(English Translation of Financial Report Originally Issued in Chinese)

PEGATRON CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012

(With Independent Accountants' Review Report Thereon)

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of

Pegatron Corporation

We have reviewed the accompanying consolidated balance sheets of Pegatron Corporation and its subsidiaries (the "Group") as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the periods then ended. These consolidated financial statements are the responsibility of the Consolidated Company's management. Our responsibility is to express the review report based on our review. We did not review the financial statements of certain consolidated subsidiaries with total assets of NT$49,213,440 thousand, representing 12.90% and net sales of NT$9,087,929 thousand, representing 4.18% of the related consolidated total as of and for the three months ended March 31, 2013. Those statements were reviewed by other auditors whose reports have been furnished to us, insofar as it relates to the amounts for certain subsidiaries, were based solely on the reports of other auditors.

Except as discussed in the following paragraphs, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements." A review consists principally of inquiries of the Company's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The consolidated financial statements of certain subsidiaries were consolidated based on their unreviewed financial statements as of and for the periods ended March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012. The total assets of these subsidiaries amounted to NT$79,304,914 thousand, NT$121,659,378 thousand, NT$115,929,069 thousand and NT$108,101,230 thousand, representing 20.78%, 31.07%, 37.18% and 36.09% of the related consolidated total assets and the total liabilities amounted to NT$11,634,356 thousand, NT$32,727,718 thousand, NT$21,763,375 thousand and NT$32,848,226 thousand, representing 4.74%, 12.40%, 11.25% and 18.09% of the related consolidated liabilities as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively. The comprehensive income of these subsidiaries amounted to NT$539,607 thousand and

NT$899,636 thousand, representing 9.42% and (170.29)% of the related consolidated comprehensive income for the three months ended March 31, 2013 and 2012, respectively.

As disclosed in Note 6(6) to the consolidated financial statements, the financial statements of certain equity-accounted investees were not reviewed by independent accountants. Long-term investments in these companies amounted to NT$1,625,680 thousand, NT$1,607,697 thousand, NT$2,434,705 thousand and NT$2,703,438 thousand as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively, and the related investment income (loss) amounted to NT$(27,843) thousand and NT$16,554 thousand for the three months ended March 31, 2013 and 2012, respectively.

Based on our reviews and the reports of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and some equity-accounted investees been reviewed as described in the preceding paragraphs, we are not aware of any material modifications that should be made to the consolidated financial statements referred to the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and guidelines of International Accounting Standards No. 34 "Interim Financial Reporting" which are endorsed by the Financial Supervisory Commission Republic of China (R.O.C.)

CPA: Ulyos Maa
Securities and Futures Commission,
Ministry of Finance, R.O.C. regulation
(88) Tai-Tsai-Jung (6) No. 18311

May 8, 2013

Notes to Readers

The accompanying consolidated financial statements are intended only to present the 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 review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the accountants' 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 accountants' report and financial statements shall prevail. Also, please refer to the original Chinese version for certain disclosures not translated into English as they are not required under generally accepted accounting principles in the Republic of China.

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards.

PEGATRON CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2013, DECEMBER 31, 2012, MARCH 31, 2012 AND JANUARY 1, 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Current Assets:								
Cash and cash equivalents (Note 6(1))	$ 67,896,622	18	60,157,499	15	50,188,714	16	50,324,348	17
Financial assets at fair value through profit or loss－current (Note 6(2))	6,835,733	2	7,534,036	2	6,145,254	2	6,417,685	2
Available-for-sale financial assets－current (Note 6(2))	410,259	-	505,919	-	497,581	-	414,737	-
Notes and accounts receivable, net (Note 6(3))	81,700,490	22	116,957,480	30	79,470,972	26	74,522,214	25
Accounts receivable, net－Related parties (Note7)	2,442,071	1	5,766,184	1	5,527,490	2	9,702,080	3
Other receivables, net (Note 6(3))	20,452,992	5	13,330,329	4	2,372,982	1	2,184,857	1
Inventories (Note 6(4))	104,435,329	27	92,678,084	24	75,301,360	24	65,591,611	22
Non-current assets classified as held-for-sale, net (Note 6(5))	-	-	-	-	243,069	-	-	-
Other current assets	8,308,142	2	7,572,968	2	6,568,776	2	5,405,734	2
Other financial assets－current	70,138	-	113,449	-	112,826	-	108,521	-
	292,551,776	77	304,615,948	78	226,429,024	73	214,671,787	72
Non-current assets:								
Available-for-sale financial assets－noncurrent (Note 6(2))	1,379,970	-	1,283,328	-	969,836	-	711,094	-
Financial assets carried at cost－noncurrent (Note 6(2))	498,572	-	498,134	-	450,796	-	491,905	-
Equity-accounted investees (Note 6(6))	1,625,680	-	1,607,697	-	2,434,705	1	2,703,438	1
Property, plant and equipment (Note 6(7))	74,429,658	20	72,994,019	19	70,791,907	23	67,046,058	23
Investment property, net (Note 6(8))	666,916	-	669,511	-	678,198	-	681,219	-
Intangible assets (Note 6(9))	2,681,876	1	2,770,545	1	3,075,266	1	3,278,425	1
Deferred tax assets	2,817,824	1	2,379,076	1	1,394,687	-	1,488,046	-
Prepayments on purchase of equipment	972,533	-	931,901	-	2,683,882	1	5,407,783	2
Other financial assets－noncurrent	302,396	-	306,996	-	236,831	-	297,065	-
Long-term prepaid rents (Note 6(12))	3,546,880	1	3,385,492	1	2,595,834	1	2,673,871	1
Other non-current assets	80,096	-	98,952	-	103,761	-	99,558	-
	89,002,401	23	86,925,651	22	85,415,703	27	84,878,462	28
TOTAL ASSETS	**$381,554,177**	**100**	**391,541,599**	**100**	**311,844,727**	**100**	**299,550,249**	**100**

The accompanying notes are an integral part of the consolidated financial statments.
(With KPMG review report dated May 8, 2013.)

(English Translation of Financial Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards.

PEGATRON CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONT'D)

MARCH 31, 2013, DECEMBER 31, 2012, MARCH 31, 2012 AND JANUARY 1, 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Liabilities and Equity								
Current Liabilities:								
Short-term loans (Note 6(10))	$ 19,364,169	6	19,613,159	5	24,924,497	8	22,773,366	8
Short-term notes and bills payable	99,994	-	99,993	-	59,997	-	219,936	-
Financial liabilities at fair value through profit or loss－current (Note 6(2))	3,190	-	69,084	-	55,986	-	102,583	-
Notes and accounts payable	149,026,580	39	171,833,654	44	105,933,189	34	97,586,150	33
Accounts payable－Related parties (Note 7)	436,106	-	546,850	-	1,919,436	1	2,296,908	1
Other payables (Note 7)	21,333,456	6	21,883,301	6	15,169,289	5	20,681,677	7
Current income tax liabilities	4,257,183	1	3,672,048	1	2,093,101	1	1,862,250	1
Provisions－current (Note 6(11))	257,407	-	267,181	-	240,633	-	264,982	-
Deferred revenue	4,632,881	1	2,636,838	1	1,323,608	-	1,284,033	-
Long-term loans payable－current portion (Note 6(10))	9,204,667	2	8,850,852	2	2,491,949	1	913,849	-
Other current liabilities	9,038,027	2	4,817,019	1	4,629,725	1	3,603,104	1
	217,653,660	57	234,289,979	60	158,841,410	51	151,588,838	51
Non-current liabilities:								
Financial liabilities at fair value through profit or loss－noncurrent (Notes 6(2) and 6(10))	1,405,652	-	759,815	-	2,437,567	1	-	-
Bonds payable (Note 6(10))	7,926,843	2	7,656,181	2	7,592,645	2	1,404,707	1
Long-term loans (Note 6(10))	16,071,392	4	18,988,171	5	23,329,539	8	27,353,419	9
Deferred tax liabilities	1,741,735	1	1,497,039	-	667,867	-	664,479	-
Other noncurrent liabilities	790,993	-	712,833	-	665,402	-	608,010	-
	27,936,615	7	29,614,039	7	34,693,020	11	30,030,615	10
Total Liabilities	245,590,275	64	263,904,018	67	193,534,430	62	181,619,453	61
Equity Attributable to Owners of the Company (Note 6(15))								
Share capital	22,901,399	6	22,903,049	6	22,563,669	7	22,563,669	8
Capital surplus:								
Capital surplus, premium on capital stock	60,393,247	16	60,393,247	16	60,393,247	20	60,393,247	19
Capital surplus, others (Note 6(15))	2,246,632	1	1,329,863	-	656,656	-	609,828	-
	62,639,879	17	61,723,110	16	61,049,903	20	61,003,075	19
Retained earnings:								
Legal reserve	1,847,737	-	1,847,737	1	1,836,601	1	1,836,601	1
Special reserve	734,859	-	734,859	-	4,327,629	1	4,327,629	1
Unappropriated retained earnings (Note 6(14))	14,727,975	4	12,422,970	3	2,522,553	1	2,458,391	1
	17,310,571	4	15,005,566	4	8,686,783	3	8,622,621	3
Other equity interest:								
Exchange differences on translation of foreign financial statements	(1,339,090)	-	(3,398,256)	(1)	(2,292,102)	(1)	(784,234)	-
Unrealized gains (losses) on available-for-sale financial assets	61,878	-	88,302	-	297,424	-	37,951	-
Deferred compensation cost arising from issuance of restricted stock (Note 6(16))	(400,062)	-	(497,698)	-	-	-	-	-
	(1,677,274)	-	(3,807,652)	(1)	(1,994,678)	(1)	(746,283)	-
Treasury stock	(25,804)	-	(18,794)	-	(18,794)	-	(18,794)	-
Equity attributable to owners of the Company	101,148,771	27	95,805,279	25	90,286,883	29	91,424,288	30
Non-controlling interests	34,815,131	9	31,832,302	8	28,023,414	9	26,506,508	9
Total Equity	135,963,902	36	127,637,581	33	118,310,297	38	117,930,796	39
Total LIABILITIES AND EQUITY	**$ 381,554,177**	**100**	**391,541,599**	**100**	**311,844,727**	**100**	**299,550,249**	**100**

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

(With KPMG review report dated May 8, 2013.)

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PEGATRON CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the Three Months ended March 31			
	2013		2012	
	Amount	%	Amount	%
Operating revenues (Note 6(19))	$ 219,143,871	101	172,622,953	100
Less: Sales returns and allowances	1,555,469	1	662,373	-
Net sales	217,588,402	100	171,960,580	100
Cost of sales (Notes 6(4))	205,584,149	95	164,589,141	96
Gross profit	12,004,253	5	7,371,439	4
Operating expenses				
Selling expenses	1,956,093	1	1,211,524	1
Administrative expenses	2,438,458	1	1,845,465	1
Research and development expenses	2,719,917	1	2,653,714	1
	7,114,468	3	5,710,703	3
Results from operating activities	4,889,785	2	1,660,736	1
Non-operating income and expenses				
Other income (Note 6(20))	414,366	-	419,117	-
Other gains and losses, net (Notes 6(10) and 6(20))	(225,309)	-	(575,391)	-
Finance costs (Notes 6(10) and 6(20))	(277,434)	-	(314,569)	-
Investment income (loss) from equity-accounted investees (Note 6(6))	(27,843)	-	16,554	-
Other losses	(88,217)	-	(29,126)	-
	(204,437)	-	(483,415)	-
Profit before tax	4,685,348	2	1,177,321	1
Income tax expense (Note 6(14))	1,232,356	-	372,264	-
Profit for the period	**3,452,992**	**2**	**805,057**	**1**
Other comprehensive income (Note 6(15) and 6(21))				
Foreign currency translation differences－foreign operations	2,402,972	1	(1,683,859)	(1)
Net change in fair value of available-for-sale financial assets	(124,212)	-	350,507	-
Defined benefit plan acturial losses	(645)	-	-	-
Other comprehensive income for the period, net of tax	2,278,115	1	(1,333,352)	(1)
Total comprehensive income for the period	**$ 5,731,107**	**3**	**(528,295)**	**-**
Profit attributable to :				
Owners of the Company	$ 2,305,650	1	64,162	-
Non-controlling interests	1,147,342	1	740,895	1
	$ 3,452,992	**2**	**805,057**	**1**
Comprehensive income attributable to				
Owners of the Company	$ 4,337,747	2	(1,184,233)	(1)
Non-controlling interests	1,393,360	1	655,938	1
	$ 5,731,107	**3**	**(528,295)**	**-**
Earnings per share				
Basic earnings per share	**$**	**1.01**		**0.03**
Diluted earnings per share	**$**	**1.00**		**0.03**

The accompanying notes are an integral part of the consolidated financial statments.
(With KPMG review report dated May 8, 2013.)

(English Translations of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards.

PEGATRON CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to Owners of the Company													
			Retained earnings				Other adjustments to equity							
	Common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings	Total	Foreign currency translation differences	Unrealized gains (losses) on available-for-sale financial assets	Others	Total	Treasury stock	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance, January 1, 2012	$ 22,563,669	61,003,075	1,836,601	4,327,629	2,458,391	8,622,621	(784,234)	37,951	-	(746,283)	(18,794)	91,424,288	26,506,508	117,930,796
Other changes in capital surplus														
Gain or loss on disposal of subsidiary share options	-	22,261	-	-	-	-	-	-	-	-	-	22,261	(22,261)	-
Profit for the period	-	-	-	-	64,162	64,162	-	-	-	-	-	64,162	740,895	805,057
Other comprehensive income for the period	-	-	-	-	-	-	(1,507,868)	259,473	-	(1,248,395)	-	(1,248,395)	(84,957)	(1,333,352)
Total comprehensive income for the period	-	-	-	-	64,162	64,162	(1,507,868)	259,473	-	(1,248,395)	-	(1,184,233)	655,938	(528,295)
Compensation cost arising from employee stock options	-	24,567	-	-	-	-	-	-	-	-	-	24,567	-	24,567
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	883,229	883,229
Balance, March 31, 2012	**$ 22,563,669**	**61,049,903**	**1,836,601**	**4,327,629**	**2,522,553**	**8,686,783**	**(2,292,102)**	**297,424**	**-**	**(1,994,678)**	**(18,794)**	**90,286,883**	**28,023,414**	**118,310,297**
Balance, January 1, 2013														
Other changes in capital surplus	$ 22,903,049	61,723,110	1,847,737	734,859	12,422,970	15,005,566	(3,398,256)	88,302	(497,698)	(3,807,652)	(18,794)	95,805,279	31,832,302	127,637,581
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	876,211	-	-	-	-	-	-	-	-	-	876,211	(759,470)	116,741
Profit for the period	-	-	-	-	2,305,650	2,305,650	-	-	-	-	-	2,305,650	1,147,342	3,452,992
Other comprehensive income for the period	-	-	-	-	(645)	(645)	2,059,166	(26,424)	-	2,032,742	-	2,032,097	246,018	2,278,115
Total comprehensive income for the period	-	-	-	-	2,305,005	2,305,005	2,059,166	(26,424)	-	2,032,742	-	4,337,747	1,393,360	5,731,107
Compensation cost arising from employee stock options	-	31,898	-	-	-	-	-	-	-	-	-	31,898	-	31,898
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	2,348,939	2,348,939
Expiration of restricted shares of stock issued to employees	(1,650)	8,660	-	-	-	-	-	-	-	-	(7,010)	-	-	-
Issuance of restricted employee shares of stock	-	-	-	-	-	-	-	-	97,636	97,636	-	97,636	-	97,636
Balance, March 31, 2013	**$ 22,901,399**	**62,639,879**	**1,847,737**	**734,859**	**14,727,975**	**17,310,571**	**(1,339,090)**	**61,878**	**(400,062)**	**(1,677,274)**	**(25,804)**	**101,148,771**	**34,815,131**	**135,963,902**

The accompanying notes are an integral part of the consolidated financial statments.
(With KPMG review report dated May 8, 2013.)

(English Translation of Financial Report Originally Issued in Chinese)

PEGATRON CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the three months Ended March 31	
	2013	2012
Cash flows from operating activities:		
Consolidated net income	$ 4,685,348	1,177,321
Adjustments to reconcile net income to net cash provided by operating activities		
Allowance (Reversal gain) for uncollectable accounts	24,615	(21,097)
Depreciation	3,274,679	2,793,684
Amortization	153,262	172,088
Interest expense	168,280	269,988
Loss on inventory market price decline, obsolescence, and impairment	1,458,537	907,434
Amortization of discount on bonds payable	60,668	39,242
Amortization of issuance costs on bonds payable	3,197	1,947
Loss (gain) on foreign currency exchange of bonds payable	207,279	(20,091)
Loss on redemption of bonds payable	6,065	-
Investment (income) loss from equity-accounted investees	27,843	(16,554)
Loss (gain) on foreign currency exchange on long term loans	694,666	(349,488)
Loss on disposal of property, plant and equipment	21,420	33,342
Loss on valuation of financial assets and liabilities	605,404	1,062,839
(Reversal gain) impairment losses on property, plant and equipment	(116,966)	18,171
Loss on disposal of property, plant and equipment	121,760	119,371
Gain on disposal of investments	(32,521)	(162)
Compensation cost arising from employee stock options	141,914	37,746
	6,820,102	5,048,460
Changes in operating assets and liabilities		
Changes in operating assets		
Financial assets reported at fair value through profit or loss	738,736	339,173
Notes and accounts receivable	38,556,487	(2,366,679)
Other accounts receivable	(7,123,072)	(633,585)
Inventories	(13,215,782)	(11,444,425)
Other current assets	(804,203)	(1,635,593)
Current tax assets	73,629	396,144
Total changes in operating assets	18,225,795	(15,344,965)
Changes in operating liabilities		
Financial liabilities reported at fair value through profit or loss	3,092	(1,512)
Notes and accounts payable	(22,917,819)	10,278,780
Other accounts payable	(361,472)	(1,713,662)
Deferred revenue	1,996,043	39,575
Other current liabilities	4,221,009	1,037,263
Provisions on employee benefits	(212)	(2,774)
Other liabilities	78,161	10,000
Total changes in operating liabilities	(16,981,198)	9,647,670
Net changes in operating assets and liabilities	1,244,597	(5,697,295)
Total changes in operating assets and liabilities	8,064,699	(648,835)
Cash generated from operating activities	12,750,047	528,486
Interest paid	(145,910)	(283,226)
Income taxes paid	(871,858)	(42,566)
Net cash provided by operating activities	11,732,279	202,694

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

(With KPMG review report dated May 8, 2013.)

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PEGATRON CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the three months Ended March 31	
	2013	**2012**
Cash flows from investing activities		
Acquisition of available-for-sale financial assets	(146,450)	-
Proceeds from disposal of available-for-sale financial assets	75,403	11,187
Proceeds from disposal of subsidiaries	290,725	-
Acquisition of property, plant and equipment	(3,785,346)	(3,633,989)
Proceeds from disposal of property, plant and equipment	717,634	63,978
Decrease (Increase) in refundable deposits	(8,946)	66,545
Acquisition of intangible assets	(17,330)	(25,467)
Proceeds from disposal of intangible assets	27	737
Decrease (Increase) in other financial assets	56,857	(10,614)
Increase in prepayments for business facilities	(298,874)	(5,151,145)
Net cash used in investing activities	(3,116,300)	(8,678,768)
Cash flows from financing activities		
Increase (Decrease) in short-term loans	(248,990)	2,151,131
Decrease in short-term notes and bills payable	-	(159,938)
Proceeds from issuance (redemption) of bonds payable	(1,488,981)	8,835,640
Repayments of long-term debt	(1,822,017)	(3,159,238)
Employee stock option	1,570	2,429
Change in non-controlling interests	2,161,005	844,488
Net cash generated from (used in) financing activities	(1,397,413)	8,514,512
Effect of exchange rate fluctuations on cash held	520,557	(174,072)
Net increase (decrease) in cash and cash equivalents	7,739,123	(135,634)
Cash and cash equivalents, beginning of period	60,157,499	50,324,348
Cash and cash equivalents, end of period	$ 67,896,622	50,188,714

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

(With KPMG review report dated May 8, 2013.)

(English Translation of Financial Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

PEGATRON CORPORATION AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013 AND 2012

(Amounts Expressed in Thousands of New Taiwan Dollars,

Except for Per Share Information and Unless Otherwise Stated)

1. COMPANY HISTORY

Pegatron Corporation (the "Company") was established on June 27, 2007. The Company's registered office address is located at 5F., No.76, Ligong St., Beitou District, Taipei City 112, Taiwan. In order to enhance competitiveness and boost productivity, the Company resolved to absorb the OEM business from ASUSTek Computer Inc. on January 1, 2008 as part of the Company's business restructuring. On April 1, 2008, ASUSALPHA Computer Inc. was merged with the Company. The main activities of the Company are to produce, design and sell OEM business. In January 2010, pursuant to the resolutions of the respective board of directors, the Company merged with Pegatron International Investment Co., Ltd., effective June 10, 2010. As the surviving entity from this merger, the Company applied for initial public offering (IPO) to TSEC. The Company's shares were listed on TSEC on June 24, 2010.

The consolidated financial statements of the Company as of and for the three months ended March 31, 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on May 8, 2013.

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

(1) New standards and interpretations endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effective

International Accounting Standards Board ("IASB") issued International Financial Reporting Standard 9 Financial instruments ("IFRS 9"), which is effective on January 1, 2013. Although this standard had been endorsed by the FSC; its effective date has not been announced. In accordance with the rules by the FSC, early adoption of this new standard is not permitted, and companies are required to conform to the guidance of the 2009 version of the International Accounting Standards 39 Financial instruments ("IAS 39"), for the purpose of preparing financial statements before the effective date of this new standard. The adoption of this new standard is expected to have significant impacts to the classification and measurement of financial instruments in the consolidated financial statements.

