

CATCHER

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CATCHER TECHNOLOGY CO., LTD 2012 ANNUAL REPORT

Printed Date: 2013/03/31
Information for Query
<http://emops.twse.com.tw>
<http://www.catcher.com.tw>

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4. Names of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm

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5. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities

Luxembourg Stock Exchange

Disclosed information can be found at BLOOMBERG Website

6. Webpage of the Company

<http://www.catcher-com.tw>

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One Letter to Shareholders

Dear Shareholders,

Due to 2012 Eurozone debt crisis, the macro economies went through recession, budget cutting, and rating downgrade. Therefore, demand was suppressed, and competition between brand companies became more intense. The overall variation and uncertainty were high and impact significantly on IT industries. Catcher in the face of a challenging environment still remains the growth momentum : consolidated sales in 2012 reached NT\$ 37 billion, compared to the previous year NTD 35.9 billion, up 3%. The net profit reached NT\$ 10.89 billion in 2012, a 2% growth compared to the previous year's NT\$ 10.68 billion. It means that annual sales and earnings both hit the record high.

Catcher fully used different materials, secondary processing, surface-treatment and "Comprehensive Manufacturing Matrix". At the same time, Catcher upgraded the internal efficiency and execution, showed the advantages of being an industry leader, and expanded the entry barriers among the metal casing industry. In the future, Catcher still strengthens its core competence , makes vertical integration, uses different materials, leading design, new technology of process and the economic scale to make the multi-advantage in order to maintain the growth of revenue and profit.

New material like carbon fiber and glass fiber will gradually increase. It proved that Catcher expanded the scale and had another breakthrough in new materials and new manufacture process. This year, these two kinds of material will be shown in mobile device and play a certain role as well. In addition, the Company will also expand the plastic product, provide the total solution for all of the mechanical parts, and strengthen the company's leading position in the industry.

Financial performance

The consolidated revenue of the Catcher Group in 2012 was NT\$37.03 billion. The consolidated gross profit ratio of the group was 43%. The consolidated net profit after tax was NT\$10.89 billion, and the basic earnings per share was NT\$14.51.

Operation Results (Group)

Unit: in thousand NTD

Item	2012		2011	
	Amount	%	Amount	%
Operating revenues	37,028,798	100%	35,913,842	100%
Gross Profit	16,039,025	43%	16,890,826	47%
Operating income	12,158,274	33%	13,213,277	37%
Income before tax	13,951,085	37%	13,705,148	38%
Net income	10,890,485	29%	10,677,233	30%

Profitability (Group)

Item		2012	2011
Return on assets		12%	15%
Return on equity		19%	24%
Percentage of capital	Operating income	162%	176%
	Income before tax	186%	183%
Net income to sales		29%	30%
EPS (NTD)		\$14.51	\$14.93

Research and Development

In order to maintain the company's leading position, applying more different materials and developing more advanced technologies on an ongoing basis have been a top priority for years. By calling on its rich experience in basic material science and surface physical/chemical treatments, Catcher takes different materials and different processes in combination with a variety of secondary processing and surface treatments in a multilayer, multi-directional approach to make products and an in-house technology with high precision, high value-added, and high mass production capacity.

The current directions in research and development include special magnesium alloys, aluminum alloys, stainless steel, carbon(glass) fiber, plastic casing and laser engraving of components or seamless welding, metal/plastic injection mold techniques, etching and multi-color surface treatment techniques, and high precision extrusion techniques for large metal casing. The company also invests a lot of effort in extending into other niche products which the existing production technology can be applied to diversify the products and production processes. The latest research results included vacuum sputtering using aluminum alloy at low temperature, stainless steel injection fitting with plastic for mobile phones, metal injection bezel with surface treatment by vacuum sputtering, notebooks, premium metal texture for mobile phones and plastic injection fitting in combination with a variety of aesthetics treatment components, notebooks, mobile phone etching, multi-color aluminum anodizing casing, high strength one-piece precision metal extruded casing, and development of special heat dissipation techniques and related application designs.

Business strategies

To continuously strengthen the competitive advantage in this industry and use advanced materials and designs and technological process innovation as well as the massive economy of scale to form an even larger competitive advantage and maintain large profits.

To invest in production automation to reduce labor costs, and enhance productivity and quality, to actively achieve human resource optimization and accumulate momentum for progress, and to continue to develop new customers and the application market for core products and technologies in order to boost the company's growth momentum and reduce the impact of volatility in any single market.

In coming years, the Company will properly diversify its production capacity and increase the investment in Suqian & Taizhou factory sites to achieve optimal allocation among four areas, Taiwan, Suzhou, Suqian, and Taizhou. Therefore, the risk of sole factory site and the capacity impact from market demand and operating environmental will be reduced.

Important sales policies

Looking forward to the metal casing business: 1) traditional NB becomes slimmer and thinner; 2) the mobile devices become more and more popular; 3) the strong growth of smartphone and tablet also implies that the trend of lighter and thinner mobile device is quiet clear.

Looking at the various types of consumer electronics products, design trends, the metal unibody will continue to be the best solution.

To continuously increase capacity at a steady pace to meet customer demands, and to gradually implement a standardized management model to provide the fastest sales support for the customers. The designs of sales, manufacturing, and R&D departments will be modified to be closer to the customers with the aim to progress at the same pace as the customers in order to achieve instant customer services.

Effects of external competition, legislative environment, and macro environment

In terms of external competition, the gross profit in the IT electronics industry will be increasingly compressed as technology progresses in leaps and bounds and new products are being constantly launched. The generally positive outlook of metal component parts is drawing a wave of new competitors, creating a significant amount of pressure on the existing businesses. However, competition is inevitable and serves to maintain positive catalyst among this industry. In order to ensure its leading position, the company pays close attention to the markets and technological development and changes by collecting and analyzing the information on different materials and manufacturing process. The objective is to reduce the impact of changes in technology while keep enhancing advanced technologies. In addition to investing in basic material science, the company also reinforces development in different material molding as well as processing and surface treatments, enhances core R&D techniques, and diversifies its products and lifting them onto higher levels to secure and stabilize profits. Excellent production techniques and huge capacity will be utilized to provide premium customer services in order to strengthen mutually beneficial for long term relationships.

With respect to the legislative environment in Taiwan and overseas, countries around the world have been launching environmental protection laws regarding electronic products. The company has always been committed to environmentally friendly production processes and will undoubtedly meet the legislative requirements and keep up with the global trend. The company will continue to monitor, update, and comply with any new legislative implementation in order to protect the rights of the shareholders.

As the macro environment becomes more complex, the company will take into account the industry conditions and macro economic indicators and carefully evaluate and select the best strategies.

Business outlook and targets

Looking forward, the focus of development for Catcher Technology will be on three segments: tablets, smartphones, and notebooks .

According to Gartner statistics, 2012 sales volume of PC achieved 366 million units, compared with 2011's 365 million, only 0.2% YoY. The main reason was that Ultrabook & Win 8 Notebook did not perform well in 2H12. The growth of this market will be delayed to 2013. According to the estimation, PC will reach to 393 million sets in 2013 (YoY 7%) and 422 million sets in 2014. PC market is quite mature and is increasing steadily.

Gartner estimated 2012 shipments of Notebook were 215 million, compared to 210 million units in 2011, YoY 2.4%. As for 2013, it will reach to 239 million units (YoY 11.4%); and 265 million in 2014 (YoY 10.9%). Notebook business is still one of important source for sales revenue. Although it's mature, the slim and stylish design of products can increase the penetration rate of metal casing. We estimate the trend of Windows 8 notebook transition will be benefit to our new business.

Gartner estimated 2012 shipments of Mobile device (include Smartphone & Tablet) around 821 million units. It will be more than 1 billion in 2013, reach to 1.2 billion with strong growth. Even though tablet can not totally replace notebook, it still cannibalize PC & NB's demand. Users enjoy the internet & entertainment via thinner and lighter mobile devices. When the shipments of tablet exceed notebook, it shows that tablet will be the main stream in the PC market.

IDC estimated the shipments of Tablet PC in 2012 was around 122 million units, compared with 60 million in 2011. IDC estimate that tablet will continue to grow in 2013 and may reach to 172 million units; even 283 million units in 2016. The strong growth of tablet is obvious and the requirement of the strength of protection for mobile devices can make the metal penetration rate increased. Therefore, it should be the key driver for future growth.

Besides, 2012 shipments of mobile phone was more than 1.7 billion, YoY 1.4% only, it was the lowest level in recent 3 years. Compared with the whole mobile phone market, smartphone is

still increasing sequentially. IDC estimates that 2012 shipments of Smartphone was 717 million, YoY 45.1% ; and it will reach to 855 million units in 2013. It will achieve 1,258 million units, 57% of the total mobile phone shipments in 2016. In future, the growth driver for Smartphone is coming from the different platform & networking. Because of the bigger display of the device, the demand of metal casing is increasing, and it is good for the company as well.

Looking forward to 2013, smartphones and tablets will continue to experience fast growth and the metal penetration rate in notebooks will increase, both expected to drive growth in the metal component industry. Catcher will continue to develop special production processes, techniques, and materials in combination with the existing production techniques to keep strengthening the completed comprehensive manufacturing matrix, which will enable the company to remain a leading manufacturer in metal casing and inner components worldwide and a major supplier that can meet customers' requirements. In terms of sales forecast, although differences in product specifications and sizes and diversification of materials and processing techniques render the company's forecast of metal component sales meaningless, the goal for Catcher is still committed to outperforming the average industry growth in the future.

