fair values because of their short maturities.
- 2) Fair values of financial instruments designated as at FVTPL and available-for-sale financial assets are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
- 3) Long-term debt is interest-bearing based on floating interest rate; therefore, the fair value approximates the carrying amount.
- 4) Fair value of bonds payable is estimated using the present value of future cash flows discounted by the interest rates the Company may obtain for similar loans.
- 5) The fair values of refundable deposits paid, guarantee deposits received and restricted assets - noncurrent, are determined at their carrying values.

- c. Fair values of financial assets and liabilities based on quoted market prices or valuation techniques were as follows:

	<b>Quoted Market Prices</b>		<b>Valuation Techniques</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Assets</b>				
Financial assets at FVTPL -				
current	\$ -	\$ -	\$ -	\$ 117,765
Available-for-sale financial				
assets - current and				
noncurrent	937,361	1,343,321	84,446	68,230
<b>Liabilities</b>				
Financial liabilities at FVTPL -				
current	-	-	37,772	49,508

- d. Valuation gains (losses) from changes in fair value of financial instruments determined by using valuation techniques were loss of NT\$106,029 thousand and gain of NT\$13,472 thousand for the years ended December 31, 2012 and 2011, respectively.
- e. As of December 31, 2012 and 2011, financial assets exposed to fair value interest rate risk amounted to NT\$35,702,886 thousand and NT\$30,859,634 thousand, respectively, financial liabilities exposed to fair value interest rate risk amounted to NT\$3,487,922 thousand and NT\$3,441,822 thousand, respectively, financial assets exposed to cash flow interest rate risk amounted to NT\$10,019,214 thousand and NT\$9,576,745 thousand, respectively, and financial liabilities exposed to cash flow interest rate risk amounted to NT\$28,142,091 thousand and NT\$21,964,198 thousand, respectively.
- f. The interest income (expense) associated with financial assets (liabilities) other than at FVTPL was as follows:

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Total interest income	\$ 640,363	\$ 380,149
Total interest expense (including capitalized interest)	317,878	263,257

- g. Financial risk

1) Market risk

The Group invested in domestic convertible bonds and mutual funds which fair values were determined by quoted market price. Fair value of these financial assets as of December 31, 2012 will decrease by NT\$9,374 thousand when their quoted market prices decrease by 1%.

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Group if the counterparties breached contracts. The Group's financial instruments are affected by its credit risk concentration, component, contract amounts and other receivable. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk; as of December 31, 2012 and 2011, the maximum credit exposures and carrying value are the same.

Information on credit risk concentration as of December 31, 2012 and 2011 was as follows:

	December 31			
	2012		2011	
	Carrying Amount	Maximum Exposure to Credit Risk	Carrying Amount	Maximum Exposure to Credit Risk
A Company	\$ 4,099,246	\$ 4,099,246	\$ 2,265,861	\$ 2,265,861
B Company	3,556,265	3,556,265	1,405,174	1,405,174
C Company	2,309,064	2,309,064	-	-
D Company	1,729,251	1,729,251	-	-
E Company	1,239,358	1,239,358	3,085,217	3,085,217
Others	2,298,173	2,298,173	5,619,464	5,619,464
	<u>\$ 15,231,357</u>	<u>\$ 15,231,357</u>	<u>\$ 12,375,716</u>	<u>\$ 12,375,716</u>

The counterparties to the foregoing financial instruments are reputable business organizations. Management does not expect the Group's exposure to default by those parties to be material.

### 3) Liquidity risk

The Group's operating funds and bank loan credit line are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

The Group's investments in domestic convertible bonds and mutual funds are traded in active markets and can be disposed of quickly at close to their fair values. The Group's investments in other equity instruments have no active markets; therefore, the liquidity risk is expected to be high.

### 4) Cash flow interest rate risk

The Group's bank deposits and short- and long-term loans are floating-rate deposits and loans. When the market interest rate increases by one percent, the Group's cash outflow will increase by NT\$181,229 thousand a year.

## 21. RELATED PARTY TRANSACTIONS

### a. Related parties and their relationships with the Group

Related Party	Relationship with the Group
Kon-Cheng Accuracy Co., Ltd. (Kon-Cheng)	Equity-method investee - 40% shareholding
Epileds Technology Inc. (Epileds)	Equity-method investee - 7.3% shareholding
Yue-Kang Health Control Technology Inc. (Yue-Kang)	Equity-method investee - 40% shareholding

### b. Significant transactions with related parties (Except for increase in equity-method investees mentioned in Note 10):

For the years ended December 31, 2012 and 2011, the Group's purchases from Kon-Cheng amounted to NT\$103,531 thousand and NT\$34,259 thousand. The purchase prices were not significantly different from those with third parties; payment term was 90 days after next month's closing.

For the year ended December 31, 2012, the Company purchased supplies from Epileds and Kon-Cheng amounted to NT\$1,373 thousand and NT\$1,156 thousand, respectively. The payment terms of each was 90 days after next month's closing.

c. Year-end balance

	December 31			
	2012		2011	
	Amount	% of Total Purchases	Amount	% of Total Purchases
Accounts payable - related parties				
Kong-Cheng	<u>\$ 49,262</u>	<u>1</u>	<u>\$ 35,971</u>	<u>1</u>

d. Compensation of directors, supervisors and management personnel:

	Year Ended December 31	
	2012	2011
Salaries	\$ 25,891	\$ 25,372
Incentives	2,321	98,544
Special compensation	534	599
Bonus	<u>89,911</u>	<u>48,413</u>
	<u>\$ 118,657</u>	<u>\$ 172,928</u>

## 22. MORTGAGED OR PLEDGED ASSETS

The Group's assets mortgaged or pledged as collaterals for long-term loans were as follows:

	December 31	
	2012	2011
Land	\$ 1,547,865	\$ 1,120,804
Buildings	525,885	-
Rental assets, including the revaluation increment	201,515	205,994
Construction in progress and prepayments for equipment	-	596,813
Restricted assets - noncurrent (pledged time deposits)	<u>-</u>	<u>244,698</u>
	<u>\$ 2,275,265</u>	<u>\$ 2,168,309</u>

## 23. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to those disclosed in Notes 5, 11 and 14, significant commitments and contingencies of the Group as of December 31, 2012 were as follows:

- a. Aquila Suzhou entered into an agreement to lease building from Hwa-Sheng Technology (Suzhou) Co., Ltd. The leasing period is from November 2010 to October 2015 and the rentals are as follows:

Year	Amount
2013	\$ 9,858 (RMB2,134 thousand)
2014	10,228 (RMB2,214 thousand)
2015	<u>8,626</u> (RMB1,867 thousand)
	<u>\$ 28,712</u>

- b. The unbilled amounts for purchases of properties and materials were NT\$4,813,172 thousand and NT\$29,929 thousand, respectively.
- c. Guarantees for letters of credit provided by the Company to Avatar, Gigamag, Orion, Meecca Suzhou, Topo Suzhou and Catcher Suqian amounted to NT\$29,666,320 thousand.

## 24. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The significant foreign currency financial assets and liabilities were as follows:

	December 31					
	2012			2011		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
RMB	\$ 3,561,607	4.6202	\$ 16,455,164	\$ 3,835,840	4.8046-4.8049	\$ 18,430,452
USD	1,428,872	28.990-29.040	41,478,143	1,095,975	30.225-30.275	33,164,215
JPY	610,155	0.3344-0.3373	204,386	52,629	0.3886-0.3905	20,543
EUR	3,531	38.29-38.43	135,428	3,702	39.05-39.98	144,592
Non-monetary items						
RMB	-	-	-	24,366	4.8049	117,073
USD	30,402	29.040	882,881	14,433	30.275	436,949
Investments accounted for by the equity method						
RMB	217,319	4.6202	1,004,046	166,815	4.8049	801,523
<u>Financial liabilities</u>						
Monetary items						
RMB	1,354,965	4.6202	6,260,153	686,246	4.8049	3,297,341
USD	263,828	29.040-29.090	7,661,682	277,281	30.275-30.325	8,395,169
JPY	40,912,486	0.3373-0.3384	13,820,972	34,053,221	0.3897-0.3926	13,302,801

## 25. ADDITIONAL DISCLOSURES

a. The following are additional disclosures for the Company and its affiliates as required by the ROC Securities and Futures Bureau:

- 1) Financing provided to others for the year ended December 31, 2012: Please refer to Table 1.
- 2) Endorsement/Guarantee provided to others for the year ended December 31, 2012: Please refer to Table 2.
- 3) Securities held as of December 31, 2012: Please refer to Table 3.
- 4) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2012: Please refer to Table 4.
- 5) Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2012: None.
- 6) Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2012: None.
- 7) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2012: Please refer to Table 5.
- 8) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2012: Please refer to Table 6.
- 9) Names, locations and related information of investees as of December 31, 2012: Please refer to Table 7.
- 10) Financial instruments and derivative transactions: Please refer to Notes 5 and 14.

b. Investment in Mainland China

- 1) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), book value of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Table 8.
- 2) Significant direct transactions and indirect transactions made through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Table 9.
- 3) Endorsement/guarantee provided by the investee company: Please refer to Table 2.
- 4) Financing provided by the investee company: Please refer to Table 1.
- 5) Other transactions with significant influence on current period's profit or loss and financial status: None.

## 26. OPERATING SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group's chief operating decision maker reviews operating results and financial information on a plant by plant basis with focus on the operating result of each plant. As each plant shares similar economic characteristics, produces similar products using similar production process and all products are distributed and sold to same level of customers through a central sales function, the Group's operating segments are aggregated into a single reportable segment. The Group's chief operating decision maker reviews segment information measured on the same basis as the financial statements. Information about reportable segment sales, profit or loss and assets refer to consolidated balance sheets and consolidated statements of income as of December 31, 2012 and 2011.

### a. Geographical information

The Group operates in two principal geographical areas - Taiwan and China. The Group's revenue from external customers and noncurrent assets segregated by geographical location were as follows:

	Revenue from External Customers		Noncurrent Assets	
	Year Ended December 31		December 31	
	2012	2011	2012	2011
Taiwan	\$ 5,286,137	\$ 8,379,987	\$ 8,150,224	\$ 7,212,201
China	19,236,742	20,612,695	25,925,177	23,993,394
Mexico	1,376,613	2,649,335	-	-
Singapore	7,522,739	1,648,384	-	-
Hungary	304,415	1,573,622	-	-
United States	2,894,243	573,457	-	-
Others	407,909	476,362	-	-
	<u>\$ 37,028,798</u>	<u>\$ 35,913,842</u>	<u>\$ 34,075,401</u>	<u>\$ 31,205,595</u>

Noncurrent assets excluded those classified as financial instruments, deferred tax assets, and post-employment benefit assets.