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

The new standards and amendments issued by the IASB but are not yet endorsed by the FSC that may impact the consolidated financial statements were as follows:

Issue date	New standards and amendments	Description	Effective date per IASB
May 28, 2010	・IFRS 9 Financial Instruments	・Incorporated new requirements on accounting for financial liabilities, and carrying over from IAS 39 "Financial Instrument" the requirements for derecognition of financial assets and liabilities.	January 1, 2013
October 7, 2010	・IFRS 7 Financial Instruments: Disclosures	・Amendment related to transfers of financial assets.	July 1, 2010
May 12, 2011	・IFRS 10 Consolidated Financial Statements ・IFRS 11 Joint Arrangements ・IFRS 12 Disclosure of Interests in Other Entities ・IAS 27 Separate Financial Statements ・IAS 28 Investment in Associates and Joint Ventures	・On May 12, 2011, the IASB issued a series of standards and amendments related to consolidation, joint arrangements, and investments. ・The new standards provide a single model in determining whether an entity has control over an investee (including special purpose entities), other than consolidation process, in which the original guidance and method applies. In addition, joint arrangements are separated into joint operations (concepts from joint controlled assets and joint controlled operations), and joint venture (concepts from jointly controlled entities), and removal of the proportionate consolidation method. ・On June 28, 2012, issuance of a transition guidance for the amendments issued on May 12, 2011	January 1, 2013
May 12, 2011	・IFRS 13 Fair Value Measurement	・Replaces fair value measurement guidance in other standards, and consolidated as one single guidance	January 1, 2013
June 16, 2011	・IAS 1 Presentation of Financial Statements ・	・Items presented in other comprehensive income are conditioned that they are potentially reclassifiable to profit or loss subsequently. ・	July 1, 2012

Issue date	New standards and amendments	Description	Effective date per IASB
June 16, 2011	‧ IAS 9 Employee Benefits	‧ Eliminates of the corridor method and eliminates the option to recognize changes in the net defined benefit liability (asset) into profit or loss; in addition, requires the immediate recognition of past service cost	January 1, 2013
October 31, 2012	‧ IFRS 10 Consolidated Financial Statements ‧ IAS 27 Separate Financial Statements ‧ IAS 28 Investments in Associates and Joint Ventures	‧ The amendments define an investment entity and require a parent that is an investment entity to measure it investments in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries.	January 1, 2014

As the standards and amendments above have not been endorsed by the FSC, the Company is not able to assess the impact thereof to the consolidated financial statements at the time of adoption

4. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistently to the consolidated balance sheet–as of January 1, 2012 under IFRS as approved by Financial Supervisory Commission R.O.C..

(1) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and guidelines of IAS 34 Interim Financial Reporting which are endorsed by FSC. These consolidated interim financial statements do not include all of the information required for full annual financial statements by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC).

These are the Group's first consolidated interim financial statements prepared under IFRS (endorsed by the FSC) for annual financial statements, and IFRS 1 First-time Adoption of International Financial Reporting Standards. An explanation of how the transition to IFRS has affected the reported financial position, financial performance, and cash flows of the Group is provided in note 15.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial (quarterly) statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

(a) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative financial instruments) ;

(b) Available-for-sale financial assets are measured at fair value;

(c) Liabilities for cash-settled share-based payment arrangements are measured at fair value; and

(d) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. Acquisition of non-controlling interests

Acquisition of non-controlling interests is accounted for as an equity transaction with owners. Under the aforesaid transaction, goodwill is not recognized.

C. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

D. Business combination under common control

A business combination under common control is a transaction in which all of the combining entities are ultimately controlled by the same party, both before and after the combination, and the control is not transitory. These combinations often occur in re-organize group activities in which the direct ownership of subsidiaries changes but the ultimate parent remains the same. Business combinations under common control are accounted for in the consolidated accounts prospectively from the date the group obtains the ownership interest. Assets and liabilities are recognized upon consolidation at their carrying amount in the consolidated financial statements of owners of the Company. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognized directly in equity.

E. Losing control

When the Group loses control of a subsidiary it derecognizes the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

F. List of subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
The Company	UNIHAN CORPORATION (UNIHAN)	Designing, manufacturing, maintaining and selling computer peripherals and audio-video products	100.00%	100.00%	100.00%	100.00%	
UNIHAN AND ASUSPOWER INVESTMENT	ABILITY ENTERPRISE CO., LTD. (Ability(TW))	Selling computer peripherals, office automation equipment, digital cameras, retailing and wholesaling, of food products and leasing	12.30%	12.31%	12.36%	12.36%	Note
Ability (TW)	ABILITY ENTERPRISE (BVI) CO., LTD. (ABILITY)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
Ability (TW)	ACTION PIONEER INTERNATIONAL LTD.	Trading activities	100.00%	100.00%	100.00%	100.00%	Note

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
Ability (TW)	VIEWQUEST TECHNOLOGIES INTERNATIONAL INC.	Selling computer peripherals, digital cameras and electronic components	100.00%	100.00%	100.00%	100.00%	Note
Ability (TW)	ASSOCIATION INTERNATIONAL LTD.	Investing activities	-	-	100.00%	100.00%	Note
Ability (TW)	VIEWQUEST TECHNOLOGIES (BVI) INC. (VQ(BVI))	Manufacturing and trading computer peripherals, digital cameras and electronic components	100.00%	100.00%	100.00%	100.00%	Note
Ability (TW)	Ability International Investment Co., Ltd.(ABILITY INVESTMENT)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
Ability (TW)	E-PIN OPTICAL INDUSTRY CO. LTD.(E-PIN)	Selling electronic components of optical products	53.01%	53.01%	53.01%	53.01%	Note
ABILITY	Ability Technology (Dongguan) Co., Ltd	Manufacturing and selling digital cameras	100.00%	100.00%	100.00%	100.00%	Note
ABILITY	Jiujiang Viewquest Electronics Inc.	Manufacturing and selling digital cameras	100.00%	100.00%	100.00%	100.00%	Note
VQ(BVI)	VIEWQUEST TECHNOLOGIES (DONGGUAN) CO., LTD.	Manufacturing and selling digital cameras	100.00%	100.00%	100.00%	100.00%	Note
E-PIN	E-PIN INTERNATIONAL TECH CO., LTD.	Manufacturing optical instruments	-	-	65.10%	65.10%	Note
E-PIN	E-PIN OPTICAL INDUSTRY CO., LTD.	Trading activities	100.00%	100.00%	100.00%	100.00%	Note
E-PIN	E-PIN OPTICAL INDUSTRY (M.) SDN. BHD.	Manufacturing precision lenses	100.00%	100.00%	100.00%	100.00%	Note
E-PIN	ALL VISION TECHNOLOGY SDN. BHD.	Manufacturing precision lenses	100.00%	100.00%	100.00%	100.00%	Note
E-PIN	ALL VISION HOLDING LTD. (AV)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
AV	EVERLIGHT DEVELOPMENT CORPORATION (ED)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
AV	E-SKY HOLDING LTD. (ES)	Investing activities	73.04%	73.04%	73.04%	73.04%	Note
ED	WEIHAI E-SKY OPTICAL-ELECTRICAL CO., LTD.	Manufacturing and developing precision optical lenses	-	-	100.00%	100.00%	Note
ED	NANJING CHANGMING PHOTOELECTRIC TECHNOLOGY CO., LTD.	Manufacturing and developing precision optical lenses	55.45%	55.45%	55.45%	55.45%	Note

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
ES	ZHONGSHAN SANXIN PRECISION INDUSTRY CO., LTD.	Manufacturing and developing precision optical lenses	100.00%	100.00%	100.00%	100.00%	Note
ES	NANJING E-PIN OPTOTECH CO., LTD.	Manufacturing and developing precision optical lenses	72.22%	72.22%	72.22%	72.22%	Note
UNIHAN	UNIHAN HOLDING LTD. (UNIHAN HOLDING)	Investing activities	100.00%	100.00%	100.00%	100.00%	
UNIHAN HOLDING	CASETEK HOLDINGS LIMITED (CASETEK HOLDING)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
CASETEK HOLDING	SLITEK HOLDINGS LIMITED	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
CASETEK HOLDING	CASETEK COMPUTER (SUZHOU) CO., LTD.	Manufacturing, developing and selling computers, computer parts, application systems, and providing after-sales service	100.00%	100.00%	100.00%	100.00%	
CASETEK HOLDING	KAEDAR HOLDINGS LIMITED (KAEDAR HOLDING)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
KAEDAR HOLDING	KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	Tooling molds of stainless steel computer cases	100.00%	100.00%	100.00%	100.00%	
CASETEK HOLDING	GRAND UPRIGHT TECHNOLOGY LIMITED	Trading activities	100.00%	100.00%	100.00%	100.00%	
CASETEK HOLDING	KAEDAR TRADING LTD.	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
CASETEK HOLDING	CORE-TEK (SHANGHAI) LIMITED	Researching and producing spare parts for notebook computers, designing nonmetal tooling, electronic specific equipment and related products, repairing and producing precision equipment and providing after-sales service	100.00%	100.00%	100.00%	100.00%	
UNIHAN, ASUSPOWER INVESTMENT AND ASUSTEK INVESTMENT	AZURE WAVE TECHNOLOGIES, INC. (AZURE WAVE)	Manufacturing office machinery, electronic parts and computer peripherals and selling precision equipment, and digital cameras	38.08%	38.08%	38.08%	38.65%	Note
AZURE WAVE	EMINENT STAR CO. LTD. (EMINENT)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
EMINENT	HANNEX INTERNATIONAL LIMITED (HANNEX)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
HANNEX	SCIENTEK. NANJING CO., LTD.	Designing, manufacturing and selling computer products	100.00%	100.00%	100.00%	100.00%	Note
EMINENT	JADE TECHNOLOGIES LIMITED (JADE)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
EMINENT、JADE	AZUREWAVE TECHNOLOGY (SHENZHEN) CO., LTD.	Designing, researching and selling computer products	100.00%	100.00%	100.00%	100.00%	Note
AZURE WAVE	EZWAVE TECHNOLOGIES, INC.	Manufacturing office machinery, electronic parts and computer peripherals	100.00%	100.00%	100.00%	100.00%	Note
AZURE WAVE	AZWAVE HOLDING (SAMOA) INC. (AZWAVE SAMOA)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
AZWAVE SAMOA	AZURE WAVE TECHNOLOGIES (SHANGHAI) INC.	Designing, manufacturing and selling computer products	100.00%	100.00%	100.00%	100.00%	Note
AZWAVE SAMOA	AZURE LIGHTING TECHNOLOGIES, INC. (YANGZHOU)	Manufacturing and selling LED and relevant lighting products	100.00%	100.00%	100.00%	100.00%	Note
AZWAVE SAMOA	AIGALE CORPORATION (SHANGHAI)	Designing and selling communication equipment and electronic products	100.00%	100.00%	100.00%	100.00%	Note
AZURE WAVE	AZURE LIGHTING TECHNOLOGIES, INC.	Selling electronic parts	100.00%	100.00%	100.00%	100.00%	Note
UNIHAN	AMA PRECISION INC.(AMA PRECISION)	Designing and developing computer parts	100.00%	100.00%	100.00%	100.00%	
AMA PRECISION	AMA TECHNOLOGY CORPORATION	Trading computer peripherals	100.00%	100.00%	100.00%	100.00%	
AMA PRECISION	AMA HOLDINGS LIMITED (AMA)	Investing activities	100.00%	100.00%	100.00%	100.00%	
AMA	METAL TRADINGS LTD.(METAL)	Trading activities	100.00%	100.00%	100.00%	100.00%	
METAL	FENGSHUO TRADING (TONGZHOU) CO., LTD.	Trading activities	100.00%	100.00%	100.00%	100.00%	
AMA	EXTECH LTD.	Trading electronic parts	90.51%	90.51%	90.51%	90.51%	
EXTECH LTD.	GRANDTECH PRECISION (TONGZHOU) CO., LTD.	Manufacturing, developing and selling electronic parts	100.00%	100.00%	100.00%	100.00%	
AMA	TOPTEK PRECISION INDUSTRY(SUZHOU) CO., LTD	Manufacturing and selling new electronic parts and premium hardware	100.00%	100.00%	100.00%	100.00%	
THE COMPANY	ASUS HOLLAND HOLDING B.V.(AHH)	Investing activities	100.00%	100.00%	100.00%	100.00%	
AHH	PEGATRON CZECH S.R.O.	Installing, repairing and selling electronic products	100.00%	100.00%	100.00%	100.00%	
THE COMPANY	PEGATRON HOLDING LTD. (PEGATRON HOLDING)	Investing activities	100.00%	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
PEGATRON HOLDING	POWTEK HOLDINGS LIMITED (POWTEK)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
POWTEK	POWTEK (SHANGHAI) CO., LTD.	Selling main boards, computer peripherals, note books, servers and software, and providing after-sales service	100.00%	100.00%	100.00%	100.00%	
PEGATRON HOLDING, KINSUS SAMOA	PIOTEK HOLDINGS LTD. (CAYMAN) (PIOTEK CAYMAN)	Investing activities	100.00%	100.00%	100.00%	100.00%	
PIOTEK CAYMAN	PIOTEK HOLDING LIMITED (PIOTEK HOLDING)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
PIOTEK HOLDING	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Developing, manufacturing and selling new electronic components, circuit boards and relevant products, and providing after-sales service	100.00%	100.00%	100.00%	100.00%	
PIOTEK HOLDING	PIOTEK (H.K) TRADING LIMITED	Trading activities	100.00%	100.00%	100.00%	100.00%	
PEGATRON HOLDING	ASLINK PRECISION CO., LTD. (ASLINK)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
ASLINK	ASLINK (H.K.) PRECISION CO., LIMITED	Investing and trading activities	-	-	100.00%	100.00%	
PEGATRON HOLDING	DIGITEK GLOBAL HOLDINGS LIMITED (DIGITEK)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
DIGITEK	DIGITEK (CHONGQING) LTD.	Manufacturing, developing, and selling GPS, computer electronic devices, and after-sales services	100.00%	100.00%	100.00%	100.00%	
PEGATRON HOLDING	MAGNIFICENT BRIGHTNESS LIMITED (MAGNIFICENT)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
MAGNIFICENT	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Manufacturing, developing and selling power supply units, computer cases, computer systems, notebooks, main boards, and computer peripherals, and providing after-sales service	100.00%	100.00%	100.00%	100.00%	
PEGATRON HOLDING	PROTEK GLOBAL HOLDINGS LTD. (PROTEK)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
PROTEK	PROTEK (SHANGHAI) LIMITED	Developing, manufacturing and selling GPS, new electronic components, circuit boards and relevant products, and providing after-sales service	100.00%	100.00%	100.00%	100.00%	
PEGATRON HOLDING	COTEK HOLDINGS LIMITED (COTEK)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
COTEK	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Developing, manufacturing and selling new electronic components, circuit boards and relevant products, and providing after-sales service	100.00%	100.00%	100.00%	100.00%	
PEGATRON HOLDING	TOP QUARK LIMITED (TOP QUARK)	Investing activities	100.00%	100.00%	100.00%	100.00%	
TOP QUARK	RUNTOP (SHANGHAI) CO., LTD.	Manufacturing and selling computer parts and peripherals of digital automatic data processors, multimedia computer system accessories, power supply units, network switches, and modems	100.00%	100.00%	100.00%	100.00%	
THE COMPANY	ASUSPOWER INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%	100.00%	
THE COMPANY	ASUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%	100.00%	
THE COMPANY	ASUSTEK INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	ASROCK INCORPORATION (ASROCK)	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and whole selling of computer equipment and electronic components	58.65%	58.65%	58.65%	58.65%	
ASROCK	ASIAROCK TECHNOLOGY LIMITED (ASIAROCK)	Manufacturing and selling database storage and processing equipments	100.00%	100.00%	100.00%	100.00%	
ASIAROCK	ASROCK EUROPE B.V.	Manufacturing and selling database service and trading electronic components	100.00%	100.00%	100.00%	100.00%	
ASIAROCK	CalRock Holdings, LLC.	Office building leasing	100.00%	100.00%	100.00%	100.00%	
ASROCK	Leader Insight Holdings Ltd. (Leader)	Investing and holding activities	100.00%	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
Leader	Firstplace International Ltd. (Firstplace)	Investing and holding activities	100.00%	100.00%	100.00%	100.00%	
Firstplace	ASROCK America., Inc.	Database service and trading electronic components	100.00%	100.00%	100.00%	100.00%	
ASROCK	ASRock Rack Incorporation	Manufacturing and selling computer and related peripherals	100.00%	-	-	-	
ASUSPOWER INVESTMENT AND ASUS INVESTMENT	PEGATRON Mexico, S.A. DE C.V.	Sales and repair service center in Mexico	100.00%	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	KINSUS INTERCONNECT TECHNOLOGY CORP. (KINSUS)	Manufacturing electronic parts, wholeselling and retailing electronic components, and providing business management consultant service	39.00%	39.00%	39.00%	39.00%	Note
KINSUS	KINSUS INVESTMENT CO., LTD. (KINSUS INVESTMENT)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
KINSUS INVESTMENT, ASUSPOWER INVESTMENT AND ASUSTEK INVESTMENT	PEGAVISION CORPORATION	Manufacturing medical appliances	68.75%	68.75%	84.45%	84.45%	Note
PEGAVISION CORPORATION	PEGAVISION HOLDINGS CORPORATION (PEGAVISION)	Investing activities	100.00%	100.00%	100.00%	-	Note
PEGAVISION	PEGAVISION (SHANGHAI) LIMITED	Manufacturing medical appliances	100.00%	100.00%	-	-	Note
KINSUS	KINSUS CORP. (USA)	Developing and designing new technology and products; analyzing marketing strategy and developing new customers	100.00%	100.00%	100.00%	100.00%	Note
KINSUS	KINSUS HOLDING (SAMOA) LIMITED (KINSUS SAMOA)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
KINSUS SAMOA	KINSUS HOLDING (CAYMAN) LIMITED (KINSUS CAYMAN)	Investing activities	100.00%	100.00%	100.00%	100.00%	Note
KINSUS CAYMAN	KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP.	Manufacturing and selling circuit boards	100.00%	100.00%	100.00%	100.00%	Note
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	STARLINK ELECTRONICS CORPORATION (STARLINK)	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	100.00%	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	ASUSPOWER CORPORATION	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
ASUSPOWER CORPORATION	CASETEK HOLDINGS LIMITED (CAYMAN) (CASETEK CAYMAN)	Investing activities	68.82%	74.39%	94.72%	100.00%	
CASETEK CAYMAN	RIH LI INTERNATIONAL LIMITED (RIH LI)	Investing activities	100.00%	100.00%	100.00%	100.00%	
CASETEK CAYMAN	RIH KUAN METAL CORPORATION (RIH KUAN)	Selling iron and aluminum products	100.00%	100.00%	100.00%	100.00%	
CASETEK CAYMAN	APLUS PRECISION LIMITED (APLUS)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
CASETEK CAYMAN	MEGA MERIT LIMITED	Trading activities	100.00%	100.00%	100.00%	100.00%	
APLUS	UNITED NEW LIMITED (UNITED)	Investing and trading activities	100.00%	100.00%	100.00%	100.00%	
UNITED	AVY PRECISION ELECTROPLATING (SUZHOU) CO., LTD.	Manufacturing and selling electronic and camera components, and accessories	100.00%	100.00%	100.00%	100.00%	
RIH LI	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD. (RI-TENG)	Manufacturing and selling electronic components	100.00%	100.00%	100.00%	100.00%	
RIH LI	RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD.	Manufacturing and selling electronic components	100.00%	100.00%	100.00%	100.00%	
RIH LI	RI-MING (SHANGHAI) CO., LTD.	Manufacturing and selling electronic components	100.00%	100.00%	100.00%	100.00%	
RIH LI	SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	Manufacturing and selling electronic components	100.00%	100.00%	100.00%	100.00%	
ASUS INVESTMENT	ASFLY TRAVEL SERVICE LIMITED	Travel agency	100.00%	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT	PEGATRON TECHNOLOGY SERVICE INC. (PTSI)	Sales and repair service center in North America	100.00%	100.00%	100.00%	100.00%	
PTSI	PEGATRON SERVICOS DE INFORMATICA LTDA.(PCBR)	Maintenance service	100.00%	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT	PEGA INTERNATIONAL LIMITED	Design service and sales	100.00%	100.00%	100.00%	100.00%	

Investor	Subsidiary	Nature of business	Shareholding ratio				Notes
			2013.03.31	2012.12.31	2012.03.31	2012.01.01	
ASUSPOWER INVESTMENT	PEGATRON JAPAN INC.	Sales and repair service center in Japan	100.00%	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT	PEGATRON LOGISTIC SERVICE INC.	Sales and logistics center in North America	100.00%	100.00%	100.00%	100.00%	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	Lumens Digital Optics Inc. (Lumens Optics)	Developing, manufacturing and selling computer data projectors and related peripherals	56.52%	56.52%	56.52%	56.52%	
Lumens Optics	Lumens Integration Inc.	Selling computer communication products and peripherals	100.00%	100.00%	100.00%	100.00%	
Lumens Optics	Lumens Digital Image Inc.(SAMOA) (Lumens)	Investing activities	100.00%	100.00%	100.00%	100.00%	
Lumens	Lumens (Suzhou) Digital Image Inc.	Developing, manufacturing and selling projectors, projection screens and related products, and providing after-sales service	100.00%	100.00%	100.00%	100.00%	
Lumens Optics	Lumens Europe BVBA	Selling computer communication products and peripherals	-	-	100.00%	100.00%	
Lumens Optics	Jie Xin Inc.	Manufacturing and wholesaling electronic parts	-	-	94.00%	94.00%	
ASUS INVESTMENT	HUA-YUAN INVESTMENT LIMITED	Investing activities	100.00%	100.00%	100.00%	100.00%	
The Company	ADVANSUS CORP.	Manufacturing computer peripherals	-	-	-	50.00%	
The Company	PEGATRON USA, INC.	Sales and repair service center in North America	100.00%	100.00%	100.00%	100.00%	

Note: AZURE WAVE TECHNOLOGY CORP., ABILITY ENTERPRISE CO., LTD. and KINSUS INTERCONNECT TECHNOLOGY CORP., were included in the consolidated financial statements even if the Group hold 38.08%, 12.31% and 39.00%, respectively, or less than 50% of their total issued shares because the Group has acquired more than 50% of voting shares of each of these entities and has the ability to excise control over their respective board of directors.

