TAIWAN GLASS INDUSTRIAL CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
WITH
INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

To Taiwan Glass Industrial Corporation

We have audited the accompanying balance sheets of Taiwan Glass Industrial Corporation (the "Company") as of December 31, 2012 and 2011, and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended. 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.

We conducted our audits in accordance with the Regulation Governing the Auditing and Attestation 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 whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred above present fairly, in all material respects, the financial position of Taiwan Glass Industrial Corporation as of December 31, 2012 and 2011, and its financial performance and cash flows for the years then ended in accordance with the requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

Ernst & Young
安永

We have also audited the consolidated financial statements of Taiwan Glass Industrial Corporation and subsidiaries as of and for the years ended December 31, 2012 and 2011 on which we have issued unqualified opinions.

Ernst & Young
Taipei, Taiwan
Republic of China
March 18, 2013

<u>Notice to Readers</u>

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, the Chinese version of auditors' report and financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

TAIWAN GLASS INDUSTRIAL CORPORATION

BALANCE SHEETS

December 31, 2012 and 2011

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	NOTES	As of December 31, 2012	As of December 31, 2011
CURRENT ASSETS			
Cash and cash equivalents	2, 4(1)	$3,084,340	$5,745,066
Notes receivable, net	2, 4(2)	253,285	314,630
Accounts receivable, net	2, 4(2)	1,203,724	1,059,524
Accounts receivable - affiliates, net	2, 4(2), 5	101,706	43,369
Other receivables, net	2, 7(6)	14,728	35,207
Other receivables - affiliates	5	385,641	697,479
Inventories, net	2, 4(3)	4,309,730	3,620,159
Prepayments		355,889	448,629
Other current assets	2, 4(4), 4(19)	177,824	92,275
Total current assets		9,886,867	12,056,338
FUNDS AND INVESTMENTS			
Available-for-sale financial assets - noncurrent	2, 4(5)	363,595	1,680,047
Financial assets carried at cost - noncurrent	2, 4(6)	49,206	68,106
Long-term investments accounted for under the equity method	2, 4(7)	38,133,161	37,509,045
Prepayment for long-term investments		-	19,500
Total funds and investments		38,545,962	39,276,698
PROPERTY, PLANT AND EQUIPMENT	2, 4(8), 5		
Cost			
Land		3,429,800	3,429,800
Buildings		6,800,643	6,656,461
Machinery and equipment		18,088,379	17,147,448
Transportation equipment		223,482	215,218
Miscellaneous equipment		346,129	301,048
Depletable assets		11,595	11,595
Subtotal		28,900,028	27,761,570
Land - revaluation increment		435,857	435,857
Buildings - revaluation increment		152,281	152,281
Subtotal		29,488,166	28,349,708
Less: accumulated depreciation		(16,471,325)	(15,381,793)
Construction in progress		948,877	772,630
Prepayment for equipments		192,362	152,670
Property, plant and equipment, net		14,158,080	13,893,215
OTHER ASSETS			
Refundable deposits		25,641	34,194
Deferred charges	2	23,541	24,471
Deferred tax assets - noncurrent	2, 4(19)	56,788	98,617
Other assets - others	2, 4(9), 4(10)	333,664	330,896
Total other assets		439,634	488,178
TOTAL ASSETS		$63,030,543	$65,714,429

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

English Translation of a Report Originally Issued in Chinese
TAIWAN GLASS INDUSTRIAL CORPORATION
BALANCE SHEETS (CONTINUED)
December 31, 2012 and 2011
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTES	As of December 31, 2012	2011
CURRENT LIABILITIES			
Short-term loans	4(11)	$3,260,000	$2,170,000
Short-term notes and bills payable	4(12)	1,198,952	-
Notes payable		893,200	750,776
Accounts payable		310,254	261,494
Estimated accounts payable		28,055	158,651
Income tax payable	2, 4(19)	388,788	562,568
Accrued expenses		24,721	40,466
Other payables		8,845	5,734
Dividend payable		314,310	330,938
Long-term loans - current portion	4(14)	1,175,000	-
Advanced receipts		79,150	79,019
Total current liabilities		7,681,275	4,359,646
NON-CURRENT LIABILITIES			
Bonds payable	2, 4(13)	8,491,341	8,698,214
Long-term loans	4(14)	2,000,000	3,175,000
Total non-current liabilities		10,491,341	11,873,214
RESERVES			
Reserve for land revaluation increment tax	2	236,222	236,222
Reserve for furnace cold repair	2	560,049	560,049
Total reserves		796,271	796,271
OTHER LIABILITIES			
Deposits-in		21,896	21,580
Deferred credit	2, 5	299,459	211,519
Total other liabilities		321,355	233,099
TOTAL LIABILITIES		19,290,242	17,262,230
STOCKHOLDERS' EQUITY			
Capital			
Common stock	4(15)	23,780,608	22,756,563
Capital reserve	4(16)		
Additional paid-in capital		25,000	25,000
Long-term investments	2, 4(7)	1,374,998	1,212,797
Stock option	2, 4(12)	383,440	383,440
Others		103,166	103,166
Retained earnings			
Legal reserve	4(17)	5,601,432	5,349,014
Special reserve	4(18)	7,020,044	7,020,044
Unappropriated retained earnings	4(18), 4(19)	3,879,692	8,000,447
Adjusting items in stockholders' equity			
Cumulative translation adjustment	2, 4(7)	1,689,953	3,179,321
Unrealized gain or loss on financial instruments	2, 4(5), 4(7)	(183,298)	357,141
Unrealized incremental value from assets revaluation	2	65,266	65,266
TOTAL STOCKHOLDERS' EQUITY		43,740,301	48,452,199
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$63,030,543	$65,714,429

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

English Translation of a Report Originally Issued in Chinese
TAIWAN GLASS INDUSTRIAL CORPORATION
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2012 and 2011
(Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share Information)

	NOTES	For the Years Ended December 31, 2012	2011
OPERATING REVENUES			
Sales revenues	2, 5	$13,179,412	$14,183,828
Less: sales returns and allowances		(17,524)	(17,510)
Net sales revenues		13,161,888	14,166,318
Other operating revenue	5	82,178	69,910
NET OPERATING REVENUES		13,244,066	14,236,228
OPERATING COST	4(3), 4(21), 5		
Cost of goods sold		(11,587,614)	(11,261,916)
Other operating cost		(74,372)	(60,388)
Total		(11,661,986)	(11,322,304)
GROSS PROFIT		1,582,080	2,913,924
Unrealized intercompany profit	2	(3,500)	(3,966)
Realized intercompany profit	2	3,966	5,023
NET GROSS PROFIT		1,582,546	2,914,981
OPERATING EXPENSES	4(21)		
Selling and marketing		(1,608,636)	(1,665,816)
General and administrative		(213,600)	(291,053)
Research and development		(104,611)	(105,485)
Total		(1,926,847)	(2,062,354)
OPERATING (LOSS) INCOME		(344,301)	852,627
NON-OPERATING INCOME			
Interest income	5	41,601	57,937
Investment income accounted for under the equity method, net	2, 4(7)	-	199,901
Dividend income		6,380	247,429
Gain on disposal of property, plant and equipment	2	41,098	35,738
Gain on disposal of investments	2, 4(5)	519,950	1,448,384
Foreign exchange gain, net	2	152,517	-
Rental income	5	90,176	87,523
Reversal of doubtful debts	2	51,130	-
Miscellaneous income	5	248,349	175,454
Total		1,151,201	2,252,366
NON-OPERATING EXPENSES			
Interest expenses		(221,301)	(109,856)
Investment loss accounted for under the equity method, net	2, 4(7)	(2,284,892)	-
Other investment loss	2, 4(6)	(18,900)	-
Loss on disposal of property, plant and equipment	2	-	(5)
Foreign exchange loss, net	2	-	(53,697)
Impairment loss	2, 4(6)	-	(27,000)
Miscellaneous expenses		(122,054)	(127,259)
Total		(2,647,147)	(317,817)
(LOSS) INCOME BEFORE INCOME TAX	2, 4(19)	(1,840,247)	2,787,176
INCOME TAX BENEFITS (EXPENSES)		20,000	(263,000)
NET (LOSS) INCOME		$(1,820,247)	$2,524,176
EARNINGS PER SHARE - BASIC	2, 4(20)		
Pre-tax net (loss) income (in New Taiwan Dollars)		$(0.77)	$1.17
Post-tax net (loss) income (in New Taiwan Dollars)		$(0.77)	$1.06
EARNINGS PER SHARE - DILUTED	2, 4(20)		
Pre-tax net income (in New Taiwan Dollars)			$1.17
Post-tax net income (in New Taiwan Dollars)			$1.06

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

English Translation of a Report Originally Issued in Chinese

TAIWAN GLASS INDUSTRIAL CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2012 and 2011

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings			Other Adjustments			
	Capital Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Cumulative Translation Adjustment	Unrealized Gain or Loss on Financial Instruments	Unrealized Incremental Value from Assets Revaluation	Total Stockholders' Equity
Balance as of January 1, 2011	$20,687,785	$916,556	$4,830,663	$7,581,047	$8,743,664	$323,660	$2,374,281	$65,266	$45,522,922
Appropriations and distributions of 2010 earnings (Note 1)									
Legal reserve			518,351		(518,351)				-
Cash dividends					(1,241,267)				(1,241,267)
Stock dividends	2,068,778				(2,068,778)				-
Special reserve				(561,003)	561,003				-
Net income for the year ended December 31, 2011					2,524,176				2,524,176
Proceeds from bonds issued		383,440							383,440
Changes in the equity of the investment due to not acquiring investee's new issuance of shares proportionately		410,829							410,829
Changes in foreign currency translation (Note 2)						2,855,661			2,855,661
Changes in stockholders' equity of equity investees		13,578					(4,734)		8,844
Changes in unrealized gain or loss on available-for-sale financial assets							(2,012,406)		(2,012,406)
Balance as of December 31, 2011	22,756,563	1,724,403	5,349,014	7,020,044	8,000,447	3,179,321	357,141	65,266	48,452,199
Appropriations and distributions of 2011 earnings (Note 1)									
Legal reserve			252,418		(252,418)				-
Cash dividends					(1,024,045)				(1,024,045)
Stock dividends	1,024,045				(1,024,045)				-
Net loss for the year ended December 31, 2012					(1,820,247)				(1,820,247)
Changes in the equity of the investment due to not acquiring investee's new issuance of shares proportionately		162,201							162,201
Changes in foreign currency translation (Note 2)						(1,489,368)			(1,489,368)
Changes in stockholders' equity of equity investees							2		2
Changes in unrealized gain or loss on available-for-sale financial assets							(540,441)		(540,441)
Balance as of December 31, 2012	$23,780,608	$1,886,604	$5,601,432	$7,020,044	$3,879,692	$1,689,953	($183,298)	$65,266	$43,740,301

Note 1: Directors' remuneration and employee's bonuses amounted to NT$75,726 thousand and NT$103,670 thousand were expensed in 2012 and 2011, respectively.

Note 2: Items recognized as cumulative translation adjustment.

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

English Translation of a Report Originally Issued in Chinese

TAIWAN GLASS INDUSTRIAL CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012 and 2011

(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$(1,820,247)	$2,524,176
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	1,359,987	1,227,948
Amortization	7,780	7,317
(Gain) on disposal of available-for-sale financial assets - noncurrent	(519,950)	(1,448,384)
Investment loss (income) accounted for under the equity method	2,284,892	(199,901)
(Gain) on disposal of property, plant and equipment, net	(41,098)	(36,790)
Impairment loss on fiancial assets carried at cost	18,900	27,000
Cash dividends paid by equity investee	26,100	13,050
Reversal of reserve for furnace cold repair	-	(48,142)
Amortization on bonds discounts	145,067	60,856
Exchange loss on bonds payable	(351,940)	423,492
Changes in assets and liabilities:		
Notes receivable, net	61,345	(55,275)
Accounts receivable, net	(144,200)	221,081
Accounts receivable - affiliates	(58,337)	(4,875)
Other receivable	20,479	19,397
Other receivable - affiliates	(232,602)	11,523
Inventories	(689,571)	(995,984)
Prepayments	92,740	(198,717)
Other current assets	(5,610)	(752)
Deferred tax expense	(38,110)	12,187
Effect of pension	(2,768)	31,637
Accounts payable	142,424	(29,423)
Estimated accounts payable	48,760	(28,108)
Income tax payable	(130,596)	24,251
Accrued expenses	(173,780)	(25,606)
Other payables	(15,745)	39,575
Advanced receipts	(16,628)	(74,821)
Other current liabilities	131	(21,863)
Unrealized intercompany profit	(466)	-
Net cash (used in) provided by operating activities	(33,043)	1,474,849

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

English Translation of a Report Originally Issued in Chinese

TAIWAN GLASS INDUSTRIAL CORPORATION

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31, 2011 and 2011

(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December 31,	
	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	$(1,656,660)	$(1,943,059)
Proceeds from disposal of property, plant and equipment	161,312	2,284
Proceeds from disposal of available-for-sale financial assets - noncurrent	1,295,961	3,139,776
Acquisition of long-term investments accounted for under the equity method	(4,262,273)	(7,090,342)
Decrease/(increase) in prepayment for long-term investment	19,500	(19,500)
Decrease/(increase) in other receivables - affiliates	544,440	(253,615)
Decrease in refundable deposits	8,553	4,085
(Increase) in deferred charges	(6,850)	(3,070)
Net cash used in investing activities	(3,896,017)	(6,163,441)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in short-term loans	1,090,000	(520,000)
Increase in short-term notes and bills payable	1,198,952	-
Proceeds from bonds issued	-	8,597,306
Increase in long-term loans	-	3,175,000
Increase/(decrease) in deposits-in	316	(8)
Cash dividends	(1,020,934)	(1,241,455)
Net cash provided by financing activities	1,268,334	10,010,843
Decrease/(increase) in cash and cash equivalents	(2,660,726)	5,322,251
Cash and cash equivalents, at beginning of the year	5,745,066	422,815
Cash and cash equivalents, at end of the year	$3,084,340	$5,745,066
Supplemental disclosures of cash flow information:		
Cash paid for interest	$76,162	$47,737
Cash paid for income tax	$148,706	$226,562
Financing activities partially affecting cash flows:		
Distributable cash dividends	$1,024,045	$1,241,267
Dividends payable, at beginning of the year	5,734	5,922
Dividends payable, at end of the year	(8,845)	(5,734)
Actual payment for cash dividends	$1,020,934	$1,241,455

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

1. HISTORY AND ORGANIZATION

Taiwan Glass Industrial Corporation (the "Company") was incorporated on September 5, 1964, and its Hsiang-Shan Factory was established a year after. The Company commenced its operations in 1967. Taiwan Glass Building was built in 1972, and the Company was listed on the Taiwan Stock Exchange (TWSE) in the same year. As of December 31, 2012, the Company's issued capital was NT$23,780,608 thousand. The Company principally engages in the manufacture, process and distribution of glass products.