### b. Information about major customers

Customers that accounted for at least 10% of total sales were as follows:

Sales to	Year Ended December 31			
	2012		2011	
	Amount	% of Total Sales	Amount	% of Total Sales
Customer A	\$ 9,590,301	26	\$ 8,067,117	22
Customer B	7,522,655	20	1,648,893	5
Customer C	5,102,659	14	7,752,424	22

## 27. PRE-DISCLOSURE FOR ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Under Rule No. 0990004943 issued by the Financial Supervisory Commission (“FSC”) on February 2, 2010, the Group’s pre-disclosure information on the adoption of International Financial Reporting Standards (“IFRSs”) was as follows:

- a. On May 14, 2009, the FSC announced the roadmap of IFRSs adoption for R.O.C companies. Accordingly, starting 2013, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare the consolidated financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards (IAS), interpretations as well as related guidance translated by the ARDF and issued by the FSC. To comply with the aforementioned amendments the Company established a taskforce to monitor and execute the IFRSs adoption plan. The important plan items, responsible divisions and plan progress are listed as follows:

<u>Contents of Plan</u>	<u>Responsible Department</u>	<u>Status of Execution</u>
Evaluation phase (from December 24, 2009 to December 31, 2011):		
1) Establish the IFRSs taskforce	Finance department	Completed
2) Set up the work plan for IFRSs adoption	Project team	Completed
3) Complete the identification of GAAP differences and impact	Project team	Completed
4) Complete the identification of consolidated entities under IFRSs	Finance department	Completed
5) Complete the impact evaluation of optional exemptions in IFRS 1 “First-time Adoption of International Financial Reporting Standards”	Project team	Completed
6) Complete the impact evaluation of the IT systems	Project team	Completed
Preparation phase (from January 1, 2011 to December 31, 2012):		
7) Determine IFRSs accounting policies	Finance department	Completed
8) Determine the selection of optional exemptions in IFRS 1 “First-time Adoption of International Financial Reporting Standards”	Finance department	Completed
9) Complete the impact of modifications to the relevant internal controls	Project team	Completed
Implementation phase (from January 1, 2012 to December 31, 2013):		
10) Complete the preparation of the opening date balance sheet under IFRSs	Finance department	Completed
11) Prepare comparative financial information under IFRSs for 2012	Finance department	Completed
12) Complete the modification to the relevant internal controls (including financial reporting process and related IT systems)	Project team	Completed

- b. As of December 31, 2012, based on the Group's assessment, the significant differences between the Group's current accounting policies under ROC GAAP and under IFRSs are as follows:

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

ROC GAAP		Effect of Transition to IFRSs		IFRSs		Notes
		Differences in Presentation	Differences in Recognition and Measurement			
Items	Amount			Amount	Items	
Cash and cash equivalents	\$ 40,197,831	\$ (4,655,979)	\$ -	\$ 35,541,852	Cash and cash equivalents	a)
Financial assets at fair value through profit or loss - current	117,765	-	-	117,765	Financial assets at fair value through profit or loss - current	
Available-for-sale financial assets - current	1,343,321	-	-	1,343,321	Available-for-sale financial assets - current	
Accounts receivable, net	12,322,837	-	-	12,322,837	Accounts receivable, net	
Other receivable	167,411	-	-	167,411	Other receivable	
Inventories	2,537,880	-	-	2,537,880	Inventories	
Deferred income tax assets - current	103,972	(103,972)	-	-	-	d)
-	-	10,889	-	10,889	Prepayments for lease	h)
-	-	4,655,979	-	4,655,979	Bond investment with no active market	a)
Other current assets	1,203,798	-	-	1,203,798	Other current assets	
Total current assets	57,994,815	(93,083)	-	57,901,732		
Investments accounted for by the equity method	1,356,340	-	(98)	1,356,242	Investments accounted for using equity method	o)
Available-for-sale financial assets - noncurrent	68,230	-	11,893	80,123	Available-for-sale financial assets - noncurrent	k)
Total investments	1,424,570	-	11,795	1,436,365		
Land	1,245,156	507,106	-	1,752,262	Cost of land	f)
Buildings	7,099,927	-	-	7,099,927	Cost of buildings	
Machinery and equipment	26,714,711	-	-	26,714,711	Cost of machinery and equipment	
Transportation equipment	66,456	-	-	66,456	Cost of transportation equipment	
Furniture and fixtures	731,270	-	-	731,270	Cost of furniture and fixtures	
Rental assets	314,974	(314,974)	-	-	-	f)
Leasehold improvement	8,991	-	-	8,991	Cost of leasehold improvement	
Miscellaneous equipment	338,139	307,328	-	645,467	Cost of miscellaneous equipment	g)
Total cost	36,519,624	499,460	-	37,019,084	Total cost	
Revaluation increment - land of rental assets	43,615	(43,615)	-	-	-	e), f)
Cost and revaluation increment	36,563,239	455,845	-	37,019,084		
Accumulated depreciation	9,477,309	(87,513)	-	9,557,357	Accumulated depreciation	f)
		167,561	-			g)
	27,085,930	375,797	-	27,461,727		
Construction in progress and prepayments for equipment	1,322,310	(853,874)	-	468,436	Construction in progress	n)
Total property, plant and equipment	28,408,240	(478,077)	-	27,930,163	Property, plant and equipment	
-	-	271,076	-	271,076	Investment property	f)
Land use rights	429,991	(429,991)	-	-	-	h)
-	-	101,113	-	101,113	Intangible assets	g)
Total intangible assets	429,991	(328,878)	-	101,113		
Refundable deposits	18,341	-	-	18,341	Refundable deposits	
Deferred income tax assets - noncurrent	4,004	-	502,663	626,467	Deferred income tax assets - noncurrent	b)
		103,972	-			d)
		-	10,151			i)
		5,677	-			m)
Restricted assets - noncurrent	244,698	-	-	244,698	Restricted assets - noncurrent	
Other assets - other	753,648	-	4,581	10,243	Prepaid pension cost- non current	i)
		(507,106)	-			f)
		(240,880)	-			g)
-	-	853,874	-	853,874	Long-term prepayments	n)
-	-	419,102	-	419,102	Long-term prepayments for lease	h)
Total other assets	1,020,691	634,639	517,395	2,172,725		
Total assets	\$ 89,278,307	\$ 5,677	\$ 529,190	\$ 89,813,174	Total assets	
Short-term loans	\$ 17,040,191	\$ -	\$ -	\$ 17,040,191	Short-term loans	
Notes payable	136,454	-	-	136,454	Notes payable	
Accounts payable	3,085,509	-	-	3,085,509	Accounts payable	
Accounts payable - related parties	35,971	-	-	35,971	Accounts payable - related parties	
Income tax payable	1,119,544	-	-	1,119,544	Income tax payable	
Accrued expenses	2,464,325	-	44,531	2,508,856	Accrued expenses	j)
Financial liabilities at fair value through profit or loss-current	49,508	-	-	49,508	Financial liabilities at fair value through profit or loss	
Current portion of long-term debt	953,255	-	-	953,255	Current portion of long-term debt	
Deferred income tax liabilities - current	38,544	(38,544)	-	-	-	d)
Other current liabilities	827,610	-	-	827,610	Other current liabilities	
Total current liabilities	25,750,911	(38,544)	44,531	25,756,898		

(Continued)

ROC GAAP		Effect of Transition to IFRSs		IFRSs		Notes
Items	Amount	Differences in Presentation	Differences in Recognition and Measurement	Amount	Items	
Bonds payable	\$ 3,441,822	\$ -	\$ -	\$ 3,441,822	Bonds payable	
Long-term debt	3,970,752	-	-	3,970,752	Long-term debt	
Total long-term liabilities	7,412,574	-	-	7,412,574		
Reserve for land value increment tax	12,596	(12,596)	-	-		c)
Guarantee deposit received	31,485	-	-	31,485	Guarantee deposit received	
Deferred income tax liabilities - noncurrent	65,906	12,596	-	122,723	Deferred income tax liabilities - noncurrent	c)
		38,544	-			d)
		5,677	-			m)
Total other liabilities	97,391	56,817	-	154,208	Total liabilities	
Total liabilities	33,273,472	5,677	44,531	33,323,680	Capital stock	
Capital stock	7,506,394	-	-	7,506,394	Capital surplus	l)
Capital surplus	16,924,672	-	(8,346)	16,916,326	Retained earnings	i)
Retained earnings	29,014,195	-	4,581	31,873,314		5) (Cumulative translation adjustments)
		-	2,366,883			e)
		-	11,019			j)
		-	(34,275)			b)
		-	502,663			l)
		-	8,346			o)
Other equity			(98)		Equity attributable to shareholders of the parent	
Cumulative translation adjustments	2,366,883	-	(2,366,883)	-	Foreign currency translation reserve	5) (Cumulative translation adjustments)
Unrealized gain (loss) on financial instruments	(11,644)	-	11,893	249	Unrealized gain (loss) from available-for sale financial assets	k)
Unrealized revaluation increments on properties	11,019	-	(11,019)	-		e)
Total other equity	2,366,258	-	(2,366,009)	249		
Total stockholders' equity of parent company	55,811,519	-	484,764	56,296,283	Total stockholders' equity of parent company	
Minority interests	193,316	-	(105)	193,211	Noncontrolling interests	j)
Total stockholders' equity	56,004,835	-	484,659	56,489,494	Total stockholders' equity	
Total	\$ 89,278,307	\$ 5,677	\$ 529,190	\$ 89,813,174	Total	

(Concluded)

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

ROC GAAP		Effect of Transition to IFRSs		IFRSs		Notes
Items	Amount	Differences in Presentation	Differences in Recognition and Measurement	Amount	Items	
Cash and cash equivalents	\$ 45,725,615	\$ (326,080)	\$ -	\$ 45,399,535	Cash and cash equivalents	a)
Available-for-sale financial assets - current	937,361	-	-	937,361	Available-for-sale financial assets - current	
Notes receivable	30	-	-	30	Notes receivable	
Accounts receivable, net	15,173,226	-	-	15,173,226	Accounts receivable, net	
Other receivable	212,834	-	-	212,834	Other receivable	
Inventories	2,449,094	-	-	2,449,094	Inventories	
Deferred income tax assets - current	89,763	(89,763)	-	-		d)
-	-	15,601	-	15,601	Prepayments for lease	h)
-	-	326,080	-	326,080	Bond investment with no active market	a)
Other current assets	2,044,791	-	-	2,044,791	Other current assets	
Total current assets	66,632,714	(74,162)	-	66,558,552		
Investments accounted for by the equity method	1,633,938	-	(213)	1,633,725	Investments accounted for using equity method	l), o)
Available-for-sale financial assets - noncurrent	84,446	-	15,388	99,834	Available-for-sale financial assets - noncurrent	k)
Total investments	1,718,384	-	15,175	1,733,559		
Land	1,672,217	507,106	-	2,179,323	Cost of land	f)
Buildings	7,826,304	-	-	7,826,304	Cost of buildings	
Machinery and equipment	28,604,725	-	-	28,604,725	Cost of machinery and equipment	
Transportation equipment	75,976	-	-	75,976	Cost of transportation equipment	
Furniture and fixtures	918,890	-	-	918,890	Cost of furniture and fixtures	
Rental assets	314,974	(314,974)	-	-		f)
Leasehold improvement	8,784	-	-	8,784	Cost of leasehold improvement	
Miscellaneous equipment	387,888	357,252	-	745,140	Cost of miscellaneous equipment	g)
Total cost	39,809,758	549,384	-	40,359,142	Total cost	
Revaluation increment - land of rental assets	43,615	(43,615)	-	-		e), f)
Cost and revaluation increment	39,853,373	505,769	-	40,359,142		
Accumulated depreciation	11,144,371	(93,140)	-	11,267,524	Accumulated depreciation	f)
		216,293	-			g)
	28,709,002	382,616	-	29,091,618		

(Continued)