Catcher will continue to uphold its philosophy of Innovative Technology, Customer Services, Honesty and Integrity, and Sustainable Development, and work toward the goal of becoming a world leader in light metals technology. The company will also remain committed to product innovation, business model optimization, production technology enhancement, and cost structure improvement in order to maintain the leading position. Hence, it does not matter how the business environment changes in the future, we have the ambition, confidence, and determination to achieve our goals and create maximum value for our customers, shareholders, and employees.

Chairman Allen Hung



Two · Corporate Profile

1. Date of Incorporation: November 23, 1984

2. Milestones

- 1984: Located in No. 60, lane 77, Hai-zhong street, Tainan city with initial capital of NTD2 million, Catcher began to develop aluminum alloy casting parts for hard drives.
- 1986: Increased NTD3 million capital in cash and paid-in capital totaled NTD5 million. Commenced mass production for hard drives to supply Micro Science Technology, the largest hard drive manufacturer in Taiwan, and began to develop magnesium alloy die casting technologies.
- 1987: Magnesium alloy die casting technology developed smoothly, and Catcher received the first order from Prime Company for 5 1/4" floppy drive reading/writing arm.
- 1988: The Company's products quality was highly accepted by customers, and in order to enlarge business size, the Company decided to buy a new land in Yung Kang Industrial Park of 4,958.55 square meters, for building new plants and equipments.
- 1989: Moved in No. 79, Huan-Gong road, Yong-Kang city, Tainan County, and procured our first hot chamber die casting machine from a German manufacturer to produce magnesium alloy reading/writing arms for hard drives. This mentioned above high-tech machine has even attracted Japanese casting companies' attentions and visited the Company purposely. In the same year, the Company purchased Toshiba's aluminum alloy die casting machine, 800 tons, and vacuum casting equipments to produce the aluminum alloy casting parts and components. The Company then exported to Japan the aluminum alloy casting parts, which could stand high temperatures up to 400°C.
- 1990: Increased NTD10 million capital in cash, and paid-in capital totaled NTD15 million. Aggressively developed foreign markets by attending trade exhibitions, included in the USA, Canada, Japan, Germany, Belgium, and Netherlands, to seek for potential customers. The Company's foreign orders of magnesium alloy casting parts were used in mobile phone, and the extremely matured technology became our major competitive advantage internationally.
- 1991: Improve the quality of die casting parts, the Company applied Switzerland vacuum casting technology to its products and achieved very satisfied results. The Company started to export hard drive chassis and casings to Singapore this year, and due to product's high quality, sales orders were piling up.
- 1992: Cash offering of NT\$10 million, and paid-in capital totaled NT\$25 million. The Company gradually established its reputation in the foreign market, and the Company's superior technology and product quality had placed it on international hard drives manufacturers' approved vendor lists, too. The Company's matured mass production technology in producing précised die casting parts attracted a great many foreign price quotation requirements.
- 1994: Cash offering of NT\$15 million, and paid-in capital totaled NT\$40 million. The

Company was accredited with ISO 9002 from DNVI and started to cooperate with Acer Inc., one of the largest PC brand names manufactures in Taiwan, to develop notebook PC components made by magnesium alloys casting parts.

1995: Cooperated with Acer Inc., to develop notebook PC components made by magnesium alloys casting parts.

1996: Paid-in capital totaled NTD80 million, after re-capitalization from retained earnings and surplus of NTD20 million in June, respectively. The Company introduced Taiwan first Magnesium alloy chassis for NB at that time, and offered outstanding thermal and EMI solution to notebook PC manufacturers.

1997: Increased the paid-in capital to NTD192 million, through cash offering of NTD80 million, and NTD32 million of retained earnings, in April and June, respectively. The Company was accredited with ISO 9001 from BVQI; meanwhile, and its board of directors submitted an IPO proposal on account of company's expanding business scale and funds needs, also officially registered the Company's name as "Catcher Technology Co., Ltd.". The Company received approval from SFC later, and went public this year.

1998: Procured magnesium alloy casting machines, 500 tons and 200 tons, in May and November, respectively, procured 22 CNC processing machines from May to November, and added 7 more roast-and-plate production lines at the end of the year. Together with the procurements of mentioned above equipments, and to fulfill the growing needs of expanding capacity, the Company again bought in two buildings from court-auction market, which located at No. 5, Huan Gong Road and No. 12, Jung Zhong Road, Yung Kong City. Increased the paid-in capital to NTD 327,030 thousand, through capitalization of NTD 134,400 thousand of retained earnings and NTD630 thousand of employee bonus shares in December. Meanwhile, two new directors and one supervisor were elected; the newly elected supervisor was a delegate from China Development Industrial Bank, a new institutional investor by holding 7.81% outstanding shares of the Company, totaling 1.5M shares in October.

The Company mapped out the Company's Enterprise Resource Planning to streamline operation in the late of this year, and was accredited with COMPAQ and DELL in relative business fields. Obviously, all of the mentioned above actions benefited the Company in terms of increase productivity and strengthen globalization.

1999: To meet the expanding production capacity, the Company added 10 more magnesium alloy die casting machines at the end of October, including 500 tons, 315 tons, and 200 tons, respectively, purchased 20 CNC processing machines in June, and acquired in 1 new plant in July.

Capitalized NTD133,512 thousand from retained earnings (included employee bonus of NTD 2,700 thousand) in April, and cash offering of NTD100,000 thousand (2 million shares at a premium NTD50 per share) in May; the paid-in capital totaled NTD 480,542 thousand .The Company's shares traded on the ROC over-the-counter market on November 1, 1999.

2000: After cash offering of NTD80,000 thousand (8,000 thousand shares), paid-in capital totaled to NTD560,542 thousand; net proceeds of NTD1,320,000 thousand from the mentioned above cash offering plan, at a premium of NTD165 per share.

Again, increased the paid-in capital to NTD844,413 thousand from retained earnings NTD 283,871 thousand (included NTD3,600 thousand of employee

bonus shares), in June. Signed proprietary contract of "reciprocating extrusion process" with National Chin Haw University for licensing this special patent in our 3C, aerospace, and optic products, to improve and innovate the magnesium alloy, and basic magnesium alloy materials. As for the capacity expansion, the Company procured 6 debarring remover machines (from August to December), 35 sets of die casting and polishing robots, 1 high speedy process machines, and 4 computer softwares for mold flow dynamic series analysis. In order to widen our operation space and business scale, we again decided to rent 72,725.4 square meter of land from Taiwan Sugar Co. to build up Ren-Ai main manufacturing base and locate equipments and machines. The Company made every effort to achieve world leading technique as well as the unique global vertical integrated process.

2001: In April, the Company procured cold magnesium die casting machine, 750 tons, 10 units of magnesium alloy casting machine, 125 tons, and 5 packs of coating robots, and die casting robots, for enhancing company's current capacity.

In February, the Industrial Bureau of the Ministry of Economic Affairs approved our project of "Leading products development plan", given another evidence of our superior R&D ability in high-tech products. In July, the Company moved into our Ren-Ai plant with 72,725.4 square meters; the relocation of 5 consolidated facilities ensured the Company to lower the inter-facility's production failures, and shorten process cycle, as well as to increase the efficient usage of human resources in material and process, and reduced the costs of communication and transportation in between. After capitalization of NTD176,083 thousand (included NTD7,200 thousand of employee bonus shares), paid-in capital totaled NTD1,020,496 thousand. Furthermore, the Company became the listed stock company in TSE on Sep. 17, 2001. The Company was accredited with product certification from APPLE, MOTOROLA, LG, and SAMSUNG, received orders from international brand names, and produced massive volume in PDA and mobile phones' casings.

2002: In March, the Company issued its first secured corporate bond of NTD 700 million with a 2.795% annual coupon rate, defined the bonds as A, B, and C by issuance dates, and paid interests annually. The redemption will be available after the 3rd, 4th, and 5th anniversaries of the issue dates at a rate of 30%, 30%, and 40% of the bond principal.

Driven by increasing demand for developing products and expanding capacity, the Company procured hundreds of CNC process machines and 100 thousand grades clean room mobile phone plating equipment. At the same time, the Company extended business into producing desk- top computer chassis and casings, and received orders from international brand names with satisfied shipment situation. Moreover, our Suzhou base in China began to mass production.

In October, capitalization from retained earnings of NTD265,862 thousand (included NTD10,738 thousand of employee bonus shares) and surplus of NTD51,025 thousand, and paid-in capital totaled NTD1,337,383 thousand.

2003: In September, capitalization from retained earnings of NTD213,607 thousand (included NTD13,000 thousand of employee bonus shares), paid-in capital increases to NTD1,550,990 thousand. Issuance of ECB, accounting for USD 50 million.

