Catcher Technology Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Catcher Technology Co., Ltd. (the "Company") as of December 31, 2012 and 2011 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended, all expressed in New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements as of and for the years ended December 31, 2012 and 2011 of certain investees accounted for by the equity method. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these investees was based solely on the reports of the other auditors. The carrying values of the investment were NT$485,273 thousand and NT$413,283 thousand, or 0.66% and 0.62% of the total assets as of December 31, 2012 and 2011, respectively. Investment income recognized under the equity method was NT$104,014 thousand and NT$57,109 thousand, or 0.87% and 0.50% of the income before income tax for the years ended December 31, 2012 and 2011, respectively.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Catcher Technology Co., Ltd. as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited, in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the consolidated financial statements of Catcher Technology Co., Ltd. and subsidiaries as of and for the years ended December 31, 2012 and 2011 on which we have issued a modified unqualified opinion.

March 22, 2013

Notice to Readers

The accompanying 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 audit such financial statements are those generally accepted and applied in the Republic of China.

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

CATCHER TECHNOLOGY CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Par Value)

	2012		2011	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 6,096,273	8	$ 4,576,804	7
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	-	-	692	-
Available-for-sale financial assets - current (Notes 2 and 6)	54,480	-	906,372	1
Notes receivable	30	-	-	-
Accounts receivable, net (Notes 2 and 7)	4,258,581	6	6,512,857	10
Account receivable - related parties (Note 21)	77,407	-	313,514	-
Other receivable	107,597	-	49,838	-
Other receivable - related parties (Notes 10 and 21)	13,872	-	121,374	-
Inventories (Notes 2 and 8)	340,355	1	358,784	1
Deferred income tax assets - current (Notes 2 and 17)	21,233	-	-	-
Other current assets	45,201	-	29,272	-
Total current assets	11,015,029	15	12,869,507	19
INVESTMENTS				
Investments accounted for by the equity method (Notes 2 and 10)	55,817,354	76	48,082,276	72
Available-for-sale financial assets - noncurrent (Notes 2 and 6)	84,446	-	68,230	-
Total investments	55,901,800	76	48,150,506	72
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11, 21 and 22)				
Cost				
Land	1,672,217	2	1,245,156	2
Buildings	1,103,654	2	568,613	1
Machinery and equipment	4,188,847	6	3,080,535	5
Transportation equipment	11,453	-	10,113	-
Furniture and fixtures	29,089	-	28,693	-
Rental assets	314,974	-	314,974	1
Miscellaneous equipment	258,470	-	228,951	-
Total cost	7,578,704	10	5,477,035	9
Revaluation increment - land of rental assets	43,615	-	43,615	-
Cost and revaluation increment	7,622,319	10	5,520,650	9
Less: Accumulated depreciation	1,846,277	2	1,317,551	2
	5,776,042	8	4,203,099	7
Construction in progress and prepayments for equipment	113,242	-	747,979	1
Total property, plant and equipment	5,889,284	8	4,951,078	8
INTANGIBLE ASSETS				
Land use rights (Notes 2 and 23)	7,928	-	9,009	-
OTHER ASSETS				
Refundable deposits	3,326	-	3,360	-
Other assets - other (Notes 2, 11 and 15)	539,048	1	555,152	1
Total other assets	542,374	1	558,512	1
TOTAL	$ 73,356,415	100	$ 66,538,612	100

	2012		2011	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 12)	$ 3,732,000	5	$ 650,962	1
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 14)	37,772	-	49,508	-
Accounts payable	227,774	-	529,668	1
Accounts payable - related parties (Note 21)	1,651,246	2	2,267,351	3
Income tax payable	690,058	1	609,653	1
Accrued expenses	593,594	1	570,003	1
Other payable - related parties (Note 21)	2,393	-	5,418	-
Other payable	178,203	-	149,914	-
Current portion of bonds payable (Notes 2 and 14)	3,487,922	5	-	-
Current portion of long-term debt (Notes 13 and 22)	606,667	1	700,000	1
Deferred income tax liabilities - current (Notes 2 and 17)	-	-	9,276	-
Other current liabilities	4,213	-	23,787	-
Total current liabilities	11,211,842	15	5,565,540	8
LONG-TERM LIABILITIES				
Bonds payable (Notes 2 and 14)	-	-	3,441,822	5
Long-term debt (Notes 13 and 22)	1,000,000	2	1,606,667	3
Total long-term liabilities	1,000,000	2	5,048,489	8
RESERVE FOR LAND VALUE INCREMENT TAX (Note 11)	12,596	-	12,596	-
OTHER LIABILITIES				
Guarantee deposit received	7,175	-	18,743	-
Deferred income tax liabilities - noncurrent (Notes 2 and 17)	82,659	-	65,906	-
Deferred credit - inter-company gain (Notes 2 and 21)	10,885	-	15,819	-
Total other liabilities	100,719	-	100,468	-
Total liabilities	12,325,157	17	10,727,093	16
STOCKHOLDERS' EQUITY (Notes 14 and 16)				
Capital stock - common stock, NT$10 par value				
Authorized - 2012 and 2011: 1,000,000 thousand shares (including 23,000 thousand shares for employee stock option)				
Issued - 2012: 750,703.1 thousand shares and 2011: 750,639.4 thousand shares	7,507,031	10	7,506,394	11
Capital surplus (Notes 2, 10, 14 and 16)				
Additional paid-in capital	7,457,347	10	7,457,347	11
Bond conversion premium	9,245,068	13	9,239,097	14
Long-term investments	14,290	-	12,092	-
Stock options	215,758	-	216,136	-
Total capital surplus	16,932,463	23	16,924,672	25
Retained earnings (Note 16)				
Legal reserve	4,452,426	6	3,384,703	5
Special reserve	-	-	858,793	2
Unappropriated earnings	31,698,758	43	24,770,699	37
Total retained earnings	36,151,184	49	29,014,195	44
Other equity (Notes 2, 11 and 16)				
Cumulative translation adjustments	394,205	1	2,366,883	4
Unrealized loss on financial instruments	35,356	-	(11,644)	-
Unrealized revaluation increments on properties	11,019	-	11,019	-
Total other equity	440,580	1	2,366,258	4
Total stockholders' equity	61,031,258	83	55,811,519	84
TOTAL	$ 73,356,415	100	$ 66,538,612	100