ROC GAAP		Effect of Transition to IFRSs		IFRSs		Notes
Items	Amount	Differences in Presentation	Differences in Recognition and Measurement	Amount	Items	
Construction in progress and prepayments for equipment	\$ 2,289,038	\$ (484,862)	\$ -	\$ 1,804,176	Construction in progress	n)
Total property, plant and equipment	30,998,040	(102,246)	-	30,895,794	Property, plant and equipment	
-	-	265,449	-	265,449	Investment property	f)
Land use rights	697,916	(697,916)	-	-	Intangible assets	h)
-	-	78,941	-	78,941	Intangible assets	g)
Total intangible assets	697,916	(618,975)	-	78,941	Refundable deposits	
Refundable deposits	18,501	-	-	18,501	Deferred income tax assets - noncurrent	b)
Deferred income tax assets - noncurrent	127,333	-	411,331	641,603	Deferred income tax assets - noncurrent	d)
		89,763	-			j)
		-	11,033			m)
		1,564	579			i)
Other assets - other	732,955	(507,106)	(5,949)	-		f)
		(219,900)	-			g)
		484,862	-	484,862	Long-term prepayments	n)
		682,315	-	682,315	Long-term prepayments for lease	h)
Total other assets	878,789	531,498	416,994	1,827,281		
Total assets	<u>\$ 100,925,843</u>	<u>\$ 1,564</u>	<u>\$ 432,169</u>	<u>\$ 101,359,576</u>	Total assets	
Short-term loans	\$ 24,439,799	\$ -	\$ -	\$ 24,439,799	Short-term loans	
Notes payable	308,002	-	-	308,002	Notes payable	
Accounts payable	2,980,944	-	-	2,980,944	Accounts payable	
Accounts payable - related parties	49,262	-	-	49,262	Accounts payable - related parties	
Income tax payable	1,275,657	-	-	1,275,657	Income tax payable	
Accrued expense	2,620,698	-	50,503	2,671,201	Accrued expense	j)
Financial liabilities at fair value through profit or loss-current	37,772	-	-	37,772	Financial liabilities at fair value through profit or loss	
Current portion of bonds payable	3,487,922	-	-	3,487,922	Current portion of bonds payable	
Current portion of long-term debt	839,417	-	-	839,417	Current portion of long-term debt	
Other current liabilities	701,901	-	-	701,901	Other current liabilities	
Total current liabilities	36,741,374	-	50,503	36,791,877		
Long-term debt	2,862,875	-	-	2,862,875	Long-term debt	
Reserve for land value increment tax	12,596	(12,596)	-	-		c)
Guarantee deposit received	16,224	-	-	16,224	Guarantee deposit received	
Accrued pension liabilities	-	-	3,406	3,406	Accrued pension liabilities	i)
Deferred income tax liabilities - noncurrent	82,659	12,596	-	96,819	Deferred income tax liabilities - noncurrent	c)
		1,564	-			m)
Total other liabilities	98,883	14,160	-	116,449		
Total liabilities	39,715,728	1,564	53,909	39,771,201	Total liabilities	
Capital stock	7,507,031	-	-	7,507,031	Capital stock	
Capital surplus	16,932,463	-	(8,346)	16,924,117	Capital surplus	l)
Retained earnings	36,151,184	-	(8,776)	38,917,729	Retained earnings	i)
		-	2,366,883			5) (Cumulative translation adjustments)
		-	11,019			e)
		-	(40,225)			j)
		-	429,511			b)
		-	8,346			l)
		-	(213)			o)
	36,151,184	-	2,766,545	38,917,729		
Other equity					Others	
Cumulative translation adjustments	394,205	-	(2,366,883)	(1,990,002)	Foreign currency translation reserve	5) (Cumulative translation adjustments)
		-	(18,180)			b)
		-	856			j)
Unrealized gain (loss) on financial instruments	35,356	-	15,388	50,744	Unrealized gain (loss) from available-for-sale financial assets	k)
Unrealized revaluation increments on properties	11,019	-	(11,019)	-		e)
Total other equity	440,580	-	(2,378,838)	(1,939,258)		
Total stockholders' equity of parent company	61,031,258	-	378,361	61,409,619	Total stockholders' equity of parent company	
Minority interests	178,857	-	(101)	178,756	Noncontrolling interests	j)
Total stockholders' equity	61,210,115	-	378,260	61,588,375	Total stockholders' equity	
Total	<u>\$ 100,925,843</u>	<u>\$ 1,564</u>	<u>\$ 432,169</u>	<u>\$ 101,359,576</u>	Total	

(Concluded)

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

ROC GAAP		Effect of Transition to IFRSs		IFRSs		Notes
		Differences in Presentation	Differences in Recognition and Measurement	Amount	Items	
Items	Amount					
Net sales	\$ 37,028,798	\$ -	\$ -	\$ 37,028,798	Net sales	
Cost of sales	20,989,773	-	4,253	20,994,026	Cost of sales	i), j)
Gross profit	16,039,025	-	4,253	16,034,772	Gross profit	
Operating expenses					Operating expenses	
Research and development	939,152	-	768	939,920	Research and development	j)
Marketing	329,511	-	479	329,990	Marketing	j)
General and administrative	2,612,088	-	1,488	2,613,576	General and administrative	j)
Total operating expenses	3,880,751	-	2,735	3,883,486	Total operating expenses	
Operating income	12,158,274	-	(6,988)	12,151,286	Operating income	
Non-operating income and gains					Non-operating income and loss	
Interest income	640,363	-	-	640,363	Interest income	
Investment income recognized under the equity method, net	114,395	-	(114)	114,281	Equity in earnings of equity method investees, net	o)
Gain on disposal of property, plant and equipment	18,626	-	-	18,626	Gain on disposal of property, plant and equipment	
Gain on sale of investments, net	6,950	-	-	6,950	Gain on sale of investments, net	
Exchange gain, net	1,074,956	-	-	1,074,956	Exchange gain, net	
Valuation gain on financial assets	5,038	-	-	5,038	Gain on financial assets at fair value through profit or loss	
Valuation gain on financial liabilities	10,268	-	-	10,268	Gain on financial liabilities at fair value through profit or loss	
Others	266,960	-	-	266,960	Others	
Total non-operating income and gains	2,137,556	-	(114)	2,137,442		
Non-operating expense and loss						
Interest expense	302,546	-	-	302,546	Interest expense	
Loss on disposal of property, plant and equipment	9,491	-	-	9,491	Loss on disposal of property, plant and equipment	
Valuation loss on financial liabilities	21,259	-	-	21,259	Loss on financial liabilities at fair value through profit or loss	
Others	11,449	-	-	11,449	Others	
Total non-operating expenses and loss	344,745	-	-	344,745		
Income before income tax	13,951,085	-	(7,102)	13,943,983	Income before income tax	
Income tax	3,042,042	-	73,151	3,114,025	Income tax expense	b) j)
Consolidated net income	<u>\$ 10,909,043</u>	<u>\$ -</u>	<u>\$ (79,085)</u>	<u>10,829,958</u>	Net income	
				(1,997,720)	Other comprehensive income	
				50,495	Exchange differences on translation of foreign operations	
				(14,064)	Unrealized gain (loss) on available-for-sale financial assets	
				579	Actual loss from defined benefit pension plan	
				(1,960,710)	Income tax expense relating to components of other comprehensive income	
					Other comprehensive income for the year (net of tax effect)	
				<u>\$ 8,869,248</u>	Total comprehensive income for the year	

4) Special reserve at the date of transition to IFRSs

In accordance with the order VI-1010012865 issued by FSC on April 6, 2012, at the first-time adoption of IFRSs, an entity shall appropriate to special reserve an amount corresponding to the IFRS adjustments made when an entity elects to use exemptions specified in IFRS 1 and resets unrealized revaluation increment and cumulative translation differences under stockholders' equity to zero and the retained earnings increased accordingly. However, if the retained earnings that resulted from IFRS adjustments at the first-time adoption were insufficient or less than the amount of the revaluation and translation differences, special reserve shall be appropriated only up to the amount of increase in retained earnings from IFRS adjustments. Upon subsequent usage, disposal or reclassification of the related assets, special reserve shall be reversed proportionally. As a result of the exemption application, the amounts of unrealized revaluation increment and cumulative translation adjustments appropriated to stockholders' equity were NT\$11,019 thousand and NT\$2,366,883 thousand, respectively, and the Company appropriated a corresponding amount to special reserve.

## 5) Exemptions from IFRS 1

IFRS 1 - “First-time Adoption of International Financial Reporting Standards” establishes the procedures for the preparation of the Group’s first consolidated financial statements in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs (January 1, 2012; the transition date), except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The main optional exemptions the Group adopted are summarized as follows:

### Business combinations

The Group elected not to apply IAS 28 - “Accounting for Investments in Associates” to account for investments in associates made before the date of transition to IFRSs. Thus the carrying amount of negative goodwill on investments in associates in the opening IFRS consolidated balance sheet is the carrying amount based on ROC GAAP as of December 31, 2011.

### Cost recognition

The Group elected to measure its land in investment property at the date of transition to IFRSs at its revalued amount determined under ROC GAAP as its deemed cost (Refer to Note 6) e) of the Notes to the reconciliation of the significant differences and Note 4) Special reserve at the date of transition to IFRSs).

### Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses relating to employee benefits in retained earnings at the date of transition to IFRSs ( Refer to Note 6) i) of Notes to the reconciliation of the significant differences).

### Cumulative translation differences

The Group has elected to recognize all cumulative translation adjustments arising from foreign operations into retained earnings at the date of transition to IFRS (Refer to Note 4) Special reserve at the date of transition to IFRSs).

## 6) Significant differences between ROC GAAP and IFRSs

As of December 31, 2012, based on the Group’s assessment, the significant differences between the Group’s current accounting policies under ROC GAAP and under IFRSs are stated as follows:

### a) Bank deposits with original maturity of more than three months

Under ROC GAAP, time deposits that are cancellable without any loss of principal and negotiable certificates of deposit that are readily saleable without any loss of principal are classified as cash.

Under IFRSs, cash comprises cash on hand and demand deposits. Therefore, time deposits are not classified as cash. In accordance with IAS 7, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

b) Deferred income tax on intercompany transactions

Under ROC GAAP, there is no mention about the tax rate to be used in the calculation of deferred income tax on intercompany unrealized gains or losses.

Under IFRSs, intercompany unrealized gains or losses lead to a temporary difference that will result in taxable amounts in the future when the carrying amount of the asset is recovered or the liability is settled. Deferred income tax should be measured at the tax rates that are expected to be applied when the asset is realized or the liability is settled. The tax rate is usually the tax rate of the taxation jurisdiction of the buyer.

c) Land value increment tax

Under the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the reserve for land value increment tax accrued on land revaluation increment is classified as land value increment tax.

Under IFRSs, the Group elected to apply the optional exemption in IFRS 1 “First-time Adoption of International Financial Reporting Standards”, and the related reserve for land value increment tax should be reclassified as deferred tax liabilities.

d) Classification of deferred income tax assets or liabilities

Under ROC GAAP, a deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Under IFRSs, a deferred tax asset or liability is classified as noncurrent asset or liability.

e) Basis of property, plant and equipment

Under ROC GAAP, property, plant and equipment may be recorded at cost or at cost plus appreciation if assets are revalued in accordance with ROC government regulations. Revaluation value of land is based on the announced current value, while those of properties other than land are based on the values approved by the tax authorities. Thus, the revaluation value is different from the fair value under IAS 16. An estimated reserve for land value increment tax must be recorded as long-term liabilities. The appreciation in land value, net of the land value increment tax, is credited to equity as unrealized revaluation increment.

Under IFRSs, plant and equipment are recorded using historical cost and reclassified revaluation value of land. The unrealized revaluation value is reclassified to retained earnings (Note 4) Special reserve at the date of transition to IFRSs).

f) Classification of rental assets and other assets

Under ROC GAAP, the rental buildings and land are accounted for as fixed assets because leasing service is a business scope of the Company. Real estates are accounted for as other assets when they are held for own use in the future, but not yet under development and construction. Under IFRSs, properties held to earn rentals or for capital appreciation or both are classified as investment property; properties held for own use in the future are classified as property, plant and equipment.

g) Classification of deferred expenses

Under ROC GAAP, deferred expenses are recorded under other assets. Under IFRSs, the Group reclassified deferred expenses to property, plant and equipment, and intangible assets in accordance with their nature.

h) Land use rights

Under ROC GAAP, land use rights are recorded as intangible assets. Under IFRSs, land use rights are classified as long-term prepayment for lease, and reclassified as current assets or noncurrent assets in accordance with expected realization time.

i) Employee benefits

The Group had previously applied actuarial valuation to its defined benefit obligations and recognized the related pension cost and retirement benefit obligation in conformity with ROC GAAP. Under IFRSs, the group should carry out actuarial valuation of defined benefit obligations in accordance with IAS No. 19 - "Employee Benefits." The Group has opted to recognize actuarial gains and losses as other comprehensive income immediately in full in the period in which they occur. The subsequent reclassification to earnings is not permitted. Besides, the Group elected to apply the optional exemption in IFRS 1, "First-time Adoption of International Financial Reporting Standards", and all the unrecognized actuarial gains and losses were reclassified to retained earnings at the date of transition to IFRSs.

j) Employee benefits - short-term employee benefits

Under ROC GAAP, short-term employee benefits are not addressed and recognized as expense when actual payment is made.