- 2004: To be honored with "first-place award in the Integrated Operating Performance" of the Top 1,000 Taiwanese Corporations in China published by China Credit Information Service in conjunction with the Commercial Times.
- In September, capitalization from retained earnings of NT\$325,598 thousand (included NT\$15,400 thousand of employee bonus shares), paid-in capital increases to NT\$1,876,588 thousand dollars.
- In November, the convertible bond transferring to common shares amounted to US\$ 1,500 thousand, with the convertible price NT\$105. In total, the paid in capital achieved NT\$1,881,469 thousand including additional 488,100 common shares issuance.
- The subsidiary in China ramped up the capacity, which significantly contributes to group business. Catcher invested in TOPO Technology (Suzhou) Co., Ltd. for the need of expansion in capacity.
- 2005: To be honored with the "most profitable Taiwanese corporation in China" and "third-place award" in the Integrated Operating Performance of the Top 1,000 Taiwanese Corporations in China published by China Credit Information Service in conjunction with the Commercial Times.
- Capitalization from retained earnings of NT\$782,327 thousand (including NT\$29,740 thousand of employee bonus shares) in October and paid in capital increased to 2,821,616 thousand dollars. In addition, the Company issued Euro-convertible bond amounted USD 80,000 thousand. For the need of expansion in capacity and organization structure, Catcher invested in Aquila International (Suzhou) Co., Ltd. and off shore company GEMINI International Co., Ltd.
- The subsidiary, Topo Technology (Suzhou) Co., Ltd. has started mass production and shipment.
- 2006: To be honored with "Forbes Asia's 200 Best under a billion".
- To be honored with "Number 19 on Asian BusinessWeek 50 Scoreboard".
- To be honored with "Standard & Poor's Blue-Chip Stock".
- Catcher invested in Meeca Technology (Suzhou) Co., Ltd. and in the meantime procured hundreds of CNC process machines and other production equipment as well as operating labors in the fourth quarter. In October, capitalization from retained earnings of NTD1,194,729 thousand (included NTD\$25,000 thousand of employee bonus shares) and in addition the Euro-Convertible bond has been transferred to common shares amounted 10,951 thousand shares and paid-in capital increased to NT\$4,141,365 thousand dollars.
- 2007: To be honored with "First-place award in the Top 10 Benchmark Corporation investing in China" and Second-place award in the "Most Qualified Overseas IPO of Top 10 Subsidiary Company in China" of the "Business Groups in Taiwan" published by China Credit Information Service.
- Capitalization from retained earnings of NT\$1,274,442 thousand (including NT\$32,000 thousand of employee bonus shares) in October and paid in capital increased to NT\$5,415,917 thousand dollars. To integrate and reorganise the offshore investment structure and to ease the management, Cepheus International Co., Limited, Cygnus International Co., Limited, Lyra International Co., Limited, Uranus International Co., Limited were incorporated in Hong Kong and Castmate International Pte. Ltd., Norma International Pte. Ltd., Saturn International Pte. Ltd. were incorporated in Singapore.
- 2008: Capitalization from retained earnings of NT\$581,242 thousand (including NT\$39,650 thousand of employee bonus shares) in November and paid in capital increased to NT\$5,997,159 thousand dollars.

The Company bought in a building located at No. 500, section 2, Bentian Rd. To comply with the expansion plan of corporate operation and China's preferential policy for foreign investment, Catcher set up Catcher Technology (Suqian) Co., Ltd. in China.

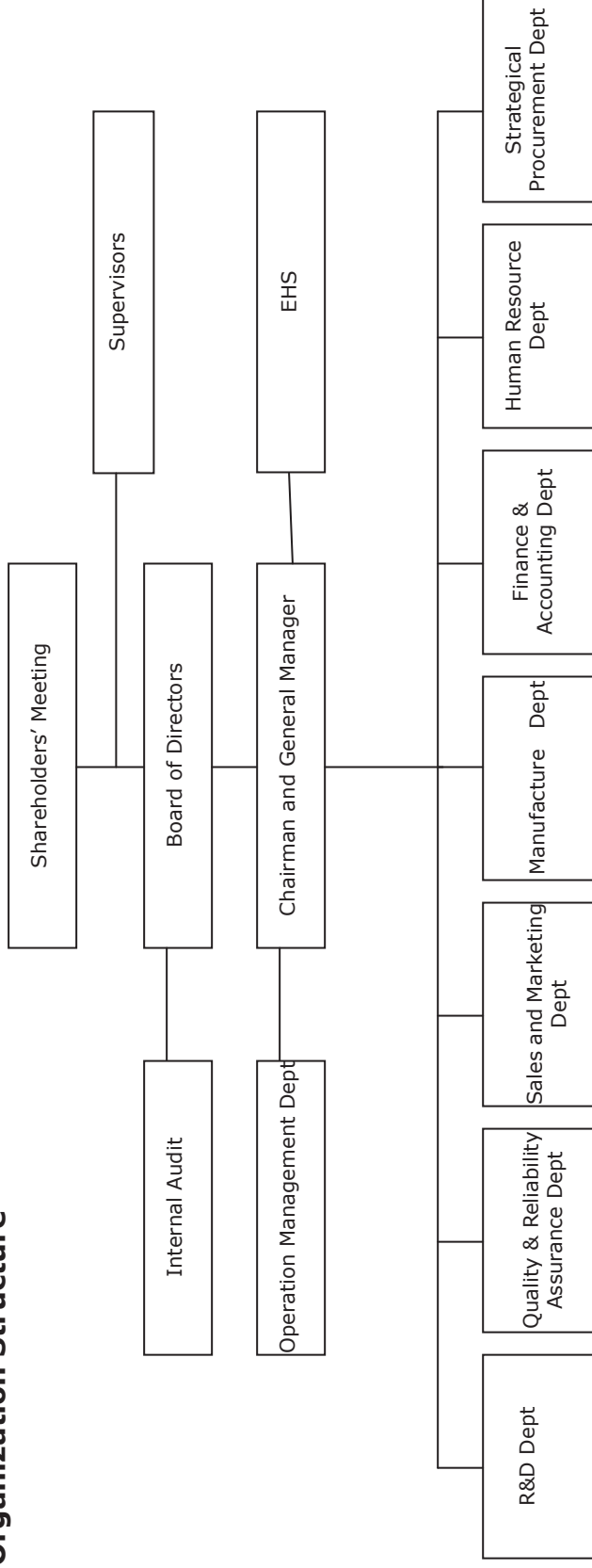
- 2009: The Company was accredited with ISO 14001 in September.
Capitalization from retained earning in November. The paid in capital increased to NT\$6,649,085 thousand after the capitalization.
Convertible bonds issued for NT\$ 5 billion in December.
The Company invested in 100% owned subsidiaries in China for USD 93 million.
- 2010 Consolidated sales revenue was 21.8 billion. It achieved the highest record in the history.
Focus on the Unibody Design of Smartphone business, expanded the CNC capacity, and became one of the leading casing company with meaningful CNC capacity.
Catcher Technology (Suqian) started the mass production.
- 2011 Consolidated sales revenue was 35.9 billion, net profit was 10.67 billion. Both of sales revenue and net profit in 2011 were the record high.
1st Global Depository Receipts (Issue Amount USD 220,028 thousand with 6,700,000 units) issued in 2011.
2nd domestic unsecured convertible bonds (Total Amount NTD 4.5 billion) issued in 2011.
2011 Job creation Contribution Award by Executive Yuan.
2011 Taiwan's Top 100 Innovative Corporate Award by Industrial Development Bureau of the Ministry of Economic Affairs
2012 Taiwan's Top 100 High Tech Corporate Award by Business Next Media Group.
Capitalization for Catcher's subsidiaries, such as Catcher Technology (Suqian), Catcher Technology (Suzhou), TOPO Technology, and Meeca Technology.
Donations to Japan-Miyagi Prefecture for 311 Great East Japan Earthquake disaster area.
- 2012 Consolidated sales revenue was 37.0 billion, net profit was 10.89 billion. Both of the sales revenue and net profit in 2012 were the record high.
Catcher was ranked one of the 1,000 fastest growing companies in the world.
Catcher was ranked as No.5 of 2012 Taiwan Corporate Award & No. 3 of Top 10 the Best Profitable Company; No.10 of Top 10 Growth Corporate.

According to the Group's development strategy, Catcher set up VITO Technology (Suqian) Co., Ltd. and Topo Technology (Taizhou) Co. Ltd. which were approved by the Investment Commission.

Three · Corporate Governance Report

1. Corporate Organization

(1) Corporate Organization Structure



(2) Organization Functions:

- **Internal Audit:** Internal controls and operational processes auditing and monitoring
- **Operation Management:** Overall business management, strategy and standards establishment and evaluation.
- **R&D:** Technologies, techniques, and manufacture processes research and development.
- **Quality & Reliability Assurance:** Product inspection and quality assurance.
- **Sales and Marketing:** Product branding, marketing, sales and customer service.
- **Manufacture:** Manufacture and processes in diversity module products.
- **Finance & Accounting:** Finance and accounting, investment, investors' relationship, and stock affair management.
- **Human Resources:** Human resource management and organization development.
- **Strategical Procurement:** Procurement strategy and vendor resources management.
- **EHS:** Company's Environment, Safety, and Health issues