G. Subsidiaries excluded from consolidation: None.

(4) Foreign currency

A. Foreign currency transaction

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

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

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

- Available-for-sale equity investment;
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and are presented in the exchange differences on translation of foreign financial statements in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

An asset is classified as current when:

A. It is expected to be realized the asset, or intended to be sold or consumed, during the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. It is expected to be settled during the in its normal operating cycle;

B. It is held primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(7) Financial instruments

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

A. Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

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

A financial asset is classified in this category if it is held-for-trading or is designated as such on initial recognition. Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- Performance of the financial asset is evaluated on a fair value basis.
- Hybrid instrument contains one or more embedded derivatives.

At initial recognition, financial assets classified under this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

(b) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and unrealized gains (losses) on available-for-sale financial assets in equity. When an available-for-sale investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, under other income. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income of profit or loss.

Interest income from investment in bond security is recognized in profit or loss, under other income.

(c) Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, such financial assets are classified as held-to-maturity. At initial recognition, held-to-maturity financial assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Interest income is recognized into profit or loss, under "other income". A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. At initial recognition, these assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income is recognized in profit or loss, under other income.

In accordance with Statement of International Accounting Standards No. 39 Financial instruments ("IAS 39") Accounting for Transfers of Financial Assets and Extinguishments of Liabilities," a transfer of financial assets or a portion of a financial asset in which the transferor surrenders control over those financial assets is regarded as a sale to the extent that consideration in the transferred assets is received in exchange. The rights to accounts receivable are derecognized after deducting the estimated charges or losses in commercial dispute when all of the following conditions are met.

i. The rights to accounts receivable have been isolated from the transferor as they are put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership.

ii. Each transferee has the right to pledge or exchange the rights to the accounts receivable, and no condition prevents the transferee (or holder) from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor.

iii. The transferor does not maintain effective control over the rights to the accounts receivable claims through either:

- An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity, or
- The ability to unilaterally cause the holder to return specific rights to the accounts receivable.

The Group's accounts receivable which are assigned but no cash advances are received yet are accounted for as other accounts receivable.

(e) Impairment of financial assets

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that a loss event (or events) has an impact on the future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than the one suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate.

Such impairment loss is not reversible in subsequent periods.

The carrying amount of a financial asset is reduced for an impairment loss, except for trade receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off against the allowance account. Any subsequent recovery from written off receivable is charged to the allowance account. Changes in the allowance accounts are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment loss was recognized at the reversal date.

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed against profit or loss.

Impairment losses and recoveries are recognized in profit or loss, under "other gains and losses, net".

(f) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for sale financial assets is reclassified to profit or loss, under "other gains and losses, net".

On partial derecognition of a financial assets, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for sale financial assets is reclassified to profit or loss, under "other gains and losses, net"

B. Financial liabilities and equity instruments

(a) Classification of debt or equity instruments

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

Equity instruments issued are recognized based on amount of consideration received less the direct cost of issuing.

Compound financial instruments issued by the Group comprise convertible bonds payable that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

At initial recognition, the liability component of a compound financial instrument is recognized at fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially based on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, under non-operating income and expense. On conversion, financial liability is reclassified to equity, without recognizing any gain or loss.

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

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. At initial recognition, the Group designates financial liabilities, as at fair value through profit or loss under one of the following situations:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis;

ii. Performance of the financial liabilities is evaluated on a fair value basis;

iii. Hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss, under "non-operating income and expenses".

Financial liabilities at fair value through profit or loss is measured at cost if it sells borrowed unquoted equity investment whose fair value cannot be reliably measured and that it is to be delivered to the obligator of the equity investment. It is included in financial liabilities measured at cost.

The Group provides and designates financial guarantee contract and loan commitments as at fair value through profit or loss, any gains and losses are recognized in profit or loss.

(c) Other financial liabilities

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

(d) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in “non-operating income and expenses”.

(e) Offsetting of financial assets and liabilities

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

(f) Financial guarantee contract

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

At initial recognition, a financial guarantee contracts not designated as fair value through profit or loss issued by the Group is recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at the higher of (a) the contractual obligation amount determined in accordance with IAS 37; or (b) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18.

C. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate fluctuation exposures. At initial recognition, derivatives are recognized at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, under “non-operating income and expenses”.

When a derivative is designated as a hedging instrument, the timing for recognizing gain or loss is determined based on the nature of the hedging relationship. When the result of the valuation at fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, it is classified as a financial liability.

Derivatives linked to investments in equity instruments that do not have a quoted market price in an active market and must be settled by delivery of unquoted equity instruments, are classified as financial assets, which are measured at amortized cost. These derivatives are classified as financial liabilities measured at cost.

Embedded derivatives are separated from the host contract and are accounted for separately when the economic characteristics and risk of the host contract and the embedded derivatives are not closely related, and that the host contract is measured at fair value through profit or loss.

The Group designates its hedging instrument, including derivatives, embedded derivatives, and non-derivative instrument for a hedge of a foreign currency risk, as fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risk of firm commitments are treated as a fair value hedge.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, and whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk.

(a) Fair value hedge

Changes in the fair value of a hedging instruments designated and qualified as fair value hedges are recognized in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

Hedged financial instruments using an effective interest rate is amortized to profit or loss when hedge accounting is discontinued over the period to maturity.

(b) Cash flow hedge

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in equity, under effective portion of cash flow hedge gain (loss). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, under "non-operating income and expenses".

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss, and it is presented in the same accounting caption with the hedged item recognized in the consolidated statement of comprehensive income.

For a cash flow hedge of a forecast transaction recognized as a non-financial assets or liabilities, the amount accumulated in other equity – effective portion of cash flow hedge gain (loss) and retained in other comprehensive income is reclassified to the initial cost of the non-financial asset or liability.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The replacement cost of raw material is its net realizable value.

(9) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are reclassified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then the remaining balance of impairment loss is apportioned to assets and liabilities on a pro rata basis, except that no loss is allocated to-inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which are measured in accordance with the Group's accounting policies Impairment losses on initial classification of non-current assets held for sale or distribution and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(10) Investment in associates

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

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

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

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

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(11) Interests in Joint Ventures

Jointly controlled entity is an entity which is established as a result of a contractual arrangement between the Group and other joint venture partners to jointly control over its financial policy and operating policy. Consensus for all decisions must be obtained from both joint venture partners. The Group uses equity method to account for the interest in jointly controlled entity.

(12) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, and any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and its carrying amount) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Depreciation is provided over the estimated economic lives using the straight-line method. Land has an unlimited useful life and therefore is not depreciated. The estimated useful lives for the current and comparative years of significant items of investment properties are as follows:

Buildings	45-60years

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

(13) Property, plant and equipment

A. Recognition and measurement

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined based on the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss, under other gains and losses.

B. Reclassification to investment property

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

C. Subsequent cost

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

D. Depreciation

Depreciation is calculated based on the depreciable amount of an asset using the straight-line basis over its useful life. The depreciable amount of an asset is determined based on the cost less its residual value. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period is recognized in profit or loss.

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

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

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

Buildings	3-60 years
Plant and equipment	1-20 years
Instrument equipment	3-5 years
Office and other equipment	2.5-20 years
Miscellaneous equipment	1-25 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectation of useful life differ from the previous estimate, the change(s) is accounted for as a change in an accounting estimate.

(14) Leased assets

A. Lessor

Leased asset under finance lease is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. Finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

B. Lessee

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value and the present of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are accounted for operating leases and the lease assets are not recognized in the Group's consolidated balance sheets.

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rent is recognized as expense in the periods in which they are incurred.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease, which involves the following two criteria:

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset (s).

At inception or on reassessment of the arrangement, if an arrangement contains a lease, that lease is classified as a finance lease or an operating lease. The Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payment reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate. If the Group concludes for an operating lease that it is impracticable to separate the payment reliably, then treat all payments under the arrangement as lease payments, and disclose the situation accordingly.

Prepaid lease payments represent land use rights under operating lease arrangement and is expensed equally over 45 years to 50 years.

(15) Intangible assets

A. Goodwill

(a) Recognition

Goodwill arising from the acquisition of subsidiaries is recognized as intangible assets.

(b) Measurement

Goodwill is measured at its cost less impairment losses. Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates includes goodwill, which kind of investment of impairment losses are recognized as a part of the carrying amount of the investment, not associated to goodwill and any other assets.

B. Other Intangible Assets

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

C. Subsequent Expenditure

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

D. Amortization

Depreciable amount of intangible asset is calculated based on the cost of an asset less its residual values.

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

Computer software cost	1-10 years
Trademark rights	20 years
Patents	20 years
Customer relationship	3 years
Technology	3 years

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually at each financial year-end. Any change thereof is accounted for as a change in accounting estimate.

(16) Impairment – Non-derivative financial assets

The Group assesses non-derivative financial assets for impairment (except for inventories, deferred income tax assets and employee benefits) at every reporting date, and estimates its recoverable amount.

If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

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

The Group assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

For the purpose of impairment testing, goodwill acquired in a business combination, from the acquisition date, is allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

(17) Provisions

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

(18) Treasury stock

Repurchased shares are recognized as treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares are accounted for as Capital Reserve – Treasury Shares Transactions; Losses on disposal of treasury shares are offset against existing capital reserve arising from similar types of treasury shares. If the capital reserve is insufficient, such losses are charged to retained earnings. The carrying amount of treasury shares is calculated using the weighted average method for different types of repurchase.

If treasury shares are cancelled, Capital Reserve – Share Premiums and Share Capital are debited proportionately. Gains on cancellation of treasury shares are charged to capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares are offset against existing capital reserves arising from similar types of treasury shares. If capital reserve is insufficient such losses are charged to retained earnings.

Company shares that are owned by the Company's subsidiaries are treated as treasury stock.

(19) Revenue

A. Goods sold

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

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For sales of timber and paper products, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments transfer occurs upon loading the goods onto the relevant carrier at the port. Generally, the customer has no right of return for such products. For sales of livestock, transfers occur upon receipt by the customer.

B. Service

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(20) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

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

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at 1 January, 2012, the date for the first time adoption of IFRS as endorsed by the FSC were recognized in retained earnings. All actuarial gains and losses arising subsequently from defined benefit plans are recognized in other comprehensive income.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost that had not previously been recognized.

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

C. Short-term employee benefits

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

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

(21) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and settlement date. Any change in the fair value of the liability is recognized as personnel expenses in profit or loss.

(22) Income Taxes

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This is recognized and allocated to current and deferred taxes proportionately.

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

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

A. Assets and liabilities that are initially recognized from non-business combination transactions, with no effect on net income or taxable gains (losses).

B. Temporary differences arising from equity investments on subsidiaries or joint ventures, where there is a high probability that such temporary differences will not reverse.

C. Initial recognition of goodwill。

Deferred taxes are measured based on the statutory tax rate on the reporting date; enacted tax rate during the year of expected asset realization or debt liquidation.

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

A. if the entity has the legal right to settle tax assets and liabilities on a net basis; and

B. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

(a) levied by the same taxing authority; or

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

A deferred tax asset is recognized for unused tax losses available for carry-forward, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

(23) Business combination

A. Acquisition after 1 January 2012 (inclusive)

For those business acquisitions after 1 January 2012 (inclusive), goodwill is measured at the consideration transferred less amounts of the identifiable assets acquired and the liabilities assumed (generally at fair value) at the acquisition date. If the amounts of net assets acquired or liabilities assumed exceeds the acquisition price, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the access. If the business combination achieved in batches, the Group shall measure any non-controlling equity interest at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

In a business combination achieved in batches, the previously held equity interest in the acquiree at its acquisition-date fair value is re-measured and the resulting gain or loss, if any, is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All transaction costs relating to business combination are recognized immediately as the Group's expenses when incurred, except for the issuance of debt or equity instruments.

B. Acquisition before 1 January 2012

If it opted to adopt-IFRSs endorsed by the Financial Supervisory Commission, R.O.C., the Group can choose to restate all business combination transactions occurring after 1 January 2012 (inclusive). For those business acquisitions occurring-prior to 1 January 2012, goodwill is recognized based on the Regulations Governing the Preparation of Financial Reports issued by Financial Supervisory Commission in 10 January 1999 and "financial accounting standards and interpretation issued by the Accounting Research and Development Foundation" (Generally Accepted Accounting Policies)

(24) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible notes and employee stock options.

(25) Operating segments

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

5. MAJOR SOURCES OF ACCOUNTING ASSUMPTIONS, JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of the consolidated quarterly financial statements in conformity with IFRSs (in accordance with IAS 34 "Interim financial reporting" and approved by FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated quarterly financial statements, estimates and underlying assumptions are reviewed on an ongoing basis in conformity with IFRSs (endorsed by FSC). Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information on critical judgments in applying accounting policies that have the most significant effect to the amounts recognized in the consolidated financial statements is included in the following notes:

(1) Note 6(8), Classification of investment property

(2) Note 6(12), Lease classification

Information on assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next 9 months are included in the following notes:

(1) Note6(3), Accounts receivable impairment evaluation

(2) Note6(4), Inventories subsequent measurement

(3) Note6(22), Fair value measurement of Financial assets carried at cost

(4) Note 6(7), 6(8) and 6(9), Key assumptions used in discounted cash flow projections

(5) Note 6(14), Utilization of tax losses

(6) Note 6(13), measurement of defined benefit obligations

(7) Note 6(11), Provisions and contingencies

6. EXPLANATIONS TO SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31,	December 31,	March 31,	January 1,
Cash on hand	$ 49,096	44,937	19,029	29,797
Cash in banks	23,445,848	25,258,294	23,910,875	20,112,793
Time deposits	44,192,141	34,796,188	25,519,539	29,591,258
Cash equivalents-RP Bonds	209,537	58,080	739,271	590,500
Cash and cash equivalents	**$ 67,896,622**	**60,157,499**	**50,188,714**	**50,324,348**
Redemption period of RP Bonds	2013.4.3 ~2013.6.20	2012.12.20 ~2013.3.20	2012.4.12 ~2012.5.3	2012.1.2 ~2012.2.2
Annual rate of RP Bonds	1.50%	1.50%	0.63%~1.50%	0.62%~0.63%

A. The above cash and cash equivalents were not pledged as collateral. Pledged time deposits were accounted for under other financial assets. Please refer to Note 8 for details.

B. Refer to note 6(22) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(2) Investment in financial assets and liabilities

A. The components of financial assets and liabilities were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Financial assets at fair value through profit or loss－current:				
Held-for-trading				
Stock of listed companies	$ 271,653	311,175	422,472	739,571
Beneficiary certificates	6,520,191	7,174,886	5,677,932	5,639,583
Corporate bonds	43,646	47,646	37,702	31,815
Foreign exchange swap contracts	-	58	3,201	135
Option exchange	176	-	-	4,496
Forward exchange contracts and others	67	271	3,947	2,085
	$ 6,835,733	**7,534,036**	**6,145,254**	**6,417,685**
Available-for-sale financial assets － current:				
Stock of listed companies	$ 62,065	90,979	-	-
Stock of overseas listed companies	348,194	414,940	497,581	414,737
	$ 410,259	**505,919**	**497,581**	**414,737**
Available-for-sale financial assets －noncurrent:				
Stock of listed companies	$ 1,202,411	1,169,155	822,849	586,719
Equity securities － common stock	177,559	114,173	146,987	124,375
	$ 1,379,970	**1,283,328**	**969,836**	**711,094**
Financial assets carried at cost － noncurrent:				
Equity securities – common stock	$ 273,587	273,542	166,411	166,325
Equity securities – preferred stock	224,985	224,592	284,385	325,580
	$ 498,572	**498,134**	**450,796**	**491,905**
Financial liabilities at fair value through profit or loss－current:				
Held-for-trading				
Foreign exchange swap contracts	$ -	-	-	1,367
Forward exchange contracts	3,190	98	87	232
	3,190	98	87	1,599

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Designated as at fair value through profit or loss				
Domestic convertible bonds — put and call options	-	(1,578)	(1,578)	(1,578)
Adjustments	-	70,564	57,477	102,562
	-	68,986	55,899	100,984
	$ 3,190	**69,084**	**55,986**	**102,583**
Non-current financial liabilities at fair value through profit or loss:				
Foreign convertible bonds — put and call options	$ 1,262,770	1,262,770	1,262,770	-
Adjustments	142,882	(502,955)	1,174,797	-
	$ 1,405,652	**759,815**	**2,437,567**	**-**

(a) For the three months ended March 31, 2013 and 2012, the Group recognized a net gain (loss) on financial assets and liabilities reported at fair value through profit or loss of $(605,404) and $1,062,839, respectively.

(b) For the three months ended March 31, 2013 and 2012, the unrealized gain (loss) on available-for-sale financial assets amounted to $(124,212) and $350,507, respectively.

(c) The Group sold its equity ownership in AVY PRECISION TECHNOLOGY INC. ("AVY PRECISION"), which resulted in the Group holding less than 20% equity shares of AVY PRECISION so that the Group ceased significant control of AVY PRECISION. Therefore, the Group has reclassified its equity investment in AVY PRECISION to available-for-sale financial assets — noncurrent. Please refer to Note 6(6) for details.

(d) The aforementioned investments held by the Group are measured at amortized cost at each reporting date given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined, therefore, the Group management determines the fair value cannot be measured reliably. The Group evaluated the carrying value and the recoverable amount of the investments and recognized impairment loss of $0 and $40,812 for the three months ended March 31, 2013 and 2012, respectively. As of March 31, 2013 and 2012, the Group had accumulated impairment loss of $309,155 and 125,412, respectively. Also, since May 2012, the Group has ceased significant control of YOFREE TECHNOLOGY CO., LTD. Therefore, the Group has reclassified its equity investment in YOFREE TECHNOLOGY CO., LTD. to financial assets carried at cost. Please refer to Note 6(6) for further details

(e) The Group reclassified its investment in ASMEDIA TECHNOLOGY INC. (ASMEDIA) from financial assets carried at cost － noncurrent to available-for-sale financial assets － current following ASMEDIA's approval for listing on Taiwan Stock Exchange on December 12, 2012. Also, in order to facilitate ASMEDIA's public offering, ASROCK has voluntarily deposited 600 thousand shares of ASMEDIA's stock for custody by the Taiwan Depository and Clearing Corporation where those shares cannot be sold. However, ASROCK can withdraw 50% of deposited shares after six months of ASMEDIA's public listing and can also withdraw the remaining deposited shares after one year of ASMEDIA's public listing.

(f) The convertible bond issued by the Group was treated as a compound financial instrument, for which the liability and equity components were accounted for separately. The call and put option embedded in bonds payable were separated from bonds payable, and were recognized as "Financial liabilities at fair value through profit or loss." For the three months ended March 31, 2013 and 2012, the Group recognized a loss on financial liability reported at fair value through profit or loss of $645,837 and $1,174,797, respectively. Please refer to Note 6(10) for the main terms of the conditions of the convertible bonds issued by the Group.

(g) Refer to Note 6(22) for the Group's information on financial instruments risk management.

(h) As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the aforesaid financial assets were not pledged as collateral.

B. Fair value sensitivity analysis

If the equity price changes, and if it is based on the same basis for both years and assuming that all other variables remain the same, the impact to other comprehensive income will be as follows:

	For the three months ended March 31			
	2013		2012	
	After-Tax Comprehensive Income	After-Tax Profit (Loss)	After-Tax Comprehensive Income	After-Tax Profit (Loss)
Increase 3%	$ 53,707	205,065	44,022	184,143
Decrease 3%	$ (53,707)	(205,065)	(44,022)	(184,143)

C. Foreign equity investments

Significant foreign equity investments at the end of the each period were as follows:

	March 31, 2013			March 31, 2012		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
USD	$ 14,225	29.825	424,261	27,920	29.51	823,919

	December 31, 2012			January 1, 2012		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
USD	$ 25,347	29.04	736,077	25,423	30.275	769,681

D. Derivative not used for hedging

The Group uses derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. Based on this policy, the Group holds derivative financial instruments for hedging purposes. Transactions that do not qualify for hedge accounting are presented as held-for-trading financial assets and financial liabilities:

	March 31, 2013		
	Book Value	Notional Principal (thousands)	Maturity Date/ Contract Period
Derivative financial assets not used for hedging			
Option exchange (long call)	**$ 176**	**USD 1,000**	2013.04~2014.04
Foreign exchange contracts	**$ 67**	**USD 3,000**	2013.02~2013.05
Foreign exchange contracts	**$ (3,190)**	**USD 55,000**	2013.03~2013.04

	December 31, 2012		
	Book Value	Notional Principal (thousands)	Maturity Date/ Contract Period
Derivative financial assets not used for hedging			
Foreign exchange swap contracts	**$ 58**	**USD 6,100**	2012.12~2013.01
Forward exchange contract	**$ 271**	**USD 96,000**	2012.12~2013.01
Forward exchange contract	**$ (98)**	**USD 6,200**	2012.11~2013.02

	March 31, 2012				
	Book Value		Notional Principal (thousands)		Maturity Date/ Contract Period
Derivative financial assets not used for hedge					
Foreign exchange swap contracts	$	3,201	USD	82,530	2012.02~2012.04
Forward exchange contract	$	3,947	USD	54,000	2012.03~2012.05
Forward exchange contract	$	(87)	USD	3,000	2012.03~2012.05

	January 1, 2012				
	Book Value		Notional Principal (thousands)		Maturity Date/ Contract Period
Derivative financial assets not used for hedge					
Foreign exchange swap contracts	$	135	USD	30,000	2011.12~2012.01
Forward exchange contract	$	2,085	USD	28,000	2011.12~2012.01
Option exchange (long call)	$	4,496	USD	950	2011.08~2012.02
Forward exchange contract	$	(232)	USD	16,000	2011.12~2012.01
Foreign exchange swap contracts	$	(1,367)	USD	950	2011.08~2012.02

(3) Notes and accounts receivable, net

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Notes receivable	$ 82,991	158,517	99,934	107,356
Less: Allowance for impairment	-	-	-	-
Net	82,991	158,517	99,934	107,356
Accounts receivable	82,320,128	117,469,858	80,081,532	75,172,520
Less: Allowance for impairment	(702,629)	(670,895)	(710,494)	(757,662)
Net	81,617,499	116,798,963	79,371,038	74,414,858
Total	**$ 81,700,490**	**116,957,480**	**79,470,972**	**74,522,214**

A. Refer to note 6(22) for the Group's notes receivable and accounts receivable exposure to credit risk and currency risk.