Under IFRSs, an entity should recognize the expected cost of short-term employee benefits in the form of compensated absences as follows: (a) in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and (b) in the case of non-accumulating compensated absences, when the absences occur.

k) Valuation and classification of financial assets carried at cost

Under the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost.

Under IFRSs, financial assets carried at cost need to be reclassified to available-for-sale financial assets. Equity investments that do not have active markets but the fair value is reliably measurable should be measured at fair value.

l) Investments and capital surplus - long-term equity investments when associates/subsidiaries issue new shares and the shareholder is not subscribing in accordance with its percentage of shares of the investee/parent company.

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

Under IFRSs, any equity changes in the invested associates without the loss of significant influence on the associates will be recognized as a deemed acquisition or a deemed disposal of the shares in the invested associates. Any equity changes in the invested subsidiaries without losing significant control over the subsidiaries will be deemed equity transactions. In addition, according to “Q&A for adopting IFRSs” issued by the TSE, accounts that do not conform to IFRSs or not covered under the Company Law as well as capital surplus items required by the Ministry of Economics Affairs should be adjusted at the date of transition to IFRSs.

m) Offsetting between deferred tax assets/liabilities

Under ROC GAAP, deferred current income tax liabilities and assets that belong to the same taxable entity should be offset and settled on net basis the same to deferred non-current income tax liabilities and assets. Under IFRS, deferred tax assets and deferred tax liabilities should be offset only if the entity has a legally enforceable right to settle on a net basis and they are levied by the same taxing authority on the same taxable entity (or different taxable entities which intend either to settle material current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period).

n) Classification of prepayments for equipment

Under ROC GAAP, the prepayments for equipment are usually recorded under fixed assets. Under IFRSs, prepayments for equipment are usually recorded under prepayments or long-term prepayments.

o) Investments in associates and joint ventures

In accordance with IFRSs and the optional exemption in IFRS 1, the Group has evaluated significant differences between current accounting policies and IFRSs for the Group's associates and joint ventures accounted for by the equity method.

- c. The Group's foregoing assessment is based on the 2010 version of IFRSs translated by the ARDF and on the Guidelines Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on December 22, 2011. However, the assessment result may change as FSC may issue new rules governing the adoption of IFRSs and as other laws and regulations may be amended to comply with the adoption of IFRSs. Actual results may differ from these assessments.

TABLE 1

**CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES****FINANCINGS PROVIDED****YEAR ENDED DECEMBER 31, 2012****(Amounts in Thousands of New Taiwan Dollars)**

Financier		Borrower	Financial Statement Account	Limit of Financing Amount for Individual Borrower (Note 1)	Maximum Balance for the Period	Ending Balance	Interest Rate (%)	Reason for Financing	Allowance for Doubtful Accounts	Collateral		Transaction Amount	Limit of Total Financing Amount (Note 2)
No.	Company Name									Item	Value		
1	Castmate International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Temporary payments	\$ 24,412,503	\$ 1,379,540	\$ 755,040	1.511-1.5635	For short-term financing	\$ -	-	-	\$ -	<u>\$ 48,825,006</u>
		Catcher Technology (Suqian) Co., Ltd.	Ditto		454,125	435,600		Ditto	-	-	-	-	
		Leo Co., Ltd.	Ditto		756,875	-	-	Ditto	-	-	-	-	
						<u>\$ 1,190,640</u>							
2	Avatar Co., Ltd.	Leo Co., Ltd.	Temporary payments	24,412,503	60,550	\$ -	-	For short-term financing	-	-	-	-	<u>\$ 48,825,006</u>
		Stella International Co., LTD.	Ditto		292,150	-	-	Ditto	-	-	-	-	
						<u>\$ -</u>							
3	Stella International Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Temporary payments	24,412,503	1,513,750	\$ 1,452,000	1.511-1.5635	For short-term financing	-	-	-	-	<u>\$ 48,825,006</u>
		Catcher Technology (Suzhou) Co., Ltd.	Ditto		747,000	-	-	Ditto	-	-	-	-	
		Cetus International Co., Ltd.	Temporary payments	3,189,035	173	<u>\$ 1,452,000</u>	-	Ditto	-	-	-	-	
						<u>\$ -</u>							<u>\$ 6,378,070</u>
4	Nanomag International Co., Ltd.	Cygnus International Co., Ltd.	Payments for others	24,412,503	196	\$ -	-	For short-term financing	-	-	-	-	<u>\$ 48,825,006</u>
		Lyra International Co., Ltd.	Ditto		172	-	-	Ditto	-	-	-	-	
		Artery International Co., Ltd.	Ditto		30	-	-	Ditto	-	-	-	-	
		Gemini International Co., Ltd.	Ditto		129	-	-	Ditto	-	-	-	-	
		Uranus International Co., Ltd.	Ditto		149	-	-	Ditto	-	-	-	-	
						<u>\$ -</u>							
		Cetus International Co., Ltd.	Payments for others	9,590,000	165	\$ -	-	For short-term financing	-	-	-	-	<u>\$ 19,180,000</u>
		Cepheus International Co., Ltd.	Ditto		6	-	-	Ditto	-	-	-	-	
						<u>\$ -</u>							
5	Hoppi Co., Ltd.	Nanomag International Co., Ltd.	Temporary payments	24,412,503	6,055	\$ -	-	For short-term financing	-	-	-	-	<u>\$ 48,825,006</u>
		Leo Co., Ltd.	Ditto		30,275	-	-	Ditto	-	-	-	-	
		Stella International Co., Ltd.	Ditto		236,642	-	-	Ditto	-	-	-	-	
						<u>\$ -</u>							
6	Gigamag Co., Ltd.	Leo Co., Ltd.	Temporary payments	24,412,503	272,475	\$ -	-	For short-term financing	-	-	-	-	<u>\$ 48,825,006</u>
		Castmate International Co., Ltd.	Ditto		440,700	-	-	Ditto	-	-	-	-	
		Stella International Co., Ltd.	Ditto		747,000	-	-	Ditto	-	-	-	-	
						<u>\$ -</u>							

Note 1: The upper limit is equivalent to 20% of the net asset value of financier as of December 31, 2012, but the 100% subsidiaries held directly or indirectly by the Company were not restricted, the upper limit is equivalent to 40% of the net asset value of the Company as of December 31, 2012.

Note 2: The upper limit is equivalent to 40% of the net asset value of financier as of December 31, 2012, but the 100% subsidiaries held directly or indirectly by the Company were not restricted, the upper limit is equivalent to 80% of the net assets value of the Company as of December 31, 2012.

**TABLE 2**

**CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED**  
**YEAR ENDED DECEMBER 31, 2012**  
**(Amounts in Thousands of New Taiwan Dollars)**

Endorsement/Guarantee Provider	Guaranteed Party		Limit on Each Guaranteed party's Endorsement/ Guarantee Amount (Note 1)	Maximum Balance for the Period	Ending Balance (Note 3)	Actual Appropriations for the Period	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Asset Value of Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amounts Allowable (Note 2)
	Company Name	Nature of Relationship							
Catcher Technology Co., Ltd.	Avatar Co., Ltd.	Subsidiary (indirect held 100%)	\$ 30,515,629	\$ 1,550,000	\$ 1,345,600	\$ 1,208,335	\$ -	2.20	<u>\$ 61,031,258</u>
	Gigamag Co., Ltd.	Subsidiary (held 100%)		13,526,370	13,079,880	9,936,190	-	21.43	
	Orion Co., Ltd.	Subsidiary (indirect held 100%)		4,496,040	4,496,040	511,728	-	7.37	
	Catcher Technology (Suqian) Co., Ltd.	Subsidiary (indirect held 100%)		4,356,000	4,356,000	2,904,000	-	7.14	
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Subsidiary (indirect held 100%)		5,082,000	5,082,000	3,630,000	-	8.33	
	Topo Technology (Suzhou) Co., Ltd.	Subsidiary (indirect held 100%)		1,349,550	1,306,800	1,161,600	-	2.14	
					<u>\$ 29,666,320</u>	<u>\$ 19,351,853</u>	<u>\$ -</u>	<u>48.61</u>	
Castmate International Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Subsidiary (indirect held 100%)	46,023,092	1,322,100	<u>\$ -</u>	-	<u>\$ -</u>	<u>-</u>	<u>\$ 46,023,092</u>
Hoppi Co., Ltd.	Catcher Technology Co., Ltd.	The Company	9,820,708	245,749	<u>\$ -</u>	-	<u>\$ -</u>	<u>-</u>	<u>\$ 9,820,708</u>

Note 1: The upper limit for the Company is equivalent to 50% of the net asset value of the Company as of December 31, 2012; for subsidiaries, it is equivalent to 200% of the net asset value of subsidiaries as of December 31, 2012.

Note 2: The upper limit for the Company is equivalent to 100% of the net asset value of the Company as of December 31, 2012; for subsidiaries, it is equivalent to 200% of the net asset value of subsidiaries as of December 31, 2012.

**TABLE 3**

**CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2012**  
(Amounts in Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Units or Shares	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Catcher Technology Co., Ltd.	Yi-Jinn Unsecured Convertible Bond I		Available-for-sale financials assets - current	50,000	\$ 5,030		\$ 5,030	
	Mega Unsecured Convertible Bond I		Ditto	500,000	<u>49,450</u> <u>\$ 54,480</u>		<u>49,450</u> <u>\$ 54,480</u>	
	Giantplus Technology Co., Ltd.		Available-for-sale financials assets - noncurrent	10,198,783	<u>\$ 84,446</u>	2.0	<u>\$ 84,446</u>	
	Asia Pacific Telecom Co., Ltd.		Financial assets carried at cost - noncurrent	1,205,000	\$ -	-		
	Light Tek Co., Ltd.		Ditto	611,374	<u>-</u> <u>\$ -</u>	1.0		
	Gigamag Co., Ltd.	100% owned subsidiary	Investments accounted for by the equity method	14,377,642	\$ 7,224,360	100.0	\$ 8,773,500	The difference is the adjustment to unrealized gain on downstream intercompany transactions between subsidiaries.
	Nanomag International Co., Ltd.	Ditto	Ditto	195,209,016	47,950,002	100.0	47,950,002	
	Amiby Capital Inc.	Ditto	Ditto	2,900,000	9,098	100.0	9,098	
	Yue-Kang Health Control Technology Inc.	40% equity-method investee	Ditto	1,000,000	1,927	40.0	1,927	
	I-Catcher Optoelectronics Corp.	99.8% owned subsidiary	Ditto	499,000	4,002	99.8	4,002	
	Sinher Technology Co., Ltd.	27.2% equity-method investee	Ditto	16,653,289	435,673	27.2	435,673	
	Epileds Technology Inc.	7.3% equity-method investee	Ditto	7,347,144	142,692	7.3	143,088	The difference is the adjustment of net equity
	Kon-Cheng Accuracy Co., Ltd.	40% equity-method investee	Ditto	5,000,000	49,600	40.0	50,895	The difference is the adjustment of net equity
					<u>\$ 55,817,354</u>		<u>\$ 57,368,185</u>	
Gigamag Co., Ltd.	Hoppi Co., Ltd.	100% owned subsidiary	Investments accounted for by the equity method	4,598,742	\$ 4,910,354	100.0	\$ 4,910,354	
	Avatar Co., Ltd.	Ditto	Ditto	6,938,100	784,899	100.0	1,962,071	The difference is the adjustment to unrealized gain on sidestream intercompany transactions between subsidiaries.
	Leo Co., Ltd.	Ditto	Ditto	15,000,000	448,287	100.0	448,287	
	Orion Co., Ltd.	Ditto	Investments accounted for by the equity method in credit	5,000,000	(157,190)	100.0	227,599	The difference is the adjustment to unrealized gain on sidestream intercompany transactions between subsidiaries.
					<u>\$ 5,986,350</u>		<u>\$ 7,548,311</u>	
Hoppi Co., Ltd.	JPMorgan Funds - US Aggregate Bond Fund		Available-for-sale financials assets - current	1,180,027	\$ 436,917	-	\$ 436,917	
	JPMorgan Funds - Global Corporate Bond Fund		Ditto	1,049,685	<u>445,964</u> <u>\$ 882,881</u>	-	<u>445,964</u> <u>\$ 882,881</u>	
Nanomag International Co., Ltd.	Artery Co., Ltd.	100% owned subsidiary	Investments accounted for by the equity method	632,495	\$ 1,090	100.0	\$ 1,090	
	Gemini International Co., Ltd.	Ditto	Ditto	2,944,500	1,263	100.0	1,263	
	Castmate International Co., Ltd.	Ditto	Ditto	34,349,591	23,002,719	100.0	23,011,546	The difference is the adjustment to unrealized gain on sidestream intercompany transactions between subsidiaries.