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

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

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	**%**	**Amount**	**%**
GROSS SALES (Notes 2, 11 and 21)	$ 11,884,060	101	$ 16,684,586	101
SALES RETURNS AND ALLOWANCES (Note 2)	141,024	1	110,966	1
NET SALES	11,743,036	100	16,573,620	100
COST OF SALES (Notes 8, 18 and 21)	8,734,137	74	12,301,141	74
GROSS PROFIT	3,008,899	26	4,272,479	26
OPERATING EXPENSES (Note 18)				
Research and development	362,888	3	211,070	1
Marketing	47,520	1	50,040	-
General and administrative	131,154	1	110,997	1
Total operating expenses	541,562	5	372,107	2
OPERATING INCOME	2,467,337	21	3,900,372	24
NON-OPERATING INCOME AND GAINS				
Interest income	50,634	1	27,500	-
Investment income recognized under the equity method, net (Notes 2 and 10)	9,715,483	83	7,238,519	44
Gain on disposal of property, plant and equipment (Notes 2 and 21)	5,821	-	10,853	-
Gain on sale of investments, net (Notes 2 and 10)	6,950	-	20,134	-
Exchange gain, net (Note 2)	-	-	286,910	2
Valuation gain on financial assets (Notes 2 and 5)	5,038	-	16,874	-
Valuation gain on financial liabilities (Notes 2 and 14)	10,268	-	21,801	-
Others (Note 15)	26,207	-	62,429	-
Total non-operating income and gains	9,820,401	84	7,685,020	46
NON-OPERATING EXPENSES AND LOSS				
Interest expense (Notes 2 and 11)	87,143	1	88,270	1
Loss on disposal of property, plant and equipment (Note 2)	1,875	-	13,278	-
Exchange loss, net (Note 2)	280,053	2	-	-
Impairment loss (Notes 2 and 6)	-	-	140,030	1
Valuation loss on financial liabilities (Notes 2 and 5)	339	-	4,199	-
Others	563	-	975	-
Total non-operating expenses and loss	369,973	3	246,752	2

(Continued)

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 11,917,765	102	$ 11,338,640	68
INCOME TAX (Notes 2 and 17)	1,027,280	9	661,407	4
NET INCOME	$ 10,890,485	93	$ 10,677,233	64

	2012		2011	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
EARNINGS PER SHARE (Note 19)				
Basic	$ 15.88	$ 14.51	$ 15.86	$ 14.93
Diluted	$ 15.51	$ 14.18	$ 15.07	$ 14.20

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

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

CATCHER TECHNOLOGY CO., LTD.

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

		Capital Surplus				Retained Earnings						
	Capital Stock	Capital in Excess of Par Value	Bond Conversion Premium	Long-term Investments	Stock Options	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment on Properties	Total Stockholders' Equity
BALANCE, JANUARY 1, 2011	$ 6,649,085	$ 1,583,179	$ 3,909,701	$ 4,151	$ 290,909	$ 2,941,719	$ -	$ 18,156,426	$ (810,625)	$ (59,187)	$ 11,019	$ 32,676,377
Issuance of capital stock for GDRs - June 7, 2011 (Note 16)	335,000	5,874,168	-	-	-	-	-	-	-	-	-	6,209,168
Appropriation of the 2010 earnings (Note 16):												
Legal reserve	-	-	-	-	-	442,984	-	(442,984)	-	-	-	-
Special reserve	-	-	-	-	-	-	858,793	(858,793)	-	-	-	-
Cash dividends - 36.8%	-	-	-	-	-	-	-	(2,761,183)	-	-	-	(2,761,183)
Change in unrealized gain on available-for-sale financial assets (Note 16)	-	-	-	-	-	-	-	-	-	34,333	-	34,333
Net income in 2011	-	-	-	-	-	-	-	10,677,233	-	-	-	10,677,233
Equity component of convertible bonds (Note 14)	-	-	-	-	264,756	-	-	-	-	-	-	264,756
Conversion of convertible bonds (Note 14)	522,309	-	5,329,396	-	(339,529)	-	-	-	-	-	-	5,512,176
Adjustment arising from change in percentage of ownership in investees (Note 10)	-	-	-	7,941	-	-	-	-	-	-	-	7,941
Change in translation adjustments	-	-	-	-	-	-	-	-	3,170,864	-	-	3,170,864
Change in translation adjustments and unrealized gain on financial instruments from investees accounted for by the equity method	-	-	-	-	-	-	-	-	6,644	13,210	-	19,854
BALANCE, DECEMBER 31, 2011	7,506,394	7,457,347	9,239,097	12,092	216,136	3,384,703	858,793	24,770,699	2,366,883	(11,644)	11,019	55,811,519
Appropriation of the 2011 earnings (Note 16):												
Legal reserve	-	-	-	-	-	1,067,723	-	(1,067,723)	-	-	-	-
Special reserve	-	-	-	-	-	-	(858,793)	858,793	-	-	-	-
Cash dividends - 50%	-	-	-	-	-	-	-	(3,753,496)	-	-	-	(3,753,496)
Change in unrealized loss on available-for-sale financial assets (Note 16)	-	-	-	-	-	-	-	-	-	18,459	-	18,459
Net income in 2012	-	-	-	-	-	-	-	10,890,485	-	-	-	10,890,485
Conversion of convertible bonds (Note 14)	637	-	5,971	-	(378)	-	-	-	-	-	-	6,230
Adjustment arising from change in percentage of ownership in investees (Note 10)	-	-	-	2,198	-	-	-	-	-	-	-	2,198
Change in translation adjustments	-	-	-	-	-	-	-	-	(1,964,079)	-	-	(1,964,079)
Change in translation adjustments and unrealized gain on financial instruments from investees accounted for by the equity method	-	-	-	-	-	-	-	-	(8,599)	28,541	-	19,942
BALANCE, DECEMBER 31, 2012	$ 7,507,031	$ 7,457,347	$ 9,245,068	$ 14,290	$ 215,758	$ 4,452,426	$ -	$ 31,698,758	$ 394,205	$ 35,356	$ 11,019	$ 61,031,258

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

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

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 10,890,485	$ 10,677,233
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	546,316	331,862
Amortization	29,545	17,648
Provision for sales returns	9,924	29,879
Amortization of discount on bonds payable	52,330	65,129
Over contribution on pension cost	(285)	(2,020)
Provision for loss on inventories	6,502	-
Loss on physical inventory, net	3,840	3,573
Investment income recognized under the equity method, net	(9,715,483)	(7,238,519)
Cash dividends received from equity-method investees	28,594	22,734
Loss (gain) on disposal of property, plant and equipment, net	(3,946)	2,425
Gain on sale of investment, net	(6,950)	(20,134)
Impairment loss	-	140,030
Deferred income tax	(13,756)	38,849
Net changes in operating assets and liabilities		
Financial assets held for trading	692	(692)
Notes receivable	(30)	-
Accounts receivable	2,244,352	(4,764,686)
Account receivable - related parties	236,107	(254,524)
Other receivable	(57,759)	(3,492)
Other receivable - related parties	6,191	7,684
Inventories	8,087	(149,042)
Other current assets	(15,929)	(7,328)
Financial liabilities held for trading	(11,736)	(20,333)
Accounts payable	(301,894)	351,092
Accounts payable - related parties	(616,105)	1,372,310
Income tax payable	80,405	432,371
Accrued expenses	23,591	217,062
Other payable	(586)	19
Other current liabilities	(19,574)	13,111
Net cash provided by operating activities	3,402,928	1,262,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(1,062,000)	(2,968,057)
Proceeds from disposal of available-for-sale financial assets	1,923,085	2,474,496
Acquisition of investments accounted for by the equity method	(4,000)	(3,422,227)
Proceeds from disposal of investments accounted for by the equity method	-	27,421
Acquisition of property, plant and equipment	(1,461,986)	(2,646,602)
Proceeds from disposal of property, plant and equipment	117,509	11,339