B. As of March 31, 2013 and December 31, 2012, the Company sold its accounts receivable without recourse as follows:

March 31, 2013

Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral	Significant Transferring Terms	Derecognition Amount
SMBC	$ 3,602,974	USD 300,000,000	USD 120,803,829	0.9406%~ 0.9281%	None	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.	$ 3,602,974
ANZ(Note)	$ 23,605,539	USD 900,000,000	USD 200,000,000	0.90%~ 0.946%	None	"	$ 23,605,539

December 31, 2012

Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral	Significant Transferring Terms	Derecognition Amount
SMBC	$ 7,068,485	USD 300,000,000	USD 243,405,143	0.8937%~ 0.9112%	None	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.	$ 7,068,485
ANZ(Note)	$ 26,136,000	USD 900,000,000	USD 540,000,000	0.90%	None	"	$ 28,136,000

Note: In October 2012, the Company signed a one year joint accounts receivable factoring agreement with ANZ Bank, Mizuho Bank, Bank of Nova Scotia, Bank of Communications, United Overseas Bank, and Bank of Toyko-Mitsubishi UFJ where each bank will factor on pro-rata basis.

For the three months ended March 31, 2013, the Company recognized a loss of $ 45,285 from the assignment of accounts receivable, which is accounted for under financial expenses. Also, the difference of $17,542,947 and $10,454,400 between the amount of accounts receivable assigned and the amount advanced is accounted under other receivable as of March 31, 2013 and December 31, 2012, respectively.

C. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, KINSUS INTERCONNECT TECHNOLOGY CORP. sold its accounts receivable without recourse as follows:

Purchaser	Amount derecognized March 31, 2013	Amount derecognized March 31, 2012	Credit advanced March 31, 2013	Credit advanced March 31, 2012	Collateral	Credit (thousands) March 31, 2013	Credit (thousands) March 31, 2012
Mega International Commercial Bank	**$ 521,554**	**745,132**	**59,650**	**-**	None	**USD 30,000**	**USD 30,000**

Purchaser	Amount derecognized December 31, 2012	Amount derecognized January 1, 2012	Credit advanced December 31, 2012	Credit advanced December 31, 2011	Collateral	Credit (thousands) December 31, 2012	Credit (thousands) January 1, 2012
Mega International Commercial Bank	**$ 494,667**	**757,753**	**-**	**-**	None	**USD 30,000**	**USD 30,000**

(4) Inventories

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Merchandise	$ 1,985,371	3,140,408	2,839,127	3,450,561
Less: Allowance for inventory market decline and obsolescence	(329,568)	(106,713)	(91,727)	(103,709)
Sub-total	1,655,803	3,033,695	2,747,400	3,346,852
Finished goods	42,641,442	27,630,465	21,865,606	24,233,143
Less: Allowance for inventory market decline and obsolescence	(764,083)	(1,150,865)	(1,050,851)	(1,055,884)
Sub-total	41,877,359	26,479,600	20,814,755	23,177,259
Work in process	18,459,118	14,276,124	15,091,596	7,408,034
Less: Allowance for inventory market decline and obsolescence	(1,862,686)	(1,638,387)	(744,355)	(878,586)
Sub-total	16,596,432	12,637,737	14,347,241	6,529,448
Raw materials	46,182,484	52,539,079	38,526,413	33,370,900
Less: Allowance for inventory market decline and obsolescence	(2,372,241)	(2,638,880)	(2,344,284)	(2,458,615)
Sub-total	43,810,243	49,900,199	36,182,129	30,912,285
Inventory-in-transit	495,492	626,853	1,209,835	1,625,767
Total	**$ 104,435,329**	**92,678,084**	**75,301,360**	**65,591,611**

For three months ended March 31, 2013 and 2012, the components of cost of goods sold were as follows:

	For the three months ended March 31	
	2013	**2012**
Cost of goods sold	$ 202,604,581	163,627,360
Reversal of inventory market price decline	(206,267)	(283,808)
Loss on disposal of inventory	1,664,804	1,191,242
Idle capacity	1,534,893	47,005
Gain on physical inventory	(13,862)	7,342
	$ 205,584,149	**164,589,141**

For the three months ended March 31, 2013 and 2012, the conditions that previously caused inventories to be written down below cost had disappeared due to the disposal of related inventories, so that the related allowance for loss on decline in the value of inventories was reversed, which resulted in a reversal gain on inventory valuation allowance.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the aforesaid inventories were not pledged as collateral.

(5) Non-current assets classified as held-for-sale

	March 31, 2012
ADVANSUS CORP.	**$ 243,069**

As the Company intends to sell its equity ownership of ADVANSUS CORP. within one year, the Company ceased to apply the equity method in the accounting of this investment, which is now measured at lower of carrying amount or fair value.

(6) Equity-accounted investees

The Group's financial information for equity-accounted investees at reporting date is as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Associate	**$ 1,625,680**	**1,607,697**	**2,434,705**	**2,703,438**

A. The fair value of investments in associate of the Group for which there are published price quotations are $807,677 and $800,532 with carrying amounts of $1,016,934 and $819,853 as of March 31, 2013 and 2012, respectively.

B. For the three months ended March 31, 2013 and 2012, the Group's share of the net income of the associates were as follows:

	For the three months ended March 31	
	2013	2012
The Group's share of the net income (loss) of the associates	$ (27,843)	16,554

C. The financial information of an associate in which the Group has equity investments is as follows (before adjustment for the Group's proportionate share):

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Total assets	$ 4,424,275	7,821,731	12,428,539	14,231,742
Total liabilities	$ 1,042,839	3,253,917	4,497,802	5,752,611

	For the three months ended March 31	
	2013	2012
Income	$ 177,515	1,499,681
Net income (loss) for the period	$ (69,869)	69,973

D. The Group held less than 50% equity shares of SHIN-EI YORKEY INTERNATIONAL LTD. (BVI) and had no significant control thereof thus SHIN-EI YORKEY INTERNATIONAL LTD. (BVI) was excluded from the consolidated financial statements.

E. In October 2012, the Group sold its equity ownership in AVY PRECISION, which resulted in the Group holding less than 20% equity shares of AVY PRECISION so that the Group ceased significant control of AVY PRECISION. Therefore, the Group has reclassified its equity investment in AVY PRECISION to available-for-sale financial assets － noncurrent.

F. In May 2012, YOFREE TECHNOLOGY CO., LTD. ("YOFREE") has elected a new set of members of the Board of Directors. Following the election, AZURE WAVE was not elected as YOFREE's director nor supervisor, and lost its significant influence over YOFREE. Therefore, AZURE WAVE has reclassified its equity investment in YOFREE to financial assets carried at cost － noncurrent.

G. As of March 31, 2013, December 21, 2012, March 31, 2012 and January 1, 2012, the investments in aforesaid equity-accounted investees were not pledged as collateral.

(7) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2013 and 2012 were as follows:

	Land	Building and construction	Machinery and equipment	Instrument equipment	Office equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:								
Balance on January 1, 2013	$ 4,406,917	32,971,967	58,686,858	977,217	809,125	24,213,536	301,559	122,367,179
Additions	-	370,930	209,700	26,477	10,780	1,489,299	1,265,460	3,372,646
Disposals and obsolescence	-	(7,862)	(2,632,657)	(102,478)	(37,860)	(487,661)	-	(3,268,518)
Reclassifications	-	(105,987)	288,239	(72)	-	140,677	(176,443)	146,414
Interest expense capitalization	-	-	-	-	-	2,135	-	2,135
Effect of movements in exchange rates	11,149	802,411	1,461,321	18,171	29,007	559,926	6,413	2,888,398
Balance on March 31, 2013	**$ 4,418,066**	**34,031,459**	**58,013,461**	**919,315**	**811,052**	**25,917,912**	**1,396,989**	**125,508,254**
Balance on 1 January 2012	$ 4,470,930	28,162,285	53,883,126	1,858,762	917,626	20,015,256	3,058,448	112,366,433
Additions	-	68,354	1,247,236	94,389	3,916	1,553,742	623,552	3,591,189
Disposals and obsolescence	-	(2,923)	(817,332)	(70,432)	(37,811)	(118,960)	-	(1,047,458)
Reclassifications	-	186,943	4,394,639	-	2,646	138,494	(407,794)	4,314,928
Interest expense capitalization	-	-	-	-	-	6,404	-	6,404
Effect of movements in exchange rates	5,721	(476,667)	(1,004,739)	(32,677)	(11,379)	(355,317)	(86,087)	(1,961,145)
Balance on March 31, 2012	**$ 4,476,651**	**27,937,992**	**57,702,930**	**1,850,042**	**874,998**	**21,239,619**	**3,188,119**	**117,270,351**
Depreciation and impairment loss：								
Balance on January 1, 2013	$ -	7,026,509	29,206,386	715,535	604,434	11,820,296	-	49,373,160
Depreciation for the period	-	504,949	1,655,781	30,154	18,096	1,063,104	-	3,272,084
Reversal of impairment loss	-	(24)	(115,293)	(341)	(38)	(1,270)	-	(116,966)
Reclassifications	-	(149,957)	(4,293)	(410)	(234)	3,246	-	(151,648)
Disposals and obsolescence	-	(7,602)	(1,920,733)	(90,010)	(33,663)	(362,366)	-	(2,414,374)
Effect of movements in exchange rates	-	157,679	665,551	15,951	22,860	254,299	-	1,116,340
Balance on March 31, 2013	**$ -**	**7,531,554**	**29,487,399**	**670,879**	**611,455**	**12,777,309**	**-**	**51,078,596**
Balance on January 1, 2012	$ -	6,098,575	27,830,546	985,914	659,617	9,745,723	-	45,320,375
Depreciation for the period	-	372,095	1,487,886	80,428	24,855	825,399	-	2,790,663
Reversal of impairment loss	-	-	(16,317)	-	-	(6,324)	-	(22,641)
Reclassifications	-	-	418	-	192	1,237	-	1,847
Disposals and obsolescence	-	(763)	(649,400)	(48,797)	(34,183)	(111,629)	-	(844,772)
Effect of movements in exchange rates	-	(92,793)	(447,636)	(20,238)	(6,267)	(200,094)	-	(767,028)
Balance on March 31, 2012	**$ -**	**6,377,114**	**28,205,497**	**997,307**	**644,214**	**10,254,312**	**-**	**46,478,444**
Carrying amounts：								
Balance on January 1, 2013	**$ 4,406,917**	**25,945,458**	**29,480,472**	**261,682**	**204,691**	**12,393,240**	**301,559**	**72,994,019**
Balance on March 31, 2013	**$ 4,418,066**	**26,499,905**	**28,526,062**	**248,436**	**199,597**	**13,140,603**	**1,396,989**	**74,429,658**
Balance on January 1, 2012	**$ 4,470,930**	**22,063,710**	**26,052,580**	**872,848**	**258,009**	**10,269,533**	**3,058,448**	**67,046,058**
Balance on March 31, 2012	**$ 4,476,651**	**21,560,878**	**29,497,433**	**852,735**	**230,784**	**10,985,307**	**3,188,119**	**70,791,907**

A. Based on the results of its evaluation of the recoverability of property, plant and equipment, the Group recognized a reversal of impairment loss on assets amounting to $116,966 and $22,641 for the three months ended March 31, 2013 and 2012, respectively.

B. In order to expand the business and factories, RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD. ("RI-TENG") signed with a non-related party (original petitioner) an agreement to purchase land use right and the existing building for RMB$285,000. Under this agreement, the original petitioner is responsible for acquiring the land use right from the landlord and constructing a factory that conforms to the requirement of RI-TENG's. However, in order to facilitate the acquisition of the land use right, the board of directors of RI-TENG resolved on December 13, 2011 to restructure the agreement so that the contracting parties will involve the original petitioner, the landlord and the Group and the total contract amount was amended to RMB$382,811.

   On January 18, 2012, a tripartite contract was signed, under which, the three parties agreed not to revoke, cancel, or early terminate the contract or do other activities that will make the contract invalid. The original petitioner is responsible for the process of transferring the ownership of the factory to the Group. Also, when the Group pays the total contract amount to the landlord, the original petitioner will return the prepaid amount to the Group. On April 10, 2012, RI-TENG has settled the payment under the tripartite contract, obtained the right to use the premises and completed the process to transfer the land use right in May, 2012.

C. For the three months ended March 31, 2013 and 2012, Ability(TW) has capitalized borrowing costs related to the acquisition of the property, plant and equipment of $2,135 and $6,404, respectively, with a capitalization rate of 2.198%.

D. KINSUS INTERCONNECT TECHNOLOGY CORP. ("KINSUS") purchased a farm land in the name of KINSUS's chairman instead of KINSUS, due to the restriction imposed by the local government. As of March 31, 2013, the registration procedures were not completed.

E. Please refer to Note 8 for details of the property, plant and equipment pledged as collateral.

(8) Investment property

	Land	Buildings	Total
Cost:			
Balance as of January 1, 2013	**$ 281,945**	**539,483**	**821,428**
Balance as of March 31, 2013	**$ 281,945**	**539,483**	**821,428**
Balance as of January 1, 2012	**$ 281,945**	**539,483**	**821,428**
Balance as of March 31, 2012	**$ 281,945**	**539,483**	**821,428**
Depreciation and impairment losses：			
Balance as of January 1, 2013	$ 9,617	142,300	151,917
Depreciation for the period	-	2,595	2,595
Balance as of March 31, 2013	**$ 9,617**	**144,895**	**154,512**
Balance as of January 1, 2012	$ 9,617	130,592	140,209
Depreciation for the period	-	3,021	3,021
Balance as of March 31, 2012	**$ 9,617**	**133,613**	**143,230**
Carrying amount：			
Balance as of January 1, 2013	**$ 272,328**	**397,183**	**669,511**
Balance as of March 31, 2013	**$ 272,328**	**394,588**	**666,916**
Balance as of January 1, 2012	**$ 272,328**	**408,891**	**681,219**
Balance as of March 31, 2012	**$ 272,328**	**405,870**	**678,198**

A. Rental income and direct operating expenses arising from investment property that generate rental income were as follows:

	For the three months ended March 31	
	2013	**2012**
Rental income	$ 6,333	5,794
Direct operating expenses arising from investment property that generate rental income	$ 2,595	3,021

B. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the fair value of investment property of the Group was $932,807, $932,807, $847,721 and $847,721, respectively. The fair value of investment property was evaluated based on the recent market transaction on arm's length terms.

C. As of March 31, 2013, December 21, 2012, March 31, 2012 and January 1, 2012, the aforesaid investment properties were not pledged as collateral.

(9) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group for the three months ended March 31, 2013 and 2012 were as follows

	Goodwill	Customer relationship	Technology	Others	Total
Costs:					
Balance on January 1, 2013	$ 1,855,246	348,824	746,848	995,716	3,946,634
Additions	-	-	-	17,330	17,330
Transfer from other assets	77	-	-	415	492
Disposals	-	-	-	(27)	(27)
Effect of movement in exchange rate	26,324	9,429	20,189	15,263	71,205
Balance on March 31, 2013	**$ 1,881,647**	**358,253**	**767,037**	**1,028,697**	**4,035,634**
Balance on January 1, 2012	$ 1,898,499	363,659	778,610	1,003,399	4,044,167
Transfer from other assets	-	-	-	25,467	25,467
Other additions	-	-	-	572	572
Disposals	-	-	-	(1,917)	(1,917)
Effect of movement in exchange rates	(27,053)	(9,189)	(19,674)	(13,857)	(69,773)
Balance on March 31, 2012	**$ 1,871,446**	**354,470**	**758,936**	**1,013,664**	**3,998,516**
Amortization and Impairment Loss:					
Balance on January 1, 2013	$ -	232,549	497,899	445,641	1,176,089
Amortization for the period	-	29,572	63,314	60,376	153,262
Effect of movement in exchange rates	(1,092)	6,569	14,064	4,866	24,407
Balance on March 31, 2013	**$ (1,092)**	**268,690**	**575,277**	**510,883**	**1,353,758**
Balance on January 1, 2013	$ -	121,220	259,537	384,985	765,742
Amortization for the period	-	29,646	63,475	78,967	172,088
Disposals	-	-	-	(1,244)	(1,244)
Effect of movement in exchange rates	-	(3,170)	(6,789)	(3,377)	(13,336)
Balance on March 31, 2013	**$ -**	**147,696**	**316,223**	**459,331**	**923,250**
Carrying value:					
Balance on January 1, 2013	**$ 1,855,246**	**116,275**	**248,949**	**550,075**	**2,770,545**
Balance on March 31, 2013	**$ 1,882,739**	**89,563**	**191,760**	**517,814**	**2,681,876**
Balance on January 1, 2012	**$ 1,898,499**	**242,439**	**519,073**	**618,414**	**3,278,425**
Balance on March 31, 2012	**$ 1,871,446**	**206,774**	**442,713**	**554,333**	**3,075,266**

A. The amortization of intangible assets and impairment losses are respectively included in the statement of comprehensive income.

	For the three months ended March 31	
	2013	**2012**
Operating costs	$ 86,133	65,268
Operating expenses	$ 67,129	106,820

B. Goodwill impairment

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units, such as facilities, consumer electronic and others, as follows:

	December 31	
	2013	2012
Facilities	$ 973,810	1,015,223
Consumer electronic	879,914	881,754
Others	1,522	1,522
	$ 1,855,246	**1,898,499**

The Group assess at the end of each reporting period whether there is any indication of impairment loss on goodwill. As of December 31, 2012 and January 1, 2012, the impairment testing was performed and reveals no loss on goodwill. The key assumptions used in determining the value in use by each cash-generating unit were as follows:

(a) Metal casing factory cash-generating unit's recoverable amount is based on value in use. Key assumptions used in calculating the recoverable amount were as follows:

i. Management had projected cash flow based on a five-year financial budget which extrapolated from historical operating results and future operation plan.

ii. Pre-tax discount rate used in calculating the value in use was determined from weighted average cost of capital (WACC) of the Company.

(b) Digital camera cash-generating unit's recoverable amount is based on value in use. Key assumptions used in calculating the recoverable amount were as follows:

i. Management had projected cash flow based on a five-year financial budget which extrapolated from future operation plan.

ii. Projected revenue and gross profit ratio were extrapolated from management's forecast based on past operating results and future marketing development trends.

iii. Pre-tax discount rate used in calculating the value in use was determined from weighted average cost of capital (WACC) of the Company.

C. For the three months ended March 31, 2013 and 2012, the Group has not noted any indication of potential impairment loss based on the impairment testing performed.

(10) Loans and bonds payable

The components of loans and bonds payable were as follows:

	March 31, 2013			
	Currency	**Interest rate**	**Expiration**	**Amount**
Secured bank loans	NTD and USD	0.86%~2.38%	2013.04.19~2017.04.15	$ 10,776,034
Unsecured bank loans	NTD and USD	0.69%~2.38%	2014.04.01~2017.01.15	33,864,194
Convertible bonds	USD	0%	2017.02.06	7,926,843
Total				**$ 52,567,071**
Current				$ 28,568,836
Non-current				23,998,235
Total				**$ 52,567,071**

	December 31, 2012			
	Currency	**Interest rate**	**Expiration**	**Amount**
Secured bank loans	NTD and USD	0.16%~6.56%	2013.04.19~2017.04.15	$ 1,499,199
Unsecured bank loans	NTD and USD	0.70%~6.00%	2013.01.02~2017.01.15	44,517,370
Convertible bonds	NTD	0%	2015.02.06	1,435,613
Convertible bonds	USD	0%	2017.02.06	7,656,181
Total				**$ 55,108,363**
Current				$ 28,464,011
Non-current				26,644,352
Total				**$ 55,108,363**

	March 31, 2012			
	Currency	**Interest rate**	**Expiration**	**Amount**
Secured bank loans	NTD and USD	0.913%~6.53%	2012.10.19~2017.01.05	$ 3,488,626
Unsecured bank loans	NTD and USD	0.70%~3.58%	2012.04.05~2016.11.16	45,844,925
Convertible bonds	NTD	0%	2015.02.06	1,412,434
Convertible bonds	USD	0%	2017.02.06	7,592,645
Total				**$ 58,338,630**
Current				$ 27,416,446
Non-current				30,922,184
Total				**$ 58,338,630**

	January, 2012				
	Currency	Interest rate	Expiration		Amount
Secured bank loans	NTD and USD	0.91%~6.53%	2012.01.31~2019.06.23	$	2,964,600
Unsecured bank loans	NTD and USD	0.05%~3.50%	2012.01.04~2016.11.16		48,076,034
Convertible bonds	NTD	0%	2015.02.06		1,404,707
Total				**$**	**52,445,341**
Current				$	23,687,215
Non-current					28,758,126
Total				**$**	**52,445,341**

For information on the Group's interest risk, currency risk, and liquidity risk, please refer to Note 6(22).

A. Securities for bank loans

The Company's promissory notes were pledged as a guarantee for the Group's credit loan facility. Please refer to Note 8 for details of the related assets pledged as collateral.

B. Breach of loan covenant

(a) According to the Company's credit loan facility agreement with the banks, during the loan repayment periods, the Company must comply with certain financial covenants based on its audited annual and semi-annual consolidated financial statements (June 30 and December 31) as follows:

i. Current ratio (current assets/current liabilities): should not be less than 100%.

ii. Debt ratio ((total liabilities + contingent liabilities)/tangible net assets): should not be higher than 50%.

iii. Interest coverage ratio (EBITDA/interest expenses): should not be less than 400%.

iv. Tangible net assets (stockholders' equity (including minority shareholders) - intangible assets): should not be less than $90,000,000.

If the aforesaid covenants are breached, the syndicate banks will, depending on the circumstances, based on the majority decision of the syndicate banks to either suspend the subsequent credit usage or demand an immediate repayment.

The Company was in compliance with the above financial covenants as of March 31, 2013 and 2012. The Company's promissory notes were pledged as a guarantee for the Company's credit loan facility.

(b) On April 7, 2011, the consolidated subsidiary, PROTEK (SHANGHAI) LTD., signed a syndicated loan agreement with a total credit line of USD 200,000 thousand. The financial covenants of this credit line were as follows:

i. Current ratio (current assets/current liabilities): should not be less than 100%.

ii. Debt ratio ((total liabilities + contingent liabilities)/tangible net assets): should not be higher than 50% (total total liabilities include short-term loans, short-term notes payable, rents payable, current portion of long-term loans, current portion of bonds payable, long-term loans and bonds payable).

iii. Interest coverage ratio (EBITDA/interest expenses): should not be less than 400%.

iv. Tangible net assets (stockholders' equity (including minority shareholders) - intangible assets): should not be less than NT$90,000,000.