2. Information Regarding Directors, Supervisors and Management Team

(1) Directors' and Supervisors' Information

2013/03/31; Unit: share

Title	Name	Date Elected	Term (Yr)	Shareholding when Elected		Present Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education & Experience	Also Serves Concurrently as	Other Directors & Supervisors being spouse or immediate relation with Directors & Supervisors		
				Common Share	%	Common Share	%	Common Share	%	Common Share	%			Common Share	%	Title
Director	Kai-Yi Investment Co., Ltd.	2012.06.13	3	52,917,154	7.05 %	32,208,869	4.29 %	-	0%	-	-	-	-	-	-	-
Representative of Director	Allen Hung	2012.06.13	3	104,395	0.01 %	10,704,834	1.43 %	19,511,713	2.60 %	-	-	Medical School / National Taiwan University Doctor / Chang Gung memorial Hospital	Chairman & General Manager of Catcher Chairman & Director representative of Catcher's subsidiaries Director & Chairman of Kai-Yi Investment Co., Ltd Chairman & Director Representative of Epileds Tech., Inc. Director representative of Yi Kang Health management Co., Ltd Director representative of Amity Capital Inc. Director representative of I-Catcher Optoelectronics Corp.	Supervisor	Janice Lin	Spouse
Representative of Director	Michael Yeh	2012.06.13	3	100,540	0.01 %	75,540	0.01 %	-	0%	-	-	Vice President of Catcher Technology Co. Ltd.	Vice President of Catcher Technology Co. Ltd. Director representative of LEO Co.Ltd.	-	-	-
Director	William Yang	2012.06.13	3	132,545	0.02 %	131,799	0.02 %	-	0%	-	-	Department of Economics in National Taiwan University Chairman of TCI Co., Ltd.	Chairman of TCI Co., Ltd.	-	-	-
Director	Tsong-Juu Liang	2012.06.13	3	1,997	0%	12,196	0%	8,000	0%	-	-	P.H.D. of computer and electrical engineering in University of Missouri-Columbia	Professor of department of Electrical Engineering in National Cheng Kung University	-	-	-
Director	Ming-Long Wong	2012.06.13	3	-	0%	-	0%	-	0%	-	-	Finance P.H.D. University of New York City	Professor of department of Accounting and Finance in National Cheng Kung University	-	-	-
Supervisor	Janice Lin	2012.06.13	3	4,972	0%	18,409,961	2.45 %	11,806,586	1.57 %	-	-	Master of Tsukuba University Lecturer of Private Tainan Junior College of Home Economics EMBA in Cheng Kung University	Director of Kai-Yi Investment Co., Ltd.	Chairman	Allen Hung	Spouse
Supervisors	Wen-Chieh Huang	2012.06.13	3	7,881	0%	8,669	0.00 %	-	0%	-	-	Master of Architecture, Tainan University Lecturer in Feng Chia University	Chairman of Wen-Chieh Huang architect firm	-	-	-
Supervisor	Jiunn-Rong Chen	2012.06.13	3	-	0%	-	0.00 %	300	0%	-	-	The Doctor of Shin Kong Hospita Master of Public Health , Johns Hopkins University	Vice president and the doctor of Changhua Christian Hospital, Yunlin Branch	-	-	-

List of Institutional Shareholders of Major Shareholders

2012/09/07

Institutional shareholders	Major shareholders of institutional Shareholders	Holding percentage
Kai-Yi Investment Co., Ltd.	Allen Hung	20%
	Janice Lin	20%
	I-Ting Hung	15%
	Wei-Rou Hung	15%
	Chong-Kai Hung	15%
	Wei-Shiou Hung	15%

Directors' and Supervisors' Professional Knowledge and Independence Information

Name	Criteria	Five or more years of experience or professional qualification			Independence status (Note)										Number of companies also serves as independent director for
		Lecturer or above in business, law, finance, accounting or corporate business related fields	Qualification of justice, procurator, attorney, CPA, specialist or technician of national examination in corporate business related fields	Experience in business, law, finance, accounting or corporate business related fields	1	2	3	4	5	6	7	8	9	10	
Director Kai-Yi Investment Co., Ltd. Representative: Allen Hung	---	---	Yes	--	--	--	--	--	V	V	--	V	--	---	
Director Kai-Yi Investment Co., Ltd. Representative: Michael Yeh	---	---	Yes	--	--	V	V	--	V	V	V	V	--	---	
Director William Yang	---	---	Yes	V	V	V	V	V	V	V	V	V	V	---	
Director Tsorng-Juu Liang	Yes	---	Yes	V	V	V	V	V	V	V	V	V	V	1	
Director Ming-Long Wang	Yes	---	Yes	V	V	V	V	V	V	V	V	V	V	2	
Supervisor Janice Lin	---	---	Yes	--	--	--	--	--	V	V	--	V	V	---	
Supervisor Wen-Chich, Huang	Yes	---	Yes	V	V	V	V	V	V	V	V	V	V	---	
Supervisor Jiunn-Rong Chen	Yes	---	Yes	V	V	V	V	V	V	V	V	V	V	---	

Note: For those directors and supervisors who match the conditions listed below and two years before assuming period, "V" is marked in the appropriate space.

1. Is not an employee of the Company or its affiliates;
2. Is not a director or supervisor of the Company or its affiliates. Does not include the independent directors or supervisors in the parent companies and subsidiaries;
3. Does not directly or indirectly own more than 1% of the Company's outstanding shares, nor is one of the top ten non-institutional shareholders of the Company;
4. Is not a spouse or of immediate relation (child, parent, grandchild, grandparent, or sibling) to any person specified in the preceding two columns;
5. Is not a director, supervisor, or employee of a legal entity which directly owns more than 5% of the Company's issued shares, nor a director, supervisor or employee of the top five legal entities which are owners of the Company's issued shares;
6. Is not a director, supervisor, or manager of a company which has a business relationship with the Company, nor a shareholder who owns more than 5% of such a company;
7. Is not an owner, partner, director, supervisor, manager or spouse of any sole proprietor business, partnership, company or institution which has provided the Company and its affiliates with financial, business consulting, or legal services;
8. Is not a spouse or of immediate relation (child, parent, grandchild, grandparent, or sibling) to any of the directors;
9. Is not under any condition pursuant to Article 30 of the R.O.C. Company Law;
10. Is not a legal entity owner or its representative pursuant to Article 27 of the R.O.C. Company Law

(2) Managers' Information

2012/03/31; unit: shares

Title	Name	Date Elected	Present Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education & Experience	Also Serves Concurrently as	Other Directors & Supervisors being spouse or immediate relation with Directors & Supervisors		
			Shares	%	Shares	%	Shares	%			Title	Name	Relationship
General Manager	Allen Hung	1988.02.02	10,704,834	0.09%	19,511,713	0.6%	—	—	Medical School / National Taiwan University Doctor / Chang Gung memorial Hospital	Chairman & General Manager of Catcher subsidiaries Director & Chairman of Kai-Yi Investment Co., Ltd Chairman & Director Representative of Eplids Tech, Inc. Director representative of Yi Kang Health management Co., Ltd Director representative of Amity Capital Inc. Director representative of I-Catcher Optoelectronics Corp.	Supervisor or	Janice Lin	Spouse
Vice President	Kenny Chien	2010.01.01	110	0.00%	0	0.00%	—	—	EMBA/Fudan University Assistant general manager / Dell Inc., Taiwan	Director representative of SIN-HER Technology Co., Ltd	—	—	—
Vice President	James Wu	2010.03.01	0	0.00%	0	0.00%	—	—	MBA / Michigan State University Vice President of Finance and Accounting Division / Chungwha Picture Tubes, Ltd	Director representative of SIN-HER Technology Co., Ltd Supervisor representative of Kongcheng Precision Co., Ltd. Supervisor representative of Yi Kang Health management Co., Ltd Director representative of CHAOHU YUNHAI MAGNESIUM INDUSTRY CO LTD,	—	—	—
Vice President	Michael Yeh	2010.01.05	75,540	0.01%	0	0.00%	—	—	Electrical Engineering Department / Nan-Tai University Vice President / Catcher Technology (Suzhou) Co., Ltd.	Director representative of LEO Co. Ltd	—	—	—
Assistant Vice President	Frank Lee	2010.02.01	5,000	0.00%	0	0.00%	—	—	Scientific PHD / Ching Hua University R&D manager / Catcher Technology Co., Ltd.		—	—	—
Assistant Vice President	Brian Lee	2010.02.01	0	0.00%	31,985	0.00%	—	—	Mechanism / National Taipei University of Technology Manager/ Catcher Technology (Suzhou) Co. Ltd.		AVP	Irene Lin	Spouse
Assistant Vice President	Irene Lin	2005.02.01	31,985	0.00%	0	0.00%	—	—	St. Cloud State MBA Specialist / Universal Scientific Industrial Co., Ltd.	Supervisor representative of I-catcher Optoelectronics Co. Supervisor representative of Amity Capital Inc. Director representative of Kongcheng precision Co., Ltd.	AVP	Brian Lee	Spouse
Assistant Vice President	Amy Chen	2011.11.01	122,234	0.02%	0	0.00%	—	—	EMBA / Nan-Tai University	Director representative of I-catcher Optoelectronics Co. Director representative of Eplids Tech, Inc. Director representative of Amity Capital Inc.. Director representative of Cetus International Co., Ltd.			

Levels of Amounts of Compensation

Remuneration range for directors	Name of the directors				Total Remuneration (A+B+C+D+E+F+G)
	Total Remuneration (A+B+C+D)		All consolidated entities		
	Catcher	All consolidated entities	Catcher	All consolidated entities	
Less than NTD 2,000,000	Michael Yeh/ William Yang/ Ming-Long Wang/Tsornng-Juu Liang/ Kai-Yi Investment Co., Ltd.	Michael Yeh/ William Yang/ Ming-Long Wang/Tsornng-Juu Liang/ Kai-Yi Investment Co., Ltd.	William Yang/ Ming-Long Wang/Tsornng-Juu Liang/ Kai-Yi Investment Co., Ltd.	William Yang/ Ming-Long Wang/Tsornng-Juu Liang/ Kai-Yi Investment Co., Ltd.	
NTD 2,000,000(included)~5,000,000 (excluded)					Michael Yeh
NTD 5,000,000(included)~10,000,000 (excluded)					Allen Hung
NTD 10,000,000(included)~15,000,000 (excluded)					
NTD 15,000,000(included)~30,000,000 (excluded)					
NTD 30,000,000(included)~50,000,000 (excluded)					
NTD 50,000,000~100,000,000 (excluded)					Allen Hung
NTD 100,000,000 or More					
Total					

Note: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

B. Supervisors' Compensation

Title	Name	2012/12/31; Unit: thousand NTD						
		Compensations			Total A,B,C as % of EAIT		Remuneration received by investing business other than company subsidiaries	
		Remuneration from distributed earning (B) (Note 1)		Business implementation expenses (C)		Catcher		All consolidated entities
Supervisor	Jia-Wei Investment Co., Ltd.	All consolidated entities	All consolidated entities	Catcher	All consolidated entities		Catcher	
Supervisor representative	Janice Lin	0	1,800	425	425	0.02%	0.02%	None
Supervisor	Jiunn-Rong Chen							
Supervisor	Wen-Chieh Huang							

Note1: Distributed earnings of 2009 have not been approved by shareholders' meeting as at printing date, thus employee bonus were calculated proportionally based on the actual distribution of last year.