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CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	2012	2011
Decrease (increase) in refundable deposits	$ 34	$ (260)
Increase in other assets	(12,075)	(44,433)
Net cash used in investing activities	(499,433)	(6,568,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	3,081,038	630,539
Issuance of convertible bonds	-	4,495,000
Proceeds from long-term debt	-	1,000,000
Repayment of long-term debt	(700,000)	(700,000)
Increase (decrease) in guarantee deposits received	(11,568)	15,453
Payment of cash dividends	(3,753,496)	(2,761,183)
Issuance of capital stock for GDRs	-	6,209,168
Net cash provided by (used in) financing activities	(1,384,026)	8,888,977
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,519,469	3,582,895
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,576,804	993,909
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,096,273	$ 4,576,804
SUPPLEMENTAL INFORMATION		
Interest paid (excluding capitalized interest)	$ 33,606	$ 22,220
Income tax paid	960,631	190,187
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Long-term debt - current portion	$ 606,667	$ 700,000
Bonds payable - current portion	3,487,922	-
Conversion of convertible bonds	6,500	5,826,300
Transfer of investments accounted for by the equity method to other receivable	13,872	-
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEM		
Acquisition of property, plant and equipment	$ 1,487,836	$ 2,781,744
Increase in payable for property, plant and equipment	(25,850)	(135,142)
Cash paid	$ 1,461,986	$ 2,646,602
Proceeds from disposal of property, plant and equipment	$ 2,326	$ 126,522
Decrease (increase) in other receivable - related parties	115,183	(115,183)
Cash received	$ 117,509	$ 11,339

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

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

1. ORGANIZATION AND OPERATIONS

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

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

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

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

As of December 31, 2012 and 2011, the Company had 2,522 and 2,590 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Significant accounting policies are summarized as follows:

Foreign-currency Transactions

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

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

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Accounting Estimates

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

Current and Noncurrent Assets and Liabilities

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

Cash Equivalents

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

Financial Assets and Liabilities at Fair Value Through Profit or Loss

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

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

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

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

Available-for-sale Financial Assets

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

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

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

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

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

Financial Assets Carried at Cost

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

Impairment of Accounts Receivable

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

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

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

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

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

Impairment of Assets

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

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

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

Allowance for Sales Returns

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

Inventories

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

Investments Accounted for by the Equity Method

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

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

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of ownership in the investee; however, if the Company has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of ownership in the investee.

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

Property, Plant and Equipment

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

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

Depreciation is provided on a straight-line basis over estimated useful lives as follows: Buildings - 20 to 50 years; machinery and equipment - 2 to 10 years; transportation equipment - 5 years; furniture and fixtures - 2 to 10 years; rental assets (except land) - 5 to 35 years and miscellaneous equipment - 2 to 15 years. Property, plant and equipment still in use beyond their original estimated useful lives are further depreciated over their new estimated useful lives.

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

Land Rights

Prepaid lease payments to Taiwan Sugar Corporation for land use rights are amortized over 20 years.

Deferred Expenses

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

Capitalized and Current Expenditures

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

Convertible Bonds

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

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

Pension Costs

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

Income Tax

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

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

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

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

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

Revenue Recognition

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

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

3. ACCOUNTING CHANGE

Financial Instruments

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

Operating Segments

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

4. CASH AND CASH EQUIVALENTS

	December 31	
	2012	**2011**
Cash on hand	$ 1,022	$ 962
Savings accounts in the banks	3,187,982	1,986,056
Time deposits: Interest at 0.32%-1.22% in 2012 and 0.42%-1.80% in 2011	2,611,659	2,282,593
Repurchase agreements - maturity in March 2012 and 2011; interest both at 1.30%	295,610	304,229
Travel check	-	2,964
	$ 6,096,273	$ 4,576,804

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

	December 31	
	2012	**2011**
United States of America - New York (US$62 thousand on both December 31, 2012 and 2011)	$ 1,799	$ 1,875

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

	December 31	
	2012	**2011**
Financial assets at FVTPL		
Forward exchange contracts	$ -	$ 692
Financial liabilities at FVTPL		
Put and call option for bonds payable	$ 37,772	$ 48,040
Forward exchange contracts	-	1,468
	$ 37,772	$ 49,508

a. Forward exchange contracts

The Company entered into derivative contracts to manage exposures to market price and cash flow risks. For the years ended December 31, 2012 and 2011, the Company's forward exchange contracts, which were entered to manage exposures to exchange rate changes, resulted in net gain of NT$4,699 thousand (valuation gain on financial assets NT$5,038 thousand and valuation loss on financial liabilities NT$399 thousand) and net gain of NT$12,675 thousand (valuation gain on financial assets NT$16,874 thousand and valuation loss on financial liabilities NT$4,199 thousand), respectively. The financial instruments did not meet the criteria of hedge accounting; thus, the instruments were categorized as financial assets held for trading.

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

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

	Currency	**Maturity Date**	**Contract Amount (In Thousands)**	**Currency Rate**
The Company				
Sell	US$/NT$	January - March 2012	US$20,000/NT$604,542	30.019-30.41

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

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

	December 31	
	2012	**2011**
Current		
Mutual funds	$ -	$ 848,229
Listed convertible bonds	54,480	58,143
	$ 54,480	$ 906,372
Noncurrent		
Private-placement domestic listed shares	$ 84,446	$ 68,230

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

7. ACCOUNTS RECEIVABLE

	December 31	
	2012	**2011**
Accounts receivable	$ 4,309,851	$ 6,562,274
Less: Allowance for doubtful accounts (Note 2)	8,438	8,438
Allowance for sales returns (Note 2)	42,832	40,979
	$ 4,258,581	$ 6,512,857

There was no movement of the allowance for doubtful accounts Movements of the allowance for sales returns were as follows:

	Year Ended December 31	
	2012	2011
Balance, beginning of year	$ 40,979	$ 18,768
Add: Provision for sales returns	9,924	29,879
Deduct: Amounts write-off	(8,071)	(7,668)
Balance, end of year	$ 42,832	$ 40,979

8. INVENTORIES

	December 31	
	2012	2011
Merchandise	$ 33,759	$ 10,887
Finished goods	93,472	169,231
Work in process and semi-finished goods	162,978	126,166
Raw materials	25,151	19,798
Supplies	24,995	32,702
	$ 340,355	$ 358,784

As of December 31, 2012 and 2011, the allowance for inventory devaluation was NT$18,474 thousand and NT$11,972 thousand, respectively.

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

	Year Ended December 31	
	2012	2011
Cost of goods sold	$ 8,769,573	$ 12,367,611
Unallocated overheads	31,929	3,437
Provision for loss on inventories	6,502	-
Loss on physical inventory, net	3,840	3,573
Scrap income	(83,819)	(83,145)
	$ 8,728,025	$ 12,291,476

9. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	December 31			
	2012		2011	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Domestic unquoted common stocks				
Light Tek Co., Ltd.	$ -	1	$ -	1
Asia Pacific Telecom Co., Ltd.	-	-	-	-
	$ -		$ -	

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

Asia Pacific Telecom Co., Ltd., and Light Tek Co., Ltd., had continuing operating losses. Thus, the Company recognized permanent investment losses in prior years.

10. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	December 31			
	2012		2011	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Nanomag International Co., Ltd. (Nanomag)	$ 47,950,002	100.0	$ 44,086,538	100.0
Gigamag Co., Ltd. (Gigamag)	7,224,360	100.0	3,413,873	100.0
Epileds Technology Inc. ("Epileds")	142,692	7.3	140,478	7.3
Sinher Technology Co., Ltd. ("Sinher")	435,673	27.2	360,204	27.3
Amity Capital Inc. (Amity)	9,098	100.0	9,160	100.0
Kryokey Co., Ltd. (Kryokey)	-	-	13,908	30.0
I-Catcher Optoelectronics Corp. (I-Catcher)	4,002	99.8	3,980	99.8
Yue-Kang Heath Control Technology Inc. ("Yue-Kang")	1,927	40.0	1,056	40.0
Kon-Cheng Accuracy Co., Ltd. (Kon-Cheng)	49,600	40.0	53,079	40.0
	$ 55,817,354		$ 48,082,276	

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

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

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

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

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

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

c. In April 2002, the Company incorporated Gigamag Co., Ltd. (“Gigamag”, a 100% owned subsidiary) for indirect investment in Hoppi Co., Ltd. (“Hoppi”), Avatar Co., Ltd. (“Avatar”), Leo Co., Ltd. (“Leo”) and Orion Co., Ltd. (“Orion”), all 100% owned subsidiaries and engaged in international trade.

   As of December 31, 2012, accumulated original investment amount in Nanomag and Gigamag are NT$5,983,389 thousand (US$195,209 thousand, respectively) and NT$484,941 thousand (US$14,378 thousand).

d. In May 2007, the Company, Bothhand Enterprise Inc. and other investors incorporated Kryokey Co., Ltd. which mainly engages in research and development. However, in their casual meeting, the stockholders decided to dissolve Kryokey. Kryokey was liquidated in December 2012. The Company reclassified the net book value NT$13,872 thousand of Kryokey as other receivable - related parties.

e. In June 2007, the Company incorporated Amity Capital Inc. which mainly engages in investing.

f. In September 2007, the Company and other investors incorporated I-Catcher Optoelectronics Corp. which mainly engages in manufacturing and selling electron components.

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

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

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

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

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

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

	Year Ended December 31	
	2012	**2011**
Nanomag	$ 5,650,782	$ 7,440,740
Gigamag	3,957,243	(273,250)
Epileds	6,649	17,956
Sinher	103,493	54,030
Amity	(62)	(74)
Kryokey	(36)	(428)
I - Catcher	22	19
Yue-Kang	(3,129)	(3,553)
Kon-Cheng	521	3,079
	$ 9,715,483	$ 7,238,519

Nanomag's main earnings are from its subsidiaries in China. - Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) Co., Ltd., Meeca Technology (Suzhou Industrial Park) Co., Ltd. and Catcher Technology (Suqian) Co., Ltd. Related financial information was as follows:

	Year Ended December 31	
	2012	**2011**
Operation results		
Net sales	$ 35,989,832	$ 32,704,558
Operating income	6,784,098	9,269,571
Net income	5,327,203	7,852,765

	December 31	
	2012	**2011**
Financial position		
Current assets	$ 30,383,961	$ 27,127,602
Noncurrent assets	27,024,671	27,223,146
Current liabilities	25,874,227	23,582,897
Noncurrent liabilities	9,048	12,742
Net asset value	31,525,357	30,755,109

m. Related information of invested companies is provided in Tables 7 and 8.

n. Except for Epileds, Sinher, Yue-Kang, Kon-Cheng, and Chaohu Yunhai Magnesium Co., Ltd. which are invested indirectly by Nanomag and without effective control, all other subsidiaries were consolidated companies in the consolidated financial statements as of and for the years ended December 31, 2012 and 2011.

11. PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS - OTHER

a. Property, plant and equipment

Accumulated depreciation was as follows:

	December 31	
	2012	**2011**
Buildings	$ 132,119	$ 111,747
Machinery and equipment	1,418,167	962,676
Transportation equipment	8,922	8,107
Furniture and fixtures	26,994	24,998
Rental assets	93,141	87,513
Miscellaneous equipment	166,934	122,510
	$ 1,846,277	$ 1,317,551

Information about capitalized interest was as follows:

	Year Ended December 31	
	2012	2011
Amount of interest	$ 89,435	$ 92,377
Capitalized interest	2,292	4,107
Interest expense	$ 87,143	$ 88,270
Capitalization rates	1.146%	0.867%-1.033%

The Company obtained the usage right of the land on which its building are situated under an agreement with Taiwan Sugar Corporation (refer to Note 23).

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

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

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

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

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

Year	NT$
2013	$ 17,808
2014	17,220
2015	12,600
2016	12,600
2017 and later	3,000

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

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

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

12. SHORT-TERM LOANS

	December 31	
	2012	2011
Unsecured loans: Interest at 1.091%-1.320%	$ 3,732,000	$ -
Usance letters of credit: Interest at 0.5893%-1.35%	-	650,962
	$ 3,732,000	$ 650,962

13. LONG-TERM DEBT

	December 31	
	2012	2011
Secured loans: Repayable in 48 equal monthly installments starting September 2009 to August 2013, interest rate at 1.086% in 2012 and 1.055% in 2011	$ 156,667	$ 406,667
Secured loans: Repayable in 48 equal monthly installments starting January 2010 to December 2013, interest rate at 1.088% in 2012 and 1.061% in 2011	450,000	900,000
Secured loans: Repayable in April 2014, interest rate at 1.253% in 2012 and 1.244% in 2011	1,000,000	1,000,000
	1,606,667	2,306,667
Less: Current portion due within one year	606,667	700,000
	$ 1,000,000	$ 1,606,667

14. BONDS PAYABLE

First Domestic Unsecured Bond

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

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

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

Periods restricted for conversion:

a. Period from at least fifteen trading days prior to the non-transferring declaration date of stock dividends, cash dividends or capital increase by cash contribution to the granted date of the distribution of dividends;

b. Period from the granted date of capital reduction to one trading day prior to replacement of old share certificates by new ones;

c. Other stipulated non-transferring periods.

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

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

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

a. Between June 9, 2010 and October 29, 2014, if the closing price of the Company's stock reaches 130% of the conversion price for 30 consecutive trading days.

b. Between June 9, 2010 and October 29, 2014, the outstanding balance is lower than 10% of the original issuance amounts.

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

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

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

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

Second Domestic Unsecured Bond

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

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

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

Periods restricted for conversion:

a. Period from at least fifteen trading days prior to the non-transferring declaration date of stock dividends, cash dividends or capital increase by cash contribution to the granted date of the distribution of dividends;

b. Period from the granted date of capital reduction to one trading day prior to replacement of old share certificates by new ones;

c. Other stipulated non-transferring periods.