(Continued)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Units or Shares	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Stella International Co., Ltd.	Ditto	Ditto	47,040,600	\$ 15,915,689	100.0	\$ 15,945,176	The difference is the adjustment to unrealized gain on sidestream intercompany transactions between subsidiaries.
	Aquila International Co., Ltd.	75% owned subsidiary	Ditto	1,050,000	280,357	75.0	280,357	
	Uranus International Co., Ltd.	100% owned subsidiary	Ditto	199,007,763	7,637,946	100.0	7,685,803	
	Grus International Co., Ltd.	Ditto	Ditto	30,003,618	<u>953,702</u> <u>\$ 47,792,766</u>	100.0	<u>953,702</u> <u>\$ 47,878,937</u>	The difference is the adjustment to unrealized gain on sidestream intercompany transactions between subsidiaries.
	Artery Co., Ltd.	Catcher Technology Phils Inc.	Investments accounted for by the equity method	581,250	<u>\$ 1,547</u>	100	<u>\$ 1,547</u>	
	Castmate International Co., Ltd.	Castmate International Pte. Ltd.	Investments accounted for by the equity method	-	\$ -	-	\$ -	
	Cygnus International Co., Ltd.	Ditto	Ditto	139,345,259	<u>21,408,982</u> <u>\$ 21,408,982</u>	100.0	<u>21,408,982</u> <u>\$ 21,408,982</u>	
	Cygnus International Co., Ltd.	Catcher Technology (Suzhou) Co., Ltd.	Investments accounted for by the equity method	-	\$ 4,938,420	100.0	\$ 4,938,420	
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	-	<u>11,485,808</u> <u>\$ 16,424,228</u>	100.0	<u>11,485,808</u> <u>\$ 16,424,228</u>	
	Stella International Co., Ltd.	Norma International Pte. Ltd.	Investments accounted for by the equity method	-	\$ -	-	\$ -	
		Lyra International Co., Ltd.	Ditto	77,014,868	<u>14,225,618</u> <u>\$ 14,225,618</u>	100.0	<u>14,225,618</u> <u>\$ 14,225,618</u>	
	Lyra International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Investments accounted for by the equity method	-	\$ 10,306,335	100.0	\$ 10,306,335	
		Topo Technology (Taizhou) Co., Ltd.	Ditto	-	<u>1,010,249</u> <u>\$ 11,316,584</u>	100.0	<u>1,010,249</u> <u>\$ 11,316,584</u>	
	Aquila International Co., Ltd.	Saturn International Pte. Ltd.	Investments accounted for by the equity method	-	\$ -	-	\$ -	
		Cepheus International Co., Ltd.	Ditto	1,400,000	<u>371,807</u> <u>\$ 371,807</u>	100.0	<u>371,807</u> <u>\$ 371,807</u>	
Cepheus International Co., Ltd.	Aquila Technology (Suzhou) Co., Ltd.	75% owned subsidiary	Investments accounted for by the equity method	-	<u>\$ 361,195</u>	100.0	<u>\$ 361,195</u>	
	Uranus International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Investments accounted for by the equity method	-	\$ 4,794,794	100.0	\$ 4,794,794	
		Vito Technology (Suqian) Co., Ltd.	Ditto	-	<u>2,890,988</u> <u>\$ 7,685,782</u>	100.0	<u>2,890,988</u> <u>\$ 7,685,782</u>	
	Grus International Co., Ltd.	Sagitta International Co., Ltd.	Investments accounted for by the equity method	29,913,748	<u>\$ 951,327</u>	95.0	<u>\$ 951,327</u>	
Sagitta International Co., Ltd.	Chaohu Yunhai Magnesium Co., Ltd.	46% equity-method investee	Investments accounted for by the equity method	-	<u>\$ 1,004,046</u>	49.0	<u>\$ 1,004,046</u>	
Gemini International Co., Ltd.	Cetus International Co., Ltd.	70% owned subsidiary	Investments accounted for by the equity method	-	<u>\$ -</u>	-	<u>\$ -</u>	

(Concluded)

TABLE 4

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
YEAR ENDED DECEMBER 31, 2012  
(Amounts in Thousands of New Taiwan Dollars, except Foreign Currency in Dollars)

Company Name	Marketable Securities Name	Financial Statement Account	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance	
				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Gain (Loss) of Disposal	Shares/Units	Amount
Catcher Technology Co., Ltd.	Mega Diamond Money Market Fund	Available-for-sale financials assets - current	-	16,653,625	\$ 200,928	-	\$ -	16,653,625	\$ 200,311	\$ 1,265	-	\$ -
	Union Money Market Fund	Ditto	Ditto	9,226,499	117,518	781,122	10,000	10,007,621	127,265	550	-	-
	Jih Sun Money Market Fund	Ditto	Ditto	2,693,700	38,410	5,591,903	80,000	8,285,603	118,237	339	-	-
	Eastspring Investment Well Pool Money Market Fund	Ditto	Ditto	4,596,680	60,253	17,232,093	227,000	21,828,773	287,000	668	-	-
	Yuanta Wan Tai Money Market Fund	Ditto	Ditto	4,613,241	67,381	13,290,316	195,000	17,903,557	262,180	738	-	-
	Yuanta De-Bao Money Market Fund	Ditto	Ditto	-	-	11,190,915	130,000	11,190,915	130,000	276	-	-
	Hua Nan Investment Grade Fund of Bond Fds	Ditto	Ditto	19,004,298	187,297	-	-	19,004,298	190,043	1,232	-	-
	Taishin Ta-Chong Money Market Fund	Ditto	Ditto	2,718,449	37,217	7,256,736	100,000	9,975,185	137,096	290	-	-
	Taishin 1699 Money Market Fund	Ditto	Ditto	7,601,474	99,056	15,278,717	200,000	22,880,191	299,000	631	-	-
	Taishin Lucky Money Market Fund	Ditto	Ditto	-	-	9,277,729	100,000	9,277,729	100,000	58	-	-
Hoppi Co., Ltd.	JPMorgan Funds - Global Corporate Bond Fund	Available-for-sale financials assets - current	-	-	-	1,049,685	445,964 (US\$ 15,356,892.93) (Note 1)	-	-	-	1,049,685	445,964 (US\$ 15,356,892.93)
Nanomag International Co., Ltd.	Uranus International Co., Ltd.	Investments accounted for by the equity method	100% owned subsidiary	100,007,763	3,827,284 (US\$126,417,303.75)	99,000,000	3,810,662 (US\$136,597,369.19) (Note 2)	-	-	-	199,007,763	7,637,946 (US\$263,014,672.94)
	Grus International Co., Ltd.	Ditto	Ditto	22,256,215	748,429 (US\$ 24,721,031.01)	7,747,403	205,273 (US\$ 8,119,942.44) (Note 3)	-	-	-	30,003,618	953,702 (US\$ 32,840,973.45)
Uranus International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Investments accounted for by the equity method	100% owned subsidiary	-	-	-	2,890,988 (US\$ 99,551,933.02) (Note 4)	-	-	-	-	2,890,988 (US\$ 99,551,933.02)
Grus International Co., Ltd.	Sagitta International Co., Ltd.	Investments accounted for by the equity method	95% owned subsidiary	22,166,345	745,830 (US\$ 24,635,192.10)	7,747,403	205,497 (US\$ 8,123,985.88) (Note 5)	-	-	-	29,913,748	951,327 (US\$ 32,759,177.98)
Sagitta International Co., Ltd.	Chaohu Yunhai Magnesium Co., Ltd.	Investments accounted for by the equity method	49% equity-method investee	-	801,523 (US\$ 26,474,726.83)	-	202,523 (US\$ 8,099,874.46) (Note 6)	-	-	-	-	1,004,046 (US\$ 34,574,601.29)
Lyra International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Investments accounted for by the equity method	100% owned subsidiary	-	-	-	1,010,249 (US\$ 34,788,201.73) (Note 7)	-	-	-	-	1,010,249 (US\$ 34,788,201.73)

(Continued)

- Note 1: Including incremental investment US\$15,000,000, and gain in valuation of fair value US\$356,892.93.
- Note 2: Including incremental investment US\$99,000,000, equity in gain of equity-method investee US\$36,310,696.95, and translation adjustments from variation of exchange rate gain US\$1,286,672.24.
- Note 3: Including incremental investment US\$7,747,403, equity in gain of equity-method investee US\$208,541.53, and translation adjustments from variation of exchange rate gain US\$114,008.38, and capital surplus NT\$49,989.53 at a percentage different from current percentage of ownership in the investee.
- Note 4: Including incremental investment US\$99,000,000 equity in loss of equity-method investee US\$280,126.21, and translation adjustments from variation of exchange rate gain US\$832,059.23.
- Note 5: Including incremental investment US\$7,747,403, equity in gain of equity-method investee US\$212,584.97, and translation adjustments from variation of exchange rate gain US\$114,008.38, and capital surplus NT\$49,989.53 at a percentage different from current percentage of ownership in the investee.
- Note 6: Including incremental investment US\$7,747,403, equity in gain of equity-method investee US\$232,707.7, and translation adjustments from variation of exchange rate gain US\$119,763.76.
- Note 7: Including incremental investment US\$32,900,976.58, equity in gain of equity-method investee US\$1,692,589.76, and translation adjustments from variation of exchange rate gain US\$194,635.39.