Note2: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

Levels of Amounts of Compensation

Remuneration range for supervisors	Name of supervisors	
	Catcher	Total Remuneration (A+B+C)
Less than NTD 2,000,000	Janice Lin/ Jiunn-Rong Chen / Wen-Chieh Huang	Janice Lin/ Jiunn-Rong Chen / Wen-Chieh Huang
NTD 2,000,000(included)~50,000,000(excluded)		
NTD 5,000,000(included)~10,000,000(excluded)		
NTD 10,000,000(included)~15,000,000(excluded)		
NTD 15,000,000(included)~30,000,000(excluded)		
NTD 30,000,000(included)~50,000,000(excluded)		
NTD 50,000,000(included)~100,000,000(excluded)		
NTD 100,000,000 or More		
Total		

Note: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

C. Managers' Compensation

2012/12/31; Unit: thousand NTD

Title	Name	Salary (A)		Retirement (B)		Bonus and special expense (C)		Employee bonus from distributed earnings (D) (Note 1)			Total A, B, C, D as % of EAIT		Amount of employee stock options received	Granted Employee Restricted Stock (I)	Remuneration received by investing in business other than company subsidiaries	
		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	Cash dividends	Stock dividends	Stock dividends	Catcher	All consolidated entities	Catcher	All consolidated entities	All consolidated entities
GM	Allen Hung															
Vice President	Kenny Chien															
Vice President	James Wu	10,582	15,558	443	443	1,877	2,412	19,544	-	89,911	-	0.30%	-	-	-	None
Vice President	Michael Yeh															
Vice President	Y.C. Huang															
Vice President	C.M. Chen															

Note1: Distributed earnings of 2009 have not been approved by shareholders' meeting as at printing date, thus employee bonus were calculated proportionally based on the actual distribution of last year.

Note2: Y.C. Huang, K.M. Wu, J.L. Kao are Vice Presidents of subsidiaries, are each assigned with a company vehicle at value of RMB\$290 thousand as at 2009.12.31.

Note3: C.M. Chen, vice President of subsidiaries, is assigned with a company vehicle at value of RMB\$410 thousand as at 2011.12.31.

Note4: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

Levels of Amounts of Compensation

Remuneration Range for General Manager and Vice Presidents	Name of GMs and Vice Presidents	
	Catcher	All consolidated entities
< NTD 2,000,000		
NTD 2,000,000(included)~5,000,000(excluded)		
NTD 5,000,000(included)~10,000,000(excluded)	James Wu/ Kenny Chien/ Michael Yeh	James Wu/ Kenny Chien/ Michael Yeh
NTD 10,000,000(included)~15,000,000(excluded)	Allen Hung	
NTD 15,000,000(included)~30,000,000(excluded)		David Hung / Y.C. Huang
NTD 30,000,000(included)~50,000,000(excluded)		Allen Hung
NTD 50,000,000(included)~100,000,000(excluded)		
NTD 100,000,000 or more		
Total		

Note1: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose

D. Managers' Bonus

2012/12/31; Unit: thousand NTD

	Title	Name	Stock dividends bonus Market value (Note 1)	Cash dividends bonus	Total	% of income after tax
Managers	General Manager	Allen Hung	0	27,017	27,017	0.25%
	Vice President	Kenny Chien				
	Vice President	James Wu				
	Vice President	Michael Yeh				
	Assitant Vice President	Frank Lee				
	Assitant Vice President	Brian Lee				
	Assitant Vice President	Amy Chen				
		Irene Lin				

Note1: Distributed earnings of 2012 have not yet been approved by shareholders' meeting as at printing date, thus employee bonus were calculated proportionally based on the actual distribution of last year.

Note2: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

(4) Comparison of Compensation of Directors, Supervisors, and Managers in the Past Two Years

A. Analysis of remuneration as a percentage of income after tax for directors, supervisors, and managers.

Title	Item	% of income after tax		% of increase (decrease)	
		2012	2011	Catcher	All consolidated
		All consolidated entities	All consolidated entities	Catcher	All consolidated
General Manager & Vice Presidents	Director Supervisor	0.37%	1.09%	0.5%	- 0.1%
				2.5%	- 1.4%

Note: Distributed earnings of 2012 have not been approved by shareholders' meeting as at printing date, thus employee bonus were calculated proportionally based on the actual distribution of last year.

B. The Company's remuneration policy is according to the Company's development strategy and its personnel policy. The policy is set based on the industry standard. For the most recent two years, the remuneration to general manager and vice presidents includes salary, bonus, and employee bonus of distributed earnings. The salary and bonus are based on the Company's personnel policy. The employee bonus of distributed earnings is decided by the Board based on the annual earnings and profit distribution percentage which was approved by shareholders' meeting. As of the date of publish, the employee bonus of distributed earnings are yet to be approved by the AGM.

3. Corporate Governance Status

(1) Information of Board Meeting Operation

Number of meetings 8 (A), attendance of each director is listed as follows :

Title	Name	Attendance (B)	Proxy Attendance	Attendance rate (%) (B)/(A)	Remarks
Director Representative	Kai-Yi Investment Co., Ltd.: Allen Hung	7	1	87.5	
Director Representative	Kai-Yi Investment Co., Ltd.: Michael Yeh	8	0	100	
Director	William Yang	6	1	75	
Director	Tsornng-Juu Liang	5	1	62.5	
Director	Ming-Long Wang	6	0	75	

Annotations:

- There were no written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion in 2012.
- There were no recusals of Directors due to conflicts of interests in 2012.
- Measures taken to strengthen the functionality of the Board: We believe that the basis for successful corporate governance is a sound and effective Board of Directors. In line with this principle, Catcher's Board of Directors has established an Audit Committee and a Compensation Committee to assist the Board in carrying out its various duties.

(2) Information Regarding Audit Committee or Supervisors' Operation

A. Catcher did not establish an audit committee

B. The state of supervisors' participation to the board meetings

Number of meetings 8 (A), attendance of each supervisors is listed as follows

Title	Name	No. of times attended in person (B)	Attendance rate (%) (B)/(A)	Remark
Supervisor	Janice Lin	6	75	
Supervisor	Wen-Chieh Huang	5	62.5	
Supervisor	Jiunn-Rong Chen	4	50	

The responsibilities and organization of supervisors:

- Communication channel between supervisors and the Company's employees and shareholders:

In addition to Board and Shareholders' meetings, a supervisor may individually investigate the business and financial conditions of the Company at any

time.

2. Communication channel between supervisors and the Company's internal audit manager and independent accountant:
At any time, a supervisor may communicate with the Company's internal audit manager and independent accountant.

(3) Corporate Governance Practices

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
<p>1. Corporate Shareholder Structure and Shareholders' rights</p> <p>(1) How the Company handles shareholders' recommendations or disputes:</p> <p>(2) How the Company regularly monitors the list of key shareholders who have management control of the Company, or those who have ultimate control of key shareholders:</p> <p>(3) How the Company establishes proper risk control mechanisms and firewalls between the Company and its affiliated enterprises:</p>	<p>The Company has designated the spokesman / deputy spokesman/ IR and specific persons to handle shareholders' recommendations or issues</p> <p>The Company keeps close relationship with key shareholders, who have management control of the Company, or those who have ultimate control of this company. IRO or shareholders' Stock affair specialists were appointed to follow up the change of shareholding status.</p> <p>Catcher has set up an "Affiliated Management Policy" which rules risk control mechanisms and firewalls between the Company and its affiliated.</p>	<p>No specific difference</p> <p>No specific difference</p> <p>No specific difference</p>
<p>2. Structure and Responsibilities of the Board:</p> <p>(1) Independent directors on the Company's Board</p> <p>(2) How the Company periodically evaluates the independence of its auditors</p>	<p>Not yet been established. However, two directors are qualified as independent director. The Company will elect independent director in 2013 AGM.</p> <p>The Company's has periodically evaluated the independence of its auditors</p>	<p>No specific difference</p> <p>No specific difference</p>
<p>3. The Communication channel for its Stakeholders</p> <p>4. Information disclosure</p> <p>(1) How the Company establishes a website to disclose financial and corporate governance information:</p>	<p>The Company has designed specific personnel and established an email address to handle stakeholders' concerns.</p> <p>Catcher's website: http://www.catcher-group.com. The Company regularly publishes up-to-date detailed financial information on its website.</p>	<p>No specific difference</p> <p>No specific difference</p>

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
(2) Other channels for the disclosure of the Company's information:	Catcher has designated spokesman and deputy spokesman as required by regulations. Also, the Company designated IR & specific personal to collect and disclose information about the Company on the MOPS.	No specific difference
5. The operation of functional committee work within the Board of Directors of the Company	Catcher has established the Compensation Committee.	Catcher will establish related functional committee according to the Article of Memorandum
6. The comparison between the Company's corporate governance mechanism and the recognized corporate governance principles: (1) The Company focuses on enhancing corporate governance and actively strengthening the authority of the Board, exalting the function of supervisors, respecting the rights of related parties, and improving corporate transparency to protect shareholders' interest. (2) The Company set up internal control policy and internal auditors perform according to the policy. Internal audits also exercise the audit periodically. (3) In conclusion, the Company complies with relative laws and regulations to elaborate the spirits of corporate governance mechanism.		
7. Other information disclosures: (1) Catcher commits itself to uphold the welfare of its employees complying with relevant regulations. (2) Catcher has appointed spokesman / deputy spokesman/ IRO to maintain fair relationship with our investors (3) We value our suppliers and stakeholders as our assets and maintain a well relationship. (4) Stakeholders' protection: All stakeholders can have a smooth communication channel with the Company to secure their rights. (5) The status of the Company to establish training programs for its board members and Supervisors: The board members and supervisors all have industrial and professional knowledge. Besides, Catcher provides training programs to directors and supervisors. They also attend related programs by their desires. (6) Status of the Company to establish a risk management policy and standards for evaluating risk and implementing its risk management policy: The Company holds board meeting at least once per quarter, and the board evaluates the Company's business operation and risk management status periodically. (7) Status of liability insurance of the Company's board members and supervisors: Catcher has purchased the D&O insurance for its board members.		
8. The result, material deficiency (or suggestion) and improvement of corporate governance assessed by internal audit or professional institutions: None		

(4) Composition, Responsibilities and Operations of Compensation Committee

The board approves the article of C and set up the committee with the responsibilities related to the Company's compensation and benefits policies, plans and programs, and in the evaluation and compensation of the Company's directors, supervisors, executives, and together with the other matters appointed by board.