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

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

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

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

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

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

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

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

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

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

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

15. PENSION PLAN

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

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

Information about the defined benefit pension was as follows:

a. Components of net periodic pension cost

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

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

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

c. Actuarial assumptions

	December 31	
	2012	2011
Discount rate used in determining present values	1.875%	2%
Future salary increase rate	1.875%	2%
Expected rate of return on plan assets	1.875%	2%

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

16. STOCKHOLDERS' EQUITY

Issuance of Global Depositary Receipts (GDRs)

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

Capital Surplus

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

Appropriation of Earnings and Dividend Policy

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

a. Offset against deficit, if any;

b. 10% of the remainder as legal reserve, until the accumulated amount equals the Company's paid-in capital;

c. Special reserve may be appropriated as required;

d. The remainder, no more than 1% as remuneration to directors and supervisors; not less than 1% as bonus to employees. The remaining portion plus reversal of special reserve and the accumulated unappropriated earnings generated from prior years should be deemed as the distributable earnings, the distribution plan of which should be proposed by the Board of Directors and approved in the shareholders meeting. The Company may issue stock bonuses to employees of an affiliated company meeting the conditions set by the management and the balance shall be distributed to stockholders as proposed by the board of directors.

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

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

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

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

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

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

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

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

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

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

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

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

Unrealized Gain or Loss on Financial Instruments

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

	Available-for-sale Financial Assets	Investees Accounted for by the Equity Method	Total
2012			
Balance, beginning of year	$ (24,671)	$ 13,027	$ (11,644)
Recognized in shareholders' equity	25,409	28,541	53,950
Transferred to profit or loss	(6,950)	-	(6,950)
Balance, end of year	$ (6,212)	$ 41,568	$ 35,356
2011			
Balance, beginning of year	$ (59,004)	$ (183)	$ (59,187)
Recognized in shareholders' equity	(100,357)	13,210	(87,147)
Transferred to profit or loss	134,690	-	134,690
Balance, end of year	$ (24,671)	$ 13,027	$ (11,644)

Unrealized Revaluation Increment on Properties

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

17. INCOME TAX

a. A reconciliation of income tax expense based on income before income tax at statutory tax rate of 17% and income tax expense was as follows:

	Year Ended December 31	
	2012	2011
Income tax based on income before income tax at statutory tax rate	$ 2,026,020	$ 1,927,569
Add (deduct) tax effects of:		
Temporary differences		
Depreciation	(21,362)	(19,571)
Unrealized foreign exchange loss (gain)	29,132	(24,606)
Others	(3,025)	4,549
	4,745	(39,628)
Permanent differences		
Investment income recognized under equity method	(1,651,632)	(1,230,548)
Tax-exempt income	(10,856)	(12,570)
Unrealized valuation gain on financial instruments	(1,746)	(3,706)
Amortization of discount on bonds payable	8,896	11,072
Impairment loss	-	23,805
Others	2,486	(2,793)
	(1,652,852)	(1,214,740)
Tax of 10% on undistributed earnings	671,480	36,688
Investment tax credits	(11,699)	(90,496)
Current income tax expense	1,037,694	619,393
Deferred income tax expense		
Temporary differences	(13,756)	38,849
Prior year's tax adjustments	3,342	3,165
	$ 1,027,280	$ 661,407

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

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

	December 31	
	2012	2011
Current		
Unrealized foreign exchange loss (gain)	$ 15,819	$ (13,313)
Provision for loss on inventories	3,141	2,035
Unrealized sales return	1,968	-
Unrealized intercompany profit	290	1,068
Others	15	934
Deferred income tax assets (liabilities) - current, net	21,233	(9,276)
Noncurrent		
Depreciation difference	(84,223)	(67,546)
Unrealized intercompany profit	1,560	1,621
Others	4	19
Deferred income tax liabilities - noncurrent, net	(82,659)	(65,906)
Deferred income tax liabilities, net	$ (61,426)	$ (75,182)

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

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

c. The Company's tax returns through 2010 had been assessed by the tax authorities.

d. Information about integrated income tax was as follows:

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

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

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

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to the stockholders of the Company is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2012 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution. Nonresident stockholders can only be allowed a tax credit from the 10% income tax on the unappropriated earnings, which can be used as deduction of the withholding income tax on dividends paid.

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31					
	2012			2011		
	Cost of Sales	Operating Expense	Total	Cost of Sales	Operating Expense	Total
Personnel expenditures						
Salary	$ 881,892	$ 354,233	$ 1,236,125	$ 665,131	$ 210,226	$ 875,357
Labor and health insurance	83,359	10,817	94,176	63,107	9,195	72,302
Pension	39,457	6,616	46,073	30,668	3,536	34,204
Others	37,325	3,054	40,379	38,167	3,067	41,234
	$ 1,042,033	$ 374,720	$ 1,416,753	$ 797,073	$ 226,024	$ 1,023,097
Depreciation	$ 519,464	$ 26,852	$ 546,316	$ 313,667	$ 18,195	$ 331,862
Amortization	22,345	7,200	29,545	12,115	5,533	17,648

19. EARNINGS PER SHARE (EPS)

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

a. Numerator, net income

	Year Ended December 31			
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Net income	$ 11,917,765	$ 10,890,485	$ 11,338,640	$ 10,677,233
Effect of dilutive potential common shares - convertible bonds	42,062	41,925	43,328	43,188
Diluted earnings	$ 11,959,827	$ 10,932,410	$ 11,381,968	$ 10,720,421

b. Denominator - thousand shares

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

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

20. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

	December 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Available-for-sale financial assets - current and noncurrent	$ 138,926	$ 138,926	$ 974,602	$ 974,602
Financial assets at fair value through profit or loss - current	-	-	692	692
Refundable deposits	3,326	3,326	3,360	3,360
Liabilities				
Financial liabilities at fair value through profit or loss - current	37,772	37,772	49,508	49,508
Long-term debt (including current portion)	1,606,667	1,606,667	2,306,667	2,306,667
Bonds payable (including current portion)	3,487,922	3,487,922	3,441,822	3,441,822
Guarantee deposit received	7,175	7,175	18,743	18,743

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

1) The aforementioned financial instruments excluded cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, other receivable, other receivable - related parties, short-term loans, accounts payable, accounts payable - related parties, accrued expenses, other payable and other payable - related parties. The carrying amounts of these financial instruments approximate their fair values because of their short maturities.

2) Fair values of financial instruments designated as at FVTPL and available-for-sale financial assets are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

3) Long-term debt is interest-bearing based on floating interest rate; therefore, the fair value approximates the carrying amount.

4) Fair value of bonds payable is estimated using the present value of future cash flows discounted by the interest rates the Company may obtain for similar loans.

5) The fair values of refundable deposits paid and guarantee deposits received are determined at their carrying values.