(Concluded)

TABLE 5

## CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
YEAR ENDED DECEMBER 31, 2012  
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Catcher Technology Co., Ltd.	Orion Co., Ltd.	Subsidiary	Sales	\$ 508,714	4	Net 120 days after monthly closing	No comparable prices for general customers	Equivalent	\$ 77,407	2	
	Leo Co., Ltd.	Ditto	Purchases	6,105,883	94	Net 90 days after next month closing	No comparable prices for general suppliers	Equivalent	(1,603,162)	(85)	
Topo Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	Same parent company	Sales	3,186,270	28	Net 30 days after monthly closing	Equivalent	Net 90 to 120 days after monthly closing for general customers	240,502	7	
	Catcher Technology (Suzhou) Co., Ltd.	Ditto	Sales	186,729	2	Net 90 days after monthly closing	Equivalent	Ditto	55,436	2	
	Orion Co., Ltd.	Ditto	Purchases	364,923	8	Net 90 days after monthly closing	Equivalent	Net 30 to 90 days after next month closing for general suppliers	(38,626)	(4)	
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Leo Co., Ltd.	Same parent company	Sales	2,005,946	17	Net 30 days after monthly closing	Equivalent	Net 30 to 120 days after monthly closing for general customers	762,887	18	
	Topo Technology (Suzhou) Co., Ltd.	Ditto	Sales	184,059	2	Net 90 days after monthly closing	Equivalent	Ditto	6,101	-	
	Orion Co., Ltd.	Ditto	Purchases	149,514	2	Net 90 days after monthly closing	Equivalent	Net 60 to 120 days after monthly closing for general suppliers	(119,783)	(11)	
Catcher Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	Same parent company	Sales	981,842	16	Net 30 days after monthly closing	Equivalent	Net 30 to 120 days after monthly closing for general customers	26,481	1	
	Topo Technology (Suzhou) Co., Ltd.	Ditto	Sales	119,996	2	Net 90 days after monthly closing	Equivalent	Ditto	53,250	3	
Catcher Technology (Suqian) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	Sales	4,639,194	65	Net 30 days after monthly closing	Equivalent	Net 30 to 120 days after monthly closing for general customers	44,921	4	
	Topo Technology (Suzhou) Co., Ltd.	Ditto	Sales	1,174,736	17	Net 30 days after monthly closing	Equivalent	Ditto	29,184	3	
	Leo Co., Ltd.	Ditto	Sales	527,616	8	Net 90 days after monthly closing	Equivalent	Ditto	453,565	45	
	Catcher Technology (Suzhou) Co., Ltd.	Ditto	Sales	236,979	3	Net 30 days after monthly closing	Equivalent	Ditto	14,147	1	
Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	Sales	280,767	100	Net 90 days after monthly closing	No comparable prices for general customers	No comparable sales term for general customers	91,005	100	
Aquila Technology (Suzhou) Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Same parent company	Sales	344,082	75	Net 120 days after monthly closing	Equivalent	Net 90 to 120 days after monthly closing for general customers	161,125	75	

**TABLE 6****CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****YEAR ENDED DECEMBER 31, 2012****(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Castmate International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Same parent company	\$ 755,040	- (Note 1)	\$ -	Not applicable	\$ -	\$ -
	Catcher Technology (Suqian) Co., Ltd.	Ditto	435,600	- (Note 1)	-	Not applicable	435,600	-
Stella International Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	1,452,000	- (Note 1)	-	Not applicable	-	-
Topo Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	Same parent company	240,502	5.70	-	-	240,502	-
	Catcher Technology (Suqian) Co., Ltd.	Ditto	2,075,480	- (Note 3)	-	Not applicable	411	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same parent company	2,472,017	- (Note 3)	-	Not applicable	1,795	-
	Leo Co., Ltd.	Ditto	762,887	4.25	-	-	762,887	-
	Topo Technology (Taizhou) Co., Ltd.	Ditto	1,043,157	- (Note 3)	-	Not applicable	-	-
Catcher Technology (Suqian) Co., Ltd.	Leo Co., Ltd.	Same parent company	453,565	1.06	-	-	453,565	-
Aquila Technology (Suzhou) Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Same parent company	161,125	2.71	-	-	97,274	-
Leo Co., Ltd.	Catcher Technology Co., Ltd.	Parent company	1,603,162	3.18	-	-	1,603,162	-
Orion Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same parent company	614,678	- (Note 3)	-	Not applicable	614,678	-
	Catcher Technology (Suqian) Co., Ltd.	Ditto	252,501	- (Note 3)	-	Not applicable	237,882	-
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	\$ 119,783	1.25	-	-	63,274	-
			36,280	- (Note 3)	-	Not applicable	3,906	-
			<u>\$ 156,063</u>					
Cygnus International Co., Ltd.	Catcher Technology (Suzhou) Co., Ltd.	Same parent company	381,269	- (Note 2)	-	Not applicable	-	-

Note 1: The ending balance of financing provided is not applicable for the calculation of turnover ratio.

Note 2: The ending balance of dividend receivable is not applicable for the calculation of turnover ratio.

Note 3: The ending balance of receivable for disposal properties is not applicable for the calculation of turnover ratio.

**TABLE 7**

**CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**INFORMATION OF INVESTEE COMPANY**  
**YEAR ENDED DECEMBER 31, 2012**  
(Amounts in Thousands of New Taiwan Dollars, Except Foreign Currency in Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2012			Net Income (Losses) of Investee	Equity in the Earnings (Losses) (Note 5)	Note
				December 31, 2012	December 31, 2011	Shares	Percentage of Ownership (%)	Carrying Value			
Catcher Technology Co., Ltd.	Gigamag Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia, Samoa	Investing activities	\$ 484,941	\$ 484,941	14,377,642	100.0	\$ 7,224,360	\$ 3,966,786	\$ 3,957,243	
	Nanomag International Co., Ltd.	Scotia Centre, 4 <sup>th</sup> Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Ditto	5,983,389	5,983,389	195,209,016	100.0	47,950,002	5,650,782	5,650,782	
	Kryokey Co., Ltd.	1F., No. 13, Aly. 91, Ln. 307, Xiaodong Rd., North Dist. Tainan City 704, Taiwan (R.O.C.)	Research and development	-	19,800	-	-	-	(122)	(36)	
	Amity Capital Inc.	1F, No. 10, Ln 138, Ren-ai St, Yong Kang Dist. Tainan City 710, Taiwan (R.O.C.)	Investing activities	29,000	29,000	2,900,000	100.0	9,098	(62)	(62)	
	I-Catcher Optoelectronics Corp.	1F, No. 10, Ln 138, Ren-ai St, Yong Kang Dist. Tainan City 710, Taiwan (R.O.C.)	(Note 1)	4,990	4,990	499,000	99.8	4,002	22	22	
	Sinher Technology Co., Ltd.	10F-1., No. 29-1, Ln. 169, Kangning St., Xizhi Dist. New Taipei City 221, Taiwan (R.O.C.)	Manufacturing electronic parts	131,502	131,502	16,653,289	27.2	435,673	379,584	103,493	
	Epileds Technology Inc.	SF, No. 2 Chuangye Rd., Xinshi Dist. Tainan City 744, Taiwan (R.O.C.)	Manufacturing and selling LED wafer and chip	102,427	102,427	7,347,144	7.3	142,692	85,436	6,649	
	Yue-Kang Health Control Technology Inc.	1F, No. 10, Ln 138, Ren-ai St, Yong Kang Dist. Tainan City 710, Taiwan (R.O.C.)	Health and medical treatment consultant	10,000	6,000	1,000,000	40.0	1,927	(7,821)	(3,129)	
Gigamag Co., Ltd.	Kon-Cheng Accuracy Co., Ltd.	No. 113, Wugong 2nd Road, Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	Manufacturing plastic products	50,000	50,000	5,000,000	40.0	49,600	(782)	521	
	Hoppi Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	International trading	US\$ 4,598,742	US\$ 4,598,742	4,598,742	100.0	4,910,354	2,360,663		
	Avatar Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	US\$ 6,938,100	US\$ 6,938,100	6,938,100	100.0	784,899	82,673		
	Leo Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	US\$ 15,000,000	US\$ 15,000,000	15,000,000	100.0	448,287	3		
Nanomag International Co., Ltd.	Orion Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	US\$ 5,000,000	US\$ 5,000,000	5,000,000	100.0	(157,190)	2,475		
	Artery Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Investing activities	US\$ 632,495	US\$ 632,495	632,495	100.0	1,090	(230)		
	Castmate International Co., Ltd.	P. O. Box 3443 Road Town, Tortola, British Virgin Island	Ditto	US\$ 34,349,591	US\$ 34,349,591	34,349,591	100.0	23,002,719	2,519,942		
	Stella International Co., Ltd.	Scotia Centre, 4 <sup>th</sup> Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Ditto	US\$ 47,040,600	US\$ 47,040,600	47,040,600	100.0	15,915,689	1,962,521		
	Aquila International Co., Ltd.	Scotia Centre, 4 <sup>th</sup> Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Ditto	US\$ 1,120,000	US\$ 1,120,000	1,050,000	75.0	280,357	73,471		
	Gemini International Co., Ltd.	Scotia Centre, 4 <sup>th</sup> Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Ditto	US\$ 2,944,500	US\$ 2,944,500	2,944,500	100.0	1,263	(461)		
	Uranus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Ditto	US\$ 199,007,763	US\$ 100,007,763	199,007,763	100.0	7,637,946	892,936		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2012			Net Income (Losses) of Investee	Equity in the Earnings (Losses) (Note 5)	Note
				December 31, 2012	December 31, 2011	Shares	Percentage of Ownership (%)	Carrying Value			
	Grus International Co., Ltd.	Scotia Centre, 4 <sup>th</sup> Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Investing activities	US\$ 30,003,618	US\$ 22,256,215	30,003,618	100.0	\$ 953,702	\$ 6,148		
Artery Co., Ltd.	Catcher Technology Phils Inc.	#24 Innovative Street. Subic Bay Industrial Park Phase-1, Subic Bay Freeport Zone, Philippines	(Note 2)	US\$ 124,030	US\$ 124,030	581,250	100.0	1,547	(230)		
Castmate International Co., Ltd.	Castmate International Pte. Ltd.	6 TEMASEK Boulevard Suntec Tower Four #09-05 Singapore 038986	Investing activities	-	US\$ 100,000	-	-	-	(158)		
	Cygnus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Ditto	US\$ 139,345,259	US\$ 139,345,259	139,345,259	100.0	21,408,982	2,475,397		
Stella International Co., Ltd.	Norma International Pte. Ltd.	6 TEMASEK Boulevard Suntec Tower Four #09-05 Singapore 038986	Investing activities	-	US\$ 100,000	-	-	-	(158)		
	Lyra International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Ditto	US\$ 77,014,868	US\$ 77,014,868	77,014,868	100.0	14,225,618	1,937,675		
Aquila International Co., Ltd.	Saturn International Pte. Ltd.	6 TEMASEK Boulevard Suntec Tower Four #09-05 Singapore 038986	Investing activities	-	US\$ 100,000	-	-	-	(164)		
	Cepheus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Ditto	US\$ 1,400,000	US\$ 1,400,000	1,400,000	100.0	371,807	73,758		
Grus International Co., Ltd.	Sagitta International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	US\$ 29,913,748	US\$ 22,166,345	29,913,748	95.0	951,327	6,742		
Gemini International Co., Ltd.	Cetus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	-	US\$ 2,940,000	-	-	-	(661)		
Uranus International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	No. 18, Gucheng Rd., Suzhou Suqian Industrial Park, China	(Note 2)	US\$ 100,000,000	US\$ 100,000,000	-	100.0	4,794,794	900,911		
	Vito Technology (Suqian) Co., Ltd.	No. 21, Gucheng Rd., Suzhou Suqian Industrial Park, China	(Note 2)	US\$ 99,000,000	-	-	100.0	2,890,988	(8,319)		
Cygnus International Co., Ltd.	Catcher Technology (Suzhou) Co., Ltd.	No. 201 Suhong Middle Rd., Industrial Park of Suzhou, China	(Note 2)	US\$ 33,340,000	US\$ 33,340,000	-	100.0	4,938,420	1,365,955		
	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	No. 107 Changyang St., Industrial Park of Suzhou, China	(Note 2)	US\$ 106,000,000	US\$ 106,000,000	-	100.0	11,485,808	1,141,025		
Lyra International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	No. 111 Changyang St., Industrial Park of Suzhou, China	(Note 2)	US\$ 77,010,000	US\$ 77,010,000	-	100.0	10,306,335	1,919,312		
	Topo Technology (Taizhou) Co., Ltd.	North of West Zhenxing Rd., West of South Wuling Rd., Taizhou Economic Development Zone, China	(Note 2)	US\$ 32,900,977	-	-	100.0	1,010,249	49,300		
Cepheus International Co., Ltd.	Aquila Technology (Suzhou) Co., Ltd.	No. 7 Chunhui Rd., Weiting Township, Industrial Park of Suzhou, China	(Note 1)	US\$ 1,400,000	US\$ 1,400,000	-	100.0	361,195	90,277		
Cetus International Co., Ltd.	WIT Technology (Taizhou) Co., Ltd.	Export Processing Zone, Taizhou Economic Development Zone, Province of Jiangsu, China	(Note 3)	-	US\$ 4,200,000	-	-	-	(528)		
Sagitta International Co., Ltd.	Chaohu Yunhai Magnesium Co., Ltd.	No. 1 Huachao Rd., Chaohu City, Province of Anhui, China	(Note 4)	US\$ 31,547,397	US\$ 23,799,994	-	49.0	1,004,046	14,001		

(Continued)

- Note 1: Manufacturing and selling molds and electronic parts.
- Note 2: Manufacturing and selling aluminum and magnesium die casting products and molds.
- Note 3: Researching, developing and manufacturing mini calculator’s mobile communication system phone and components of communication electron products.
- Note 4: Manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metal.
- Note 5: The equity in the earnings (losses) is only reflected for the subsidiaries invested directly and the investments accounted for by the equity method.