The Compensation Committee is comprised of no less than three members. One of them will be elected to be the chairperson and represent the committee. As of today, this committee functions well.

Current members of the Compensation Committee: (1) Ming-Long, Wang (2) Mon-Huan Lei (3) Zong-Cheng, Guo

(5) The Company's Policy and Efforts to be Socially Responsible

A. Based on the idea of environment protection, Catcher not only continues in promoting and producing environmental production processes and products, but also establishes managerial approaches in recycling disposals and preventing pollutions. Catcher also focuses on the employees' education of occupation safety and environment protection. Nowadays, Catcher has been honored with ISO9000 and carried out ISO14001 and OHSAS 18001(TOSHMS) as well.

B. Since established, Catcher keeps doing its best on society responsibilities. As a result, Catcher established a foundation to participate the social contribution and service providing scholarship to students and funds to health care organizations.

(6) The status of the Company's exercise of good faith in management and adoption of related measures:

Catcher already set up the related governance principle and have an internal audit department, and also formulated internal rules to ensure the exercise of good faith in management and the observance of laws and regulations.

Taiwan Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures: (1) The company's guidelines on corporate conduct and ethics are provided in internal policies and disclosed publicly. The Board of Directors and the management team demonstrate their commitments to implement the policies.</p>	<p>The company has guidelines on corporate conduct and ethics which are provided in internal policies and disclosed publicly.</p>	<p>No specific difference</p>

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
<p>(2) The company establishes relevant policies for preventing any unethical conduct. The implementation of the relevant procedures, guidelines and training mechanism are provided in the policies.</p> <p>(3) The company establishes appropriate measures for preventing bribery and illegal political contribution for higher potential unethical conduct in the relevant policies.</p>	<p>The company establishes relevant policies for preventing any unethical conduct and has the Quarterly meeting. The implementation of the relevant procedures, guidelines and training mechanism are provided in the policies and ask all the employees, suppliers to follow the rules.</p> <p>The company establishes appropriate measures and internal control statement for preventing bribery and illegal political contribution for higher potential unethical conduct in the relevant policies. Internal Control</p>	
<p>2. Corporate Conduct and Ethics Compliance Practice</p>		
<p>(1) The company shall prevent doing business with whom has unethical records and include business conduct and ethics related clauses in the business contracts.</p>	<p>The company shall terminate the business contracts if suppliers do not follow the business conduct and ethics related clause.</p>	
<p>(2) The company sets up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics. The board of directors supervises such execution and compliance of the policies.</p>	<p>The company has not yet set up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics. However, each department all follows the related policy to implement these rules.</p>	<p>No specific difference</p>
<p>(3) The company establishes policies to prevent conflict of interest and provides appropriate communication and complaint channels.</p>	<p>The company establishes policies to prevent conflict of interest and provides appropriate communication and complaint channels for employees.</p>	
<p>(4) The company establishes effective accounting and internal control systems for the implementation of policies, and the internal auditors audit such execution and compliance.</p>	<p>The company establishes effective accounting and internal control systems for the implementation of policies, and the internal auditors audit such execution and compliance.</p>	
<p>3. The company establishes the channels for reporting any ethical irregularities and sets up punishment for violations of the policies.</p>	<p>The company has established internal and external online "hotline" that any employee or relevant person may use to report any ethical irregularities to be investigated by designated senior management of Catcher.</p>	<p>No specific difference</p>
<p>4. Information Disclosure (1) To set up a corporate website that publishes information relating to</p>	<p>Our intranet website posts various guidelines and informative articles on ethics and honorable business conduct for employees' reference</p>	<p>No specific difference</p>

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
<p>company's corporate conduct and ethics.</p> <p>(2) Other information disclosure channels (e.g. maintaining an English website, designating personnel to handle information collection and disclosure)</p> <p>5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation: None.</p>	<p>The Company discloses the relevant information in its' Annual Report and make announcement of Catcher's guidelines on external Website (www.catcher-group.com) in both Chinese and English)</p>	
<p>6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., promote and demonstrate the company's commitment to ethical standard and provide training to its business partners; review the company's corporate conduct and ethics policy).</p> <p>The Company has the related regulation to make sure the company's corporate conduct and ethics policy.</p>		

(7) How the Information of Company's Corporate Governance Policy can be Obtained in Public.

None.

(8) Other Information Provides a Better Understanding of the Company's Corporate Governance Status.

The Company holds board meeting at least once per quarter, and set up the Compensation Committee . If necessary, the Company will set up any committee to improve corporat governance.

(9) Status of Internal Control:

A. Statement of Internal Control:

Catcher Technology Co., Ltd. Statement of Internal Control

2013/03/22

The internal control self-assessment of Catcher Technology Co., Ltd. was conducted for the year ended December 31, 2012 based on the Company's internal control system. The results are described as following:

1. Catcher Technology Co., Ltd. acknowledges that the board of directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.
2. No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. Catcher has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.
3. Catcher evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) Control Environment, (2) Risk assessment (3) control activities, (4) Information and Communication, and (5) Monitoring. Each component consists of certain items, which could be referred to the Standards.
4. Catcher Technology Co., Ltd. has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.
5. Catcher Technology Co., Ltd. believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.
6. The Statement of Internal Control will be an integral part of Catcher Technology Co., Ltd. annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The statement has been passed by the Board of Directors in the meeting held on March 22th, 2013, with none of the five attending directors expressing dissenting opinions on the content of the Statement.

Catcher Technology Co., Ltd.

Chairman and President : Allen Hung

B. CPA Audit Report for Internal Control System of the Company

The Company was not required to engage with a CPA to attest to the internal control system under R.O.C regulations; therefore, there is no CPA audit report on internal control to be disclosed

(10) Description of Violations/Infringement of Regulations and the Company's Response

For the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report, there were no sanctions imposed upon the Company or its internal personnel.

(11) Important Resolutions of Shareholders' and Board Meetings

A. Shareholders' Meeting

Date	Title	Agenda	Resolution
2012.06.13	2012 Annual shareholders' meeting	<ul style="list-style-type: none"> ● To raise funds through issuing new shares, CB or ECB (BOD proposed) ● To amend "Rules Governing the Conduct of Shareholders' Meeting"(BOD proposed) ● To amend "Aquisition or Disposal of Assets Procedure"(BOD proposed) ● To re-elect the Company's directors and supervisors (BOD proposed). ● To release the non-competition restrictions of Catcher's directors who engaged in peer business in competition to the Company. (BOD proposed) ● To amend the Company's Articles of Incorporation. (BOD proposed) 	All discussion items were unanimously agreed upon the resolutions by all attending shareholders

B. Board Meetings

Date	Agenda	Resolution
2012.04.25	<ul style="list-style-type: none"> ● To admit 2011 Business Report and Financial Statements. ● To approve the shareholder's proposal for 2012 regular shareholders' meeting. ● To discuss the record date of conversion for of the issuance for CBs. ● To amend the Company's Articles of Incorporation ● To discuss the plan of issuing new shares or CBs/ECBs for raising working capital. ● To approve the date of 2012 regular shareholders' meeting. 	All attending directors unanimously agreed, no other special proposals were proposed.
2012.06.13	<ul style="list-style-type: none"> ● To elect the Company's Chairman. 	All attending directors unanimously agreed, no other special proposals were proposed
2012.07.27	<ul style="list-style-type: none"> ● To approve 2012 H1 Financial Statements. ● To approve the proposal for distribution of subsidiaries' retained earnings.. ● To discuss the record date for stock dividend and cash dividend. ● To discuss the record date for the coverion of domestic CBs. ● To discuss the record date of issuing new shares or CBs/ECBs for raising working capital. ● To amend the members of The Compensation Committee 	All attending directors unanimously elected Allen Hung as chairman.