The numbers of employees of the Company as of December 31, 2012 and 2011 were 4,469 and 4,224, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in conformity with the requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", and accounting principles generally accepted in the Republic of China (R.O.C.).

A summary of significant accounting policies is as follows:

Foreign Currency Transactions

Assets, liabilities, revenues or expenditures generated from non-derivative transaction denominated in foreign currency are recorded using the exchange rates in effect when transactions occur.

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

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

a. Recognized in stockholders' equity if the changes in fair value are recognized in stockholders' equity

b. Recognized in profit and loss if the changes in fair value is recognized in profit or loss

Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are valued using exchange rates as at the dates of initial transactions.

Foreign currency transactions (contracts) of derivatives are recorded according to the requirements under R.O.C. SFAS No. 34.

Cash Equivalents

Cash equivalents are short-term and commercial papers with an original maturity of less than three months.

Financial Assets and Financial Liabilities

In accordance with R.O.C. SFAS No. 34, "Financial Instruments: Recognition and Measurement" and the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", financial assets are classified into following categories:

a. Financial assets at fair value through profit or loss

b. Held-to-maturity financial assets

c. Hedging derivative financial assets

d. Financial assets carried at cost

e. Available-for-sale financial assets

f. Investments in debt securities with no active market.

Financial assets are recognized at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities are classified into following categories:

a. Financial liabilities at fair value through profit or loss

b. Hedging derivative financial liabilities

c. Financial liabilities measured at cost

For regular way purchase or sales of financial assets, equity instruments are accounted for using trade date accounting, and debt instruments, beneficiary certificates and derivatives are accounted for using settlement date accounting. Regular way purchases and sales are purchases or sales of financial assets delivered within a time frame established by regulation or convention in the market place.

a. Investment in debt securities with no active market

Investment in debt securities with no active market are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired, as well as through the amortization process.

b. Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial instruments that are designated as available-for-sale or not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets or loans or receivables. Subsequent measurement is calculated at fair value. Any gain or loss arising from the change in fair value, excluding impairment loss and exchange gain or loss arising from monetary financial assets denominated in foreign currencies, is recognized as an adjustment to stockholders' equity until the investment is derecognized; at which time the cumulative gains or losses previously charged to stockholders' equity will be recorded in the statement of operations.

Available-for-sale financial assets that would have met the definition of loans and receivables may be reclassified out of the available-for-sale category to the investments in debt securities with no active market category if the Company has the intention and ability to hold the financial assets for the foreseeable future or until maturity. Upon reclassification, the fair value on the date of reclassification becomes its new cost or amortized cost, as applicable. Any previous gain or loss on the assets that has been recognized in stockholders' equity is amortized over the remaining life of the assets.

c. Financial assets carried at cost

Equity investments that do not have quoted market price in an active market and whose fair value cannot be reliably measured, or derivatives linked to and settled in the aforementioned equity investments are carried at their original cost.

d. Fair value

The fair value of stock of listed companies or depositary receipt is measured using closing price at the balance sheet date. The fair value of open-end funds is measured at net assets value at the balance sheet date.

e. Subsequent measurement of financial liabilities

After initial recognition, all financial liabilities are measured at amortized cost, except for financial liabilities at fair value through profit or loss and derivative financial liabilities for hedging which are measured at fair value.

Assessment of Impairment for Receivables

The Company first assesses whether there is any objective evidence that significant individual receivable is impaired. When objective evidence indicates that the impairment exists, the amount of impairment loss is evaluated individually. For receivables with objective evidences indicating that they are insignificantly impaired or unimpaired, the Company categorizes them into groups by their credit risks and assesses indications of impairment by each group.

Inventories

Inventories are stated at the lower of cost or net realizable value and are written down to net realizable value item by item. Net realizable value is the estimated selling price of inventories in the ordinary course of business less estimated costs of completion and selling expenses that are necessary for sale.

Costs incurred as bringing each product to its present location and condition are accounted for as follows:

a. Raw materials - purchase cost on weighted average cost formula

b. Work in progress and finished goods - cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity on weighted average cost formula.

Long-term Investments Accounted for under the Equity Method

Investment in an investee is initially recognized at cost. Long-term investments in which the Company has ownership of at least 20% or exercises significant influence on operating decisions are accounted for under the equity method according to the requirements of R.O.C. SFAS No. 5.

When long-term investments are sold or transferred, their costs are determined by the weighted-average method. The Company re-calculates cost per share when receiving stock dividends from the investee. Cost of stocks sold and resulting gain or loss are determined by the weighted-average method.

When the Company has control over an investee, and the Company's share of the investee's losses equals to or exceeds the carrying amount of the investment accounted for under the equity method, plus advances made by the Company, the Company recognizes its investee's total losses unless other investors of the investee company are obligated and able to offer additional funding to bear the loss. Once the Company's share of losses recognized under the equity method has reduced the Company's investment to zero, its share of any further losses is applied to receivables from related parties. If the investor's interest is reduced to zero, long-term investments would be credited under other liabilities provided for additional losses.

Under the equity method, the unrealized gains or losses from transactions between the Company and the investees are all eliminated. The unrealized gains or losses from depreciated, depleted, or amortized assets are recognized over useful lives of such assets. Otherwise, they are recognized in the year when gains or losses are realized.

When the foreign investments are accounted for under the equity method, translation of foreign currency financial statements is summarized as follows:

a. If the presenting currency of an investee in foreign operation differs from the investee's functional currency, the investee's financial statements are first measured by its functional currency. The exchange differences resulted from the remeasurement are recognized in profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. If the financial statements of an investee in foreign operation are presented or remeasured by its functional currency different from NTD, the financial statements are translated into NTD. The investee recognizes cumulative exchange gain or loss from translation in the cumulative translation adjustment in the stockholders' equity. The Company recognizes the cumulative translation adjustment in stockholders' equity in proportion to the Company's ownership of the investee.

Property, Plant, Equipment and Non-operating Assets

The book value of the Company's land has been revalued according to the Announced Land Value in October 1972, September 1980, and July 1981, and the adjustments are recorded as reserve for land revaluation increment tax.

The Company's plant and equipment have been revaluated at the end of 1973, 1974, and 1980 according to the Regulations for Asset Revaluation.

Property, plant and equipment, including non-operating assets, are stated at cost. Significant renewals and improvements are treated as capital expenditures, which are recorded as property, plant and equipment; maintenance and repairs are charged to expense as incurred. Interest incurred on loans used to finance the construction or prepayment of property, plant and equipment is capitalized accordingly.

Property, plant and equipment is depreciated using the straight-line method or the fixed-rate declining method over the estimated economic lives.

The useful lives of major assets categories are as follows:

Category	Useful Lives (years)
Buildings	5-55
Machinery and equipment	2-20
Transportation equipment	5-10
Other equipment	3-15

Depletion of sand mining is provided by using the production-volume method according to the number of monthly actual mining volume of silica sand.

Upon disposal of property, plant and equipment, their original cost and accumulated depreciation are written off and the related gain or loss is classified as non-operating income or expense.

For property, plant and equipment at the end of their useful lives but still in use, they continue to be depreciated based on salvage value over remaining estimated economic lives.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Derecognition of Financial Assets and Liabilities

a. Financial assets

The Company derecognizes its financial assets (or part of the financial assets) when losing control of the contractual rights of the assets (or part of the financial assets). A transfer of the financial assets (or part of the financial assets) in which the Company surrenders control is regarded as a sale to the extent that consideration is received in exchange.

If a transfer does not result in derecognition, the Company accounts for the transaction as a secured borrowing. In such case, right to reacquire the asset is not a derivative financial instrument.

b. Financial liabilities

The Company derecognizes financial liabilities (or part of financial liabilities) when the obligation specified in the contract is discharged or cancelled or the obligation expires.

An exchange between the Company and an existing lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (or part of a financial liability) is accounted for with the same approach.

The difference between the carrying amount of the debt instrument extinguished or transferred to another party and the consideration paid is recognized in profit or loss.

Impairment of Financial Assets

The Company assesses whether financial assets are impaired at each balance sheet date. The methods used for assessing impairment of different financial assets are as follows:

a. Financial assets measured at amortized cost

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is recognized and measured as the difference between the carrying amount of the asset and the present value of its estimated future cash flows discounted by the original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed either directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss.

b. Available-for-sale financial assets

When the impairment loss of an available-for-sale financial asset is recognized, the cumulative loss that had been recognized in equity is reclassified from equity to profit or loss. The amount of the impairment loss is measured as the difference between the acquisition cost and current fair value or recoverable amount, less any impairment loss on that financial asset previously recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are reversed through equity, rather than through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

c. Financial assets carried at cost

Investments in equity instruments that do not have quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of the aforementioned equity instruments are measured at cost. If there is objective evidence that an impairment loss has incurred on such financial asset, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Deferred Charges

Deferred charges including subsidies for electricity cords, technical fees, etc., are amortized by the straight-line method over the period of cooperation or the period specified in the Income Tax Act.

Convertible Bonds

For convertible bonds issued, the components of compound financial instrument are separated by the Company based on the contractual terms upon initial recognition. The liability component is measured first, and the difference between the proceeds of the bond issued and the fair value of the liability is accounted for as the equity component. The value of any derivative features embedded in the compound financial instrument other than the equity component is included in the liability component. Transaction costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the bonds are first recognized.

The liability component relating to the main contract is subsequently measured at amortized cost, while the embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. When the conversion option expires and unexercised at that time the market value of the common stock under conversion exceeds the put price, put premium should be credited to paid-in capital, if the market value is otherwise lower than the put price, it is expensed.

On conversion of a convertible bond before maturity, the carrying amount of the liability component should be adjusted to amortized cost at the date of conversion and transferred to equity.

Reserve for Furnace Cold Repair

Based on experience, the furnace of glass industry has to be cold repaired approximately every 5 to 9 years. The Company recognizes the estimated costs of cold repair in advance before the costs incur based on industry practices. This method of accounting for the reserve has been approved by Securities and Futures Bureau, Financial Supervisory Commission (FSC) and is applied consistently.

Pension Plan

The Company has employee pension plans. Employee Retirement Fund Management Committee was founded in 1980. The Company had made monthly contributions equal to 8% of the employees' monthly salaries before 1986. Contributions are deposited under the custody of financial institutions, and therefore are not consolidated in the financial statements of the Company. Since January 1987, in accordance with the Labor Pension Act of R.O.C., contributions are deposited under the name of an independently administered pension fund committee, and therefore are not consolidated in the financial statements of the Company. The Company's contribution rate is 6%.

The Company adopted the R.O.C. SFAS No. 18, "Accounting for Pension Plan". The pension liability was based on actuarial valuation on December 31, 1995 and the unrecognized transitional net obligations were recognized as pension cost immediately. The Company has recognized net pension costs since January 1, 1996. The Company recognizes expenses from the defined contribution pension plan in the period in which the contribution becomes due.

The Labor Pension Act of R.O.C. (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. In accordance with the Act, employees may choose to elect either to be subject to the Act, by retaining their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Act. For employees who elect to be subject to the Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts.

Income Taxes

The Company adopted R.O.C. SFAS No. 22, "Accounting for Income Taxes" for inter-period and intra-period income tax allocation. Under the Statement, the tax effects of taxable temporary differences are recognized as deferred income tax liabilities while those of deductible temporary differences, loss carry-forward, and investment tax credits are recognized as deferred income tax assets. A valuation allowance on deferred income tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision. In additional, income tax on unappropriated earnings at a rate of 10% is recorded as income tax expenses in the current period.

The Company recognizes the tax benefit from the purchase of equipment and technology, research and development expenditure, employee training, and certain equity investment using the flow-through method.

The Income Basic Tax Act of the R.O.C. (the IBTA) became effective since January 1, 2006. The Company calculates income basic tax in accordance with the IBTA. Then the higher of the income basic tax and the regular income tax calculated under the R.O.C. Income Tax Act is recognized as income tax payable for current period. IBTA is a supplemental 10% tax that is payable if the income tax payable determined under the R.O.C. Income Tax Act is below the minimum amount as prescribed by the IBTA. The impact of the IBTA has been considered in assessing the realization of the deferred income tax assets for the current reporting period.