Compliance with the above-mentioned financial covenants is determined based on the annual and semi-annual consolidated financial statements (June 30 and December 31) audited by independent auditors as provided by the guarantor, the Company. Also, management representation letters which include the calculations and results of the above-mentioned financial covenants are normally issued by the management of the Company-guarantor in connection with such audit. PROTEK (SHANGHAI) LTD. was in compliance with the above financial covenants as of March 31, 2013 and 2012.

(c) The Company provided endorsement guarantee for CASETEK HOLDINGS LTD. (CAYMAN) and its subsidiary ("CASETEK CAYMAN") to obtain a long-term loan from The Shanghai Commercial & Savings Bank, Ltd., DBS, Taiwan Cooperative Bank and Mega International Commercial Bank. As of March 31, 2013, the entire endorsement guarantee has been terminated except for the long-term loan obtained from Mega International Commercial Bank where CASETEK HOLDINGS LTD. (CAYMAN) became the endorsement guarantee provider.

C. Unsecured convertible bonds

(a) The Company's overseas unsecured convertible bonds were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012
Convertible bonds issued	$ 8,874,000	8,874,000	8,874,000
Unamortized discounted on bonds payable	(1,020,439)	(1,056,299)	(1,261,263)
Bonds payable, end of the period	7,853,561	7,817,701	7,612,737
Foreign currency valuation, end of the period	73,282	(161,520)	(20,092)
Bonds payable, net balance at period end	$ 7,926,843	7,656,181	7,592,645
Embedded derivative – Call and put options, included in financial liabilities at fair value through profit or loss	$ 1,405,652	759,815	2,437,567

	For the three months ended	
	March 31,2013	**March 31,2012**
Embedded derivative instruments – put right and call right, included in financial liabilities at fair value through profit or loss	**$ (645,837)**	**(1,174,797)**
Interest expense	**$ 93,779**	**58,106**

The offering information on the unsecured convertible bonds were as follows:

Item	1st overseas unsecured convertible bonds issued in 2012
1. Offering amount	USD 300 million with each unit valued at USD 200 thousand.
2. Issue date	February 6, 2012
3. Listing place	Singapore Exchange Securities Trading Limited (the "SGX-ST")
4. Interest	The Bonds will not bear any interest.
5. Issue period	5 years, commencing from February 6, 2012 and matured on February 6, 2017.
6. Settlement	Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, the Bonds will be redeemed by the Company on Maturity Date at an amount equal to the principal amount of the Bonds with a yield-to-maturity of 1.5% per annum, calculated on semi-annual basis.

Item	1st overseas unsecured convertible bonds issued in 2012
7. Redemption at the option of the Company	(1) The Company may redeem the Bonds, in whole but not in part, at the early redemption amount at any time on or after February 6, 2015 if the closing price of the common shares on TWSE (translated into U.S. Dollars at the fixing rate at 11:00 a.m. Taipei time as quoted by Taipei Forex Inc.) on each trading day during a period of 20 consecutive trading dates exceeds at least 125% of the quotient of the early redemption amount divided by the number of shares to be issued upon conversion of USD 200,000 principal amount of Bonds on the applicable trading day based on the conversion price then in effect (translated into U.S. Dollars at the fixed exchange rate of NT$29.761 = USD 1.00). (2) If more than 90% in principal amount of the Bonds originally outstanding has been redeemed, repurchased and cancelled or converted, the Company has the right to redeem all but not portion of the principal amount of such Holder's Bonds at the early redemption amount equal to the principal amount of the Bonds with a yield-to-maturity of 1.5% per annum, calculated on semi-annual basis. (3) The Bonds may be redeemed, in whole but not in part, if the affect of change in the tax laws of ROC will increase the Company's tax liability, interest expense or related cost from the Bonds. Holders may elect not to have their bonds redeemed with no entitlement to any additional amount of reimbursement of additional tax.
8. Redemption at the option of the Holder	(1) Each Holder has the right to require the Company to redeem all or any portion of the principal amount of such Holder's Bonds on February 6, 2015 at a redemption price equal to the principal amount of the Bonds with a yield-to-maturity of 1.5% per annum, calculated on semi-annual basis. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each Holder has the right to require the Company to redeem all or any portion of the principal amount of such Holder's Bonds at the early redemption amount equal to the principal amount of the Bonds with a yield-to-maturity of 1.5% per annum, calculated on semi-annual basis. (3) In the event of change of control occurs with respect to the Company, each Holder has the right to require the Company to redeem all or any portion of the principal amount of such Holder's Bonds at the early redemption amount.
9. Conversion	(1) Conversion period Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, each Holder of the Bonds will have the right at any time during the conversion period commencing March 18, 2012 (the 41st day following

Item	1st overseas unsecured convertible bonds issued in 2012
	the Closing Date) and ending at the close of business on January 27, 2017 (the 10th day prior to the Maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$42.11 per share which was 112% of the closing price reported by the TWSE in respect of the Common Shares of the Company on January 30, 2012. However, upon the issuance of restricted Company shares of stock to employees, the conversion price has been adjusted to NT$41.66 per share effective December 20, 2012. (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of Bonds of NT$29.761 = USD 1.00) divided by the conversion price on the conversion date.

(b) Details of ABILITY ENTERPRISE CO., LTD.'s ("Ability (TW)") unsecured domestic convertible bonds were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Convertible bonds issued	$ -	1,500,000	1,500,000	1,500,000
Unamortized discounted on bonds payable	-	(64,387)	(87,566)	(95,293)
Corporate bonds issued balance at period end	$ -	1,435,613	1,412,434	1,404,707
Less: Bonds payable－current portion or redemption	-	(1,435,613)	(1,412,434)	-
	$ -	-	-	1,404,707

As of December 31, 2012, the offering information on the unsecured convertible bonds were as follows:

i. Ability (TW) issued the 1st unsecured domestic convertible bonds of NT$1,500 million with each bond having coupon rate of 0%, an issue price of 100.2% over par value, and maturing in 5 years (During Feb 6th, 2010 to Feb 6th, 2015). These convertible bonds are payable in full at par on maturity date and are listed on Over-the-Counter Market on February 8th, 2010.

ii. After 30 days from issue date (March 7th, 2010) and 10 days prior to maturity date (January 27th, 2015), the bondholders can exercise their rights to convert the bonds into Ability (TW)'s common stock. Under the terms of the convertible bonds, the rights and obligations of the new shares converted from convertible bonds are the same as the issued and outstanding common stock.

iii. The conversion price will be adjusted based on the terms of the conversion plan, and will be reset based on the prescribed formula upon the occurrence of certain events that will have a dilutive effect on the bondholders' rights. The conversion price was originally set at $60. As Ability (TW) distributes cash dividend on August 1, 2010, September 6, 2011 and August 14, 2012, the exercise price was adjusted from $60 to $55.7 and $55.7 to $50.7, respectively, on the effective dates. As of August 14, 2012, the exercise price was adjusted from $50.7 to $47.4 on the effective date.

iv. After 3 years from issue date (Feb 6th, 2013), the bondholders shall have the right at such bondholders' option to require Ability (TW) to redeem all or some of the convertible bonds at a price equal to 100% of the principal amount plus interest at the rate of 0.3% per annum, payable annually.

v. Ability (TW) may purchase the outstanding bonds at face value under the following conditions: (i) the closing price of the shares for a period of 30 consecutive trading days is above 130% of the conversion price and (ii) the amount of the outstanding bonds is less than 10% of the initial issuance amount of convertible bonds, from the day after the first month of issuance of the bonds to 40 days prior to the maturity date.

vi. Under the terms of the convertible bonds, the convertible bonds of Ability (TW) which are repurchased, redeemed, or converted to common shares will be retired and cannot be sold or re-issued.

In accordance with IAS 32, convertible bonds are initially treated as compound financial instruments, of which the equity and liability components are separately accounted for. As of March 31, 2012, the issuance of convertible bonds resulted in a "capital surplus－stock option" of $153,508. In addition, the fair value of call options and put options embedded in bonds payable was separated from bonds payable, and was recognized as "Financial assets or liabilities at fair value through profit or loss" in accordance with IAS 39. The effective annual interest rate of the bonds ranges from 2.122% to 2.263%.

(c) In February and March of 2013, Ability (TW) have redeemed all the convertible bonds with face value of $1,500 million and recognized a redemption loss of $6,065.

(11) Provisions

	Warranties	Allowance for sales returns and discounts	Total
Balance on January 1, 2013	$ 151,312	115,869	267,181
Provisions made during the period	15,083	6,060	21,143
Provisions reversed during the period	-	(32,502)	(32,502)
Effect of movements in exchange rates	968	617	1,585
Balance on March 31, 2013	**$ 167,363**	**90,044**	**257,407**

	Warranties	Allowance for sales returns and discounts	Total
Balance on January 1, 2012	$ 170,614	94,368	264,982
Provisions made during the period	-	7,359	7,359
Provisions reversed during the period	(22,976)	(1,350)	(24,326)
Provisions reversed during the period	-	(7,120)	(7,120)
Effect of movements in exchange rates	-	(262)	(262)
Balance on March 31, 2012	**$ 147,638**	**92,995**	**240,633**

A. Warranties

Warranties of Ability (TW) are recognized when the expected benefits to be derived by Ability (TW) from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

B. Allowance for sales return and discounts

Allowances for sales returns and discounts are estimated based on historical experience. Such allowances are recognized as sales revenue deduction in the same period in which sales are made.

(12) Operating leases

A. Leasee

At the end of reporting period, the lease commitments were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Less than one year	$ 691,216	723,386	385,421	449,803
Between one and five years	1,082,430	1,343,746	607,131	621,402
More than five years	123,005	123,914	136,563	143,854
	$ 1,896,651	**2,191,046**	**1,129,115**	**1,215,059**

The Group lease a number of office, warehouse, factory facilities and staff dormitories under operating leases. The leases typically run for a period of 1 to 14 years, with an option to renew the lease after that date.

For the three months ended March 31, 2013 and 2012, expenses recognized in profit or loss in respect of operating leases were as follows:

	For the three months ended March 31	
	2013	2012
Cost of sales	$ 255,413	72,349
Operating expenses	114,801	103,162
	$ 370,214	**175,511**

B. Long-term prepaid rents

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Long-term prepaid rents	**$ 3,546,880**	**3,385,492**	**2,595,834**	**2,673,871**

(a) Long-term prepaid rents represent land use rights under operating lease arrangement and is expensed equally over 45 to 50 years.

(b) The aforesaid land use right was not pledged as collateral.

(13) Employee benefits

Based on the actuarial report, in prior fiscal year, there were no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension cost in the interim financial statements is measured and disclosed according to paragraph B9 of IAS 34 「Interim Financial Reporting」.

A. Defined benefit plans

The Group's defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2012	January 1, 2012
Total present value of obligations	$ 386,547	305,577
Fair value of plan assets	(167,881)	(155,077)
Recognized liabilities for defined benefit obligations (assets)	$ 218,666	150,500

The Group makes defined benefit plans contributions to the pension fund account with Bank of Taiwan that provide pension for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

(a) Composition of plan assets

The Group set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to these funds, its minimum earnings shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The contributions of the Company and its domestic subsidiaries contribute to the labor pension reserve account were deposited with Bank of Taiwan as of the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

(b) Expenses recognized in profit or loss

The Group's pension expenses recognized in profit or loss for the three months ended March 31, 2013 and 2012 were as follows:

	For the three months ended March 31	
	2013	2012
Cost of sales	$ 102	619
Selling expenses	194	211
Administrative expenses	665	805
Research and development expenses	1,187	667

(c) Actuarial gains and losses recognized in other comprehensive income

The Group's cumulative actuarial gains and losses recognized in other comprehensive income amounted to $79,073 and $0 for the three months ended March 31, 2013 and 2012, respectively.

(d) Actuarial assumptions

The following are the key actuarial assumptions at the reporting date (expressed as range of weighted average percentages):

	2012
Discount rate on December 31	1.50%~1.625%
Expected return on plan assets on January 1	1.75%~1.875%
Future salary increases	1.50%~3.000%

The overall expected long-term rate of return on asset ranged from 1.5%~1.875% and 1.5%~2% as of December 31, 2012 and January 1, 2012, respectively. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The Group is expecting to pay contributions of $10,475 for its benefit plans in 2013.

(e) Experience adjustments based on historical information

	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 386,547	305,577
Fair value of plan assets	(167,881)	(155,077)
(Surplus) deficit in the plan	**$ 218,666**	**150,500**
Experience adjustments arising on plan liabilities	**$ 73,607**	**-**
Experience adjustments arising on plan assets	**$ 2,016**	**-**

(f) In determining the present value of the defined benefit obligation, the Group's management makes judgments and estimates to decide relative actuarial assumptions on the balance sheet date, which includes employee turnover rate and future salary changes. Changes in actuarial assumptions will impact the amount of defined benefit obligation.

As of March 31, 2013, the Company's defined benefit obligation has a present value of $17,960. An increase (decrease) of 1.5% in future salary increase rate would have (decrease) increase the present value of the defined benefit obligation by $(4,046) and $5,206, respectively.

B. Defined contribution plans

The Group contributes an amount at the rates of 6% and 22% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance and Council of Labor Affairs in R.O.C. and China Labor and Social Security Bureau in accordance with the provisions of the Labor Pension Act and Basic Pension Insurance Regulation in China, respectively. The Group's contributions to the Bureau of the Labor Insurance and China Labor and Social Security Bureau for the employees' pension benefits require no further payment of additional legal or constructive obligations.

For the three months ended March 31, 2013 and 2012, the Group set aside $591,803 and $420,235, respectively, of the pension under the pension plan costs to the Bureau of the Labor Insurance.

C. Short-term benefits liabilities

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Liability for short-term compensated leaves	**$ 207,050**	**196,841**	**195,160**	**183,368**

(14) Taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting."

The income tax expense for the three months ended March 31, 2013 and 2012 was calculated as follows:

	For the three months ended March 31	
	2013	**2012**
Current income tax expense	$ 1,426,408	275,517
Deferred tax expense (gain)	(194,052)	96,747
Income tax expense, excluding tax on sale of discontinued operation	**$ 1,232,356**	**372,264**

A. Income tax

(a) The Company's income tax returns through 2010 have been assessed and approved by the Tax Authority. However, the income tax return for 2008 is still under review by the Tax Authority.

(b) The income tax returns of UNIHAN, Ability (TW), Lumens Digital Optics Inc., KINSUS, AZUREWAVE and its subsidiaries EZWAVE Technologies, Inc. and AZURE Lighting Technologies, Inc. through 2010 have been assessed and approved by the Tax Authority. The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset against taxable income over a period of ten years for local tax reporting purposes.

B. Five year income tax exemption period

The investments of KINSUS INTERCONNECT TECHNOLOGY CORP. for its establishment and expansion conform to "the Regulations Regarding Awards for Newly Emerging and Strategic Industries Under Manufacturing and Technical Service Industries." As approved by the Tax Authority, the Group is eligible for five-year income tax exemption, the details of which were as follows:

Item	Approving Office	Approval document number	Tax exemption period
1	Industrial Development Bureau	9805018460	09/30/2008~09/29/2013
2	Industrial Development Bureau	10005112010	01/01/2013~12/31/2017

C. Stockholders' imputation tax credit account and tax rate:

Accumulated earnings:	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Accumulated in 1997 and prior years	$ -	-	-	-
Accumulated in 1998 and thereafter	14,727,975	12,422,970	2,522,553	2,458,391
Total	**$14,727,975**	**12,422,970**	**2,522,553**	**2,458,391**
Stockholders' imputation tax credit account	**$ 223,515**	**211,593**	**3,448**	**3,448**

Unappropriated retained earnings shown on the table above, which include the comparable information of each period, are prepared in accordance with the Regulations and IFRS endorsed by the FSC.

	2012 (Estimated)	2011 (Actual)
Tax deduction ratio for earnings distributable to R.O.C. residents	**1.80%**	**0.09%**

Estimated tax deduction ratio for distribution of earnings for the year 2012 as shown on the table above has been prepared in accordance with the amendment to Article 66-6 of the Income Tax Act as approved by the Finance Committee of Legislative Yuan of the Republic of China on 1st April 2013. The amendment is still on pending for third reading by the Legislative Yuan on the date of the issuance of the review report.

(15) Capital and reserves

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the authorized capital of the Company consisted of 3,000,000, 3,000,000, 2,500,000 and 2,500,000 thousand shares, respectively, with par value of $10 per share, and its outstanding capital consisted of 2,290,140 thousand shares, 2,290,305 thousand shares, 2,256,367 thousand shares and 2,256,367 thousand shares of stock, respectively

A. The movements in ordinary shares of stock outstanding for the three months ended March 31, 2013 and 2012 were as follows:

	For the three months ended March 31	
Ordinary Shares (In thousands of shares)	**2013**	**2012**
Beginning balance, January 1	2,290,305	2,256,367
Expiration of restricted stock to employee	(165)	-
Ending balance, March 31	**2,290,140**	**2,256,367**

B. Nominal ordinary shares

In order to enhance own-brand business and boost productivity, the board of directors of ASUSTeK Computer Inc. ("ASUSTek") resolved on December 11, 2009 but revised it on January 1, 2010, to spin-off or cede its OEM group (Pegatron Corporation (the "Company")) to Pegatron International Investment Co., Ltd. ("Pegatron Investment"), which is being held by ASUSTeK. Pegatron Investment will issue new shares to ASUSTeK and all shareholders of ASUSTek, for which, ASUSTek and all other shareholders of ASUSTek will acquire 25% ownership and 75% ownership, respectively, of the equity of Pegatron Investment. The record date of this spin-off was June 1, 2010. Following the spin-off, the Company merged with Pegatron Investment. The Company issued 10 thousands new shares, resulting in additional capital of $100. Thereafter, the total outstanding capital amounted to $22,860,639, divided into 2,286,064 thousand shares with par value of $10 per share.

In November, 2010, the Company had retired treasury stock of 29,697 thousand shares of stock valued at $296,970. In 2012, the Company had issued 33,938 thousand shares of restricted Company shares of stock to employees. For the three months ended March 31, 2013, the Company had retired treasury stock of 165 thousand shares. As of March 31, 2013 and 2012, the authorized capital of the Company consisted of 3,000,000 and 2,500,000 thousand shares, respectively, with par value of $10 per share, and its outstanding capital consisted of 2,290,140 thousand shares and 2,256,367 thousand shares of stock, respectively.

As of March 31, 2013, the restricted Company shares of stock issued to employees have expired and of which 701 thousand shares have not been retired.

C. Global depositary receipts

ASUSTeK GDR holders who surrender their ASUSTeK GDRs on or after the Effective Date of Spin-off and Merger in Taiwan will receive new ASUSTeK GDRs and the Company's entitlement. The Company's entitlement represents the rights to receive 60,819,026 of the Company's common shares in Taiwan.

The Company may issue new GDRs with no more than 60,819,020 the Company's common shares and deliver them to ASUSTeK GDR holders pursuant to the "Issuer of Overseas Securities Offering and Issued Guidelines." As of March 31, 2013, the Company has listed, in total, 10,217 thousand units of GDR on the Euro MTF market of the Luxembourg Stock Exchange. As each unit of these GDRs represents 5 common shares of the Company, the Company has listed Company shares totaling 51,085 thousand shares of stock. Major terms and conditions for GDRs were as follows:

(i) Voting Rights

Holders of GDRs may exercise voting rights with respect to the common shares in the manner set out in "Terms and Conditions of the Global Depositary Shares – Voting Rights," as such provisions may be amended from time to time to comply with applicable ROC law.

(ii) Dividend Distributions, Pre-emptive Rights, and Other Rights

Holders of GDRs have same rights on dividend distribution and share distribution as the Company's existing common shareholders.

D. Capital surplus

The components of the capital surplus were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
From issuance of share capital	$ 60,393,247	60,393,247	60,393,247	60,393,247
From treasury stock transactions	84,969	84,969	84,969	84,969
Gain or loss on disposal of subsidiary share options	1,000,913	124,702	22,261	-
Employee share options	260,833	228,935	91,828	67,261
Restricted stock to employees	487,026	478,366	-	-
Other	412,891	412,891	457,598	457,598
	$ 62,639,879	61,723,110	61,049,903	61,003,075

In accordance with Amended Companies Act 2012, realized capital reserves can only be capitalized or distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with Securities Offering and Issuance Guidelines, the amount of capital reserves that can be capitalized shall not exceed 10 percent of the actual share capital amount.

E. Retained earnings

The Company's Articles of Incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, under its Articles of Incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, is distributed as follows:

(a) No less than 10% as employees' bonuses which are distributable in cash or shares of stock. In the event that the employee bonus is distributed in the form of shares of stock, employees qualifying for such distribution may include the employees of subsidiaries of the Company who meet certain specific requirements. Such qualified employees and distribution ratio are decided by the Board of Directors.

(b) Up to 1% as remuneration to directors and supervisors.

(c) The remaining earnings, if any, may be appropriated according to a resolution of a stockholders' meeting.

Pursuant to the Regulations of Securities and Futures Bureau Commission, a special reserve is set aside from the current year's net income after tax and prior year's unappropriated earnings at an amount equal to the debit balance of contra accounts in the shareholders' equity such as the unrealized loss on financial instruments and cumulative translation adjustments. When the debit balance of any of these contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed.

In order to bring about stability in the payment of dividends, the Company distributes dividends depending on the level of earnings of each year. The Company is facing a rapidly changing industrial environment. In consideration of the Company's long-term operating plan and funding needs, the Company adopts a stable dividends policy. Therefore, the Company distributes cash dividends of at least 10% of the aggregate dividends, if the distributions include cash dividends.

(a) Legal reserve

In accordance with the Amended Companies Act 2012, 10 percent of net income should be set aside as legal reserve, until it is equal to share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by new shares or by cash, of up to 25 percent of the actual share capital.