	<ul style="list-style-type: none"> ● To amend the Company's "Lending of Capital Procedure" ● To amend the Company's "Endorsement and Guarantee Procedure" 	
2012.08.08	<ul style="list-style-type: none"> ● To approve the proposal for distribution of cash bonus/dividends to managers and employee. ● To approve the proposal for distribution of bonus to directors and supervisors. ● To approve the distribution of bonus to The Compensation Committee. 	All attending directors unanimously agreed, no other special proposals were proposed.
2012.11.01	<ul style="list-style-type: none"> ● To discuss about the plan to acquire land. 	All attending directors unanimously agreed, no other special proposals were proposed.
2011.12.26	<ul style="list-style-type: none"> ● To discuss 2013 business plan. ● To discuss 2013 annual audit plan for Catcher and its subsidiaries. ● To amend the Company's "Rules Governing the Conduct of Board of Directors Meetings". ● To release the non-competition restriction to the Company's directors and its representatives. 	All attending directors unanimously agreed, no other special proposals were proposed.
2012.02.05	<ul style="list-style-type: none"> ● To invest in China about RMB 1,016,584,964.54 (around USD 151,889,476) for Topo Technology (Taizhou) Co. Ltd. 	All attending directors unanimously agreed, no other special proposals were proposed.
2013.03.22	<ul style="list-style-type: none"> ● To admit 2012 Business Report and Financial Statements. ● To approve the proposal for distribution of subsidiaries' retained earnings ● To admit 2012 Statement of Internal Control. ● To amend the Company's Articles of Incorporation ● To discuss the candidate of independent directors. ● To amend the Company's "Rules for Election of Directors and Supervisors. ● To amend the Company's "Rules Governing the Conduct of Shareholders' Meeting". ● To amend the Company's "Acquisition or Disposal of Assets Procedure" ● To amend the Company's "Lending of Capital Procedure" ● To amend the Company's "Endorsement and Guarantee Procedure" ● To amend the Company's "Rules Governing the Conduct of Board of Directors Meetings". ● To amend the Company's "Procedures for Handling Material Inside Information". ● To approve 2013 regular shareholders' meeting date, place, and agenda. 	All attending directors unanimously agreed, no other special proposals were proposed.

(12) Directors' or Supervisors' Objections on the Important Resolution of Board Meetings

None.

(13) Information of Resignation or Dismissal of Persons Related to Financial Reports

- Due to Director Shaokang Hu's personal reason & resignation, the Company changed of research and development officer. (Effective date: 2012/09/17)
- Because of the organization & position adjustment, Charlie Chiang is not the Heads of R&D, Catcher Technology Co., Ltd. (Effective date: 2013/03/01)

4. Information on Audit Fees

(1) If the amount of non-auditing relevant fees charged by the appointed independent auditors and the related parties reaches to 25% of the Company's annual auditing expenses shall be disclosed

Units: thousand NTD

Name of the accounting Firm	Name of the accountant	Audit period	Note
Deloitte & Touche	Hung Ju Liao, Chi Chen Lee	2012	-

Item	Audit Fees	Non Audit Fees	Total Fees
1 Less Than 2,000		v	
2 2,000~3,999			
3 4,000~5,999	v		
4 6,000~7,999			
5 8,000~9,999			
6 10,000 or More			

(2) If there is any change in the appointed independent auditors and the Company's annual auditing expenses decreased simultaneously, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed

Not Applicable.

(3) Auditing expenses decreased by 15% in comparison to the previous year, information regarding the amount percentage and reasons for the decrease in auditing expenses shall be disclosed:

Not Applicable.

5. The company does not replace its certified public accountant within the last two fiscal years or any subsequent interim period.

6. Information of the Company's Chairperson, Presidents, or Accounting Officers Have Worked in the Accounting Firm of the Appointed Independent Auditors or the Related Parties within the past year.

None.

7. Change in shareholding of Directors, Supervisors, Managers, and Major Shareholders

(1) Change in Equity Interest

Unit: share

Title	Name	2012		As at 2013/03/31	
		Change in Equity Interest	Pledge in Equity Interest	Change in Equity Interest	Pledge in Equity Interest
Entity Director and Supervisor	Kai-Yi Investment Co., Ltd.	0	0	-26,000,000	0
Director and Chairman	Allen Hung	0	0	10,000,000	0
Director	William Yang	0	0	0	0
Director	Tsornng-Juu Liang	0	0	0	0
Director	Ming-Long Wang	0	0	0	0
Supervisor	Janice Lin	0	0	15,000,000	0
Supervisor	Wen-Chieh Huang	0	0	0	0
Supervisor	Jiunn-Rong Chen	0	0	0	0
Vice President	Kenny Chien	0	0	0	0
Vice President	James Wu	0	0	0	0
Vice President	Michael Yeh	-10,000	0	0	0
Assistant Vice President	Brian Lee	0	0	0	0
Assistant Vice President	Irene Lin	0	0	0	0
Assistant Vice President	Frank Lee	-7,000	0	0	0
Assistant Vice President	Amy Chen	0	0	0	0
Assistant Vice President	Andy Feng	0	0	0	0
Manager	Charlie Chiang	0	0	0	0

(2) Information on Transfer of Equity Interest

None.

(3) Information on Pledge of Equity Interest

None.

8. Information Disclosing the Relationship Between any of the Company's Top Ten Shareholders. (Under ROC SFAS No. 6)

2012/09/07

Name	Personal Shareholding		Shareholdings of spouse/minor children		Total shareholdings held under other names		Related parties defined under the statement of financial accounting standards No. 6 of top 10 largest shareholders'		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Kai-Yi Investment Co., Ltd. Representative: Allen Hung	58,208,869	7.8%	-	-	-	-	David Hung	Brothers	
	624,834	0.1%	4,431,713	0.6%	-	-			
Jia-Wei Investment Co., Ltd. Representative: David Hung	49,277,885	6.6%	-	-	-	-	Allen Hung	Brothers	
	591,889	0.1%	-	-	-	-			
Cathay Life Insurance Co., Ltd	28,460,002	3.8%	-	-	-	-	-	-	
New Labor Pension Fund	18,167,000	2.4%	-	-	-	-	-	-	
NanShan Life Insurance Co., Ltd	16,256,000	2.2%	-	-	-	-	-	-	
Citi as directed trustee Government of Singapore Investment Corporation	14,437,211	1.9%	-	-	-	-	-	-	
Chunghwa Post Co. Ltd.	13,019,000	1.7%	-	-	-	-	-	-	
Public Service Pension Fund	11,572,000	1.5%	-	-	-	-	-	-	
JP Morgan Chase as directed trustee for Fürstentum Liechtenstein (Singapore) account	11,322,200	1.5%	-	-	-	-	-	-	
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	10,818,463	1.4%	-	-	-	-	-	-	

Note: The data shown above was gathered until the latest ex-registered date.

9. Total Percentage of Ownership of Investees

All the Company's investments are directly invested. There is no such issue that the Company's directors, supervisors, managers, and other direct or indirect controlled entities by the Company comprehensively held the investment companies' shares.

Four 、 Capital and Shares

1. Capital and Shares

(1) Source of Capital

A. Type of Shares

Unit: in thousand shares
2013/03/31

Type of shares	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Registered Common Shares	750,703	249,297	1,000,000	

B. Historical Information of Capitalization

Unit: in thousand NTD/shares

Date	Issue Price (NTD)	Authorized Shares		Paid-in Capital		Notes		
		Shares	Total Amount	Shares	Total Amounts	Source of Capital	Assets Other than Cash Used for Capital	Other
1984.11	1,000	2	2,000	2	2,000	Initial capital NT\$2,000K	None	None
1986.06	1,000	5	5,000	5	5,000	Capitalization from Cash offering NT\$3,000K	None	None
1990.06	1,000	15	15,000	15	15,000	Cash offering NT\$10,000K	None	None
1992.10	1,000	25	25,000	25	25,000	Cash offering NT\$10,000K	None	None
1994.06	1,000	40	40,000	40	40,000	Cash offering NT\$15,000K	None	None
1996.06	—	80	80,000	80	80,000	Increase capital from retained earnings NT\$20,000K, Capital surplus NT\$20,000K	None	Note1
1997.04	36	30,000	300,000	16,000	160,000	Capitalization in Cash by NT\$80,000K	None	Note2
1997.06	—	30,000	300,000	19,200	192,000	Increase capital from retained earnings NT\$32,000K	None	Note 3
1998.12	—	32,703	327,030	32,703	327,030	Increase capital from retained earnings NT\$135,030K(Included employee bonus shares NT\$630K)	None	Note 4
1999.05	50	70,000	700,000	48,054.2	480,542	Cash offering NT\$20,000K, Increase capital from retained earnings NT\$133,512K(Included employee bonus shares NT\$2,700K)	None	Note 5
2000.02	165	70,000	700,000	56,054.2	560,542	Capitalization in Cash by NT\$80,000K	None	Note 6
2000.06	—	110,000	1,100,000	84,441.3	844,413	Increase capital from retained earnings NT\$283,871K(Including employee bonus NT\$3,600K)	None	Note 7