Revenue Recognition

The Company recognizes its revenues in accordance with requirements of R.O.C. SFAS No. 32, "Accounting for Revenue Recognition".

Employee Bonuses and Remunerations Paid to Directors and Supervisors

In accordance with Accounting Research and Development Foundation Interpretation No. 96-052 effective from January 1, 2008, employee bonuses and remunerations paid to directors and supervisors are charged to expense at fair value and are no longer accounted for as an appropriation of earnings.

Asset Impairment

The Company assesses indications of impairment for their assets in accordance with the requirements of R.O.C. SFAS No. 35 at each balance sheet date. If indication does exist, then the impairment test is carried out. The Company compares the carrying amount with the recoverable amount of an individual asset or the recoverable amount of a cash-generating unit (CGU).

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the higher of an asset's or CGU's fair value less costs to sell and its value in use, the asset is considered impaired.

The Company assesses at the end of each reporting period whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset. If increase in the recoverable amount reflects an increase in the estimated service potential of an asset, then the impairment loss is reversed.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Both impairment loss and reversal of impairment loss are classified as non-operating expenses and incomes.

Operating Segment Reporting

An operating segment is a component of an entity that has following characteristics:

a. engaging in business activities from which it may earn revenues and incur expenses
b. whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance
c. for which discrete financial information is available

The Company discloses information related to operating segments in the consolidated financial statements.

Principles of Consolidation

Investees in which the Company owns, directly or indirectly, more than half of the voting rights or owns half or less of the voting rights but is able to exercise control, are accounted for under the equity method and consolidated into the financial statements.

3. REASONS AND EFFECTS FOR ACCOUNTING CHANGES

(1) Effective January 1, 2011, the Company adopted the third revision of R.O.C. SFAS No. 34, “Financial Instruments: Recognition and Measurement.” This change in accounting principles had no significant effect on net income for the year ended December 31, 2011.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Effective June 30, 2012, the Company's policy of allowance for doubtful accounts was changed according to the credit periods. This accounting estimate change resulted in a decrease of NT$32,352 thousand in net loss and NT$0.01 in loss per share for the year ended December 31, 2012.

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	As of December31,	
	2012	2011
Cash on hand	$183	$183
Checking and savings accounts	2,214,457	529,365
Time deposits	869,700	5,215,518
Total	$3,084,340	$5,745,066

a. The interest rates of time deposits were from 0.60% to 0.70% and from 0.65% to 1.85% as of December 31, 2012 and 2011, respectively.

b. Cash and cash equivalents were not pledged.

(2) RECEIVABLES

	As of December 31,	
	2012	2011
Notes receivable	$258,135	$318,933
Less: allowance for doubtful accounts	(4,850)	(4,303)
Subtotal	253,285	314,630
Accounts receivable	1,208,885	1,137,255
Less: allowance for doubtful accounts	(5,161)	(77,731)
Subtotal	1,203,724	1,059,524
Accounts receivable - affiliates	101,706	43,369
Less: allowance for doubtful accounts	-	-
Subtotal	101,706	43,369
Net	$1,558,715	$1,417,523

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) INVENTORIES

a. Inventories of the Company as of December 31, 2012 and 2011 included the following items:

	As of December 31, 2012	As of December 31, 2011
Raw materials	$1,046,762	$1,017,726
Supplies	80,667	94,704
Work in process	129,669	112,331
Finished goods	3,562,992	2,721,654
Total	4,820,090	3,946,415
Less: allowance to reduce inventory to market price and for obsolete/slow-moving inventories	(510,360)	(326,256)
Net	$4,309,730	$3,620,159

b. Cost of goods sold of the Company for the years ended December 31, 2012 and 2011 included the following items:

	As of December 31, 2012	As of December 31, 2011
Loss from market price decline (Gain from market price recovery) of inventory	$184,104	$(66,406)
Loss on physical inventory	3,965	11,959
Unallocated fixed cost	85,612	64,264
Revenue from sale of scraps	(103,914)	(129,779)
Additions (Deductions) to operating cost	$169,767	$(119,962)

The Company recognized gain from market price recovery of inventory due to disposal of obsolete inventories and increase in net realizable value for the years ended December 31, 2011.

c. All the inventories were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) OTHER CURRENT ASSETS

	As of December 31, 2012	2011
Temporary payments	$15,767	$10,157
Deferred income tax assets - current	162,057	82,118
Total	$177,824	$92,275

Please refer to Note 4. (19) for the deferred income tax assets - current.

(5) AVAILABLE-FOR-SALE FINANCIAL ASSETS - NONCURRENT

December 31, 2012

Investee	Number of Shares	Amount	Percentage of Ownership (%)	Pledge
Chang Hwa Commercial Bank, Ltd.	920,791	$14,687	0.01	None
Hua Nan Financial Holdings Co., Ltd.	10,960,107	184,130	0.13	〃
China Development Financial Holdings	21,681,340	164,778	0.14	〃
Total		$363,595		

December 31, 2011

Investee	Number of Shares	Amount	Percentage of Ownership (%)	Pledge
Asia Cement Corporation	862	$29	-	None
Formosa Plastics Corporation	13,870,682	1,120,751	0.23	〃
Nan Ya Plastics Corporation	605	37	-	〃
Chang Hwa Commercial Bank, Ltd.	7,267,553	119,551	0.11	〃
Hua Nan Financial Holdings Co., Ltd.	15,527,198	253,870	0.19	〃
China Development Financial Holdings	21,681,340	185,809	0.19	〃
Total		$1,680,047		

a. In accordance with the requirements of R.O.C. SFAS No. 34, "Financial Instruments: Recognition and Measurement" and No. 36, "Financial Instruments: Presentation and Disclosure", the Company recognized unrealized (loss) gain on financial instruments of NT$(183,298) thousand, and NT$357,141 thousand, respectively, in stockholders' equity as of December 31, 2012, and 2011.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. For the years ended December 31, 2012 and 2011, the Company sold 13,870,682 shares and 21,858,000 shares, respectively, of Formosa Plastics Corporation in the active market for NT$1,102,601 thousand and NT$2,124,534 thousand. Thus, the Company recognized gain on disposal of NT$498,437 thousand and NT$1,172,399 thousand, respectively.

c. For the years ended December 31, 2012 and 2011, the Company sold 11,497,467 shares and 16,646,000 shares, respectively, of Asia Cement Corporation, Nan Ya Plastics Corporation, Hua Nan Financial Holdings Co., Ltd., Chang Hwa Commercial Bank, Ltd. in the active market for NT$193,360 thousand and NT$1,015,242 thousand. Thus, the Company recognized gain on disposal of NT$21,513 thousand and NT$275,985 thousand, respectively.

(6) FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

December 31, 2012

Investee	Number of Shares	Amount	Percentage of Ownership (%)	Pledge
Chi-Ye Chemical Corp.	659,000	$5,106	3.30	None
UniDisplay Inc.	2,940,000	44,100	1.54	〃
Total		$49,206		

December 31, 2011

Investee	Number of Shares	Amount	Percentage of Ownership (%)	Pledge
Chi-Ye Chemical Corp.	659,000	$5,106	3.30	None
UniDisplay Inc.	6,000,000	63,000	3.32	〃
Total		$68,106		

During the year ended December 31, 2010, the Company bought 6,000 thousand shares of UniDisplay Inc. for NT$90,000 thousand (NT$15 per share) as strategic consideration for the management. For the years ended December 31, 2012 and 2011, respectively, the Company recognized loss of NT$18,900 thousand and NT$27,000 thousand, respectively , because of UniDisplay's material operating losses.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) LONG-TERM INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD AND PREPAYMENT FOR LONG-TERM INVESTMENTS

December 31, 2012

Investee Company	Number of Shares	Amount	Percentage of Ownership (%)	Pledge
Taiwan Glass USA Sales Co., Ltd. (TGUS)	4,612	$231,813	100.00	None
Taiwan Glass China Holding Ltd. (TGCH)	954,623,000	37,552,004	91.67	〃
Taiwan Autoglass Ind. Corporation (TAG)	26,100,000	293,384	87.00	〃
TG Teco Vacuum Insulated glass Corporation (TVIG)	5,200,000	46,176	65.00	〃
Hario TG Glass Corporation (HARIO)	1,000,000	9,786	50.00	〃
Total		$38,133,161		

December 31, 2011

Investee Company	Number of Shares	Amount	Percentage of Ownership (%)	Pledge
Taiwan Glass USA Sales Co., Ltd. (TGUS)	4,612	$244,702	100.00	None
Taiwan Glass China Holding Ltd. (TGCH)	812,755,000	36,928,935	90.36	〃
Taiwan Autoglass Ind. Corporation (TAG)	26,100,000	335,408	87.00	〃
Total		$37,509,045		

a. In 2012, the Company reinvested US$141,868 thousand (equivalent to NT$4,200,373 thousand) in sub-subsidiaries in Mainland China through TGCH. As the Company did not acquire new shares in proportion to its ownership in the subsidiary, the Company increased its ownership in TGCH to 91.67% and recognized additional paid-in capital of NT$162,201 thousand.

b. In 2011, the Company reinvested US$238,760 thousand (equivalent to NT$7,090,342 thousand) in sub-subsidiaries in Mainland China through TGCH. As the Company did not acquire new shares in proportion to its ownership in the subsidiary, the Company increased its ownership in TGCH to 90.36% and recognized additional paid-in capital of NT$410,829 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. In 2011, the Company's subsidiaries did not acquire shares of sub-subsidiaries in Mainland China in proportion to their ownership, therefore the Company recognized additionalpaid-in capital of NT$13,578 thousand.

d. In 2012 and 2011, the Company received cash dividends of NT$26,100 thousand and NT$13,050 thousand from TAG. Additionally, as TAG hold available-for-sale financial assets - noncurrent, the Company recognized unrealized (loss) gain in proportion to its ownership of TAG on financial instruments in the amount of NT$2 thousand and NT$(4,734) thousand for the years ended December 31, 2012 and 2011, respectively. As of December 31, 2012, unrealized gain on financial instruments was NT$0 thousand, and as of December 31, 2011, unrealized loss on financial instruments was NT$1 thousand, both recognized under the stockholders' equity.

e. To set up a vacuum insulation glass production line, the Company and Tong An Investment Co., Ltd., an entity of the TECO group, established TG TECO Vacuum Insulated Glass Corporation. As of December 31, 2012, the Company invested NT$52,000 thousand, accounting for 65% shareholding percentage.

f. To engage in importing and sales of kitchen appliance, the Company established Hario TG Glass Corp. with Hario Co., Ltd., a Japanese company. As of December 31, 2012, the Company invested NT$10,000 thousand, accounting for 50% shareholding percentage.

g. The Company recognized gain or loss on investments and translation adjustments for the years ended December 31, 2012 and 2011 based on the audited financial statements of investee as follows:

	2012		2011	
	Gain or Loss on Investments	Translation Adjustments	Gain or Loss on Investments	Translation Adjustments
TGUS	$(3,130)	$(9,759)	$26,033	$1,533
TGCH	(2,265,563)	(1,473,842)	137,389	2,840,962
TAG	(10,159)	(5,767)	36,479	13,166
TVIG	(5,826)	-	-	-
HARIO	(214)	-	-	-
Total	$(2,284,892)	$(1,489,368)	$199,901	$2,855,661

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) PROPERTY, PLANT AND EQUIPMENT

a. For the years ended December 31, 2012 and 2011, the Company did not capitalize any interest on borrowing cost for acquisition of assets.

b. In 2010, for investment plans related to Lukang factory, the Company participated in the "Tender Session for preferential price of land in Lukang industrial area in Changhua Coastal Industrial Park" held by Industrial Development Bureau, Ministry of Economic Affairs, and won the tender for a land of 272,640 square meters in the amount of NT$1,422,317 thousand. The land is used as a factory site to expand production. As of December 31, 2011, all the payments were made, and the Company obtained the Land Ownership Certificate.

(9) OTHER ASSETS - OTHERS

	As of December 31,	
	2012	2011
Overdue receivables	$793,054	$772,185
Less: Allowance for doubtful accounts	(793,054)	(772,185)
Net	-	-
Prepaid pension	332,223	329,455
Idle assets - land	1,441	1,441
Net	$333,664	$330,896

(10) PENSION PLAN

a. The Labor Pension Act of the R.O.C. (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees eligible under the Labor Standards Act, a defined benefit plan, were offered the options to elect the pension calculation under the Act or continue to be subject to the pension calculation under the Labor Standards Act. Those employees that elected to be subject to the Act will have their seniority achieved under the Labor Standards Act retained upon election of the Act, and the Company will make monthly contributions of no less than 6% of these employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions based on each individual employee's salary or wage to employees' pension accounts beginning July 1, 2005 and a total of NT$68,018 million and NT$61,494 million were contributed by the Company for the years ended December 31, 2012 and 2011, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. The Labor Pension Act of the R.O.C., which adopts a defined contribution plan, became effective on July 1, 2005. The Company contributes monthly no less than 6% of the employees' monthly wages to the employees' individual pension accounts except for those employees elected to be subject to the pension calculation under the Labor Standards Act. In accordance to the Labor Standards Act, two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the fifteenth year. The defined benefit plan under the Labor Standards Act is disbursed based on the units of service years and the average salary in the last six months of the service year.

c. The Company's pension liabilities were recognized in accordance with R.O.C. SFAS No.18, "Accounting for Pensions."