(b) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on 6 April 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the first-time adoption of IFRS as endorsed by the FSC. When the debit balance of any of these contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

(c) Earnings Distribution

On March 21, 2013 the Company's board of directors resolved to appropriate the 2012 earnings. On June 27, 2012, the shareholders' meetings resolved to distribute the 2011 earnings. These earnings were appropriated or distributed as dividends and employee bonuses and remuneration to directors and supervisors as follows:

	2012	2011
Common stock dividends per share (dollars)		
－Cash	**$ 1.50**	-
Employee bonus － cash	$ 299,000	12,100
Remuneration to directors and supervisors	29,000	-
Total	**$ 328,000**	**12,100**

The approved earnings distributions for 2011 were as follows:

	Actual distribution approved by the shareholders'	Distribution recognized in the financial report	Difference
Employee bonus － cash	$ 12,100	12,100	-
Remuneration of directors and supervisors	-	1,000	(1,000)
	$ 12,100	**13,100**	**(1,000)**

The difference between the actual amounts of earnings distribution for 2011 and those recognized in the financial statements was due mainly to the board of directors' resolution to change the amount of directors' and supervisors' remuneration to $0. Such difference was accounted for under a change in accounting estimate and charged to profit or loss.

The earnings distribution for the year ended December 31, 2012 has not been approved through shareholders' meeting. Related information can be accessed from the Market Observation Post System on the web site. Such difference was accounted for under a change in accounting estimate and charged to profit or loss.

For the three months ended March 31, 2013 and 2012, employee bonuses of $213,000 and $115,174, and directors' and supervisors' remuneration of $20,000 and $9,033, respectively, were estimated and recognized as current expenses. These amounts are calculated using the Company's net profit for 2013 and 2012, and is determined according to the earnings allocation method, priority and factor for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits are expensed under operating costs or operating expenses for the three months ended March 31, 2013 and 2012.

F. Treasury stock

Company shares of stock that are owned by the Company's subsidiaries are treated as treasury stock. As of March 31, 2013, the Company's shares held by its subsidiaries were 1,700 thousand shares amounting to $78,540 at fair value.

G. Other equity accounts

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Deferred compensation arising from issuance of restricted stock
Balance, January 1, 2013	$	(3,398,256)	88,302	(497,698)
Exchange differences on translation of foreign financial statements , net of tax：				
—Group		2,053,655	-	-
—Associates		5,511	-	-
Unrealized gains (losses) on available-for-sale financial assets：				
—Group		-	(26,424)	-
other equity				
—Group		-	-	97,636
Balance, March 31, 2013	**$**	**(1,339,090)**	**61,878**	**(400,062)**
Balance, January 1, 2012	$	(784,234)	37,951	-
Exchange differences on translation of foreign financial statements , net of tax：				
—Group		(1,528,675)	-	-
—Associates		20,807	-	-
Unrealized gains (losses) on available-for-sale financial assets：				
—Group		-	259,473	-
Balance, March 31, 2012	**$**	**(2,292,102)**	**297,424**	**-**

(16) Share-based payment

Information on equity-settled share-based payment transaction as of March 31, 2013 were as follows:

Equity-settled share-based payment **Restricted stock to employee**	**Issued in 2012**
Thousand units granted	34,167
Contractual life	3 years
Vesting period	Note A
Actual turnover rate of employees	3.72%
Estimated future turnover rate for each or the three years of employees	14.28%, 22.84%, 28.85%

Employee stock option	Issued in	
	2012	2011
Thousand units granted	8,053	40,679
Contractual life	3 years	3 years
Vesting period	2 years	2 years
Actual turnover rate of employees	11.28%	22.07%
Estimated future turnover rate of employees	19.01%	19.88%

Cash-settled share-based payment

Stock appreciation rights plan	Issued in 2012
Thousand units granted	Note B
Contractual life	07/01/2013~30/06/2014
Vesting period	1.25 years
Actual turnover rate of employees	8.27%
Estimated future turnover rate of employees	8.97%

Note A: Employees are entitled to receive 40%, 30%, and 30% of the restricted stock in the first, second and third year, respectively, of their service.

Note B: The option will be granted only if the EPS target is reached.

On April 14, 2011, the Company obtained the approval from the Financial Supervisory Commission and issued 50,000 units of Employee Stock Options with an exercisable right of 1,000 shares of the Company's common shares per unit. For these employee stock options, the Company will issue its own new common shares on settlement, and the exercise price of all stock options shall be equal to the closing price of the Company's common stock at grant date. The expected life of the stock options is estimated to be 3 years, and stock option granted to an employee is not transferable to any person. If the exercise period expires, the employee forfeits his/her right to exercise the option and purchase the shares. Except for the forfeiture of vested options, all stock options shall vest from the second year of the grant date, and the employees should exercise the right to apply for shares against the stock option vested in them pursuant to the stock option plan.

On October 19, 2012, the Company obtained the approval from the Financial Supervisory Commission to issue restricted Company shares of stock to employees for up to a limited number of 40,000 thousand shares. On grant date of November 9, 2012, the Board of Directors approved the list of eligible employees and resolved to issue 34,167 thousand shares effective December 20, 2012. The actual number of newly issued shares was 33,938 thousand shares with a par value of $10 per share. The procedure for the registration of change of capital stock has been completed. Unless the vesting conditions have elapsed, the restricted shares of stock may not be sold, pledged, transferred, hypothecated or otherwise disposed. Holders of restricted shares of stock are entitled to rights as the Company's existing common shareholders except for the fact that restricted shares of stock are held by the trust and have vesting conditions. Also, the Company bears the right to buy back the restricted shares of stock at the issuance price and to cancel all restricted shares of stock issued to any employee who fails to comply with the vesting condition without returning the distributed dividend.

In order to encourage employees to stay and contribute their skills to the Company, the Board of Directors resolved on March 19, 2012 to issue 30,000,000 units of Employee Stock Appreciation Rights. The Company will pay the stock appreciation rights as employee bonus in cash based on the difference between the base price and the settlement price of the stock appreciation right where the base price on settlement of the right is the closing price of the Company's common stock on grant date, and the settlement price is the closing price of the Company's common share on exercise date.

The previously recognized compensation cost was reversed because the stock appreciation right fails to meet the vesting condition on December 31, 2012.

A. Determining the fair value of equity instruments granted

The Company adopted the Black-Scholes model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

Equity-settled share-based payment **Restricted stock to employee**	**For the three months ended March 31**
	2012
Fair value at grant date	09/11/2012
Share price at grant date	39.45
Exercise price	10.00
Expected life of the option	3 year
Current market price	39.45
Expected volatility	38.49%
Expected dividend yield rate (Note A)	- %
Risk-free interest rate	(Note B)

Employee stock option	**For the three months ended March 31**	
	2012	**2011**
Fair value at grant date	02/04/2012	01/07/2011
Share price at grant date	44.85	30.00
Exercise price	44.85	30.00
Expected life of the option	3 years	3 years
Current market price	44.85	30.00
Expected volatility	44.41%	37.0531%
Expected dividend yield rate (Note A)	-%	-%
Risk-free interest rate	0.95%	1.0838%

Cash-settled share-based payment **Restricted stock to employee**	**For the three months ended March 31**
	2012
Fair value at grant date	02/04/2012
Share price at grant date	N/A
Exercise price	N/A
Expected life of the option	01/07/2013~30/06/2014
Current market price	-
Expected volatility	40.12%
Expected dividend yield rate (Note A)	- %
Risk-free interest rate	1.355%

Note A: After the issuance of the employee stock options, if the Company increases its capital through the surplus and/or capital reserve, the exercise price will be adjusted accordingly. Therefore, the expected dividend yield rate is excluded in calculating the fair value of the stock option.

Note B: The risk-free interest rate is 0.6953% for the 1st year, 0.7363% for the 2nd year, and 0.7873% for the 3rd year.

B. Restricted stock to employee

For the year ended December 31, 2012, the Company issued restricted shares of stock to employees of 33,938 thousand shares, which resulted in a capital surplus － restricted employee stock of $478,366. Also, for the three months ended March 31, 2013, 866 thousand shares of the restricted shares of stock issued to employees have expired, of which 701 thousand shares have not been retired. As of March 31, 2013 and 2012, the Company has deferred compensation cost arising from issuance of restricted stock of $400,062 and $497,698, respectively.

C. Employee stock options

Information on aforesaid employee stock options was as follows:

(a) For the three months ended March 31, 2013

	Issued in 2012	
	Number of Exercisable Thousand Shares	**Weighted-average Exercise Price**
Balance, beginning of the period	7,389	$ 44.85
Granted	-	-
Exercised	-	-
Forfeited	195	-
Expired	-	-
Balance, end of the period	**7,194**	44.85
Exercisable, end of the period	**7,194**	
Weighted-average fair value of options granted	**13.8**	
Exercise price of share option outstanding, end of the period	**44.85**	
Remaining contractual life	**1.00**	
Expenses incurred on share-based payment transactions	**7,572**	

	Issued in 2011	
	Number of Exercisable Thousand Shares	**Weighted-average Exercise Price**
Balance, beginning of the period	32,909	$ 28.38
Granted	-	-
Exercised	-	-
Forfeited	566	-
Expired	-	-
Balance, end of the period	**32,343**	28.38
Exercisable, end of the period	**32,343**	
Weighted-average fair value of options granted	**7.9**	
Exercise price of share option outstanding, end of the period	**28.38**	
Remaining contractual life	**0.25**	
Expenses incurred on share-based payment transactions	**24,326**	

(b) For the three months ended March 31, 2012

	Issued in 2011		
	Number of Exercisable Thousand Shares	Weighted-average Exercise Price	
Balance, beginning of the period	37,648	$	28.38
Granted	-		-
Exercised	-		-
Forfeited	1,375		-
Expired	-		-
Balance, end of the period	**36,273**		28.38
Exercisable, end of the period	**36,273**		
Weighted-average fair value of options granted	**7.9**		
Exercise price of share option outstanding, end of the period	**28.38**		
Remaining contractual life	**1.25**		
Expenses incurred in share-based payment transactions	**24,567**		

D. Expenses and liabilities resulted from share-based payments

The Group incurred expenses and liabilities from share-based payments transactions for the three months ended March 31, 2013 and 2012 as follows:

	For the Three months Ended March 31		
	2013		2012
Expenses resulting from issuance of restricted stock to employees	$	97,636	-
Expenses arising from granting of employee share options		43,435	33,631
Total	**$**	**141,071**	**33,631**

(17) Subsidiary's share-based payments

A. For the three months ended March 31, 2013 and 2012, Ability (TW) has share-based payment transactions as follows:

Types	Grant date	Thousand units granted	Contractual life	Vesting period
The first batch of employee stock options	27/12/2007	$ 10,000	7 years	2 years
The second batch of employee stock options	13/10/2008	9,500	7 years	2 years

The aforementioned share-based payment transactions are equity transactions.

B. Information on share-based payment transactions as of March 31, 2013 were as follows:

	For the Three months Ended March 31			
	2013		2012	
The first batch of employee stock options	**Quantity of stock option (thousand shares)**	**Weighted-average exercise price**	**Quantity of stock option (thousand shares)**	**Weighted-average exercise price**
Outstanding at the beginning of the period	5,079	$ 32.6	5,079	34.9
Granted	-	-	-	-
Added or adjusted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at the end of the period	**5,079**	32.6	**5,079**	34.9
Exercisable at the end of the period	**5,079**	32.6	**3,079**	34.9

	For the Three months Ended March 31			
	2013		2012	
The second batch of employee stock options	Quantity of stock option (thousand shares)	Weighted-average exercise price	Quantity of stock option (thousand shares)	Weighted-average exercise price
Outstanding at the beginning of the period	2,992	$ 16.4	4,888	17.6
Granted	-	-	-	-
Added or adjusted	-	-	-	-
Exercised	(157)	16.4	(138)	17.6
Forfeited	-	-	-	-
Outstanding at the end of the period	**2,835**	16.4	**4,750**	17.6
Exercisable at the end of the period	**935**	16.4	**950**	17.6

C. For the three months ended March 31, 2013, the weighted average exercise price of stock option on the date of exercise amounted to $27.64 and $29.22 per share, respectively.

D. As of the balance sheet date, the expiration date and exercise price of outstanding employee stock options were as follows:

		March 31, 2013		December 31, 2012	
Grant date	Expiration date	Thousand units granted	Exercise price (dollar)	Thousand units granted	Exercise prices (dollars)
27/12/2007	27/12/2014	5,079	$ 32.60	3,079	32.60
13/10/2008	13/10/2015	2,835	16.40	2,992	16.40

		March 31, 2012		January 1, 2012	
Grant date	Expiration date	Thousand units granted	Exercise price (dollar)	Thousand units granted	Exercise prices (dollars)
27/12/2007	27/12/2014	5,079	$ 34.90	5,079	34.90
13/10/2008	13/10/2015	4,750	17.60	4,888	17.60

E. The Black-Scholes Option Valuation Model was adopted to estimate the fair value of employee stock options on the date of grant.

Types	Grand date	Stock Price	Exercise Price	Volatility factors of the expected market price	Weighted-average expected life of the options	Dividend yields	Risk-free interest rate	Fair value per unit
Employee stock option	2008.10.13	$22.20	22.20	43.11% (Note)	7 years	-%	2.2101%	8.88 dollars

Note: Volatility factors of the expected market price were based on the yearly standard deviations from past three years' (commencing from the measurement date) return rate on stock price.

F. The expenses resulting from the share-based payment transactions were as follows:

	For the Three months Ended March 31	
	2013	2012
Equity-settled	$ 843	4,115

(18) Earnings per share

A. Basic earnings per share

The basic earnings per share for the three months ended March 31, 2013 and 2012 was calculated based on the profit attributable to ordinary shareholders of the Company of $2,305,650 and $64,162, and a weighted average number of ordinary shares outstanding of 2,288,510 thousand shares and 2,254,667 thousand shares, respectively, as follows:

(a) Profit attributable to ordinary shareholders

		For the Three months Ended March 31	
		2013	2012
Profit attributable to ordinary shareholders	$	**2,305,650**	**64,162**

(b) Weighted average number of ordinary shares

		For the Three months Ended March 31	
		2013	2012
Issued ordinary shares on January 1	$	2,288,605	2,254,667
Effect of treasury stock		(95)	-
Weighted average number of ordinary shares as of March 31	**$**	**2,288,510**	**2,254,667**

B. Diluted earnings per share

The diluted earnings per share for the three months ended March 31, 2013 and 2012 was calculated based on profit attributable to ordinary shareholders of the Company of $2,305,650 and $64,162, and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 2,302,955 thousand shares and 2,266,906 thousand shares, respectively, as follows.

(a) Profit attributable to ordinary shareholders of the Company (diluted)

		For the Three months Ended March 31	
		2013	2012
Profit attributable to ordinary shareholders (diluted)	**$**	**2,305,650**	**64,162**

(b) Weighted average number of ordinary shares (diluted)

		For the Three months Ended March 31	
		2013	2012
Weighted average number of ordinary shares (basic)	$	2,288,510	2,254,667
Effect of employee stock bonus		4,610	2,767
Effect of employee stock option		9,835	9,472
Weighted average number of ordinary shares (diluted) at March 31	**$**	**2,302,955**	**2,266,906**

For the three months ended March 2013 and 2012, convertible corporate bonds of $7,926,843 and $7,592,645, respectively, are not dilutive, and hence they are not included in the calculation of weighted average number of shares (diluted).

(19) Revenue

	For the Three months Ended March 31	
	2013	2012
Sale of goods	$ 216,157,982	170,561,382
Others	1,430,420	1,399,198
	$ 217,588,402	**171,960,580**

(20) Non-operating income and expenses

A. Other income

	For the three months Ended March 31	
	2013	2012
Interest income	$ 143,280	174,179
Rental income	48,543	66,970
Technical service income	60,865	58,705
Modle income	17,710	29,110
Commissions income	16,019	22,260
Other income	127,949	67,893
	$ 414,366	**419,117**

B. Other gains and losses

	For the three months Ended March 31	
	2013	2012
Gains on doubtful debt recoveries	$ 13,254	3,939
Loss on disposal of property, plant and equipment	(123,548)	(119,920)
Gains on disposals of investments	32,521	162
Foreign exchange gains	340,902	621,438
(Reversal of) Impairment loss recognized in profit or loss	116,966	(18,171)
Net gains (losses) on evaluation of financial assets (liabilities) measured at fair value through profit or loss	(605,404)	(1,062,839)
	$ (225,309)	**(575,391)**

C. Finance costs

	For the three months Ended March 31	
	2013	2012
Interest expenses	$ 228,947	309,230
Finance expense – bank fees	48,487	5,339
	$ 277,434	**314,569**

(21) Reclassification of other comprehensive income

	For the three months Ended March 31	
	2013	**2012**
Available-for-sale financial assets		
Net fair value change in available-for-sale financial assets	$ (124,212)	350,507
Net fair value change~~d~~ recognized in other comprehensive income	**$ (124,212)**	**350,507**

(22) Financial instruments

A. Credit risk

(a) Exposure to credit risk

The carrying amount of financial assets, cash and cash equivalents, financial asets at fair value through profit or loss, available-for-sale financial assets, notes and accounts receivable, other receivable and financial assets carried at cost, represents the Group's maximum credit exposure. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the maximum exposures to credit risk amounted to $181,989,243, $206,453,354, $145,973,282 and $145,174,506, respectively.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, accounts receivable from the Group's top three customers amounted to $67,002,883, $89,273,125, $31,675,167 and $26,188,297.

(b) Impairment losses

Aging analysis of the receivables on the balance sheet date were as follows:

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Total amount	Impairment	Total amount	Impairment	Total amount	Impairment	Total amount	Impairment
Not past due	100,541,783	(24,464)	132,052,381	(15,532)	83,266,828	(111,050)	83,764,483	(73,399)
Past due 0 - 30 days	3,377,070	(54,503)	3,968,670	(113,059)	3,623,062	(52,302)	2,703,911	(134,198)
Past due 31 - 120 days	914,261	(161,404)	214,737	(75,386)	649,637	(86,736)	164,352	(29,649)
Past due 121 - 365 days	33,449	(32,427)	69,365	(47,295)	145,682	(100,322)	132,209	(118,558)
Past due more than 1 year	446,735	(444,947)	434,823	(434,711)	414,715	(378,070)	419,679	(419,679)
	105,313,298	**(717,745)**	**136,739,976**	**(685,983)**	**88,099,924**	**(728,480)**	**87,184,634**	**(775,483)**

The movement in the allowance for impairment with respect to the receivables during the period was as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance on January 1, 2013	$ 96,024	589,959	685,983
Impairment loss	-	24,615	24,615
Foreign exchange gains	1,428	5,719	7,147
Balance on March 31, 2013	**$ 97,452**	**620,293**	**717,745**

	Individually assessed impairment	Collectively assessed impairment	Total
Balance on January 1, 2012	$ 98,756	676,727	775,483
Reversal of impairment loss	-	(21,097)	(21,097)
Foreign exchange gains	1,566	(27,472)	(25,906)
Balance on March 31, 2012	**$ 100,322**	**628,158**	**728,480**

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due. Also, the payment term of the receivables from related parties depend on the Group's capital movement, and there's no penalty interest due for late payment. The Group's management believes that there's no significant change on the credit quality of the aforesaid receivables which are past due but not impaired, thus they assess the receivables can be recovered. In addition, the Group does not hold any collateral and of other credit enhancement to mitigate the credit risk of the foresaid receivables.

Allowance for bad debts or accumulated impairment are the accounts used to record bad debt expense or impairment loss. If the Group believes the related receivables cannot be recovered, the carrying amount of the financial assets will be reduced through the allowance for bad debts accounts and accumulated impairment.

No accounts receivable and its allowance were offset as of March 31 2013 and 2012.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, excluding estimated interest payment and the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	More than 2 years
March 31, 2013					
Non-derivative financial liabilities					
Secured bank loans	$ 10,776,034	10,776,034	5,824,806	2,665,824	2,285,404
Unsecured bank loans	33,864,194	33,864,194	22,744,030	5,687,755	5,432,409
Unsecured domestic bonds	7,926,843	7,926,843	-	-	7,926,843
Non-interest bearing liabilities	175,153,319	175,153,319	175,153,319	-	-
Derivative financial liabilities					
Forward exchange contract-outflow	3,190	3,190	3,190	-	-
	$227,723,580	**227,723,580**	**203,725,345**	**8,353,579**	**15,644,656**

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	More than 2 years
December 31, 2012					
Non-derivative financial liabilities					
Secured bank loans	$ 1,499,199	1,499,199	666,859	382,253	450,087
Unsecured bank loans	44,517,370	44,517,370	26,361,539	8,916,997	9,238,834
Unsecured domestic bonds	9,091,794	9,091,794	1,435,613	-	7,656,181
Non-interest bearing liabilities	198,035,846	198,035,846	198,035,846	-	-
Derivative financial liabilities					
Forward exchange contract —outflow	98	98	98	-	-
	$253,144,307	**253,144,307**	**226,499,955**	**9,299,250**	**17,345,102**
March 31, 2012					
Non-derivative financial liabilities					
Secured bank loans	$ 3,488,626	3,488,626	1,355,926	666,900	1,465,800
Unsecured bank loans	45,844,925	45,844,925	24,648,086	9,143,806	12,053,033
Unsecured domestic bonds	9,005,079	9,005,079	1,412,434	-	7,592,645
Non-interest bearing liabilities	125,175,012	125,175,012	125,175,012	-	-
Derivative financial liabilities					
Forward exchange contract —outflow	87	87	87	-	-
	$183,513,729	**183,513,729**	**152,591,545**	**9,810,706**	**21,111,478**
January 1, 2012					
Non-derivative financial liabilities					
Secured bank loans	$ 2,964,600	2,964,600	518,410	733,796	1,712,394
Unsecured bank loans	48,076,034	48,076,034	23,168,805	6,848,022	18,059,207
Unsecured domestic bonds	1,404,707	1,404,707	-	1,404,707	-
Non-interest bearing liabilities	122,646,921	122,646,921	122,646,921	-	-
Derivative financial liabilities					
Forward exchange contract —outflow	1,599	1,599	1,599	-	-
	$175,093,861	**175,093,861**	**146,335,735**	**8,986,525**	**19,771,601**

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

C. Currency risk

(i) Currency risk exposure

The Group's exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

(Unit: Foreign currency/NTD in Thousands)

	March 31, 2013			March 31,2012		
	Foreign Currency	Exchange Rage	NTD	Foreign Currency	Exchange Rage	NTD
Financial assets						
Monetary items						
USD:NTD	$6,709,453	29.825	200,109,423	5,944,074	29.51	175,409,614
USD:RMB	4,415,636	6.2689	131,696,330	3,512,784	6.2945	103,662,266
Financial liabilities						
Monetary items						
USD:NTD	7,360,614	29.825	219,530,302	5,487,270	29.51	161,929,347
USD:RMB	6,623,358	6.2689	197,541,666	4,508,281	6.2945	133,039,374
JPY:RMB	247,347	0.067	78,459	4,932,273	0.077	1,771,673

	December 31, 2012			January 1, 2012		
	Foreign Currency	Exchange Rage	NTD	Foreign Currency	Exchange Rage	NTD
Financial assets						
Monetary items						
USD:NTD	8,392,007	29.04	243,703,878	5,169,519	30.275	156,507,185
USD:RMB	4,960,352	6.2855	144,048,636	3,348,088	6.3009	101,363,351
Financial liabilities						
Monetary items						
USD:NTD	8,177,451	29.04	237,473,165	5,259,683	30.275	159,236,915
USD:RMB	7,247,028	6.2855	210,453,694	4,808,911	6.3009	145,589,790
JPY:RMB	329,405	0.073	110,812	2,595,338	0.081	1,013,739

(ii) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans, accounts payable, bonds payable and other payables that are denominated in foreign currency. A 1% of appreciation of each major foreign currency against the Group's functional currency as of March 31, 2013 and 2012 would have decreased the after-tax net income by $833,532 and $154,024, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

D. Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date.