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

	Quoted Market Prices		Valuation Techniques	
	December 31		December 31	
	2012	2011	2012	2011
Assets				
Financial assets at FVTPL - current	$ -	$ -	$ -	$ 692
Available-for-sale financial assets - current and noncurrent	54,480	906,372	84,446	68,230
Liabilities				
Financial liabilities at FVTPL - current	-	-	37,772	49,508

d. Valuation gains (losses) from changes in fair value of financial instruments determined by using valuation techniques were gain of NT$11,044 thousand and gain of NT$21,025 thousand for the years ended December 31, 2012 and 2011, respectively.

e. As of December 31, 2012 and 2011, financial assets exposed to fair value interest rate risk amounted to NT$2,907,269 thousand and NT$2,586,822 thousand, respectively, financial liabilities exposed to fair value interest rate risk amounted to NT$3,487,922 thousand and NT$3,441,822 thousand, respectively, financial assets exposed to cash flow interest rate risk amounted to NT$3,187,982 thousand and NT$1,986,056 thousand, respectively, and financial liabilities exposed to cash flow interest rate risk amounted to NT$5,338,667 thousand and NT$2,957,629 thousand, respectively.

f. The interest income (expense) associated with financial assets (liabilities) other than at FVTPL was as follows:

	Year Ended December 31	
	2012	2011
Total interest income	$ 50,634	$ 27,500
Total interest expense (including capitalized interest)	89,435	92,377

g. Financial risk

1) Market risk

The Company invested in domestic convertible bonds and mutual funds which fair values were determined by quoted market price. Fair value of these financial assets as of December 31, 2012 will decrease by NT$545 thousand when their quoted market prices decrease by 1%.

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Company if the counterparties breached contracts. The Company’s financial instruments are affected by its credit risk concentration, component, contract amounts and other receivable. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk; as of December 31, 2012 and 2011, the maximum credit exposures and carrying value are the same. As of December 31, 2012 and 2011, the maximum credit risk of guarantee were NT$29,666,320 thousand and NT$6,612,000 thousand, respectively.

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

	December 31			
	2012		2011	
	Carrying Amount	Maximum Exposure to Credit Risk	Carrying Amount	Maximum Exposure to Credit Risk
A Company	$ 2,303,573	$ 2,303,573	$ -	$ -
B Company	1,204,997	1,204,997	3,085,217	3,085,217
C Company	340,230	340,230	694,984	694,984
D Company	136,669	136,669	964,021	964,021
E Company	-	-	930,069	930,069
Others	324,382	324,382	887,983	887,983
	$ 4,309,851	$ 4,309,851	$ 6,562,274	$ 6,562,274

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

3) Liquidity risk

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

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

4) Cash flow interest rate risk.

The Company's bank deposits and short- and long-term loans are floating-rate deposits and loans. When the market interest rate increases by one percent, the Company's cash outflow will increase by NT$21,507 thousand a year.

21. RELATED PARTY TRANSACTIONS

a. Related parties and their relationships with the Company

Related Party	Relationship with the Company
Gigamag Co., Ltd. (Gigamag)	Subsidiary (held 100%)
Avatar Co., Ltd. (Avatar)	Subsidiary (indirect held 100%)
Hoppi Co., Ltd. (Hoppi)	Subsidiary (indirect held 100%)
Orion Co., Ltd. (Orion)	Subsidiary (indirect held 100%)
Leo Co., Ltd. (Leo)	Subsidiary (indirect held 100%)
Kon-Cheng Accuracy Co., Ltd. (Kon-Cheng)	Equity-method investee - 40% shareholding
Epileds Technology Inc. (Epileds)	Equity-method investee - 7.3% shareholding
Meeca Technology (Suzhou Industrial Park) Co., Ltd. (Meeca Suzhou)	Subsidiary (indirect held 100%)
Catcher Technology (Suqian) Co., Ltd. (Catcher Suqian)	Subsidiary (indirect held 100%)
Topo Technology (Suzhou) Co., Ltd. (Topo Suzhou)	Subsidiary (indirect held 100%)

(Continued)

Related Party	Relationship with the Company
Yue-Kang Health Control Technology Inc. (Yue-Kang)	Equity-method investee - 40% shareholding
Kryokey Co., Ltd. (Kryokey)	Subsidiary (held 30% as of December 31, 2011; liquidated in December 2012)

(Concluded)

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

1) Sales

The Company's selling price to related parties is based on cost plus profit. The Company sold finished goods and work-in-process to Orion for NT$508,714 thousand and NT$512,676 thousand (4% and 3% of net sales in 2012 and 2011, respectively) for the years ended December 31, 2012 and 2011, respectively.

The Company's products do not have substitutes in the market that can be used as basis for comparison of prices with third parties. The sales term was not significantly different from other sales to third parties; it was 120 days after monthly closing.

2) Purchases

	Year Ended December 31			
	2012		2011	
	Amount	% to Total Purchases	Amount	% to Total Purchases
Leo	$ 6,105,883	90	$ 10,035,656	92
Kon-Cheng	72,244	1	34,259	-
	$ 6,178,127	91	$ 10,069,915	92

The Company purchases from Leo products that do not have substitutes in the market that can be used as basis for comparison of prices. The payment terms were 90 days after next month's closing and 30 days after monthly closing for the years ended December 31, 2012 and 2011, respectively.

The Company's purchase prices and payment term from Kon-Cheng were not significantly different from those of purchases from third parties; payment term was 90 days after next month's closing.

3) Supplies

For the years ended December 31, 2012 and 2011, the Company sold supplies to Orion for NT$1,472 thousand and NT$3,154 thousand, respectively. The sales term was 120 days after monthly closing.

For the year ended December 31, 2012, the Company purchased supplies from Epileds, Kon-Cheng and Leo; the payment terms of each was 90 days after next month's closing. The amounts of these transactions were as follows:

	Amount	% to Total Purchases
Epileds	$ 1,373	1
Kon-Cheng	1,156	-
Leo	683	-
	$ 3,212	1

4) Purchases of property, plant and equipment

The Company purchased property, plant and equipment from related parties as follows:

	Year Ended December 31	
	2012	2011
Avatar	$ 78,563	$ 299,373
Topo Suzhou	10,687	-
Meeca Suzhou	8,617	-
Gigamag	-	291,155
Hoppi	-	5,562
Kryokey	-	360
	$ 97,867	$ 596,450

For the year ended December 31, 2011, the Company sold property, plant and equipment to Orion for NT$115,183 thousand and had an unrealized profit of NT$7,417 thousand (recognized as deferred credit - inter-company gains).

The Company had an unrealized profit of NT$10,885 thousand and NT$15,819 thousand as of December 31, 2012 and 2011, respectively, recognized as deferred credit - inter-company gains.