The reconciliation between the funding status of the pension plan and the accrued pension liability as of December 31, 2012 and 2011 is as follows:

	As of December 31,	
	2012	2011
Benefit obligation:		
Vested benefit obligation	$(1,070,745)	$(995,403)
Non-vested benefit obligation	(796,864)	(739,636)
Accumulated benefit obligation	(1,867,609)	(1,735,039)
Effect from projected salary increase	(134,869)	(108,458)
Projected benefit obligation	(2,002,478)	(1,843,497)
Fair value of pension assets	2,495,006	1,908,159
Funded status	492,528	64,662
Unrecognized gain or loss on pension	(160,305)	264,793
Prepaid pension cost	$332,223	$329,455

The components of the net periodic pension cost are as follows:

	2012	2011
Service cost	$50,895	$67,249
Interest cost	36,870	44,447
Expected return on plan assets	(38,163)	(37,623)
Amortization of unrecognized pension loss	3,523	20,003
Net pension cost	$53,125	$94,076

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The underlying actuarial assumptions are as follows:

	2012	2011
Discount rate	1.75%	2.00%
Future salary increase rate	1.00%	1.00%
Expected rate of return on plan assets	1.75%	2.00%

d. The fund assets deposited in the committee's name in the Bank of Taiwan are NT$1,393,573 thousand and NT$1,424,194 thousand as of December 31, 2012 and 2011, respectively. The fund assets managed by an independently administered pension fund committee were NT$1,101,433 thousand and NT$466,303 thousand as of December 31, 2012 and 2011, respectively.

e. The TG Employee Welfare Committee owned 35,510 thousand common shares of the Company and 30,965 thousand shares as of December 31, 2012 and 2011, respectively.

(11) SHORT-TERM LOANS

	As of December 31,	
	2012	2011
Unsecured bank loans	$3,260,000	$2,170,000
Interest rates	1.06%~1.33%	0.92%~1.32%

Maturities of the above short-term loans are less than one year.

(12) SHORT-TERM NOTES AND BILLS PAYABLE

	As of December 31,	
	2012	2011
Short-term notes and bills payable	$1,200,000	$-
Less: unamortized discount	(1,048)	-
Net	$1,198,952	$-
Interest rates	1.138%	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) BONDS PAYABLE

	As of December 31,	
	2012	2011
Unsecured convertible bonds	$8,727,000	$9,096,000
Less: discounts on bonds payable	(235,659)	(397,786)
Total	8,491,341	8,698,214
Less: current portion	-	-
Net	$8,491,341	$8,698,214

On July 28, 2011, the Company issue unsecured Euro convertible bonds. The terms and conditions of the bonds are as follows:

a. Issue amount: US$300,000 thousand
b. Issue date: July 28, 2012
c. Maturity date: July 28, 2014 (3 years after issuance of the bonds)
d. Coupon rate: 0%
e. Conversion period: The bonds are convertible at any time on or after September 8, 2012 and prior to July 18, 2014.
f. Conversion price: NT$58.84 *
g. Redemption at the option of the Company: None.
h. Put option of the bondholders at a premium: None.
i. Bondholders' rights and obligation after the conversion: Same as stockholders.
j. Other terms and conditions: None.

* The conversion price was retroactively adjusted from NT$61.49 to NT$58.84 due to the stock dividend distribution.

In accordance with requirements of R.O.C. SFAS No.36, the convertible bonds are separated into liability and equity components.

Proceeds of convertible bonds at issuance	$8,653,500
Fair value of the convertible bonds	(8,267,554)
The equity component - warrants	$385,946

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transaction costs related to issuance of the bonds are NT$56,194 thousand. The cost are allocated to the liability and equity components in proportion to the allocation of proceeds for NT$53,688 thousand and NT$2,506 thousand, respectively.

(14) LONG-TERN LOANS

December 31, 2012

Financial Institution	Nature	Maturity	Interest Rate (%)	Amount	Redemption
Industrial Bank of Taiwan	Unsecured	2014.3.31	1.1575	$1,000,000	Settlement due on maturity
Hua-Nan Bank	Unsecured	2013.3.29	1.32	975,000	〃
Chang-Hwa Bank	Unsecured	2016.6.09	1.34	1,200,000	Repayable every 6 months from June 9, 2013
Subtotal				3,175,000	
Less: current portion of long-term loans				(1,175,000)	
Total				$2,000,000	

December 31, 2011

Financial Institution	Nature	Maturity	Interest Rate (%)	Amount	Redemption
Industrial Bank of Taiwan	Unsecured	2014.3.31	1.3425	$1,000,000	Settlement due on maturity
Hua-Nan Bank	Unsecured	2013.3.29	1.32	975,000	〃
Chang-Hwa Bank	Unsecured	2016.6.09	1.34	1,200,000	Repayable every 6 months from June 9, 2013
Subtotal				3,175,000	
Less: current portion of long-term loans				-	
Total				$3,175,000	

(15) CAPITAL STOCK

The authorized and issued capital of the Company at January 1, 2011 were NT$20,687,785 thousand, divided into 2,068,779 thousand shares, each at par value of NT$10.

As recommended by the Board of Directors, and approved by the stockholders in the meeting held on May 25, 2011, distribution of 2010 earnings were in the form of cash dividends of NT$1,241,267 thousand and stock dividends of NT$2,068,778 thousand, and the authorized capital also was raised to NT$25,000,000 thousand. After the Company issued new shares from capitalization of retained earnings of 2010, the issued capital was NT$22,756,563 thousand, divided into 2,275,656 thousand shares, each at par value of NT$10. The issuance process had been approved by the Securities and Futures Bureau of the Financial Supervisory Commission and the Board of Directors resolved for the issuance process date to be July 11, 2011, which was approved by the Ministry of Economic Affairs.

As recommended by the Board of Directors, and approved by the stockholders in the meeting held on June 5, 2012, distribution of 2011 earnings were in the form of cash dividends of NT$1,024,045 thousand and stock dividends of NT$1,024,045 thousand, and the authorized capital also was raised to NT$26,000,000 thousand. After the Company issued new shares from capitalization of retained earnings of 2010, the issued capital was NT$23,780,608 thousand, divided into 2,378,061 thousand shares, each at par value of NT$10. The issuance process had been approved by the Securities and Futures Bureau of the Financial Supervisory Commission and the Board of Directors resolved for the issuance process date to be July 23, 2012, which was approved by the Ministry of Economic Affairs.

As of December 31, 2012, the authorized and issued capital of the Company were NT$26,000,000 thousand and NT$23,780,608 thousand, divided into 2,378,061 thousand shares.

(16) <u>CAPITAL RESERVE</u>

According to the Company Act of R.O.C., a company without loss may transfer its capital reserve from shares issued in excess of par and donations, in whole or in part, to the issued capital. However, according to the newly revised Company Act, effective January 4, 2012, a company may also distribute the reserve to its stockholders by cash.

(17) LEGAL RESERVE

According to the Company Act of R.O.C., 10% of the Company's net income, after deducting previous years' losses, if any, must be set as a legal reserve prior to any distribution until such reserve is equal to the Company's paid-in capital. When the legal reserve is equal to 50% of the paid-in capital, 50% of such reserve may be distributed to the Company's stockholders through the issuance of additional common shares in the form of stock dividends.

However, according to the newly revised Company Act, effective January 4, 2012, the reserve may be used to offset a deficit. Otherwise, for the portion in excess of 25% of the paid-in capital, the reserve may be distributed as cash dividends or stock dividends proportionately to previous ownership structure if the Company has no accumulated deficit.

(18) RETAINED EARNINGS AND DIVIDEND POLICIES

a. According to the Company's Articles of Incorporation, the Company's annual earnings shall be used first to offset an accumulated deficit, if any, after the payment of taxes and dues, then to be retained at a rate of 10% as legal reserve, and retained at a rate of 1.5% as employee bonuses and remunerations paid to directors and supervisors, and retained as a special reserve for items that are accounted for as deductions to stockholders' equity as defined in the regulations.

According to the regulation, the Company is required to appropriate a special reserve in the amount equal to the sum of debit elements under stockholders' equity, such as unrealized loss on financial instruments and negative cumulative translation adjustment, at each year-end. Such special reserve is prohibited from distribution. However, if any of the debit elements is reversed, the special reserve in the amount equal to the reversal may be released for earnings distribution or used to offset accumulated deficit.

The Company has a stable dividends policy over the years. However, the policy for dividends distribution should consider factors such as the current net profit, and expansion requirements. The Board of Directors shall make the distribution proposal annually and present it at the stockholders' meeting. Accordingly, at least 20% of the dividends must be paid in the form of cash.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Distribution of 2011 earnings is as follows:

	Distribution of Earnings			
	June 5, 2012 Stockholders' Meeting	March 26, 2012 Board of Directors	Difference	Explanation
Directors' and supervisors' remunerations	$37,863	$37,863	$-	-
Employees' cash bonuses	37,863	37,863	-	-
Stockholders' bonuses				
- Cash	1,024,405	1,024,405	-	-
- Stock (each at par of NT$10)	102,404,532 shares	102,404,532 shares	-	-

c. Distribution of 2010 earnings is as follows:

	Distribution of Earnings			
	May 26, 2011 Stockholders' Meeting	April 18, 2011 Board of Directors	Difference	Explanation
Directors' and supervisors' remunerations	$51,835	$51,835	$-	-
Employees' cash bonuses	51,835	51,835	-	-
Stockholders' bonuses				
- Cash	1,241,267	1,241,267	-	-
- Stock (each at par of NT$10)	206,877,842 shares	206,877,842 shares	-	-

d. In 2012, the stockholder resolution stated that the employee bonuses and directors' and supervisors' remunerations totaled to NT$75,726 thousand. However, the amount recognized in the financial statements for 2011 was NT$77,258 thousand. Consequently, the difference of NT$1,532 thousand between the two was recorded in the income statement for 2012.

In 2011, the stockholder resolution stated that the employee bonuses and directors' and supervisors' remunerations totaled to NT$103,670 thousand, but the amount recognized in the financial statements for 2010 was NT$106,406 thousand. Therefore, the difference of NT$2,736 thousand between the two was recorded in the income statement for 2011.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

e. The Company estimated the employee bonuses and remunerations to directors and supervisors for 2012 and 2011, respectively, are NT$0 thousand and NT$77,258 thousand based on the Company's Articles of Incorporation. The Company previously paid the employee bonuses and remunerations to directors and supervisors in cash and recognized the expenditure as operating costs or expenses in 2012. If there is difference between the estimate made by the management and the actual amount in resolution, it is recognized in profit or loss next year.

f. Information on the Board of Directors' recommendations and stockholders' approval can be obtained from the "Market Observation Post System" on the TWSE website.

(19) INCOME TAX

a. Components of income tax expense/(benefit) for 2012 and 2011 are as follows:

	For Years Ended December 31,	
	2012	2011
(Loss)/income before tax	$(1,840,247)	$2,787,176
Net investment loss (income) accounted for under the equity method	2,284,892	(199,901)
Gain on disposal of securities	(519,950)	(1,448,384)
Furnace cold repair amortization	(306,094)	(251,444)
Unrealized deferred revenue	87,941	(35,682)
Depreciation difference	129,235	108,125
Unrealized foreign exchange (loss)/gain, beginning of the year	(52,692)	60,081
Unrealized foreign exchange (gain)/loss, end of the year	(40,777)	52,692
Loss on price decline/(gain on price recovery) of inventory	184,104	(66,406)
Pension plan tax adjustments	(2,768)	31,637
Tax-exempt cash dividends	(6,380)	(247,429)
Interest expense on the convertible bonds	145,067	60,856
Issuance cost of the convertible bonds	(18,731)	(8,006)
Loss on investments carried at cost	(27,000)	27,000
Other tax adjustments	(45,582)	37,453
Estimate taxable income	$(28,982)	$907,768

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the Years Ended December 31,	
	2012	2011
Income tax payable	$-	$154,321
Add: 10% income tax on unappropriated earnings	-	127,748
Difference between income basic tax and regular income tax	18,923	48,816
Income tax payable beginning balance	21,988	-
Income tax on unappropriated earnings assessed for 2006	-	12,674
Income tax on unappropriated earnings assessed for 2008	-	7,522
Income tax assessed for 2009	-	1,791
Less: Investment tax credit for equipment	-	(78,581)
Prepaid income tax	(12,856)	(115,640)
Income tax payable	28,055	158,651
Income tax payable beginning balance	(21,988)	-
Prepaid income tax	12,856	115,640
Deferred tax (benefit) expense	(38,110)	12,187
Adjustments of prior year's income tax	(813)	(23,478)
Income tax (benefit) expense	$(20,000)	$263,000

b. Deferred tax assets and liabilities as of December 31, 2012 and 2011 are as follows:

	As of December 31,	
	2012	2011
i. Total deferred income tax assets	$549,518	$590,762
ii. Total deferred income tax liabilities	$156,048	$221,488
iii. Total valuation allowance	$(174,625)	$(188,539)

iv. Net deferred income tax assets:

	As of December 31,	
	2012	2011
(a) Deferred income tax assets - current	$175,572	$137,860
Deferred income tax liabilities - current	(13,515)	(55,742)
Net (classified as other current assets)	$162,057	$82,118

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of December 31,	
	2012	2011
(b) Deferred income tax assets - noncurrent	$373,946	$452,902
Less: valuation allowance - deferred income tax assets	(174,625)	(188,539)
Net	199,321	264,363
Deferred income tax liabilities - noncurrent	(142,533)	(165,746)
Net deferred income tax assets - noncurrent	$56,788	$98,617

v. Tax effect of deferred tax assets/(liabilities) due to temporary differences:

	As of December 31,			
	2012		2011	
Components	Amount	Tax Effect	Amount	Tax Effect
Deferred income tax assets:				
Reserve for furnace cold repair	$1,079,334	$183,487	$1,385,428	$235,523
Employee benefits	34,681	5,896	36,912	6,275
Allowance for bad debt	15,017	2,553	71,545	12,163
Unrealized loss due to market price decline of inventory	510,360	86,761	326,256	55,463
Unrealized loss on bad debt - other receivable	115,970	19,715	115,970	19,715
Unrealized deferred revenue	299,459	50,908	211,519	35,958
Unrealized loss on debt investment	911,236	154,910	911,236	154,910
Unrealized loss on foreign exchange	2,551	434	354,492	60,264
Impairment loss on financial assets carried at cost	-	-	27,000	4,590
Loss carry-forward	28,982	4,927	-	-
Investment tax credit	33,137	33,137	-	-
Others	39,946	6,790	34,713	5,901
Total	$3,070,673	$549,518	$3,475,071	$590,762
Deferred income tax liabilities:				
Unrealized gain on foreign exchange	$43,328	$7,366	$301,800	$51,306
Depreciation difference	542,378	92,204	671,613	114,174
Pension difference	332,223	56,478	329,455	56,008
Total	$917,929	$156,048	$1,302,868	$221,488

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. In accordance with Article 39, R.O.C. Income Tax Act, loss carry-forward credit available for use included the following:

Act	Accumulated loss	Unutilized accumulated loss	Expiration
2012	$28,982	$28,982	2022

d. The Company is granted investment tax credits for expenditure related to production equipment. As of December 31, 2012, details of the Company's investment tax credit are as follows:

Act	Item	Tax Credits Earned	Unused Tax Credits	Expiration
Statute for Upgrading Industry	Automated equipment or techniques	$33,137	$33,137	2015

e. The tax authorities have examined income tax returns of the Company through 2008, except for 2007. Assessed unapporpriated earning tax for 2006 and 2008, and income tax for 2009 are more than the Company filed, requiring the Company to pay additionally NT$21,988 thousand. The Company had request for the reassessment of aforementioned tax and recognized related tax expenses.

f. Information of imputation tax credit is as follows:

	As of December 31	
	2012	2011
Balance of the imputation credit accounts	$722,120	$866,655

	For the Years Ended December 31,	
	2012 (Estimated)	2011 (Actual)
Imputation credit ratio	18.77%	12.62%

g. Information of unappropriated earnings is as follows:

	As of December 31,	
	2012	2011
Since 1998	$3,879,692	$8,000,447

(20) EARNINGS PER SHARE

a. In 2012, as the Company issued unsecured Euro convertible bonds, its capital structure is regarded as a complex capital structure. Outstanding shares of common stocks for the years ended December 31, 2012 and 2011 are calculated as follows:

	For the year ended December 31,	
	2012	2011
Outstanding common stock shares, beginning of the year (in thousand shares)	2,275,656	2,068,779
Add: Stock dividends for 2011	-	206,877
Stock dividends for 2012	102,405	102,405
Weighted-average common stock shares outstanding	2,378,061	2,378,061
Dilutive potential common stock:		
Employee bonuses	-	1,291
Potential common stock shares	2,378,061	2,379,352

b. The basic and diluted earnings per share for the years ended December 31, 2012 and 2011 are as follows:

	2012				
	Amount (Numerator)		Shares (Denominator)	EPS (NTD)	
	Pre-tax	After-tax	(In Thousands)	Pre-tax	After-tax
Basic EPS: *					
Net loss attributable to common Stockholders	$(1,820,247)	$(1,820,247)	2,378,061	$(0.77)	$(0.77)

* Since the Company carries a loss in the current year, diluted earnings per share is not calculated.

	2011				
	Amount (Numerator)		Shares (Denominator) (In Thousands)	EPS (NTD)	
	Pre-tax	After-tax		Pre-tax	After-tax
Basic EPS:					
Net income attributable to common stockholders	$2,787,176	$2,524,176	2,378,061	$1.17	$1.06
Potential diluted effects:*					
Employee bonuses	-	-	1,291		
Diluted EPS:					
Diluted earnings attributable to common stockholder	$2,787,176	$2,524,176	2,379,352	$1.17	$1.06

* The Company's convertible bonds are anti-diluted. Thus, they are not included for above calculation of diluted EPS.

(21) OPERATING COSTS AND EXPENSES

The Company's personnel, depreciation and amortization expenses for 2012 and 2011 are as follows:

	2012			2011		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses:						
Salaries	$1,932,038	$301,424	$2,233,462	$1,973,870	$313,753	$2,287,623
Insurance	192,008	14,735	206,743	176,164	13,881	190,045
Pension	92,627	28,024	120,651	121,061	33,968	155,029
Others expenses	72,940	10,747	83,687	68,756	10,173	78,929
Depreciation*	1,341,421	11,751	1,353,172	1,215,694	7,401	1,223,095
Amortization	7,384	396	7,780	7,317	-	7,317

* The difference between the amount stated above and the depreciation stated in the statements of cash flows was recognized in non-operating expenses.

5. RELATED PARTY TRANSACTIONS

The significant transactions for 2012 and 2011 are summarized below:

(1) Name and Relationship of Related Parties

Name of Related Parties	Relationship with the Company
Taiwan Glass USA Sales Corporation (TGUS)	Subsidiary
Taiwan Glass China Holding Ltd. (TGCH)	〃
Taiwan Autoglass Ind. Corporation (TAG)	〃
TG Teco Vacuum Insulated Glass Corporation (TVIG)	Investee accounted for under equity method
Hario TG Glass Corporation (HARIO)	〃
TG Qingdao Glass Co., Ltd. (QFG)	Investee accounted for under equity method (sub-subsidiaries invested via third region)
Qingdao Rolled Glass Co., Ltd. (QRG)	〃
TG Changjiang Glass Co., Ltd. (CFG)	〃
Taichia Glass Fiber Co., Ltd. (TGF)	〃
Taichia Chengdu Glass Fiber Co., Ltd. (TCD)	〃
TG Chengdu Glass Co., Ltd. (CDG)	〃
TG Huanan Glass Co., Ltd. (HNG)	〃
TG Tianjin Glass Co., Ltd. (TJG)	〃
TG Donghai Glass Co., Ltd. (DHG)	〃
TG Anhui Glass Co., Ltd. (TAH)	〃
TG Fujian Photovoltaic Glass Co., Ltd. (FPG)	〃
TG Xianyang Glass Co., Ltd. (TXY)	〃
TG Yueda Autoglass Co., Ltd. (TYAU)	〃
TG Yueda Solar Glass Co., Ltd. (TYSM)	〃
TG Wuhan Architectural Glass Co., Ltd. (TWAR)	〃
TG Taicang Architectural Glass Co., Ltd. (TTAR)	〃
TG Huaian Glass Co., Ltd. (HAG) *	〃
TG Zhangzhou Silica Sand Co., Ltd. (ZZSS)	〃
TG Fengyang Silica Sand Co., Ltd. (FYSS)	〃
Shihlien Chemical Industrial Jiangsu Co., Ltd. (SCJ)	Its chairman is the same as the Company's
Tai Cheng Investment Corp.	Its director is the same as the Company's.
16 persons, including Lin, Por-Feng	Directors of the Company
2 persons, including Hsu, Li-Ling	Supervisors of the Company
8 persons, including Lin, Por-Shih	Vice presidents and other key management personnel of the Company

* HAG has been liquidated during the year ended December 31, 2012.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Significant Related Party Transactions

a. Sales revenue

	2012		2011	
Related Party	Amount	Percentage	Amount	Percentage
TAG	$143,506	1	$150,672	1
TGF	120,187	1	49,681	-
TGUS	9,536	-	12,864	-
DHG	133	-	-	-
TWAR	118	-	-	-
CFG	113	-	-	-
CDG	106	-	29	-
SCJ	49	-	543	-
FPG	38	-	-	-
TTAR	20	-	-	-
TYAU	-	-	709	-
Total	$273,806	2	$214,498	1

i. Collection terms of related party transaction:

Related Party	Collections Terms
TGUS	L/C or D/A, at sight after 75 ~90 days.
TAG	Same as domestic sale, limit to 3 months
Others	T/T 90 days.

ii. Selling price of related part transaction:

Related Party	Selling Price
TGUS	Same as export sale
TGF	〃
DHG	〃
TWAR	〃
CFG	〃
TCD	〃
SCJ	〃
FPG	〃
TTAR	〃
TAG	Same as domestic sale

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Purchase

	2012		2011	
Related Party	Amount	Percentage	Amount	Percentage
TGUS	$12,229	-	$44,752	1
CFG	200	-	35,896	-
Total	$12,429	-	$80,648	1

i. Payment terms of related party transaction:

T/T at sight.

ii. Purchasing price of related part transaction:

The price is based on local market price.

c. Other revenue

	2012		2011	
Related Party	Amount	Percentage	Amount	Percentage
TGF	$64,566	78	$63,784	91
CFG	9,221	11	217	-
QFG	6,293	8	3,796	6
QRG	1,034	1	-	-
TYSM	593	1	-	-
TCD	440	1	-	-
CDG	31	-	60	-
TXY	-	-	1,567	2
TJG	-	-	486	1
Total	$82,178	100	$69,910	100

Other revenues resulted from sale of raw materials, supplies and steel materials.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

d. Miscellaneous income (guarantee fee and service income)

Related Party	For the Year Ended December 31, 2012	2011
TXY	$32,684	$22,116
SCJ	20,150	19,046
FPG	16,580	10,983
TAG	16,052	16,198
HNG	14,682	15,971
TAH	11,053	1,606
TGF	10,870	14,503
TCD	10,594	1,567
TJG	9,778	11,090
CFG	9,399	7,555
CDG	5,388	6,102
TWAR	4,984	1,123
TTAR	4,402	-
TYSM	4,335	1,234
TGCH	3,611	2,362
QFG	3,170	3,016
TYAU	2,193	1,526
FYSS	660	1,319
QRG	294	297
DHG	172	73
HAG	120	-
ZZSS	-	147
Total	$181,171	$137,834

e. Rent expense/Rent revenue

(a) The Company has leased plant, warehouse, and land from Tai Cheng Investment Corp., and the rent expenses were both NT$7,952 thousand for 2012 and 2011. The rent were based on local market price and was prepaid for 1 year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Rent revenue

Related Party	For the Year Ended December 31, 2012	2011
TAG	$12,298	$12,408
HARIO	497	-
TVIG	13	-
Total	$12,808	$12,408

The rent were based on local market price.

TAG：leased land and buildings, paid monthly.
HARIO：leased warehouse and office, prepaid for 1 year and paid monthly, respectively.
TVIG：leased staff dormitory, paid monthly.

f. Information of promissory note signed by the Company to guarantee for related parties is disclosed in Note 7 (5).

g. Disposal of property, plant and equipment

December 31, 2012

Related Party	Item	Sell price	Gain on disposal
TGCH	Machinery and equipment	$178,860	$126,849

December 31, 2011

None.

h. Disclosure of key management personnel compensation:

Categories	2012	2011
Salaries, bonuses, and other remunerations	$33,806	$66,858

Key management personnel include directors, supervisors, president and vice presidents.

Please refer to the Company's annual report for details of key management compensation.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) The Company's receivable and payable with related parties are as follows:

a. Accounts receivables - affiliates

	As of December 31,			
	2012		2011	
Related Party	Amount	Percentage*	Amount	Percentage
TGF	$76,224	5	$12,122	1
TAG	22,721	1	29,146	2
TGUS	2,599	-	1,557	-
CFG	113	-	-	-
SCJ	49	-	544	-
Total	$101,706	6	$43,369	3

* The percentage is calculated at the amount of accounts receivable - affiliates divided by the total amount of the Company's receivables, including notes receivables, accounts receivables, and accounts receivables - affiliates.

b. Other receivable

	As of December 31,	
	2012	2011
Other receivables - affiliates	$385,641	$697,479

i. Receivables from guarantee fee, service revenue, and sale of raw materials, supplies, or accessories are as follows:

	As of December 31,	
Related Party	2012	2011
TGCH	$173,940	$2,393
TXY	46,257	24,133
HNG	30,169	18,818
SCJ	19,807	8,760
TGF	18,187	24,773
FPG	16,333	5,245
CFG	16,214	8,036

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Related Party	As of December 31, 2012	As of December 31, 2011
QFG	11,322	5,912
TCD	10,453	1,610
TJG	9,636	11,326
TAH	9,434	1,647
TWAR	5,913	1,149
CDG	5,296	6,249
TTAR	4,355	-
TYSM	3,213	1,249
TAG	2,363	1,463
TYAU	1,220	1,089
QRG	712	27,605
FYSS	646	1,356
DHG	171	74
ZZSS	-	152
Total	$385,641	$153,039

ii. Information of financing provided to related parties is as follows:

For the Year Ended December 31, 2012

	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Income	Interest Receivable
TGCH	$745,750 (USD25,000 thousand)	$-	0.82	$5,249	$-

For the Year Ended December 31, 2011

	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Income	Interest Receivable
TGCH	$544,050 (USD18,000 thousand)	$544,050	0.82	$390	$390
TGF	296,900 (USD10,000 thousand)	-	0.77413	986	-
Total		$544,050		$1,376	$390

6. PLEDGED ASSETS

None.

7. COMMITMENTS AND CONTINGENCIES

As of December 31, 2012, the Company had the following commitments and contingencies not included in the financial statements:

(1) As of December 31, 2012, outstanding promissory notes signed for business needs, including importing equipments, purchase of equipments, performance bond, and loan guarantee, totaled NT$8,046,776 thousand.