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases / decreases by 1%, the Group's net income will decrease /increase by $109,103 and $107,560 for the three months ended March 31, 2013 and 2012, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate borrowing.

E. Fair value of financial instruments

(a) Fair value and carrying amount

The Group considers the carrying amounts of its financial assets and financial liabilities measured at amortized cost as a reasonable approximation of fair value.

(b) Valuation techniques and assumptions used in fair value determination

The Group uses the following methods in determining the fair value of its financial assets and liabilities:

- The fair value of financial assets and liabilities traded in active markets is based on quoted market prices. These include corporate bonds from listed entities, agency bonds, listed stocks and government bonds.
- The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value of non-option derivative is determined based on the discounted cash flow analysis calculated based on the applicable yield curve through the expected life of the derivative instruments. The fair value of option derivatives is determined using option pricing models.
- The fair value of stock of unlisted company is determined using market method, under which market price is extrapolated from similar stock of a listed company.
- For all other financial assets and financial liabilities, the fair value is determined using a discounted cash flow analysis of expected future cash flows.

(c) Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
March 31, 2013				
Financial assets designated as at fair value through profit or loss				
Derivative financial assets	$ —	243	—	243
Held-for-trading non-derivative financial assets	6,835,490	—	—	6,835,490
Available-for-sale financial assets				
Stock of listed companies	1,264,476	—	—	1,264,476
Equity investment－common stock	—	177,559	—	177,559
Stock of overseas companies	—	348,194	—	348,194
	$ 8,099,966	**525,996**	**—**	**8,625,962**
Financial liabilities designated as at fair value through profit or loss －current				
Derivative financial assets	$ —	3,190	—	3,190
Financial liabilities designated as at fair value through profit or loss －noncurrent				
Designated as at initial recognition	—	1,405,652	—	1,405,652
	$ —	**1,408,842**	**—**	**1,408,842**
December 31, 2012				
Financial assets designated as at fair value through profit or loss				
Derivative financial assets	$ —	329	—	329
Held-for-trading non-derivative financial assets	7,533,707	—	—	7,533,707
Available-for-sale financial assets				
Stock of listed companies	1,260,134	—	—	1,260,134
Equity investment－common share	—	114,173	—	114,173
Stock of overseas companies	—	414,940	—	414,940
	$ 8,793,841	**529,442**	**—**	**9,323,283**
Financial liabilities designated as at fair value through profit or loss －current				
Derivative financial assets	$ —	98	—	98
Designated as at initial recognition	—	68,986	—	68,986
Financial liabilities designated as at fair value through profit or loss －noncurrent				
Designated as at initial recognition	—	759,815	—	759,815
	$ -	**828,899**	**—**	**828,899**

		Level 1	Level 2	Level 3	Total
March 31, 2012					
Financial assets designated as at fair value through profit or loss					
Derivative financial assets	$	—	7,148	—	7,148
Held-for-trading non-derivative financial assets		6,138,106	—	—	6,138,106
Available-for-sale financial assets					
Stock of listed companies		822,849	—	—	822,849
Equity investment－common share		—	146,987	—	146,987
Stock of overseas companies		—	497,581	—	497,581
	$	**6,960,955**	**651,716**	—	**7,612,671**
Financial liabilities designated as at fair value through profit or loss －current					
Derivative financial assets	$	—	87	—	87
Designated as at initial recognition		—	55,899	—	55,899
Financial liabilities designated as at fair value through profit or loss －noncurrent					
Designated as at initial recognition		—	2,437,567	—	2,437,567
	$	—	**2,493,553**	—	**2,493,553**
January 1, 2012					
Financial assets designated as at fair value through profit or loss					
Derivative financial assets	$	—	6,716	—	6,716
Held-for-trading non-derivative financial assets		6,410,969	—	—	6,410,969
Available-for-sale financial assets					
Stock of listed companies		586,719		—	586,719
Equity investment－common share		—	124,375	—	124,375
Stock of overseas companies		—	414,737	—	414,737
	$	**6,997,688**	**545,828**	—	**7,543,516**
Financial liabilities designated as at fair value through profit or loss －current					
Derivative financial assets	$	—	1,599	—	1,599
Designated as at initial recognition		—	100,984	—	100,984
	$	—	**102,583**	—	**102,583**

There have been no transfers from each level for the three months ended March 31, 2013 and 2012.

(23) Financial risk management

A. Overview

The Group is exposed to the nature and extent of the risks arising from financial instruments. They include credit risk, liquidity risk and market risk.

This note discloses the exposure risk information, and the Group's objectives, policies and procedures of measuring and managing risks. For more quantitative information about the financial instruments, please refer to notes of the financial statements.

B. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has deputized managements of core business departments for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

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

The Group's Internal Audit Department oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

C. Credit risk

Credit risk means the potential loss of the Group if the counterparty involved in that transaction defaults. Since the Group's derivative financial instrument agreements are entered into with financial institutions with good credit ratings, management believes that there is no significant credit risk from these transactions.

The primary potential credit risk is from financial instruments like cash, equity securities, and accounts receivable. Also, the Group deposits cash in different financial institutions. The Group manages credit risk exposure related to each financial institution and believes that there is no significant concentration of credit risk on cash and equity securities.

The Group transacted only with the approved third parties with good financial conditions and reputation. For those customers with poor financial situation, the Group would transfer the risk through acquiring guarantees or transacting by L/C. Therefore, the Group believes that there is no significant credit risk.

(a) Accounts receivables and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances.

Under its customer credibility evaluation policies, the Group evaluates the customer's credibility and collectability of notes and account receivables regularly before doing business. Thus, management is not expecting any significant uncollectible accounts.

The major customers of the Group are concentrated in the high-tech computer industry. As the customers of the Group have good credits and profit records, the Group evaluates the financial conditions of these customers continually to reduce credit risk from accounts receivable. Moreover, the Group also periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. Thus, management is not expecting any significant issue on credit risk

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance are specific loss component that relates to individually significant exposure and collective loss component which the loss was incurred but not identified. The collective componet is based on historical payment experience of similar financial assets.

(b) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

(c) The Group's policies were prepared in accordance with Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, guarantees and endorsements provided by the Group, were discussed further in Note 9.

D. Liquidity risk

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

The capital and working funds of the Group are sufficient to meet its entire contractual obligations and non-hedging forward exchange contracts; therefore, management is not expecting any significant issue on liquidity risk.

The funds and marketable securities investments held by the Group have publicly quoted prices and could be sold at approximate market price. In the case of foreign currency swap contracts, management believes that the cash flow risk is not significant because contracted foreign currency exchange rates are fixed.

Equity investments recorded as financial assets carried at cost do not have reliable market prices and are expected to have liquidity risk.

E. Market risk

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

(a) Currency risk

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

The Group's foreign currency denominated purchases and sales are denominated mainly in US dollars. This exposes the Group to the current and future foreign exchange fluctuation risk that arises from cash flows of foreign currency assets and liabilities. However, the risks may be regarded as insignificant, because foreign currency losses from sales are subsequently offset by the foreign currency gain from purchases. In addition, the Group conducts foreign exchange activities on spot market in order to manage its foreign exchange risks.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(b) Interest rate risk

The Group's interest rate risk arises from short-term and long-term loans bearing floating interest rates. Future cash flow will be affected by a change in market interest rate.

(c) Price floating rick on equity instruments

The equity securities held by the Group are classified as financial assets measured at fair value through profit or loss and available-for-sale financial assets. As these assets are measured at fair value, the Group is exposed to the market price fluctuation risk in the equity securities market.

The Group's investment portfolios of equity instruments are reviewed regularly by management, and significant investment decision is approved by the Board of Directors.

(24) Capital management

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

The Group use the liability-to-equity ratio, debt-to-equity ratio and other financial ratio to maintain an optimal capital structure and raise returns on equity.

The Group's debt to equity ratios at the balance sheet date were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Total liabilities	$ 245,590,275	263,904,018	193,534,430	181,619,453
Less: cash and cash equivalents	67,896,622	60,157,499	50,188,714	50,324,348
Net debt	**$ 177,693,653**	**203,746,519**	**143,345,716**	**131,295,105**
Total capital (Note)	**$ 313,657,555**	**331,384,100**	**261,656,013**	**249,225,901**
Debt to equity ratio	**56.65%**	**61.48%**	**54.78%**	**52.68%**

Note: Total capital includes share capital, capital surplus, retained earnings, other equity and non-controlling interest and net debt.

Management believes that there were no changes in the Group's approach to capital management for the three months ended March 31, 2013.

7. RELATED PARTY TRANSATIONS

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) Key management personnel compensation:

	For the three months ended March 31	
	2013	**2012**
Short-term employee benefits	$ 145,164	105,734
Post-employment benefits	746	791
Share-based payments	15,459	160
	$ 161,369	**106,685**

Please refer to Note 6(16) for further explanations related to share-based payment transactions.

(3) Other Related Party Transactions

A. Sale of Goods and Services to Related Parties

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

	Sales		Receivables from Related Parties			
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Entity in which the Group has significant influence	$ 21,942,101	35,497,356	2,245,347	5,695,594	5,446,574	9,646,625
Associates	172,278	119,982	196,724	70,590	80,916	55,455
	$ 22,114,379	**35,617,338**	**2,442,071**	**5,766,184**	**5,527,490**	**9,702,080**

Prices charged for sales transactions with entity with significant influence over the Group ("A Company") and associates were not significantly different from those of non-related parties. The average sales term for notes and accounts receivables pertaining to such sales transactions ranged from one to three months. In addition, accounts receivables and accounts payables resulted from sales and purchase transactions between the Group and the A Company, who has the legal right to set-off, are offset and presented as a net amount on the balance sheet dates according to the agreements. Receivables from related parties were not secured with collaterals, and did not require provisions for bad debt expenses.

B. Purchase of Goods from Related Parties

The amounts of significant purchase transactions and outstanding balances between the Group and related parties were as follows:

	Purchases		Payables to Related Parties			
	March 31, 2013	March 31, 2012	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Entity in which the Group has significant influence	$ 17,046,948	28,754,057	-	-	-	-
Associate	583,261	1,992,754	436,106	546,850	1,919,436	2,296,908
	$ 17,630,209	**30,746,811**	**436,106**	**546,850**	**1,919,436**	**2,296,908**

There were no significant differences between the terms and pricing of purchase transactions with related enterprises and those carried out with other normal vendors. The average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to four months, which is similar to that of other normal vendors.

C. Warranty repair expense paid to Related Parties

	For the Years Ended March 31	
	2013	2012
Associate	**$ 13,414**	**3,561**

D. Other income and expenses from Related Parties

	For the Years Ended March 31	
	2013	2012
Entity in which the Group has significant influence	$ (60,661)	41,853
Others	3,974	3,894
Total	**$ (56,687)**	**45,747**

E. Rental revenue

For the three months ended March 31, 2013 and 2012, the Group incurred other related party transactions of $5,590 and $15,493, respectively, which were accounted for as rental revenue.

F. Other related party transactions recorded as expenses

For the three months ended March 31, 2013 and 2012, the Group incurred other related party transactions recorded as expenses such as rental expense, royalty payment, storage expense, and professional service fee, etc, aggregating to $4,813 and $15,120 respectively.

G. Purchase and sales of real estate property and other assets

For the three months ended March 31 2012, molds purchased from other related parties amounted to $12,238, respectively.

H. Other related party transactions accounted for as assets and liabilities in the balance sheet

Other receivable	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Entity in which the Group has significant influence	$ 21,871	14,628	34,552	435
Associate	4,340	235	4,872	8,467
	$ 26,211	**14,863**	**39,424**	**8,902**
Accrued expenses				
Entity in which the Group has significant influence	$ -	34,185	323,607	396,680
Associate	12,752	8,501	8,111	10,524
	$ 12,752	**42,686**	**331,718**	**407,204**
Other financial liabilities — current				
Associate	**$ 291**	**292**	**320**	**320**
Other current liabilities				
Associate	**$ 134**	**29**	**6,015**	**3,641**

8. Pledged Assets

As of March 31, 2013 and 2012, pledged assets were as follows:

Asset	Purpose of pledge	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Other financial asset	Customs duty guarantee, collateral, rental deposits, travel agency guarantee, etc.	$ 76,198	133,055	112,826	111,049
Property, plant and equipment	Bank loans	1,978,392	2,039,763	819,763	939,363
Long-term prepaid rentals	Bank loans	11,856	11,585	-	-
Refundable deposits	Customs duty guarantee, custom deposits, batch declaration guarantee, and deposits for performance guarantee	38,209	31,352	22,655	32,327
		$ 2,104,655	**2,215,755**	**955,244**	**1,082,739**

9. Significant Commitments And Contingencies

(1) Major commitments and contingencies were as follows:

Unused standby letters of credit	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
NTD	$ -	5,510	6,464	6,753
EUR	2,745	2,558	3,927	3,927
JPY	3,615,773	4,003,161	5,637,769	4,808,946
USD	17,819	18,880	23,093	26,654

(2) Promissory notes and certificates of deposit obtained for business purpose were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
NTD	**$ 15,267**	**17,297**	**17,332**	**17,332**

(3) As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the significant contracts for purchase of properties by the Group amounted to $5,155,432, $8,822,652, $11,044,098 and $29,520,477, of which $1,360,312, $5,198,394, $3,106,632 and $16,974,382, respectively, were unpaid.

(4) Guarantee provided

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the Group provided endorsement guarantee for bank loans obtained by the related parties, including Group entities, amounting to $22,704,138, $20,090,019, $20,962,603 and $22,320,790, respectively.

(5) As of March 31, 2013, AZURE WAVE TECHNOLOGIES INC. issued a tariff guarantee of $7,000 to the bank for the purpose of importing goods.

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SUBSEQUENT EVENTS

(1) On April 29, 2013, ASUSTEK COMPUTER INC. (ASUSTeK) sold its equity ownership of 103,017 thousand shares in the Company, which decreased ASUSTeK's equity ownership from 24.09% to 19.59% so that ASUSTeK lost significant influence of the Group.

(2) On April 24, 2013, the board of directors of CASETEK HOLDING LTD. (CAYMAN) approved a resolution to increase its capital by issuing new common shares or issuing Global Depositary Receipt(GDR) with no more than 15,000 thousand common shares with par value of $10 per share. The shareholders resolved to authorize the board of directors the rights to issue GDRs if there is a need to increase capital due to the change in market environment.

12. OTHER

(1) The employee benefits, depreciation, depletion and amortization expenses categorized by function, were as follows:

	For the three months Ended March 31,2013			For the three months Ended March 31,2012		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 7,159,205	3,308,676	10,467,881	5,015,036	2,563,587	7,578,623
Health and labor insurance	527,129	192,514	719,643	267,530	156,257	423,787
Pension	419,927	174,024	593,951	292,494	130,043	422,537
Others	568,307	161,251	729,558	328,716	163,403	492,119
Depreciation (Note A)	2,797,586	504,498	3,272,084	2,331,294	459,369	2,790,663
Depletion	-	-	-	-	-	-
Amortization	86,133	67,129	153,262	65,268	106,820	172,088

Note A: For the three months ended March 31, 2013 and 2012, the Group recognized depreciation expense (accounted for as non-operating expense), excluding those of investment properties of $2,595 and $3,021, respectively.

(2) Certain accounts in the consolidated financial statements as of and for the periods ended December 31, 2012, March 31, 2012 and January 1, 2012, were reclassified to conform to the presentation adopted in the consolidated financial statements as of and for the three months ended March 31, 2013.

13. SEGMENT INFORMATION

The Group identifies the entity's operating segments based on the decision of the chief operating decision maker and perform quantitative threshold testing in accordance with IFRS 8 "Operating Segments."

For the three months ended March 31, 2013 and 2012, operating segments required to be disclosed are categorized as DMS (Design, Manufacturing and Service) and Strategic Investment Group. DMS's main operating activities are designing and manufacturing computer, communication and consumer electronics' end products, and providing after-sales service. Strategic Investment Group is DMS's upstream and downstream supply chain, strategic investments and other related investments arms. The chief operating decision maker's main responsibility is to integrate strategy that creates operating synergy throughout the supply chain and to allocate the profit from the operating result. The Group assess performance of the segments based on the segments' profit, and report the amounts of revenues based on the financial information used to prepare the consolidated financial statements.

For the Three Months Ended March 31, 2013	DMS	Strategic Investment Group	Adjustment and eliminations	Total
Revenue：				
Revenue from external customers	$195,184,311	22,404,091	-	217,588,402
Intersegment revenues	87,845	6,260,864	(6,348,709)	-
Total revenue	**$195,272,156**	**28,664,955**	**(6,348,709)**	**217,588,402**
Reportable segment profit or loss	**$2,370,598**	**5,817,781**	**(3,503,031)**	**4,685,348**
Reportable segment assets	**$310,391,211**	**177,143,033**	**(105,980,067)**	**381,554,177**

For the Three Months Ended March 31, 2012	DMS	Strategic Investment Group	Adjustment and eliminations	Total
Revenue：				
Revenue from external customers	$147,549,848	24,410,732	-	171,960,580
Intersegment revenues	1,677,303	2,392,690	(4,069,993)	-
Total revenue	**$149,227,151**	**26,803,422**	**(4,069,993)**	**171,960,580**
Reportable segment profit or loss	**$ 155,937**	**2,253,846**	**(1,232,462)**	**1,177,321**
Reportable segment assets	**$238,365,789**	**177,716,984**	**(104,238,046)**	**311,844,727**

14. FIRST-TIME ADOPTION OF IFRS

The consolidated financial statements as of December 31, 2012 were prepared in conformity with generally accepted accounting principles of the Republic of China as mentioned in Note 4(1). These are the Group's first consolidated interim financial statements prepared under IFRS (endorsed by the FSC) for annual financial statements, and IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The accounting policies discussed in Note 4 have been applied to comparative consolidated interim financial statements for the three months ended March 31, 2012, consolidated balance sheets as of December 31 and the consolidated balance sheets as of January 01, 2012, first IFRSs adoption date.

For purposes of preparing the first financial reports in 2012 under IFRS, the Group regarded the amounts in the financial reports under R.O.C. GAAP as the initial point for adjustments. An explanation of how the transition to IFRS has affected the reported financial position, financial performance, and cash flows of the Group is provided in the following statements and notes.