(Concluded)

TABLE 8

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTMENT IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2012  
(Amounts in Thousands of New Taiwan Dollars, Except Foreign Currency in Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 11)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2012 (Note 11)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012 (Note 11)	Percentage of Ownership (%)	Equity in the Earnings (Losses) (Note 2)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Catcher Technology (Suzhou) Co., Ltd.	Manufacturing and selling aluminum and magnesium die casting products and molds	\$ 1,452,290 (US\$ 50,010,000)	3. (Note 8)	\$ 968,194 (US\$ 33,340,000)	\$ -	-	\$ 968,194 (US\$ 33,340,000)	100	\$ 1,356,955 2.(1)	\$ 4,938,420	-
Topo Technology (Suzhou) Co., Ltd.	Ditto	3,203,402 (US\$ 110,310,000)	3. (Notes 4 and 5)	1,171,474 (US\$ 40,340,000)	-	-	1,171,474 (US\$ 40,340,000)	100	1,919,312 2.(1)	10,306,335	-
Topo Technology (Taizhou) Co., Ltd.	Ditto	955,444 (US\$ 32,900,977)	3. (Note 9)	-	-	-	-	100	49,300 2.(1)	1,010,249	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	3,562,337 (US\$ 122,670,000)	3. (Note 6)	-	-	-	-	100	1,141,025 2.(1)	11,485,808	-
Catcher Technology (Suqian) Co., Ltd.	Ditto	2,904,000 (US\$ 100,000,000)	3. (Note 7)	2,758,771 (US\$ 94,999,000)	-	-	2,758,771 (US\$ 94,999,000)	100	900,911 2.(1)	4,794,794	-
Vito Technology (Suqian) Co., Ltd.	Ditto	435,600 (US\$ 99,000,000)	3. (Note 10)	-	-	-	-	100	(8,319) 2.(1)	2,890,988	-
Aquila Technology (Suzhou) Co., Ltd.	Manufacturing and selling molds and electronic parts	40,656 (US\$ 1,400,000)	3.	32,525 (US\$ 1,120,000)	-	-	32,525 (US\$ 1,120,000)	75	67,708 2.(1)	270,896	-
WIT Technology (Taizhou) Co., Ltd. (Note 12)	Researching, developing and manufacturing mini calculator's mobile communication system phone and components of communication electron products	121,968 (US\$ 4,200,000)	3.	85,378 (US\$ 2,940,000)	-	-	85,378 (US\$ 2,940,000)	70	(370) 2.(1)	-	-
Chaohu Yunhai Magnesium Co., Ltd.	Manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metal	1,016,444 (RMB 220,000,000)	3.	691,152 (US\$ 23,799,994)	-	-	691,152 (US\$ 23,799,994)	46	6,393 2.(1)	951,032	-

Accumulated Investment in Mainland China as of December 31, 2012 (Note 11)	Investment Amounts Authorized by Investment Commission, MOEA (Note 11)	Upper Limit on Investment (Note 3)
\$5,707,494 (US\$196,538,994)	\$16,470,355 (US\$567,161,000)	\$36,618,755

Note 1: The investing methods are categorized as follows:

- 1: Direct investment in companies in Mainland China.
- 2: Investment in companies in Mainland China, which is funded through a third region.
- 3: Investment in companies in Mainland China, which is made by the Company incorporated via a third region.
- 4: Indirect investment in companies in Mainland China through existing companies located in a third region.
- 5: Others.

(Continued)

Note 2: In the column:

- 1: This means the investee is under initial preparation and there were no gains or losses on investment.
- 2: The recognition of gains or losses on investment is based on:
  - (1) The financial statements audited by global accounting firms, which are affiliated with the accounting firms in the Republic of China.
  - (2) The financial statements audited by the certified public accountant of the parent company in Taiwan.
  - (3) The financial statements were not audited by the certified public accountant
  - (4) Others.

Note 3: The upper limit on investment in Mainland China is calculated as:  $\$61,031,258 \times 60\% = \$36,618,755$ .

Note 4: The paid-in capital of US\$6,670,000, which is self-owned funding of Nanomag International Co., Ltd., is invested in Topo Technology (Suzhou) Co., Ltd. through Stella International Co., Ltd., and the paid-in capital of US\$33,300,000 is earning distributed in the third quarter 2011.

Note 5: The paid-in capital of US\$30,000,000 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., and then reinvested in Topo Technology (Suzhou) Co., Ltd.

Note 6: The paid-in capital of US\$106,000,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd., then invested in Meeca Technology (Suzhou Industrial Park) Co., Ltd., and the paid-in capital of US\$16,670,000 is earning distributed in third quarter 2011.

Note 7: The paid-in capital of US\$5,001,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd. and then invested in Catcher Technology (Suqian) Co., Ltd.

Note 8: The paid-in capital of US\$16,670,000 is earnings distributed in the third quarter 2011.

Note 9: The paid-in capital of US\$32,900,977 is earnings distributed from Stella International Co., Ltd. to Topo Technology (Suzhou) Co., Ltd. and then invested in Topo Technology (Taizhou) Co., Ltd.

Note 10: The paid-in capital of US\$99,000,000 is earnings distributed from Nanomag International Co., Ltd. to Uranus International Co., Ltd. and then invested in Vito Technology (Suqian) Co., Ltd.

Note 11: The exchange rate is one US\$ for 29.04 New Taiwan dollars on December 31, 2012.  
The exchange rate is one RMB for 4.6202 New Taiwan dollars on December 31, 2012.

Note 12: WIT Technology (Taizhou) Co., Ltd. was dissolved in June 2012, and the rest amount of capital has not been wired back Taiwan.

(Concluded)

**TABLE 9**

**CATCHER TECHNOLOGY CO., LTD.**

**SIGNIFICANT DIRECT OR INDIRECT TRANSACTIONS WITH THE INVESTEES, PRICES AND TERMS OF PAYMENT, UNREALIZED GAIN OR LOSS  
YEAR ENDED DECEMBER 31, 2012  
(Amounts in Thousands of New Taiwan Dollars)**

Investee Company	Counterparty	Nature of Relationship	Transaction Type	Amount	Transaction Detail			Notes/Accounts Payable or Receivable		Unrealized Gain (Loss)
					Price	Payment Term	Comparison with Arm’s Length Transactions	Ending Balance	%	
Catcher Technology Co., Ltd.	Leo Co., Ltd.	Subsidiary	Purchase (Note 1)	\$ 6,105,883	The purchase prices were incomparable	Net 90 days after next month closing	Equivalent	\$ (1,603,162)	(85)	\$ 3,402
	Orion Co., Ltd.	Subsidiary	Sales (Note 2)	508,714	The sales prices were incomparable	Net 120 days after monthly closing	Equivalent	77,407	2	-

Note 1: The purchases from Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) Co., Ltd., Catcher Technology (Suqian) Co., Ltd., and Meeca Technology (Suzhou Industrial Park) Co., Ltd. were made via Leo Co., Ltd.

Note 2: The sales to Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) Co., Ltd. and Meeca Technology (Suzhou Industrial Park) Co., Ltd. were made via Orion Co., Ltd.

TABLE 10

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
YEAR ENDED DECEMBER 31, 2012  
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
1	Catcher Technology Co., Ltd.	Orion Co., Ltd.	1.	Sales	\$ 508,714	The sales prices were not different to those from third parties, net 120 days after monthly closing	1.37
				Sale of supplies	1,472	The sales prices were not different to those from third parties, net 120 days after monthly closing	-
		Leo Co., Ltd.	1.	Receivable from related parties	77,407		0.08
				Purchases	6,105,883	The purchases prices were not different to those from third parties, net 90 days after next month closing	16.49
				Purchases of supplies	683	The purchases prices were not different to those from third parties, net 90 days after next month closing	-
				Payables to related parties	1,603,162		1.59
		Avatar Co., Ltd. Hoppi Co., Ltd. Topo Technology (Suzhou) Co., Ltd. Meecca Technology (Suzhou Industrial Park) Co., Ltd. Kryokey Co., Ltd.	1.	Other payables to related parties	53		-
				Purchases of fixed assets	78,563		0.21
				Other payables to related parties	2,340		-
				Purchases of fixed assets	10,687		0.03
				Purchases of fixed assets	8,617		0.02
			1.	Other receivables from related parties	13,872		0.01
2	Catcher Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	3.	Sales	981,842	The sales prices were not different to those from third parties, net 30 days after next month closing	2.65
				Receivable from related parties	26,481		0.03
		Cygnus International Co., Ltd. Orion Co., Ltd.	3.	Dividend payables	381,269		0.38
				Purchases	5,472	The purchases prices were not different to those from third parties, net 90 days after next month closing	0.01
		Catcher Technology (Suzhou) Co., Ltd.	3.	Payables to related parties	3,866		-
				Sales	119,996	The sales prices were not different to those from third parties, net 90 days after next month closing	0.32
				Receivable from related parties	53,250		0.05
				Purchases	186,729	The purchases prices were not different to those from third parties, net 90 days after next month closing	0.50
		Aquila Technology (Suzhou) Co., Ltd.	3.	Payables to related parties	55,436		0.05
				Purchases of fixed assets	1,549		-
				Purchases	72,124	The purchases prices were not different to those from third parties, net 120 days after next month closing	0.19
				Payables to related parties	37,354		0.04
		Meecca Technology (Suzhou Industrial Park) Co., Ltd. Catcher Technology (Suqian) Co., Ltd.	3.	Sales	7,997	The sales prices were not different to those from third parties, net 90 days after next month closing	0.02
				Purchases	58,653	The purchases prices were not different to those from third parties, net 30 days after next month closing	0.16
		Stella International Co., Ltd.	3.	Purchases	236,979	The purchases prices were not different to those from third parties, net 30 days after next month closing	0.64
				Disposal of fixed assets	2,229		0.01
				Payables to related parties	14,147		0.01
				Interest expenses	1,565		-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
3	Topo Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	3.	Sales	\$ 3,186,270	The sales prices were not different to those from third parties, net 30 days after next month closing	8.60
				Other revenues	1,941		0.01
				Receivable from related parties	240,502		0.24
				Purchases	15,578	The purchase prices were not different to those from third parties, net 90 days after next month closing	0.04
		Orion Co., Ltd.	3.	Payables to related parties	13,883		0.01
				Purchases	364,923	The purchase prices were not different to those from third parties, net 90 days after next month closing	0.99
				Purchases of fixed assets	8,555		0.02
				Payables to related parties	38,626		0.04
		Aquila Technology (Suzhou) Co., Ltd.	3.	Sales	2,491	The sales prices were not different to those from third parties, net 90 days after next month closing	0.01
				Receivable from related parties	1,155		-
				Purchases	344,082	The purchase prices were not different to those from third parties, net 120 days after next month closing	0.93
				Payables to related parties	161,125		0.16
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3.	Sales	87,185	The sales prices were not different to those from third parties, net 90 days after next month closing	0.24
				Receivable from related parties	16,354		0.02
				Purchases	184,059	The purchase prices were not different to those from third parties, net 90 days after next month closing	0.50
				Payables to related parties	6,101		0.01
		Catcher Technology (Suqian) Co., Ltd.	3.	Sales	5,581	The sales prices were not different to those from third parties, net 90 days after next month closing	0.02
				Other revenues	1,336		-
				Disposal of fixed assets	1,575,207		4.25
				Other receivables from related parties	2,075,480		2.06
				Purchases	1,174,736	The purchase prices were not different to those from third parties, net 90 days after next month closing	3.17
		Castmate International Co., Ltd.	3.	Payables from related parties	29,184		0.03
				Other payables to related parties	755,040		0.75
				Interest expense	15,767		0.04
		Topo Technology (Taizhou) Co., Ltd.	3.	Disposal of fixed assets	1,457		-
				Other receivables from related parties	1,457		-
4	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Leo Co., Ltd.	3.	Sales	2,005,946	The sales prices were not different to those from third parties, net 30 days after next month closing	5.42
				Receivable from related parties	762,887		0.76
		Orion Co., Ltd.	3.	Purchases	149,514	The purchase prices were not different to those from third parties, net 90 days after next month closing	0.40
				Payables to related parties	119,783		0.12
				Purchases of fixed assets	121,614		0.33
		Aquila Technology (Suzhou) Co., Ltd.	3.	Other payables to related parties	36,280		0.04
				Purchases	34,540	The purchase prices were not different to those from third parties, net 120 days after next month closing	0.09
				Payables to related parties	10,973		0.01
		Catcher Technology (Suqian) Co., Ltd.	3.	Sales	49,060	The sales prices were not different to those from third parties, net 90 days after next month closing	0.13
				Other revenues	47,824		0.13
				Receivable from related parties	21,344		0.02
				Purchases	4,639,194	The purchase prices were not different to those from third parties, net 30 days after next month closing	12.53
				Payables to related parties	44,921		0.04
				Purchases of fixed assets	59,517		0.16
				Disposal of fixed assets	3,061,620		8.27
				Other receivables	2,472,017		2.45