(2) Commodity tax and export tariff were NT$19,269 thousand.

(3) Unused balances of letters of credit are as follows:

Currency	Unused Balance (In Thousands)
JPY	$390,223
EUR	3,626
USD	10,494
GBP	85
TWD	134,358

(4) Significant contracts of construction in progress and equipments are as follows:

Item	Contract Amount	Amount Paid	Amount Unpaid
Project of TG-Hsinchu	$79,027	$45,246	$33,781
Project of TG-Taichung	34,001	15,382	18,619
Project of TG-Lukang	3,237	2,688	549
Project of TG-Changpin	349,787	287,251	62,536
Project of TG-Teco	120,216	94,420	25,796
Project of TG-Taoyuan	12,805	11,660	1,145
Total	$599,073	$456,647	$142,426

(5) Promissory notes and letter of guaranty for related parties are as follows:

Related Party	Amount (In Thousands)		Secured Debt
TGCH	USD	145,000	Bank loans and letter of credit
TXY	USD	105,000	〃
FPG	USD	96,500	〃
HNG	USD	95,109	〃
TGF	USD	94,000	〃
TJG	USD	66,928	〃
TWAR	USD	50,000	〃
TTAR	USD	50,000	〃
CDG	USD	40,406	〃
TAH	USD	40,000	〃
TYSM	USD	18,000	〃
TYAU	USD	14,000	〃
QFG	USD	13,500	〃
CFG	USD	3,000	〃
QRG	USD	2,450	〃
TGCH	NTD	750,000	〃

(6) The Company entered into a contract with CVD Equipment Corporation ("CVD") in August, 2008, under which the Company ordered APCVD glass manufacturing equipment from CVD for US$11,880 thousand in total. A down payment of US$3,564 thousand had been paid by the Company, the payment representing 30% of total amounts. However, the equipment did not meet the standards specified under the contract. Thus, the Company refused to accept the delivery.

Later, CVD filed an action in the United States District Court for the Southern District of New York against the Company, claiming that the Company failed to pay 2nd installment of US$3,564 thousand, and sought damages of US$5,816 thousand. In April 2011, the Company filed a defense and Counterclaim, denying that the Company had breached the contract and asserting numerous affirmative defenses, and insisting that CVD breached contract by failing to deliver the equipment as provided in the contract. The Company sought numerous damages, including the down payment of US$3,564 thousand.

Additionally, in August 2011, the Company also filed an Amended Answer and Counterclaim, adding Capital One, N.A. ("Capital One") as a counterclaim defendant, and stressing that Capital One wrongfully dishonored the letter of credit and seeking US$3,564 thousand in damages. The trial was scheduled to be held on April 15, 2012, however, the judge postponed the trial date as the Company filed for a summary judgment on April 12, 2012. The application for the summary judgment was denied by the court on November 7, 2012. The trial should be held in the second half of 2013 although the judge has not set a date yet.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company filed an action in the Taiwan Taichung District Prosecutors Office against the responsible person of CVD and its agent for fraud, claiming that CVD mislead the Company to pay US$3,564 thousand, issued falsified bill of lading, causing Capital One to withdraw CVD's letter of credit, and attempted to fraudulently receive the second installment of US$3,564 thousand from Mizuho Corporate Bank.

However, on May 6, 2011, the Taiwan Taichung District Prosecutors Office decided not to prosecute CVD. Thus, the Company re-filed the case to Taiwan Taichung District Prosecutors Office. As of December 31, 2012, the lawsuit is still in process, The Company has recognized the payment of NT$115,970 thousand (converted from US dollars) as "Other receivable".

8. SIGNIFICANT DISASTER LOSS

None.

9. SIGNIFICANT SUBSEQUENT EVENT

On March 18, 2013, the Board of Directors resolved its distribution for 2012 as follows:

	2012
	Resolution by the Board of Directors
Dividends	
-Cash ($0.1 per share)	$237,806

The above distribution proposal will not be effective until passed at the stockholders' meeting on June 10, 2013.

10. OTHER DISCLOSURES

(1) Risk management and hedging strategy

The Company's primary non-derivative financial instruments are cash, cash equivalents and bank loans. The Company finances its operation by these instruments. The Company also holds other financial assets and liabilities, such as accounts receivable and accounts payable, which arise from its ordinary course of business.

The primary risks that the financial instruments of the Company is exposed to include cash flow risk from interest fluctuations, foreign currency risk, commodity price risk, credit risk, and liquidity risk.

Cash flow risk from fluctuations in interest rate

The Company's bank loans are subject to floating interest rate and therefore the Company is exposed to the risk that the future cash flows will fluctuate due to changes in market interest rates. However, the interest rate is expected not to fluctuate dramatically, thus the Company concludes the risk is not significant.

Foreign currency risk

The Company is exposed to foreign exchange rate risk arising from currency exposures as a result of significant investments not denominated in NTD. As the Company intends to hold the investments for long-term and reinvest the profit from the investing, additionally, the risk resulting from purchases and sales diminish each other, thus, the Company concludes the risk is not significant.

Commodity price risk

The Company's exposure to commodity price risk is minimal.

Credit risk

The Company trades only with established and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, individual's receivables balance is monitored continuously, minimizing the Company's exposure to credit risk.

Credit risk arising from the other financial assets, including cash, cash equivalents and available-for-sale financial assets, the maximum exposure to the default of the counterparty is limited to the carrying amount of these instruments.

Liquidity risk

The Company's objective is to maintain a balance of funding continuity and flexibility through the use of financial instruments such as cash, cash equivalents, and bank loans. As of December 31, 2012 and 2011, current portion of long-term loans were NT$5,633,952 thousand and NT$2,170,000 thousand. The Company contends that no significant liquidity risk exists in the near future.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information of financial instruments

a. Fair value of financial instruments

	As of December 31,			
	2012		2011	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets:				
Non-derivatives				
Cash and cash equivalents	$3,084,340	$3,084,340	$5,745,066	$5,745,066
Notes and accounts receivable, net	1,959,084	1,959,084	2,150,209	2,150,209
Available-for-sale financial assets - noncurrent	363,595	363,595	1,680,047	1,680,047
Financial assets carried at cost - noncurrent	49,206	-	68,106	-
Long-term investments accounted for under the equity method	38,133,161	38,133,161	37,509,045	37,509,045
Prepayment for long-term investments	-	-	19,500	19,500
Refundable deposits	25,641	25,641	34,194	34,194
Financial Liabilities:				
Non-derivatives				
Short-term loans	3,260,000	3,260,000	2,170,000	2,170,000
Short-term notes and bills payable	1,198,952	1,198,952	-	-
Notes and accounts payables	1,625,808	1,625,808	1,621,039	1,621,039
Bonds payable	8,491,341	8,578,641*	8,698,214	8,814,024*
Long-term loans (current portion included)	3,175,000	3,175,000	3,175,000	3,175,000
Deposits-in	21,896	21,896	21,580	21,580

* The fair value of the convertible bonds is evaluated by binomial tree model.

The methods and assumptions used to measure fair values of financial instruments are disclosed as follows:

i. The carrying values of short-term financial instruments approximate their fair values because of short maturities of these instruments. Short-term financial instruments include cash and cash equivalents, notes and accounts receivable, short-term loans, short-term notes and bills payable, and notes and accounts payables.

ii. The fair values of available-for-sale financial assets - noncurrent are based on the quoted market prices.

iii. The fair values of financial assets carried at cost are unable to be estimated since no active market price exists for shares of unlisted companies.

iv. The fair values of long-term investments accounted for under the equity method is evaluated at their carrying values.

v. The fair values of bonds payable are evaluated based on the estimation and assumption, consistent with those used by underwriters when pricing the bonds. However, the fair value does not equal to future cash outflows of the Company.

vi. The fair values of the long-term loans are estimated by discounting expected cash flows. The Company chooses discount rate by referring to other bank loans with similar maturity.

vii. The fair values of refundable deposit and deposits-in are determined by the carrying amounts as the receiving and returning dates of such commodities are unable to be estimated.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. The fair values of the Company's financial instruments determined by the quoted price or by valuation techniques are as follows :

	Active Market Quotation		Valuation Technique	
	As of December 31,		As of December 31,	
	2012	2011	2012	2011
Financial assets:				
Non-derivative				
Cash and cash equivalents	$3,84,340	$5,745,066	$-	$-
Notes and accounts receivable, net	-	-	1,959,084	2,150,209
Available-for-sale financial assets - noncurrent	363,595	1,680,047	-	-
Long-term investments accounted for under the equity method	-	-	38,133,161	37,509,045
Prepayments for long-term investments	-	-	-	19,500
Refundable deposits	-	-	25,641	34,194
Financial liabilities:				
Non-derivative				
Short-term loans	-	-	3,260,000	2,170,000
Short-term notes and bills payable	-	-	1,198,952	-
Notes and accounts payable	-	-	1,625,808	1,621,038
Bonds payable	-	-	8,578,641	8,814,024
Long-term loans (current portion included)	-	-	3,175,000	3,175,000
Deposits-in	-	-	21,896	21,580

c. Interest rate risk

Interest rate risks of financial instruments that the Company is exposed to are disclosed by maturities as follows:

Floating interest rate

	1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Cash and cash equivalents	$3,084,340	$-	$-	$-	$-	$-	$3,084,340
Short-term loans	(3,260,000)	-	-	-	-	-	(3,260,000)
Long-term loans (current portion included)	(1,175,000)	(1,400,000)	(400,000)	(200,000)	-	-	(3,175,000)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial instruments with floating interest rate are revaluated within 1 year. All other financial instruments not included above are not subjected to interest rate risk because of their non-interest bearing attributes.

d. Credit risk

The Company's exposure to the concentration of credit risk is not significant.

e. Hedging activity

No transaction meets the criteria of hedge accounting in accordance with R.O.C. SFAS No. 34.

(3) Exchange rates used for significant financial assets and liabilities denominated in foreign currencies are as follows:

	As of December 31, 2012			As of December 31, 2011		
	Foreign Currency	Exchange Rate	Amount	Foreign Currency	Exchange Rate	Amount
Financial assets:						
Monetary items						
USD	$120,239	28.99	$3,485,726	$216,437	30.225	$6,541,814
EUR	2,203	38.29	84,352	2,279	38.98	88,839
JPY	12,243	0.3344	4,094	16,677	0.3886	6,481
Long-term investments accounted for under the equity method						
USD	$1,305,180	28.99	$37,837,165	$1,229,897	30.225	$37,173,637
Financial liabilities:						
Monetary items						
USD	$291,899	29.09	$8,491,341	$286,880	30.32	$8,698,214

(4) Pre-Disclosure for adoption of International Financial Reporting Standards

The Company discloses related information in the consolidated financial statements.

11. ADDITIONAL DISCLOSURE

(1) The following are additional disclosures of significant transactions:

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

b. Endorsement/guarantee provided to others for the year ended December 31, 2012: Please refer to Attachment 2.

c. Securities held as of December 31, 2012: Please refer to Attachment 3.

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

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

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

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

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

i. Financial instruments and derivative transactions during 2012: None.

(2) Names, locations and related information of investees as of December 31, 2012:

a. Information of the investees in which the Company directly or indirectly has significant influence or control: Please refer to Attachment 7.

b. The following is the information of the investees in which the Company directly or indirectly has control:

i. Financing provided to others for the year ended December 31, 2012: Please refer to Attachment 1.
ii. Endorsement/guarantee provided to others for the year ended December 31, 2012: Please refer to Attachment 2.
iii. Securities held as of December 31, 2012: Please refer to Attachment 3-1.
iv. 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: None.
v. Acquisition of individual real estate with amount exceeding NT$100 million or 20 percent of the capital stock for the year ended December 31, 2012: None.
vi. Disposal of individual real estate with amount exceeding NT$100 million or 20 percent of the capital stock for the year ended December 31, 2012: None.
vii. Related party transactions for purchases and sales amounts exceeding NT$100 million or 20 percent of the capital stock for the year ended December 31, 2012: Please refer to Attachment 5.
viii. Receivables from related parties with amounts exceeding NT$100 million or 20 percent of capital stock as of December 31, 2012: Please refer to Attachment 6.
ix. Financial instruments and derivative transactions during the year ended December 31, 2012 are as follows: None.

(3) Investments in Mainland China:

a. Investee's 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 or loss, carrying value of the investments, inward remittance of earnings and limits on investments in Mainland China: Please refer to Attachment 8.

b. Directly or indirectly significant transactions through other 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 are disclosed as follows:

i. Accumulated amount and percentage of purchase and related payables as of December 31, 2012: Please refer to Note 5.
ii. Accumulated amount and percentage of sales and related receivables as of December 31, 2012: Please refer to Note 5.
iii. Amount of property transaction and related gain or loss: Please refer to Note 5.
iv. Endorsement/guarantee provided to others for the year ended December 31, 2012: Please refer to Attachment 2.
v. Financing provided to others for the year ended December 31, 2012: Please refer to Note 5.
vi. Other significant transactions, such as service provided or received: Please refer to Note 5.

12. OPERATING SEGMENT INFORMATION

The Company discloses related information in the consolidated financial statements.