5) Guarantees

The Company had provided guarantees to related parties as follows:

	December 31	
	2012	2011
Gigamag	$ 13,079,880	$ 4,456,500
Meeca Suzhou	5,082,000	-
Catcher Suqian	4,356,000	-
Orion	4,496,040	605,500
Avatar	1,345,600	1,550,000
Topo Suzhou	1,306,800	-
	$ 29,666,320	$ 6,612,000

The subsidiaries' time deposits mortgaged as collateral for bank loans obtained by the Company were as follows:

	Year Ended December 31			
	2012		2011	
	Maximum Balance	Ending Balance	Maximum Balance	Ending Balance
Hoppi	$ 245,749	$ -	$ 457,010	$ 245,749

c. Year-end balance

	December 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
Accounts receivable - related parties				
Orion	$ 77,407	2	$ 313,514	5
Other receivable - related parties				
Kryokey	$ 13,872	11	$ -	-
Orion	-	-	121,374	71
	$ 13,872	11	$ 121,374	71
Accounts payable - related parties				
Leo	$ 1,603,162	85	$ 2,231,380	80
Kon-Cheng	48,084	3	35,971	1
	$ 1,651,246	88	$ 2,267,351	81
Other payables - related parties				
Hoppi	$ 2,340	1	$ 5,418	3
Leo	53	-	-	-
	$ 2,393	1	$ 5,418	3

d. Compensation of directors, supervisors and management personnel:

	Year Ended December 31	
	2012	2011
Salaries	$ 18,503	$ 14,499
Incentives	1,831	1,933
Special compensation	489	510
Bonus	19,544	48,413
	$ 40,367	$ 65,355

22. MORTGAGED OR PLEDGED ASSETS

The Company's assets mortgaged or pledged as collateral for long-term debt were as follows:

	December 31	
	2012	2011
Land	$ 1,547,865	$ 1,120,804
Buildings	525,885	-
Rental assets, including the revaluation increment	201,515	205,994
Construction in progress and prepayments for equipment	-	596,813
	$ 2,275,265	$ 1,923,611

23. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to those disclosed in Note 14, significant commitments and contingencies of the Company as of December 31, 2012 were as follows:

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

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

b. The unbilled amounts for purchases of properties and materials were NT$353,157 thousand and NT$29,929 thousand, respectively.

c. Guarantees for letters of credit provided by the Company to Avatar, Gigamag, Orion, Meeca Suzhou, Topo Suzhou and Catcher Suqian amounted to NT$29,666,320 thousand.

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

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

	December 31					
	2012			2011		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 348,967	28.99	$ 10,116,549	$ 344,104	30.225	$ 10,400,558
Investments accounted for by the equity method						
USD	1,899,944	29.04	55,174,362	1,568,965	30.275	47,500,411
Financial liabilities						
Monetary items						
USD	58,092	29.09	1,689,890	82,603	30.325	2,504,938
JPY	56	0.3384	19	1,673,323	0.3926	656,947

25. OTHER

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

26. ADDITIONAL DISCLOSURES

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

1) Financing provided to others for the year ended December 31, 2012: Please refer to Table 1.

2) Endorsement/Guarantee provided to others for the year ended December 31, 2012: Please refer to Table 2.

3) Securities held as of December 31, 2012: Please refer to Table 3.

4) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2012: Please refer to Table 4.

5) Acquisition of individual real estate with amount exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2012: None.

6) Disposal of individual real estate with amount exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2012: None.

7) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2012: Please refer to Table 5.

8) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock as of December 31, 2012: Please refer to Table 6.

9) Names, locations and related information of investees as of December 31, 2012: Please refer to Table 7.

10) Financial instruments and derivative transactions: The Company entered into derivative contracts please refer to Notes 5 and 14. In 2012, the subsidiaries of Topo Suzhou, Catcher Suzhou and Meeca Suzhou entered into derivative contracts were as follow:

The subsidiaries entered into derivative contracts to manage exposures to market price and cash flow risks.

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

For the years ended December 31, 2012, the subsidiaries' forward exchange contracts, which were entered to manage exposures to exchange rate changes, resulted in net loss of NT$20,920 thousand.

b. Investment in Mainland China

1) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), book value of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Table 8.

2) Significant direct transactions and indirect transactions made through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Table 9.

3) Endorsement/guarantee provided by the investee company: Please refer to Table 2.

4) Financing provided by the investee company: Please refer to Table 1.

5) Other transactions with significant influence on current period’s profit or loss and financial status: None.

27. OPERATING SEGMENT INFORMATION

In accordance with SFAS No. 41, the Company had disclosed the operating segment information in consolidated financial statements for the years ended December 31, 2012 and 2011.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCINGS PROVIDED
YEAR ENDED DECEMBER 31, 2012
(Amounts in Thousands of New Taiwan Dollars)

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

TABLE 3

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Units or Shares	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Stella International Co., Ltd.	Ditto	Ditto	47,040,600	$ 15,915,689	100.0	$ 15,945,176	The difference is the adjustment to unrealized gain on sidestream intercompany transactions between subsidiaries.
	Aquila International Co., Ltd.	75% owned subsidiary	Ditto	1,050,000	280,357	75.0	280,357	
	Uranus International Co., Ltd.	100% owned subsidiary	Ditto	199,007,763	7,637,946	100.0	7,685,803	The difference is the adjustment to unrealized gain on sidestream intercompany transactions between subsidiaries.
	Grus International Co., Ltd.	Ditto	Ditto	30,003,618	953,702	100.0	953,702	
					$ 47,792,766		$ 47,878,937	
Artery Co., Ltd.	Catcher Technology Phils Inc.	100% owned subsidiary	Investments accounted for by the equity method	581,250	$ 1,547	100	$ 1,547	
Castmate International Co., Ltd.	Castmate International Pte. Ltd.	100% owned subsidiary	Investments accounted for by the equity method	-	$ -	-	$ -	
	Cygnus International Co., Ltd.	Ditto	Ditto	139,345,259	21,408,982	100.0	21,408,982	
					$ 21,408,982		$ 21,408,982	
Cygnus International Co., Ltd.	Catcher Technology (Suzhou) Co., Ltd.	100% owned subsidiary	Investments accounted for by the equity method	-	$ 4,938,420	100.0	$ 4,938,420	
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	Ditto	-	11,485,808	100.0	11,485,808	
					$ 16,424,228		$ 16,424,228	
Stella International Co., Ltd.	Norma International Pte. Ltd.	100% owned subsidiary	Investments accounted for by the equity method	-	$ -	-	$ -	
	Lyra International Co., Ltd.	Ditto	Ditto	77,014,868	14,225,618	100.0	14,225,618	
					$ 14,225,618		$ 14,225,618	
Lyra International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	100% owned subsidiary	Investments accounted for by the equity method	-	$ 10,306,335	100.0	$ 10,306,335	
	Topo Technology (Taizhou) Co., Ltd.	Ditto	Ditto	-	1,010,249	100.0	1,010,249	
					$ 11,316,584		$ 11,316,584	
Aquila International Co., Ltd.	Saturn International Pte. Ltd.	75% owned subsidiary	Investments accounted for by the equity method	-	$ -	-	$ -	
	Cepheus International Co., Ltd.	Ditto	Ditto	1,400,000	371,807	100.0	371,807	
					$ 371,807		$ 371,807	
Cepheus International Co., Ltd.	Aquila Technology (Suzhou) Co., Ltd.	75% owned subsidiary	Investments accounted for by the equity method	-	$ 361,195	100.0	$ 361,195	
Uranus International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	100% owned subsidiary	Investments accounted for by the equity method	-	$ 4,794,794	100.0	$ 4,794,794	
	Vito Technology (Suqian) Co., Ltd.	Ditto	Ditto	-	2,890,988	100.0	2,890,988	
					$ 7,685,782		$ 7,685,782	
Grus International Co., Ltd.	Sagitta International Co., Ltd.	95% owned subsidiary	Investments accounted for by the equity method	29,913,748	$ 951,327	95.0	$ 951,327	
Sagitta International Co., Ltd.	Chaohu Yunhai Magnesium Co., Ltd.	46% equity-method investee	Investments accounted for by the equity method	-	$ 1,004,046	49.0	$ 1,004,046	
Gemini International Co., Ltd.	Cetus International Co., Ltd.	70% owned subsidiary	Investments accounted for by the equity method	-	$ -	-	$ -	

(Concluded)

TABLE 4

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

Note 1: Including incremental investment US$15,000,000, and gain in valuation of fair value US$356,892.93.