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
		Topo Technology (Taizhou) Co., Ltd.	3.	Sales	\$ 97,165	The sales prices were not different to those from third parties, net 90 days after next month closing	0.26
		Stella International Co., Ltd.	3.	Purchases	280,767	The purchases prices were not different to those from third parties, net 120 days after next month closing	0.76
				Disposal of fixed assets	986,001		2.66
				Receivable from related parties	104,086		0.10
				Other receivables from related parties	1,043,157		1.03
				Payables to related parties	91,005		0.09
				Other payables to related parties	1,452,000		1.44
				Interest expense	25,490		0.07
		Castmate International Co., Ltd.	3.	Other payables to related parties	435,600		0.43
		Orion Co., Ltd.	3.	Interest expense	7,433		0.02
5	Catcher Technology (Suqian) Co., Ltd.	Orion Co., Ltd.	3.	Purchases	28,396	The purchases prices were not different to those from third parties, net 90 days after next month closing	0.08
				Payables to related parties	24,050		0.02
				Purchases of fixed assets	995,441		2.69
				Other payables to related parties	228,451		0.23
		Leo Co., Ltd.	3.	Sales	527,616	The sales prices were not different to those from third parties, net 90 days after next month closing	1.42
				Receivable from related parties	453,565		0.45
				Disposal of fixed assets	110,486		0.30
6	Topo Technology (Taizhou) Co., Ltd.	Orion Co., Ltd.	3.	Other payables to related parties	614,678		0.61
				Purchases of fixed assets	679,768		1.84

Note: No. 1 represents transactions between parent company and subsidiaries.  
No. 3 represents transactions among subsidiaries.

(Concluded)

**TABLE 10-1**

**CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**YEAR ENDED DECEMBER 31, 2011**  
**(Amounts in Thousands of New Taiwan Dollars)**

No.	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
1	Catcher Technology Co., Ltd.	Hoppi Co., Ltd.	1.	Purchases of fixed assets	\$ 5,562	The sales prices were not different to those from third parties, net 120 days after monthly closing	0.02
		Orion Co., Ltd	1.	Other payables to related parties	5,418		0.01
				Sales	512,676		1.43
				Disposal of supplies	3,154		0.01
				Disposal of fixed assets	115,183		0.32
		Leo Co., Ltd.	1.	Receivable from related parties	313,514	No comparable prices for general suppliers, net 30 days after monthly closing	0.35
				Other receivables from related parties	121,374		0.14
				Purchases	10,035,656		27.94
				Payables to related parties	2,231,380		2.50
				Purchases of fixed assets	291,155		0.81
2	Nanomag International Co., Ltd.	Gigamag Co., Ltd.	1.	Purchases of fixed assets	299,373		0.83
		Avatar Co., Ltd.	1.	Purchases of fixed assets			
		Castmate International Co., Ltd.	3.	Other receivables from related parties	2,876,095		3.22
		Cephus International Co., Ltd.	3.	Payments for others	6		-
		Cetus International Co., Ltd.	3.	Payments for others	165		-
		Cygnus International Co., Ltd.	3.	Payments for others	196		-
		Lyra International Co., Ltd.	3.	Payments for others	172		-
		Uranus International Co., Ltd.	3.	Payments for others	149		-
		Gemini International Co., Ltd.	3.	Payments for others	129		-
		Artery Co., Ltd.	3.	Payments for others	30		-
3	Stella International Co., Ltd.	Hoppi Co., Ltd.	3.	Temporary receipts	6,055		0.01
		Leo Co., Ltd.	3.	Temporary payments	756,875		0.85
		Meecca Technology (Suzhou Industrial Park) Co., Ltd.	3.	Temporary payments	1,513,750		1.70
		Cetus International Co., Ltd.	3.	Payments for others	173		-
		Leo Co., Ltd.	3.	Temporary payments	272,475		0.31
		Leo Co., Ltd.	3.	Temporary payments	60,550		0.07
		Leo Co., Ltd.	3.	Temporary payments	30,275		0.03
		Leo Co., Ltd.	3.	Purchases	203,514	The purchase prices were not different from those to third parties, net 60 days after monthly closing	0.57
				Payables to related parties	209,636		0.02
9	Catcher Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	3.	Sales	3,913,628	The sales prices were not different from those to third parties, net 30 days after monthly closing	10.90
				Receivable from related parties	157,161		0.18
				Purchases	209	The purchases prices were not different to those from third parties, net 90 days after monthly closing	-
				Payables to related parties	173		-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
		Cygnus International Co., Ltd.	3.	Dividend payables	\$ 681,622	The purchases prices were not different to those from third parties, net 90 days after monthly closing	0.76
		Orion Co., Ltd.	3.	Purchases	1,552		-
		Topo Technology (Suzhou) Co., Ltd.	3.	Purchases of fixed assets	199,353	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.56
				Payables to related parties	954		-
				Other payables to related parties	210,589		0.24
				Sales	91,203		0.23
				Other revenues	94		-
				Receivable from related parties	14,406		0.02
		Aquila Technology (Suzhou) Co., Ltd.	3.	Purchases	131,148	The purchases prices were not different to those from third parties, net 90 days after monthly closing	0.37
				Payables to related parties	44,243	The purchases prices were not different to those from third parties, net 90 days after monthly closing	0.05
				Purchases	75,170		0.21
				Payables to related parties	34,352	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.04
				Sales	10,875		0.03
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Receivable from related parties	11,437		0.01
				Other revenues	1,850		0.01
				Receivable from related parties	946	The purchases prices were not different to those from third parties, net 90 days after monthly closing	-
		Catcher Technology (Suqian) Co., Ltd.	3.	Purchases	206,841		0.58
				Payables to related parties	66,031	The purchases prices were not different to those from third parties, net 90 days after monthly closing	0.07
				Purchases	565,868		1.58
10	Topo Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	3	Sales	5,957,877	The sales prices were not different from those to third parties, net 30 days after monthly closing	16.59
				Other revenues	1,313		-
				Receivable from related parties	873,978		0.98
				Purchases	44,691	The purchases prices were not different to those from third parties, net 30 days after monthly closing	0.12
		Orion Co., Ltd.	3.	Payables to related parties	32,265		0.04
				Purchases	561,013	The purchases prices were not different to those from third parties, net 90 days after monthly closing	1.56
				Purchases of fixed assets	36,054		0.10
		Aquila Technology (Suzhou) Co., Ltd.	3.	Payables to related parties	361,473	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.40
				Sales	2,287		0.01
				Receivable from related parties	666	The purchases prices were not different to those from third parties, net 90 days after monthly closing	-
				Purchases	389,548		1.08
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3.	Payables to related parties	78,327		0.09
				Sales	117,053		0.33
				Other revenues	1,942		0.01
				Receivable from related parties	12,093		0.01
				Purchases	187,217	The purchases prices were not different to those from third parties, net 90 days after monthly closing	0.52
				Payables to related parties	10,279		0.01

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
		Catcher Technology (Suqian) Co., Ltd.	3.	Sales	\$ 6,561	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.02
				Other revenues	17,539	The purchases prices were not different to those from third parties, net 30 days after monthly closing	0.05
				Receivable from related parties	1,861		-
				Other receivables from related parties	1,189,489		1.33
				Disposal of fixed assets	1,007,820		2.81
				Purchases	939,781		2.62
		Castmate International Co., Ltd.	3.	Payables to related parties	867,531		0.97
				Other payables to related parties	795,979		0.89
				Accrued interests	272		-
		Lyra International Co., Ltd.	3.	Interest expenses	11,492		0.03
				Dividend payables	1,065,942		1.19
11	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Leo Co., Ltd.	3.	Sales	676,355	The sales prices were not different from those to third parties, net 30 days after monthly closing	1.88
		Orion Co., Ltd.	3.	Other revenues	328	The purchases prices were not different from those to third parties; net 90 days after examining	-
				Receivable from related parties	111,892		0.13
				Purchases	10,265		0.03
		Aquila Technology (Suzhou) Co., Ltd.	3.	Purchases of fixed assets	230,999	The purchases prices were not different to those from third parties, net 90 days after monthly closing	0.64
				Other payables to related parties	242,360		0.27
				Purchases	45,754		0.13
		Catcher Technology (Suqian) Co., Ltd.	3.	Payables to related parties	13,243	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.01
				Disposal of fixed assets	41,288		0.11
				Sales	60,556		0.17
				Other revenues	83,850		0.23
				Receivable from related parties	48,562		0.05
		Stella International Co., Ltd.	3.	Other receivables from related parties	9,945	The purchases prices were not different to those from third parties, net 90 days after monthly closing	0.01
				Purchases	871,971		2.43
				Disposal of fixed assets	8,476		0.02
				Payables to related parties	483,213		0.54
				Accrued interests	523		-
				Interest expenses	25,225		0.07
				Dividend payables	1,163,222		1.30
12	Catcher Technology (Suqian) Co., Ltd.	Castmate International Co., Ltd.	3.	Other payables to related parties		The purchases prices were not different to those from third parties, net 90 days after monthly closing	0.51
				Accrued interests	454,125		-
				Interest expenses	1,392		0.02
		Orion Co., Ltd.	3.	Purchases	6,513		0.01
					4,082		
				Purchases of fixed assets	58,563		0.16
				Other payables to related parties	61,526		0.07

Note: No. 1 represents transactions between parent company and subsidiaries.  
No. 3 represents transactions among subsidiaries.

(Concluded)