TAIWAN GLASS INDUSTRIAL CORPORATION

Attachment 1

Financing provided to others for the year ended December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Maximum Balance for the Period	Ending Balance Approved by the Board (In Thousands)	Actual Amount Provided	Interest Rate	Nature of Financing (Note 2)	Transaction Amount (Note 3)	Reason for Financing	Allowance for Bad Debt	Collateral Item	Collateral Value	Limit of Financing Amount for Individual Counterparty	Limit of Total Financial Amount for Financing Company (Note 4)
0	TGI	TGCH	Other receivables	$748,500	USD 15,000	$-	-	2	-	Need for operating	-	-	-	43,740,301 × 10% = 4,374,030 (in thousand)	43,740,301 × 20% = 8,748,060 (in thousand)
1	TGCH	DHG	〃	1,195,200	USD 40,000	579,800	2.18%	2	-	〃	-	-	-	USD1,415,058 × 30% × 28.99 =12,306,759 (in thousand)	USD1,415,058 × 40% × 28.99 =16,409,013 (in thousand)
1	TGCH	TCD	〃	1,195,200	USD 40,000	-	-	2	-	〃	-	-	-	〃	〃
1	TGCH	TAH	〃	1,344,600	USD 45,000	-	-	2	-	〃	-	-	-	〃	〃
1	TGCH	FPG	〃	449,100	USD 15,000	434,850	1.57%~2.60%	2	-	〃	-	-	-	〃	〃
1	TGCH	HNG	〃	449,100	USD 15,000	-	-	2	-	〃	-	-	-	〃	〃
1	TGCH	TGF	〃	598,800	USD 20,000	434,850	1.36%~1.57%	2	-	〃	-	-	-	〃	〃
2	CFG	FYSS	〃	111,982	CNY 23,683	79,920	-	2	-	〃	-	-	-	USD132,735 × 30% × 28.99 =1,154,396 (in thousand)	USD132,735 × 40% × 28.99 =1,539,195 (in thousand)
2	CFG	TTAR	〃	283,702	CNY 60,000	145,510	-	2	-	〃	-	-	-	〃	〃
3	DHG	QFG	〃	118,209	CNY 25,000	9,547	-	2	-	〃	-	-	-	USD52,640 × 30% × 28.99 =457,810 (in thousand)	USD52,640 × 40% × 28.99 = 610,413 (in thousand)
4	ZZSS	FPG	〃	1,872	-	-	-	2	-	〃	-	-	-	USD7,398 × 30% × 28.99 =64,340 (in thousand)	USD7,398 × 40% × 28.99 =85,787 (in thousand)
5	CDG	HZSS	〃	215,424	CNY 41,864	138,366	-	2	-	〃	-	-	-	USD200,164 × 30% ×28.99 = 1,740,826 (in thousand)	USD200,164 × 40% × 28.99 = 2,321,102(in thousand)
Total						$1,822,843									

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded starting from "1" in the order.

Note 2: Nature of financing is coded as follows:

1. The financing occurred due to business transactions
2. The financing occurred due to short-term financing

Note 3: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 4: Financing to individual entity is limited to 10% of the Company's net assets, and total amount of financing to others is limited to 20%. Subsidiaries' individual financing are limited to 30% of their net assets, and total amount is limited to 40%.

Attachment 2

Endorsement/guarantee provided to others for the year ended December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

No. (Note 1)	Endorser/ Guarantor	Receiving Party: Company Name	Receiving Party: Relationship (Note 2)	Limit of the Endorsement/Guarantee Amount for Receiving Party	Maximum Balance for the Period	Ending Balance	Actual Amount Borrowed	Amount of Collateral	Percentage (Note 3)	Limit on the Endorsement/Guarantee Amount
0	TGI	QRG	3	$13,122,090	$78,328	$78,328	$-	-	0%	1. In accordance with the Article 4 of the Procedures for Endorsement and Guarantee, the Company may provide endorsement/guarantee to others but shall not exceed 100% of its net assets. For endorsement/guarantee to individual entity, the amount is limited to 30% of the Company's net assets. 2.Subsidiaries may provide endorsement/guarantee to others but shall not exceed 100% of their net assets. For endorsement/guarantee to individual entity, the amount is limited to 60% of the subsidiary's net assets. 3.TGI : 43,740,301 thousand × 100% = 43,740,301 (in thousand) 4.TGCH : USD1,415,058 × 100% × 28.99 =41,022,531 (in thousand) 5.TGF : USD213,230 × 100% × 28.99 = 6,181,538 (in thousand) 6.CFG : USD132,735 × 100% × 28.99 =3,847,988 (in thousand) 7.HNG : USD144,104 × 100% × 28.99 = 4,177,575 (in thousand) 8.CDG : USD200,164 × 100% × 28.99 = 5,802,754 (in thousand) 8.QFS : USD78,496 × 100% × 28.99 = 2,275,599 (in thousand)
0	TGI	CFG	3	〃	95,250	95,250	72,475	-	0%	
0	TGI	TYSM	3	〃	526,500	526,500	347,880	-	1%	
0	TGI	QFG	3	〃	680,868	680,868	382,146	-	2%	
0	TGI	CDG	3	〃	1,299,605	1,299,605	390,060	-	3%	
0	TGI	TYAU	3	〃	402,920	402,920	402,920	-	1%	
0	TGI	TAH	3	〃	1,213,200	1,213,200	927,680	-	3%	
0	TGI	TGCH	2	〃	5,076,750	5,076,750	2,029,300	-	12%	
0	TGI	TTAR	3	〃	1,468,900	1,468,900	985,660	-	3%	
0	TGI	TWAR	3	〃	1,471,250	1,471,250	1,130,610	-	3%	
0	TGI	TGF	3	〃	3,098,175	2,890,125	973,223	-	7%	
0	TGI	HNG	3	〃	3,372,709	3,241,109	1,680,260	-	7%	
0	TGI	TJG	3	〃	2,642,666	2,052,242	1,311,363	-	5%	
0	TGI	FPG	3	〃	3,839,067	3,839,067	2,466,324	-	9%	
0	TGI	TXY	3	〃	3,603,600	3,603,600	2,493,140	-	8%	
0	TGI	TCD	3	〃	725,000	725,000	-	-	2%	
1	TGCH	TGI	2	24,613,519	50,000	50,000	50,000	-	0%	
2	TGF	TKG	3	3,708,923	472,836	461,220	-	-	7%	
2	TGF	CFG	3	〃	945,673	-	-	-	0%	
3	CFG	CDG	3	2,308,793	803,822	784,074	-	-	20%	
3	CFG	TTAR	3	〃	945,673	737,952	-	-	19%	
3	CFG	TGF	3	〃	1,263,265	1,153,051	55,081	-	30%	
4	HNG	ZZSS	3	2,506,545	189,135	184,488	101,468	-	4%	
4	HNG	FPG	3	〃	472,836	461,220	230,610	-	11%	
5	CDG	TWAR	3	3,481,653	738,250	-	-	-	0%	
5	CDG	TXY	3	〃	885,900	18,959	-	-	0%	
5	CDG	TTAR	3	〃	531,540	86,970	-	-	2%	
5	CDG	TAH	3	〃	389,220	376,870	-	-	6%	
6	QFG	DHG	3	1,365,359	219,888	219,080	-	-	10%	

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded starting from "1" in the order.

Note 2: Receiving parties are disclosed as one of the following:

1. An investee company that has a business relationship with.
2. A subsidiary in which the Company holds directly over 50% of equity interest.
3. An investee in which the Company and its subsidiaries hold over 50% of equity interest.

Note 3: The percentage is calculated by the amount of accumulated endorse/guarantee amount to net assets value from the latest financial statements.

Attachment 3

Securities held as of December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Type and Name of the Securities	Relationship (Note 1)	Financial Statement Account	As of December 31, 2012 Shares	Carrying Value	Percentage of Ownership	Market Value	Remark
TGI	Securities:							
	Chang Hwa Commercial Bank, Ltd.		Available-for-sale financial assets - noncurrent	920,791	$12,491	0.01%	$14,687	
	Hua Nan Financial Holdings Co., Ltd.		〃	10,960,107	161,561	0.13%	184,130	
	China Development Financial Holdings		〃	21,681,340	372,841	0.14%	164,778	
	Less： valuation allowance				(183,298)			
	Total				$363,595			
	Securities:							
	Chi-Ye Chemical Corp.		Financial assets carried at cost - noncurrent	659,000	$5,106	3.30%	$-	
	UniDisplay Inc.		〃	2,940,000	44,100	1.54%	-	
	Total				$49,206			
	Taiwan Glass USA Sales Co. Ltd. (TGUS)	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	4,612	$231,813	100.00%	$231,813	
	Taiwan Glass China Holding Ltd. (TGCH)	〃	〃	954,623,000	37,552,004	91.67%	37,605,352	
	Taiwan Autoglass Ind Corp. (TAG)	〃	〃	26,100,000	293,384	87.00%	293,384	
	TG Teco Vacuum Insulated Glass Corporation (TVIG)	〃	〃	5,200,000	46,174	65.00%	46,174	
	Hario TG Glass Corporation (HARIO)	〃	〃	1,000,000	9,786	50.00%	9,786	
	Total				$38,133,161			

Note 1: If the securities listed above are issued by related parties, the column is specified with further information.

Attachment 3-1

Securities held as of December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Type and Name of the Securities	Relationship (Note 1)	Financial Statement Account	As of December 31, 2012 Shares	Carrying Value	Percentage of Ownership	Market Value	Remark
TAG	Securities:							
	TAGH	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	6,000,000	$145,586	100.00%	$145,586	
TGUS	Securities:							
	QRG	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	-	$79,537	16.30%	$79,537	
TGCH	Securities:							
	SCH	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	1,116,180,000	$4,602,473	37.65%	$4,602,473	
	QRG	〃	〃	-	20,006	4.10%	20,006	
	QFG	〃	〃	-	2,275,598	100.00%	2,275,598	
	YNSS	〃	〃	-	100,747	63.38%	100,747	
	CFG	〃	〃	-	3,847,994	100.00%	3,847,994	
	FYSS	〃	〃	-	257,814	100.00%	257,814	
	TGF	〃	〃	-	6,181,519	100.00%	6,181,519	
	CDG	〃	〃	-	5,802,759	100.00%	5,802,759	
	HZSS	〃	〃	-	325,252	100.00%	325,252	
	HNG	〃	〃	-	4,177,562	100.00%	4,177,562	
	DHG	〃	〃	-	1,526,032	100.00%	1,526,032	
	TJG	〃	〃	-	2,269,668	100.00%	2,269,668	
	TKG	〃	〃	-	1,291,313	100.00%	1,291,313	
	FPG	〃	〃	-	450,006	100.00%	450,006	
	TXY	〃	〃	-	1,813,077	100.00%	1,813,077	
	TTAR	〃	〃	-	930,227	100.00%	930,227	
	TAH	〃	〃	-	1,438,899	100.00%	1,438,899	
	TYSM	〃	〃	-	751,704	75.00%	751,704	
	TWAR	〃	〃	-	984,600	100.00%	984,600	
	TYAU	〃	〃	-	293,360	40.00%	293,360	
	TCD	〃	〃	-	1,404,715	100.00%	1,404,715	
	TBF	〃	〃	-	289,460	100.00%	289,460	
					$41,034,785			
QFG	Securities:							
	QRG	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	-	$437,622	79.60%	$388,416	
HNG	Securities:							
	ZZSS	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	-	$218,414	100.00%	$218,414	
	HYM	〃	〃	-	6,028	60.00%	6,028	
					$224,442			
TAGH	Securities:							
	TYAU	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	-	$146,680	20.00%	$146,680	

Note 1: If the securities listed above are issued by related parties, the column is specified with further information.

Attachment 4

Individual securities acquired or disposed of with accumulated amount exceeding
NT$100 million or 20 percent of the capital stock for the year ended December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Type and Name of the Securities,	Financial Statement Account	Counterparty (Note 1)	Relationship (Note 1)	Beginning Balance		Acquisition (Note 2)		Disposal (Note 2)				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain or Loss on Disposal	Shares	Amount
TGI	Securities: Formosa Plastics Corporation	Available-for-sale financial assets -noncurrent	-	-	13,870,682	$1,120,751	-	$-	13,870,682	$1,102,601	$604,164 516,587 (Note 3)	$498,437	-	$-
TGI	Securities: Chang Hwa Commercial Bank, Ltd.	Available-for-sale financial assets -noncurrent	-	-	7,267,553	119.551	-	-	6,407,000	108.100	93,028 11,836 (Note 3)	15,072	920,791	14,687
TGI	Securities: Taiwan Glass China Holding Ltd. (TGCH)	Long-terminvestments accounted for under the equity method	TGCH	Parent- subsidiary	812,755,000	36,928,935	141,868,000	4,200,273 (Note 4) 162,201 (Note 5)	-	-	3,739,405 (Note 5)	-	954,623,000	37,552,004

Note 1: These columns are filled only if securities are investments accounted for under the equity method.

Note 2: Accumulated amount of securities acquired or disposed of are calculated by market value to decide whether they exceeds NT$100 million or 20 percent of the capital stock.

Note 3: It indicates the changes in gain or loss on valuation of available-for-sale financial assets in current period.

Note 4: The Company acquires new shares by cash.

Note 5: It consists of gain on investment accounted for under the equity method, cumulative translation adjustments, changes in the equity of the investment due to not acquiring investee's new shares proportionately, and other changes in stockholders' equity of equity investees.