Note 2: Including incremental investment US$99,000,000, equity in gain of equity-method investee US$36,310,696.95, and translation adjustments from variation of exchange rate gain US$1,286,672.24.

Note 3: Including incremental investment US$7,747,403, equity in gain of equity-method investee US$208,541.53, and translation adjustments from variation of exchange rate gain US$114,008.38, and capital surplus NT$49,989.53 at a percentage different from current percentage of ownership in the investee.

Note 4: Including incremental investment US$99,000,000 equity in loss of equity-method investee US$280,126.21, and translation adjustments from variation of exchange rate gain US$832,059.23.

Note 5: Including incremental investment US$7,747,403, equity in gain of equity-method investee US$212,584.97, and translation adjustments from variation of exchange rate gain US$114,008.38, and capital surplus NT$49,989.53 at a percentage different from current percentage of ownership in the investee.

Note 6: Including incremental investment US$7,747,403, equity in gain of equity-method investee US$232,707.7, and translation adjustments from variation of exchange rate gain US$119,763.76.

Note 7: Including incremental investment US$32,900,976.58, equity in gain of equity-method investee US$1,692,589.76, and translation adjustments from variation of exchange rate gain US$194,635.39.

(Concluded)

TABLE 5

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

TABLE 6

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2012			Net Income (Losses) of Investee	Equity in the Earnings (Losses) (Note 5)	Note
				December 31, 2012	December 31, 2011	Shares	Percentage of Ownership (%)	Carrying Value			
Catcher Technology Co., Ltd.	Gigamag Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia, Samoa	Investing activities	$ 484,941	$ 484,941	14,377,642	100.0	$ 7,224,360	$ 3,966,786	$ 3,957,243	
	Nanomag International Co., Ltd.	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Ditto	5,983,389	5,983,389	195,209,016	100.0	47,950,002	5,650,782	5,650,782	
	Kryokey Co., Ltd.	1F., No. 13, Aly. 91, Ln. 307, Xiaodong Rd., North Dist. Tainan City 704, Taiwan (R.O.C.)	Research and development	-	19,800	-	-	-	(122)	(36)	
	Amity Capital Inc.	1F, No. 10, Ln 138, Ren-ai St, Yong Kang Dist. Tainan City 710, Taiwan (R.O.C.)	Investing activities	29,000	29,000	2,900,000	100.0	9,098	(62)	(62)	
	I-Catcher Optoelectronics Corp.	1F, No. 10, Ln 138, Ren-ai St, Yong Kang Dist. Tainan City 710, Taiwan (R.O.C.)	(Note 1)	4,990	4,990	499,000	99.8	4,002	22	22	
	Sinher Technology Co., Ltd.	10F-1., No. 29-1, Ln. 169, Kangning St., Xizhi Dist. New Taipei City 221, Taiwan (R.O.C.)	Manufacturing electronic parts	131,502	131,502	16,653,289	27.2	435,673	379,584	103,493	
	Epileds Technology Inc.	SF, No. 2 Chuangye Rd., Xinshi Dist. Tainan City 744, Taiwan (R.O.C.)	Manufacturing and selling LED wafer and chip	102,427	102,427	7,347,144	7.3	142,692	85,436	6,649	
	Yue-Kang Health Control Technology Inc.	1F, No. 10, Ln 138, Ren-ai St, Yong Kang Dist. Tainan City 710, Taiwan (R.O.C.)	Health and medical treatment consultant	10,000	6,000	1,000,000	40.0	1,927	(7,821)	(3,129)	
	Kon-Cheng Accuracy Co., Ltd.	No. 113, Wugong 2nd Road, Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	Manufacturing plastic products	50,000	50,000	5,000,000	40.0	49,600	(782)	521	
Gigamag Co., Ltd.	Hoppi Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	International trading	US$ 4,598,742	US$ 4,598,742	4,598,742	100.0	4,910,354	2,360,663		
	Avatar Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	US$ 6,938,100	US$ 6,938,100	6,938,100	100.0	784,899	82,673		
	Leo Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	US$ 15,000,000	US$ 15,000,000	15,000,000	100.0	448,287	3		
	Orion Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	US$ 5,000,000	US$ 5,000,000	5,000,000	100.0	(157,190)	2,475		
Nanomag International Co., Ltd.	Artery Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Investing activities	US$ 632,495	US$ 632,495	632,495	100.0	1,090	(230)		
	Castmate International Co., Ltd.	P. O. Box 3443 Road Town, Tortola, British Virgin Island	Ditto	US$ 34,349,591	US$ 34,349,591	34,349,591	100.0	23,002,719	2,519,942		
	Stella International Co., Ltd.	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Ditto	US$ 47,040,600	US$ 47,040,600	47,040,600	100.0	15,915,689	1,962,521		
	Aquila International Co., Ltd.	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Ditto	US$ 1,120,000	US$ 1,120,000	1,050,000	75.0	280,357	73,471		
	Gemini International Co., Ltd.	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Ditto	US$ 2,944,500	US$ 2,944,500	2,944,500	100.0	1,263	(461)		
	Uranus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Ditto	US$ 199,007,763	US$ 100,007,763	199,007,763	100.0	7,637,946	892,936		
	Grus International Co., Ltd.	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Investing activities	US$ 30,003,618	US$ 22,256,215	30,003,618	100.0	953,702	6,148		

(Continued)

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

Note 1: Manufacturing and selling molds and electronic parts.

Note 2: Manufacturing and selling aluminum and magnesium die casting products and molds.

Note 3: Researching, developing and manufacturing mini calculator's mobile communication system phone and components of communication electron products.

Note 4: Manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metal.

Note 5: The equity in the earnings (losses) is only reflected for the subsidiaries invested directly and the investments accounted for by the equity method.

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

Note 1: The investing methods are categorized as follows:

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

(Continued)

Note 2: In the column:

1: This means the investee is under initial preparation and there were no gains or losses on investment.

2: The recognition of gains or losses on investment is based on:

(1) The financial statements audited by global accounting firms, which are affiliated with the accounting firms in the Republic of China.
(2) The financial statements audited by the certified public accountant of the parent company in Taiwan.
(3) The financial statements were not audited by the certified public accountant
(4) Others.

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

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

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

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

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

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

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

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

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD.

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

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

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

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