(1) Reconciliation of balance sheet

	December 31, 2012			March 31, 2012			January 1, 2012		
	ROC GAAP	Adjustments	IFRSs	ROC GAAP	Adjustments	IFRSs	ROC GAAP	Adjustments	IFRSs
ASSETS									
Cash and cash equivalents	$ 60,157,499	-	60,157,499	50,188,714	-	50,188,714	50,453,433	(129,085)	50,324,348
Other investments	8,039,955	-	8,039,955	6,642,835	-	6,642,835	6,872,437	(40,015)	6,832,422
Notes receivable, Accounts receivable and Other receivable	135,942,940	111,053	136,053,993	87,281,348	90,096	87,371,444	86,461,297	(52,146)	86,409,151
Inventories	92,678,084	-	92,678,084	75,301,360	-	75,301,360	65,716,440	(124,829)	65,591,611
Other current assets	9,331,037	(1,644,620)	7,686,417	7,144,830	(220,159)	6,924,671	6,390,054	(875,799)	5,514,255
Total Current Assets	306,149,515	(1,533,567)	304,615,948	226,559,087	(130,063)	226,429,024	215,893,661	(1,221,874)	214,671,787
Other investments	1,816,477	(35,015)	1,781,462	1,343,320	77,312	1,420,632	1,204,230	(1,231)	1,202,999
Equity-accounted investees	1,607,697	-	1,607,697	2,437,577	(2,872)	2,434,705	2,463,241	240,197	2,703,438
Property, plant and equipment	71,812,742	1,181,277	72,994,019	71,658,200	(866,293)	70,791,907	70,457,980	(3,411,922)	67,046,058
Investment property	-	669,511	669,511	-	678,198	678,198	-	681,219	681,219
Intangible assets	6,107,933	(3,337,388)	2,770,545	5,644,675	(2,569,409)	3,075,266	5,922,748	(2,644,323)	3,278,425
Deferred tax assets	524,438	1,854,638	2,379,076	421,146	973,541	1,394,687	170,112	1,317,934	1,488,046
Other non-current assets	3,421,763	1,301,578	4,723,341	3,543,839	2,076,469	5,620,308	3,464,025	5,014,252	8,478,277
Total Non-current Assets	85,291,050	1,634,601	86,925,651	85,048,757	366,946	85,415,703	83,682,336	1,196,126	84,878,462
TOTAL ASSETS	**$ 391,440,565**	**101,034**	**391,541,599**	**311,607,844**	**236,883**	**311,844,727**	**299,575,997**	**(25,748)**	**299,550,249**
LIABILITIES									
Short-term loans	$ 19,613,159	-	19,613,159	24,924,497	-	24,924,497	22,773,366	-	22,773,366
Short-term notes and bills payable	99,993	-	99,993	59,997	-	59,997	219,936	-	219,936
Current financial liabilities at fair value through profit or loss	69,084	-	69,084	70,203	(14,217)	55,986	102,583	-	102,583
Notes payable, Accounts payable and Other payables	196,853,291	(2,589,486)	194,263,805	123,412,551	(390,637)	123,021,914	121,177,192	(612,457)	120,564,735
Current tax liabilities	3,673,139	(1,091)	3,672,048	2,093,065	36	2,093,101	1,868,242	(5,992)	1,862,250
Long-term liabilities, current portion	8,850,852	-	8,850,852	2,491,949	-	2,491,949	913,849	-	913,849
Other current liabilities	4,817,226	2,903,812	7,721,038	5,515,227	678,739	6,193,966	4,435,878	716,241	5,152,119
Total current liabilities	233,976,744	313,235	234,289,979	158,567,489	273,921	158,841,410	151,491,046	97,792	151,588,838
Non-current financial liabilities at fair value through profit or loss	6,275	753,540	759,815	-	2,437,567	2,437,567	-	-	-
Bonds payable	8,403,406	(747,225)	7,656,181	8,478,275	(885,630)	7,592,645	1,404,707	-	1,404,707
Long-term borrowings	18,988,171	-	18,988,171	23,329,539	-	23,329,539	27,353,419	-	27,353,419
Deferred tax liabilities	1,496,832	207	1,497,039	654,939	12,928	667,867	656,090	8,389	664,479
Other non-current liabilities	541,905	170,928	712,833	534,022	131,380	665,402	474,006	134,004	608,010
Total Non-current Liabilities	29,436,589	177,450	29,614,039	32,996,775	1,696,245	34,693,020	29,888,222	142,393	30,030,615
TOTAL LIABILITIES	263,413,333	490,685	263,904,018	191,564,264	1,970,166	193,534,430	181,379,268	240,185	181,619,453
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT									
Share capital	22,903,049	-	22,903,049	22,563,669	-	22,563,669	22,563,669	-	22,563,669
Capital surplus	64,560,268	(2,837,158)	61,723,110	63,841,376	(2,791,473)	61,049,903	63,465,496	(2,462,421)	61,003,075
Retained earnings									
Legal reserve	1,847,737	-	1,847,737	1,836,601	-	1,836,601	1,836,601	-	1,836,601
Special reserve	734,859	-	734,859	4,327,629	-	4,327,629	4,327,629	-	4,327,629
Unappropriated retained earnings	9,829,896	2,593,074	12,422,970	1,421,159	1,101,394	2,522,553	144,466	2,313,925	2,458,391
Other equity interest	(3,778,182)	(29,470)	(3,807,652)	(2,038,665)	43,987	(1,994,678)	(734,858)	(11,425)	(746,283)
Treasury shares	(18,794)	-	(18,794)	(18,794)	-	(18,794)	(18,794)	-	(18,794)
Total equity attributable to owners of the Company	96,078,833	(273,554)	95,805,279	91,932,975	(1,646,092)	90,286,883	91,584,209	(159,921)	91,424,288
Non-controlling interests	31,948,399	(116,097)	31,832,302	28,110,605	(87,191)	28,023,414	26,612,520	(106,012)	26,506,508
Total equity	128,027,232	(389,651)	127,637,581	120,043,580	(1,733,283)	118,310,297	118,196,729	(265,933)	117,930,796
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 391,440,565**	**101,034**	**391,541,599**	**311,607,844**	**236,883**	**311,844,727**	**299,575,997**	**(25,748)**	**299,550,249**

(2) Reconciliation of its statement of comprehensive income

	For the Year Ended December 31, 2012			For the Year Ended March 31, 2012		
	ROC GAAP	**Adjustments**	**IFRSs**	**ROC GAAP**	**Adjustments**	**IFRSs**
Operating revenue	$ 881,895,384	(697,969)	881,197,415	171,894,329	66,251	171,960,580
Operating costs	(839,425,989)	(4,250,808)	(843,676,797)	(163,758,210)	(830,931)	(164,589,141)
Gross profit	42,469,395	(4,948,777)	37,520,618	8,136,119	(764,680)	7,371,439
Selling expenses	(10,863,306)	6,546,636	(4,316,670)	(2,190,555)	979,031	(1,211,524)
General and administrative expenses	(8,406,095)	(42,406)	(8,448,501)	(1,844,464)	(1,001)	(1,845,465)
Research and development expenses	(12,039,469)	(16,156)	(12,055,625)	(2,647,238)	(6,476)	(2,653,714)
Total operating expenses	(31,308,870)	6,488,074	(24,820,796)	(6,682,257)	971,554	(5,710,703)
Income from operations	11,160,525	1,539,297	12,699,822	1,453,862	206,874	1,660,736
Non-operating income and expenses：						
Other income	3,903,500	(1,636,021)	2,267,479	847,196	(428,079)	419,117
Other gains and losses	600,405	628,513	1,228,918	605,599	(1,180,990)	(575,391)
Finance costs	(1,135,992)	(165,910)	(1,301,902)	(287,064)	(27,505)	(314,569)
Share of profit (loss) of associates and joint ventures accounted for using equity method	59,484	-	59,484	16,554	-	16,554
Other losses	(785,364)	10,760	(774,604)	(239,101)	209,975	(29,126)
	2,642,033	(1,162,658)	1,479,375	943,184	(1,426,599)	(483,415)
Profit before tax	13,802,558	376,639	14,179,197	2,397,046	(1,219,725)	1,177,321
Tax expense	(3,824,925)	(18,092)	(3,843,017)	(373,105)	841	(372,264)
Profit	9,977,633	358,547	10,336,180	2,023,941	(1,218,884)	805,057
Other comprehensive income：						
Foreign currency translation differences － foreign operations	(2,991,825)	2,583	(2,989,242)	(1,683,859)	-	(1,683,859)
Net change in fair value of available-for-sale financial assets	115,922	(22,785)	93,137	295,096	55,411	350,507
Defined benefit plan actuarial losses	-	(79,073)	(79,073)	-	-	-
Other comprehensive income, net of tax	(2,875,903)	(99,275)	(2,975,178)	(1,388,763)	55,411	(1,333,352)
Comprehensive income	**$ 7,101,730**	**259,272**	**7,361,002**	**635,178**	**(1,163,473)**	**(528,295)**
Profit, attributable to：						
Owners of the Company	$ 6,103,796	279,148	6,382,944	1,276,693	(1,212,531)	64,162
Non-controlling interests	3,873,837	79,399	3,953,236	747,248	(6,353)	740,895
Profit	**$ 9,977,633**	**358,547**	**10,336,180**	**2,023,941**	**(1,218,884)**	**805,057**
Comprehensive income attributable to：						
Owners of the Company	$ 3,560,327	174,108	3,734,435	(27,113)	(1,157,120)	(1,184,233)
Non-controlling interests	3,541,403	85,164	3,626,567	662,291	(6,353)	655,938
Comprehensive income	**$ 7,101,730**	**259,272**	**7,361,002**	**635,178**	**(1,163,473)**	**(528,295)**
Earnings per share						
Basic earnings per share	**$ 2.71**	**0.12**	**2.83**	**0.57**	**(0.54)**	**0.03**
Diluted earnings per share	**$ 2.53**	-	**2.53**	**0.54**	**(0.51)**	**0.03**

(3) Significant reconciliation of its cash flows statement

As of December31, March 31 and January 1, 2012, there was no significant difference between the Consolidated Statements of Cash Flows prepared by the Group under IFRSs and R.O.C. GAAP.

(4) Notes to significant reconciliation

A. Allowance for sales returns and discounts

Under R.O.C. GAAP, provisions for estimated sales returns and discounts are recorded in the same period in which sales are made, based on historical experience. Allowance for sales returns and discounts is recorded as a deduction from accounts receivable. Under IFRS as endorsed by the FSC, the allowance for sales returns and discounts is deemed as a present obligation with uncertain timing and amount that arises from past events and is therefore reclassified as provisions.

The effects of this GAAP difference were as follows:

		December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets				
Accounts receivable	$	115,869	92,995	94,368
Provisions (accounted for under other liabilities)		(115,869)	(92,995)	(94,368)
Retained earnings adjustments	**$**	**-**	**-**	**-**

B. Interests in Joint Ventures

Under R.O.C. GAAP, the Group recognized its interest in a jointly controlled entity using proportionate method. Under IFRS as endorsed by the FSC, the Group accounts for its investment in the joint venture using the equity method instead of proportionate method. As of January 1, 2012, the Group reclassified into "Equity-accounted investees" account the carrying amounts of jointly controlled entity's net assets and liabilities amounting to $243,069.

C. Financial assets carried at cost

Under the IFRS as endorsed by the FSC, when the fair value of investments in equity instruments can be reliably measured, such investment are reclassified from "financial assets carried at cost" to "available-for-sale financial assets" account. Subsequent to IFRS conversion date, these investments are measured at fair value.

The effects of this GAAP difference were as follows:

		December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets				
Financial assets at cost	$	(149,188)	(248,403)	(248,403)
Available-for-sale financial assets		114,173	325,715	247,172
Unrealized gains (losses) on available-for-sale financial assets		33,769	(44,426)	10,984
Non-controlling interests		1,246	(32,886)	(9,753)
Retained earnings adjustments	**$**	**-**	**-**	**-**

D. Rental assets and idle assets

Under R.O.C. GAAP, rental assets and idle assets are classified under other assets. Under the IFRS as endorsed by the FSC, the aforementioned items are reclassified as property, plant and equipment and investment property according to their nature. Rental assets are mainly dormitories leased to other companies, and certain factories leased to business partners; idle assets are certain plants and equipments which were not used in operation. The rental asset is also classified as an investment property if it is held to earn rentals and can be sold or leased out separately under a finance lease. When a portion of the rental assets and idle assets could not be sold or leased out separately under a finance lease, the entire property is classified as investment property only if the portion of the property held for own use is insignificant.

The effects of this GAAP difference were as follows:

		December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets				
Rental assets and Idle assets (accounted for under other assets)	$	(1,178,384)	(981,079)	(933,966)
Property, plant and equipment		508,873	302,881	252,747
Investment property, net		669,511	678,198	681,219
Retained earnings adjustments	**$**	**-**	**-**	**-**

E. Prepayments for business facilities

Under R.O.C GAAP, prepayments on purchase of equipment are accounted for under property, plant and equipment. Under the IFRS as endorsed by the FSC, such prepayments are reclassified as other assets

The effects of this GAAP difference were as follows:

		December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets				
Property, plant and equipment	$	(890,077)	(2,683,882)	(5,407,783)
Other assets		890,077	2,683,882	5,407,783
Retained earnings adjustments	**$**	**-**	**-**	**-**

F. Land use rights

Under R.O.C GAAP, prepaid lease payment involving land use rights under operating lease arrangement is accounted for under intangible assets. Under the IFRS as endorsed by the FSC, such prepayment is treated simply as a prepaid rental so that it is reclassified to "long-term prepaid rent" account.

The effects of this GAAP difference were as follows:

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets			
Intangible assets	$ (3,385,492)	(2,595,834)	(2,673,871)
Long-term prepaid rents (accounted for under other assets)	3,385,492	2,595,834	2,673,871
Retained earnings adjustments	$ -	-	-

G. Warranties and repair cost

Under R.O.C GAAP, the DMS segment issues warranties that the customer pays for, warranty liabilities and the related repair cost were estimated in the same period in which goods are sold. These warranty liabilities paid by the customers are recognized as warranty liabilities. Under the-IFRS as endorsed by the FSC, warranty reserve is treated as a "deferred revenue" when sales is made. When the warranty expires, the deferred revenue becomes earned revenue and recognized as sales revenue.

The effects of this GAAP difference were as follows:

	For the Year Ended December 31, 2012	For the Three Months Ended March 31, 2012
Consolidated comprehensive income statement		
Operating revenue	$ 1,203,099	39,575
Cost of sales	5,357,502	941,794
Selling expenses	(6,560,601)	(981,369)
Adjustments before income tax	$ -	-

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets			
Other payables	$ 2,788,150	1,471,246	1,454,647
Deferred revenue (accounted for under other current liabilities)	(2,636,838)	(1,323,608)	(1,284,033)
Provisions (accounted for under other current liabilities)	(151,312)	(147,638)	(170,614)
Retained earnings adjustments	$ -	-	-

H. Provisions for employee benefits

(a) Compensated absences benefit

Under the IFRS as endorsed by the FSC, the Group accrues the obligation for paid absences if the obligation both relates to employees' past services and accumulates (i.e. can be carried forward to a future period).

The effects of this GAAP difference were as follows:

		For the Year Ended December 31, 2012	For the Three Months Ended March 31, 2012
Consolidated statements of comprehensive income			
Cost of sales	$	13,437	1,416
Selling expenses		2,908	2,335
Administrative expenses		6,048	2,013
Research and development expenses		11,993	6,029
Adjustments before income tax		34,386	11,793
Tax expense		(4,620)	(1,435)
Adjustments after income tax	**$**	**29,766**	**10,358**

Attributable to		For the Year Ended December 31, 2012	For the Three Months Ended March 31, 2012
Owners of the Company	$	22,623	2,550
Non-controlling interests		7,143	7,808
Adjustments before income tax	**$**	**29,766**	**10,358**

		December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets				
Deferred tax assets	$	(25,411)	(26,037)	(24,602)
Other payable		196,841	195,160	183,367
Non-controlling interests		(27,900)	(45,300)	(37,492)
Retained earnings adjustments	**$**	**143,530**	**123,823**	**121,273**

(b) Share-based payments

Under R.O.C GAAP, the Company adopted SFAS No. 39, "Share-based Payment," for share-based payment arrangements with a grant date on or after January 1, 2008, and Interpretations (92)070, 071 and 072 of the ARDF for employee share options that were granted before January 1, 2008. Under the IFRS as endorsed by the FSC, the Group will avail of the exemption allowed under IFRS 1 for employee share options that were granted before January 1, 2008 so that these options will no longer be fair valued retrospectively; however, the Group shall nevertheless disclose the information required by paragraphs 44 and 45 of IFRS 2.

The effects of this GAAP difference were as follows:

		December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets				
Deferred tax assets	$	(19)	(19)	(19)
Increase in capital surplus		1,018	288	113
Non-controlling interests		17	16	(82)
Retained earnings adjustments	**$**	**1,016**	**285**	**12**

I. Employee benefits －defined benefit pension plan

(a) Under R.O.C. GAAP, an actuarial valuation is made of the Group's defined benefit obligation and the related pension cost and accrued pension liabilities, and net periodic pension costs are accounted for under the corridor approach. Under the IFRS as endorsed by the FSC, the aforementioned obligation shall be recognized as deduction of retained earnings, and actuarial gain or loss shall be recognized as other comprehensive income in the statement of comprehensive income.

(b) Under R.O.C. GAAP, unrecognized net transition assets (obligations) are amortized to pension cost on the straight-line basis over the average remaining service period of those employees who are still in service and expected to receive pension benefits. Under IFRS as endorsed by the FSC, under IAS No. 19, there is no such similar requirement as ROC GAAP. Therefore, the unrecognized net transition obligation and related amounts are recognized directly to retained earnings at the date of transition to IFRSs.

(c) Under R.O.C. GAAP, the minimum pension liability is recognized if accumulated pension benefits exceed the fair market value of its pension plan assets. Under IFRS as endorsed by the FSC, ~~since~~ there is no requirement for recognizing minimum pension liability in accordance with IAS 19.

The effects of this GAAP difference are as follows:

		For the Year Ended December 31, 2012	For the three months ended March 31, 2012
Consolidated statement of comprehensive income			
Selling expenses	$	2,930	(108)
Administrative expenses		36,358	(1,632)
Research and development expenses		4,163	(1,038)
Adjustments before income tax		43,451	(2,778)
Income tax expense		(1,101)	30
Adjustments after income tax	**$**	**42,350**	**(2,748)**

	For the Year Ended December 31, 2012	For the three months ended March 31, 2012
Attributable to：		
Owners of the Company	$ 17,109	(775)
Non-controlling interests	25,241	(1,973)
Adjustments after income tax	**$ 42,350**	**(2,748)**

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated Balance Sheet			
Other assets	$ 24,208	2,387	2,543
Deferred tax assets	(22,280)	(12,979)	(12,973)
Current tax liabilities	(1,091)	36	-
Other non-current liabilities	170,928	131,381	134,003
Unrecognized loss (gain) on pension fund (other equity)	4,111	(439)	(439)
Non-controlling interests	(116,204)	(79,549)	(81,522)
Retained earnings adjustments	**$ 59,672**	**40,837**	**41,612**

J. Classifications of deferred income tax asset/liability and valuation allowance

Under R.O.C. GAAP, deferred income tax assets or liabilities are classified as current or non-current according to the classification of related assets or liabilities. 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 non-current based on the expected length of time before it is realized or settled. Under IFRS as endorsed by the FSC, a deferred tax asset or liability is classified as non-current asset or liability.

In addition, under R.O.C. GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRS as endorsed by the FSC, deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits and the valuation allowance account is no longer used.

Deferred tax assets and liabilities may be offset against each other only if the entity have ~~has~~ the legal right to settle tax assets and liabilities on a net basis, and the deferred tax assets and liabilities are taxed by the same taxing authority.

The effects of this GAAP difference are as follows:

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated Balance Sheet			
Deferred income tax assets－ current (other current assets)	$ (1,810,250)	(901,705)	(1,251,515)
Deferred income tax assets	1,810,250	914,278	1,261,778
Deferred income tax liabilities－ current (other current liabilities)	207	53	55
Deferred income tax liabilities	(207)	(12,626)	(10,318)
Retained earnings adjustments	$ -	-	-

K. Deferred gross profit

Under R.O.C. GAAP, deferred income tax assets or liabilities arising from intergroup sales can be recognized using the tax rates of buyer or seller. The Group originally adopted the seller's tax rates. Under the IFRS as endorsed by the FSC, temporary differences are determined by comparing the carrying amount of assets and liabilities and their tax basis in the consolidated financial statements, therefore, deferred income tax assets or liabilities from unrealized profit or loss are calculated using the buyer's tax rate.

The effects of this GAAP difference are as follows:

	For the year ended December 31, 2012	For the three months ended March 31, 2012
Consolidated Statement of comprehensive income		
Income tax expense	**$ 23,813**	**563**
Income (loss) attributable to：		
Owners of the Company	20,278	1,987
Non-controlling interest	3,535	(1,424)
Adjustments before income tax	**$ 23,813**	**563**

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated Balance Sheet			
Deferred income tax assets	$ 3,323	(19,927)	(20,490)
Non-controlling interests	2,312	7,271	5,847
Retained earnings adjustments	**$ 5,635**	**(12,656)**	**(14,643)**

L. Capital surplus－ long-term equity investment not subscribing proportionately

Under R.O.C. GAAP, if an associate or 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 investment will change. The resulting difference is adjusted to the capital surplus or retained earnings. Under the IFRS as endorsed by the FSC, if the percentage of ownership is changed due to disproportionate subscription in the capital increase of the investee, the capital surplus arising from long-term equity investment is recalculated retrospectively, and such change adjusted to retained earnings.

The effects of this GAAP difference are as follows:

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated Balance Sheet			
Reduction on capital surplus	$ (2,459,495)	(2,481,205)	(2,481,205)
Retained earrings adjustments	**$ (2,459,495)**	**(2,481,205)**	**(2,481,205)**

M. Overseas convertible bonds payable

Under R.O.C. GAAP, if the conversion price of the overseas convertible bonds payable is expressed in New Taiwan Dollars, and the bonds payable is convertible to NTD only at fixed foreign currency in NTD exchange rate, the conversion option is classified as an equity component. Under IFRS as endorsed by the FSC, the conversion option does not conform to the definition of equity component; therefore, the conversion option being treated as liability component is initially recognized as "derivative financial liabilities". The valuation gain or loss resulting from changes in fair values is recognized in profit or loss.

The effects of this GAAP difference are as follows:

Consolidated statement of comprehensive income	For the year ended December 31, 2012	For the three months Ended March 31, 2012
Other gains and losses	$ (488,820)	1,180,990
Finance costs	165,910	27,505
Adjustments before income tax	**$ (322,910)**	**1,208,495**

	December 31, 2012	March 31, 2012
Consolidated Balance Sheet		
Financial liabilities at fair value through profit or loss－ noncurrent	$ 753,540	2,423,350
Bonds payables	(747,225)	(885,630)
Reduction on capital surplus	(329,225)	(329,225)
Retained earnings adjustments	**$ (322,910)**	**1,208,495**

N. Loss of significant influence on associates

Under IFRS as endorsed by the FSC, the Group should reassess the associates' residual investments at fair value, and gain or loss on disposal of investment due to loss of significant influence on its subsidiaries.

The effects of this GAAP difference are as follows:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	For the year ended December 31, 31, 2012
Other gains and losses	**$ (139,695)**
Attributable to：	
Owners of the company	$ (17,253)
Non-controlling interests	(122,442)
Adjustments before tax	**$ (139,695)**
	December 31, 2012
Consolidated balance sheets	
Capital surplus	$ (21,095)
Other equity interest	3,842
Retained earnings adjustments	**$ (17,253)**

O. Repair expense, Indemnity income and Indemnity losses

Under IFRS as endorsed by FSC, compensation gain or loss is reclassified to "Sales revenue" and "Cost of sales" account according to its nature.

The effects of this GAAP difference are as follows:

Consolidated Statement of comprehensive income	For the year ended December 31, 2012	For the three months Ended March 31, 2012
Sales revenue	$ (505,130)	(105,826)
Cost of goods sold	(1,120,131)	(112,279)
Other income	1,636,021	428,079
Other losses	(10,760)	(209,974)
Adjustments before income tax	**$ -**	**-**

P. The effects to retained earnings of the GAAP differences described above are as follows :

	December 31, 2012	March 31, 2012	January 1, 2012
Employee benefits liabilities	$ 143,530	123,823	121,273
Employee benefits, post-employment benefit plan	59,672	40,837	41,612
Deferred sales profit	5,635	(12,656)	(14,643)
Capital surplus	(2,459,495)	(2,481,205)	(2,481,205)
Foreign convertible bonds	(322,910)	1,208,495	-
Other	(19,506)	19,312	19,038
Increase in retained earnings	**$ (2,593,074)**	**(1,101,394)**	**(2,313,925)**