Attachment 5

Related party transactions for purchases and sales amounts exceeding NT$100 million
or 20 percent of capital stock as of for the year ended December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Counterparty	Relationship	Transaction Details				Details Different from Non-arm's Length Transactions		Notes and Accounts Receivable (Payable)		Remark
			Sale/Purchase	Amount	Percentage of Total Sales or Purchases	Term	Unit Price	Terms	Balance	Percentage of Total Receivable (Payable)	
TGI	TAG	Subsidiary	Sales	$(143,506)	-1%	3 months	-	-	$22,721	1%	
TGI	TGF	Subsidiary	Sales	(120,187)	-1%	3 months	-	-	76,224	5%	
QFG	TGUS	Subsidiary	Sales	(147,396)	-7%	3 months	-	-	30,281	25%	
CFG	TKG	Subsidiary	Sales	(840,602)	-23%	3 months	-	-	61,020	20%	
CFG	TTAR	Subsidiary	Sales	(127,206)	-4%	3 months	-	-	84,368	27%	
TKG	CFG	Subsidiary	Sales	(436,889)	-41%	3 months	-	-	37,855	32%	
FYSS	CFG	Subsidiary	Sales	(119,944)	-61%	3 months	-	-	39,425	50%	
TAG	TGI	Subsidiary	Purchases	143,506	36%	3 months	-	-	(22,721)	-29%	
TGF	TGI	Subsidiary	Purchases	120,187	5%	3 months	-	-	(76,224)	-42%	
TGUS	QFG	Subsidiary	Purchases	147,396	61%	3 months	-	-	(30,281)	-48%	
TKG	CFG	Subsidiary	Purchases	840,602	72%	3 months	-	-	(61,020)	-49%	
TTAR	CFG	Subsidiary	Purchases	127,206	71%	3 months	-	-	(84,368)	-60%	
CFG	TKG	Subsidiary	Purchases	436,889	12%	3 months	-	-	(37,855)	-8%	
CFG	FYSS	Subsidiary	Purchases	119,944	3%	3 months	-	-	(39,425)	-8%	

Attachment 6

Receivables from related parties with amounts exceeding NT$100 million
or 20 percent of capital stock as of for the year ended December 31, 2012

(Dollar amount expressed in thousands
of NTD unless otherwise specified)

Company	Counterparty	Relationship	Ending Balance	Turnover	Overdue Receivables		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Collection		
TGI	TGCH	Parent-subsidiary	Other receivables $173,940	-	-	-	-	-
TGCH	FPG	Parent-subsidiary	Other receivables 438,943	-	-	-	-	-
TGCH	DHG	Parent-subsidiary	Other receivables 581,871	-	-	-	-	-
TGCH	TGF	Parent-subsidiary	Other receivables 438,191	-	-	-	-	-
TGCH	QFG	Parent-subsidiary	Other receivables 173,940	-	-	-	-	-
CFG	TTAR	AffiliateCompany	Other receivables 145,985	-	-	-	-	-
CDG	HZSS	AffiliateCompany	Other receivables 144,849	-	-	-	-	-

Attachment 7

Names, locations and related information of investee companies as of December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Investee	Area Within	Nature of Business	Initial Investment		Investment as of December 31, 2012			Profit or Loss of Investee	Gain or Loss on Investment	Remark
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership	Carrying Value			
TGI	TGUS	US	Investment in QRG and selling of glasses.	$17,676 USD 461	$17,676 USD 461	4,612	100.00%	$231,813	$(3,130)	$(3,130)	
〃	TGCH	Bermuda	Investment in QRG, QFG, YNSS, TGF, CFG, FYSS, CDG, DHG, HZSS, HNG, TKG, TJG, FPG, TXY, TTAR, TYAU, TAH, TYSM, TWAR, TCD, TBF, and SCH.	29,346,833 USD 943,741	25,146,561 USD 801,873	954,623,000	91.67%	37,552,004	(2,493,874)	(2,265,563)	
〃	TAG	Taiwan	Investment in TAGH and selling of auto glasses.	263,582	263,582	26,100,000	87.00%	293,384	(11,677)	(10,159)	
〃	TVIG	Taiwan	Selling vacuum insulation glass	52,000	-	5,200,000	65.00%	46,174	(8,963)	(5,826)	
〃	HARIO	Taiwan	Selling kitchen appliance	10,000	-	1,000,000	50.00%	9,786	(428)	(214)	
TGCH	SCH	Hong Kong	Investment in Shihlien Chemical Industrial (Jiangsu) Co., Ltd. (SCJ), Huaian Shihyuan Brine Co., Ltd. (HSB), and Jiangzu Shili Chemical Co., Ltd. (JSC).	5,247,210 USD 168,228	2,909,250 USD 90,000	1,116,180,000	37.65%	4,602,473	(734,391)	(276,498)	
TAG	TAGH	Bermuda	Investment in TYAU.	188,571 USD 6,000	188,571 USD 6,000	6,000,000	100.00%	145,586	(31,221)	(31,221)	

Attachment 8

TAIWAN GLASS INDUSTRIAL CORPORATION

Investment in Mainland China as of December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Investee	Nature of Business	Total Amount of Paid-in Capital	Investment Method (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2012	Percentage of Ownership	Profit or Loss on Investment (Note 2.b.)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
QRG	Manufacturing of photovoltaic glass	849,204 USD 29,293 (Note18)	(i)	31,135 USD 1,074	- -	- -	31,135 USD 1,074	93.03%	(37,469) USD (1,269)	453,949 USD 15,659	-
QFG	Manufacturing of flat glasses & photovoltaic glass	2,400,372 USD 82,800 (Note12)	(ii)	1,373,807 USD 47,389	- -	- -	1,373,807 USD 47,389	91.67%	(280,604) USD (9,505)	2,086,041 USD 71,957	-
YNSS	Manufacturing of silica sand	116,221 USD 4,009 (Note12)	(ii)	56,212 USD 1,939	- -	- -	56,212 USD 1,939	58.10%	1,896 USD 64	92,354 USD 3,186	-
CFG	Manufacturing of flat glasses & low-emission glasses	2,029,300 USD 70,000	(ii)	1,855,360 USD 64,000	- -	- -	1,855,360 USD 64,000	91.67%	(302,781) USD (10,256)	3,527,456 USD 121,678	-
FYSS	Manufacturing of silica sand	124,657 USD 4,300 (Note 5)	(ii)	60,879 USD 2,100	- -	- -	60,879 USD 2,100	91.67%	21,994 USD 745	236,338 USD 8,152	-
TGF	Manufacturing of glass fabric & fiber	3,188,900 USD 110,000 (Note 11)	(ii)	2,641,453 USD 91,116	- -	- -	2,641,453 USD 91,116	91.67%	275,422 USD 9,329	5,666,599 USD 195,467	-
CDG	Manufacturing of flat glasses & low-emission glasses	2,029,300 USD 70,000 (Note 10)	(ii)	1,417,466 USD 48,895	- -	- -	1,417,466 USD 48,895	91.67%	352,269 USD 11,932	5,319,390 USD 183,491	-
HZSS	Manufacturing of silica sand	304,395 USD 10,500	(ii)	304,395 USD 10,500	- -	- -	304,395 USD 10,500	91.67%	(13,988) USD (474)	298,159 USD 10,285	-
HNG	Manufacturing of flat glasses & low-emission glasses	2,985,970 USD 103,000 (Note 9)	(ii)	2,304,705 USD 79,500	173,940 USD 6,000	- -	2,478,645 USD 85,500	91.67%	(344,104) USD (11,655)	3,829,571 USD 132,100	-
DHG	Manufacturing of flat glasses	1,391,520 USD 48,000 (Note 12、Note 7)	(ii)	869,700 USD 30,000	57,980 USD 2,000	- -	927,680 USD 32,000	91.67%	(198,816) USD (6,734)	1,398,913 USD 48,255	-
TJG	Manufacturing of flat glasses & low-emission glasses	1,884,350 USD 65,000 (Note 8)	(ii)	1,072,630 USD 37,000	463,840 USD 16,000	- -	1,536,470 USD 53,000	91.67%	(430,337) USD (14,576)	2,080,604 USD 71,770	-
TKG	Manufacturing of flat glasses	695,760 USD 24,000 (Note 6)	(ii)	347,880 USD 12,000	- -	- -	347,880 USD 12,000	91.67%	(169,780) USD (5,751)	1,183,747 USD 40,833	-
FPG	Manufacturing of photovoltaic glass	1,217,580 USD 42,000	(ii)	1,217,580 USD 42,000	- -	- -	1,217,580 USD 42,000	91.67%	(582,076) USD (19,716)	412,520 USD 14,230	-
SCJ	Manufacturing of soda ash	16,466,320 USD 568,000 (Note 13)	(ii)	3,602,297 USD 124,260	1,024,279 USD 35,332	- -	4,626,576 USD 159,592	34.51%	(176,793) USD (5,988)	5,581,054 USD 192,517	-
HSB	Brine marketing	927,680 USD 32,000 (Note 14)	(ii)	173,940 USD 6,000	- -	- -	173,940 USD 6,000	34.51%	(9,389) USD (318)	315,566 USD 10,885	-
JSC	Manufacturing of soda ash	579,800 USD 20,000 (Note 15)	(ii)	- -	- -	- -	- -	34.51%	(3,399) USD (115)	176,634 USD 6,093	-
TXY	Manufacturing of flat glasses	1,884,350 USD 65,000	(ii)	1,449,500 USD 50,000	434,850 USD 15,000	- -	1,884,350 USD 65,000	91.67%	(102,964) USD (3,488)	1,662,048 USD 57,332	-
TTAR	Manufacturing of low-emission glasses	1,014,650 USD 35,000	(ii)	637,780 USD 22,000	376,870 USD 13,000	- -	1,014,650 USD 35,000	91.67%	(89,151) USD (3,020)	852,739 USD 29,415	-

Attachment 8

Investment in Mainland China as of December 31, 2012

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Investee	Nature of Business	Total Amount of Paid-in Capital	Investment Method (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2012	Percentage of Ownership	Profit or Loss on Investment (Note 2.b.)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
TAH	Manufacturing of flat glasses	1,449,500 USD 50,000	(ii)	1,014,650 USD 35,000	434,850 USD 15,000	- -	1,449,500 USD 50,000	91.67%	(25,473) USD (863)	1,319,039 USD 45,500	-
TYSM	Manufacturing of solar glasses	1,043,640 USD 36,000 (Note 16)	(ii)	782,730 USD 27,000	- -	- -	782,730 USD 27,000	68.75%	(27,604) USD (935)	689,062 USD 23,769	-
TWAR	Manufacturing of low-emission glasses	1,014,650 USD 35,000	(ii)	724,750 USD 25,000	289,900 USD 10,000	- -	1,014,650 USD 35,000	91.67%	(34,941) USD (1,184)	902,582 USD 31,134	-
TYAU	Manufacturing of auto glasses	869,700 USD 30,000 (Note 17)	(ii)	347,880 USD 12,000	- -	- -	347,880 USD 12,000	54.07%	(83,168) USD (2,817)	396,549 USD 13,679	-
TBF	Manufacturing of glass fiber	289,900 USD 10,000	(ii)	- -	289,900 USD 10,000	- -	289,900 USD 10,000	91.67%	(1,224) USD (41)	265,348 USD 9,153	-
TCD	Manufacturing of glass fabric	1,449,500 USD 50,000	(ii)	289,900 USD 10,000	1,159,600 USD 40,000	- -	1,449,500 USD 50,000	91.67%	(33,528) USD (1,136)	1,287,702 USD 44,419	-
HAG	Manufacturing of ultra thin glass	669,669 USD 23,100	(ii)	669,669 USD 23,100	- -	669,669 USD 23,100	- -	0.00%	15,232 USD 516	- -	-

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amount Authorized by Investment Commission, Ministry of Economic Affairs (Note 3)	Limit on Investment Amount to Mainland China
27,359,037 USD 943,741	33,007,620 USD 1,138,586	(Note 4)

Note 1: The methods for engaging in investment in Mainland China include the following:

(i) Investment in Mainland China companies through a company invested and established in a third region

(ii) Investment in Mainland China companies through an existing company established in a third region.

(iii) Direct investment in Mainland China companies.

(iv) Other methods

Note 2: The gain or loss on investment were determined based on the following:

a. The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm

b. The financial statements certificated by the CPA of the parent company in Taiwan

c. Others

Note 3: The investment amount was authorized by Investment Commission, Ministry of Economic Affairs.

Note 4: The Company does not have a limit on investment in Mainland China since it qualified as operation headquarter approved by the Industrial Development Bureau, Ministry of Economic Affairs.

Note 5: The TGCH invested the other USD 2,200 thousand to the entity with its own capital.

Note 6: The other USD 12,000 thousand was invested by third party through the TGCH.

Note 7: Third party invested USD 3,000 thousand to the entity through the TGCH.

Note 8: Third party invested USD 12,000 thousand to the entity through the TGCH.

Note 9: Third party invested USD 17,000 thousand to the entity through the TGCH; The TGCH also invested to the entity USD 500 thousand with its own capital.

Note 10: Third party invested USD 21,000 thousand to the entity through the TGCH.

Note 11: Third party invested USD 17,000 thousand to the entity through the TGCH.

Note 12: The QFG, YNSS, and DHG invested USD 27,800 thousand, USD 592 thousand, and USD13,000 thousand, their unappropriated earnings, respectively to the subsidiary.

Note 13: The SCH, the investee of the TGCH, invested USD 408,408 thousand to the entity with its and third party's capital.

Note 14: The SCH invested USD 26,000 thousand to the entity with third party's capital.

Note 15: The SCH invested USD 20,000 thousand to the entity with third party's capital.

Note 16: the USD 9,000 thousand was invested by the third party. None of the Company's capital is involved.

Note 17: The TAGH and third party invested the additional USD 6,000 thousand and USD 12,000 thousand to the entity, respectively.

Note 18: The QFG and TGUS invested USD 23,319 thousand and USD 4,774 thousand to the entity, respectively.