2001.09	–	118,000	1,180,000	102,049.6	1,020,496	Increase capital from retained earnings NT\$176,083K(Including employee bonus NT\$7,200K)	None	Note 8
2002.10	–	210,000	2,100,000	133,738.3	1,337,383	Increase capital on retained earnings and capital reserve NT\$316,887K(Including employee bonus NT\$ 10,738K)	None	Note 9
2003.09	–	210,000	2,100,000	155,099.0	1,550,990	Increase capital on retained earnings and capital reserve NT\$213,607K (Including employee bonus NT\$ 13,000K)	None	Note 10
2004.09	–	270,000	2,700,000	187,658.8	1,876,588	Increase capital from retained earnings NT\$325,598K(Including employee bonus NT\$15,400K)	None	Note 11
2005.03	–	270,000	2,700,000	188,146.9	1,881,469	Capital from ECB conversion NT\$4,881K	None	Note 12
2005.07	–	270,000	2,700,000	199,763.6	1,997,636	Capitalization in ECB conversion NT\$116,167K	None	Note 13
2005.09	–	570,000	5,700,000	282,161.6	2,821,616	Increase capital from retained earnings NT\$782,328 K (Including employee bonus NT\$ 29,740 K) Capitalization in ECB conversion NT\$41,652K	None	Note 14
2006.02	–	570,000	5,700,000	283,723.7	2,837,237	Capitalization in ECB conversion NT\$ 15,621K	None	Note 15
2006.04	–	570,000	5,700,000	293,644.4	2,936,444	Capitalization in ECB conversion NT\$ 99,208K	None	Note 16
2006.07	–	570,000	5,700,000	294,603.6	2,946,036	Capitalization in ECB conversion NT\$ 9,591K	None	Note 17
2006.09	–	570,000	5,700,000	414,076.5	4,140,765	Increase capital from retained earnings NT\$1,194,729 K (Including employee bonus NT\$ 25,000 K)	None	Note 18
2006.11	–	570,000	5,700,000	414,136.4	4,141,364	Capitalization in ECB conversion NT\$ 599K	None	Note 19
2007.03	–	570,000	5,700,000	414,147.5	4,141,475	Capitalization in ECB conversion NT\$ 110K	None	Note 20
2007.10	–	1,000,000	10,000,000	541,591.6	5,415,917	Increase capital from retained earnings NT\$1,274,442 K (Including employee bonus NT\$ 32,000 K)	None	Note 21
2008.11	–	1,000,000	10,000,000	599,715.9	5,997,159	Increase capital from retained earnings NT\$581,242 K (Including employee bonus NT\$ 39,650 K)	None	Note 22
2009.9	–	1,000,000	10,000,000	664,908.5	6,649,085	Increase capital from retained earnings NT\$651,926K (Including employee bonus NT\$ 52,210K)	None	Note 23

2011.5	-	1,000,000	10,000,000	675,175.1	6,751,751	Capitalization from Domestic 1 st CB conversion NT\$ 102,666K	None	Note 24
2011.6	-	1,000,000	10,000,000	723,795.8	7,237,958	Capitalization from Domestic 1 st CB conversion NT\$ 151,206K & GDR NT\$ 335,000K	None	Note 25
2011.10	-	1,000,000	10,000,000	750,443.7	7,504,337	Capitalization from Domestic CB conversion NT\$ 225,152K and capitalization from Domestic CB conversion NT\$ 41,227K	None	Note 26
2012.2	-	1,000,000	10,000,000	750,639.4	7,506,394	Capitalization from Domestic CB conversion NT\$ 2,057K	None	Note 27
2012.4	-	1,000,000	10,000,000	750,691.4	7,506,914	Capitalization in Domestic CB conversion NT\$ 519K	None	Note 28
2012.5	-	1,000,000	10,000,000	750,699.2	7,506,992	Capitalization in Domestic CB conversion NT\$ 78K	None	Note 29
2012.8	-	1,000,000	10,000,000	750,703.1	7,507,031	Capitalization in Domestic CB conversion NT\$ 39K	None	Note 30

Note 1 : Approved no. (85)Jian San Ji Zi 215114, 8/16/1996
Note 2 : Approved no. Jing (86) Shang Zi 107326, 5/27/1997
Note 3 : Approved no. Jing (86) Shang Zi 116009, 8/28/1997
Note 4 : Approved no. (87) Tai Cai Zheng Zi (1) 98840, 11/26/1998
Note 5 : Approved no. (88) Tai Cai Zheng Zi (1) 30979, 4/6/1999
Note 6 : Approved no. (88) Tai Cai Zheng Zi (1) 101893, 12/9/1999
Note 7 : Approved no. (89) Tai Cai Zheng Zi(1) 42070, 5/16/2000
Note 8 : Approved no. (90) Tai Cai Zheng Zi(1) 144155, 7/11/2001
Note 9 : Approved no. Tai Cai Zheng Zi(1) 0910134316, 6/25/2002
Note10: Approved no. Tai Cai Zheng Zi (1) 0920126413,6/16/2003
Note11: Approved no. Tai Cai Zheng Zi (1) 0930126017,6/11/2004
Note12: Approved no. Jing So Shang Zi 09401045320, 3/21/2005
Note13: Approved no. Jing So Shang Zi 09401139810, 7/21/2005
Note14: Approved no. Jing So Shang Zi 09401177590, 9/08/2005
Note15: Approved no. Jing So Shang Zi 09501027910, 2/16/2006
Note16: Approved no. Jing So Shang Zi 09501075300, 4/25/2006
Note17: Approved no. Jing So Shang Zi 09501159860, 7/26/2006
Note18: Approved no. Jing So Shang Zi 09501206950, 9/12/2006
Note19: Approved no. Jing So Shang Zi 09501247950, 11/03/2006
Note20: Approved no. Jing So Shang Zi 09601045320, 3/06/2007
Note21: Approved no. Jing So Shang Zi 09601242380, 10/03/2007
Note22: Approved no. Jing So Shang Zi 09701278820, 11/03/2008
Note23: Approved no. Jing So Shang Zi 09801230170, 10/07/2009
Note24: Approved no. Jing So Shang Zi 10001087800, 05/02/2011
Note25: Approved no. Jing So Shang Zi 10001133750, 06/28/2011
Note26: Approved no. Jing So Shang Zi 10001246030,10/26/2011
Note27: Approved no. Jing So Shang Zi 10101015910, 02/02/2012
Note28: Approved no. Jing So Shang Zi 10101056300, 04/02/2012
Note29: Approved no. Jing So Shang Zi 10101093520, 05/25/2012
Note30: Approved no. Jing So Shang Zi 101010169120, 08/16/2012

C. Information of Shelf Registration System: None

(2) Status of Shareholders

Par Value: NT\$10 per share: 2012/09/07

Structure Number	Government Agencies	Financial Institutions	Other Domestic Institutions	Domestic Individuals	Foreign Institutions & Individuals	Total
Numbers of Shareholders	0	179	188	60,171	689	61,227
Shareholding (Shares)	0	129,813,755	168,904,931	226,911,808	225,072,632	750,703,126
Holding Percentage (%)	0.00%	17.29%	22.50%	30.23%	29.98%	100%

Note: The data shown above was gathered until the latest ex-registered date.

(3) Distribution of Common Shares

A. Common Stock

Par Value: NT\$10; 2012/09/07

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Holding Percentage%
1-999	10,115	2,450,740	0.33%
1,000-5,000	43,270	81,609,553	10.87%
5,001-10,000	4,144	32,170,459	4.29%
10,001-15,000	1,078	13,739,218	1.83%
15,001-20,000	736	13,584,240	1.81%
20,001-30,000	564	14,539,771	1.94%
30,001-40,000	265	9,453,846	1.26%
40,001-50,000	173	8,094,056	1.08%
50,001-100,000	362	26,873,643	3.58%
100,001-200,000	204	28,712,327	3.82%
200,001-400,000	130	37,597,817	5.01%
400,001-600,000	56	26,806,187	3.57%
600,001-800,000	38	25,339,022	3.38%
800,001-1,000,000	24	21,914,445	2.92%
Above 1,000,001	68	407,817,802	54.31%
Total	61,227	750,703,126	100.00%

Note: The data shown above was gathered until the latest ex-registered date

B. Preferred Stock

None.

(4) List of Major Shareholders

Units: shares, 2012/09/07

Shareholder's Name	Shares	Common Shares	(%) of Shareholding
Kai-Yi Investment Co., Ltd.		58,208,869	7.8%
Jia-Wei Investment Co., Ltd.		49,277,885	6.6%
Cathay Life Insurance Co., Ltd		28,460,002	3.8%
New Labor Pension Fund		18,167,000	2.4%
NanShan Life Insurance Co., Ltd		16,256,000	2.2%
Citi as directed trustee Government of Singapore Investment Corporation		14,437,211	1.9%
Chunghwa Post Co. Ltd.		13,019,000	1.7%
Public Service Pension Fund		11,572,000	1.5%
JP Morgan Chase as directed trustee for Fürstentum Liechtenstein (Singapore) account		11,322,200	1.5%
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds		10,818,463	1.4%

Note: The data shown above was gathered until the latest ex-registered date

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: in thousand NTD/shares

Item		Year		2011	2012	2013/01/01 - 2013/03/31
Market Price per Share	Before retroactive adjustment	Highest		277.50	237.00	151.5
		Lowest		104.00	117.50	123.00
	After retroactive adjustment	Highest		277.50	237.00	–
		Lowest		104.00	117.50	–
	Average			173.9	170.10	134.70
Net Worth per Share	Before Distribution			74.35	81.30	(Note 1)
	After Distribution			69.35	–	(Note 1)
	Note: distributed based on the outstanding shares at the end of the year, and was approved by shareholders' meeting					
Earnings per Share	Before retroactive adjustment	Weighted average shares		715,058	715,058	(Note 1)
		Earnings per shares		14.93	14.93	(Note 1)
	After retroactive adjustment	Weighted average shares		715,058	(Note 1)	(Note 1)
		Earnings per shares		14.93	(Note 1)	(Note 1)
	Note: If there is any stock dividend distribution which should be traced back to adjust the EPS, the pre-adjusted and adjusted EPS will be stated here.					
Dividend per Share (Note2)	Cash dividends			5.0	(Note 2)	(Note 1)
	Stock dividends	Dividend from retained earnings		0	(Note 2)	(Note 1)
		Dividends from Capital reserve		–	–	(Note 1)
	Accumulated un-appropriated dividend (Note2)			–	–	(Note 1)
Return on Investment	Before retroactive adjustment	Price/Earning ratio (Note3)		11.39	11.71	(Note 1)
	After retroactive adjustment	Price/Earning ratio (Note3)		11.39	(Note 2)	(Note 1)
	Price/Dividends ratio (Note4)			34.02	(Note 2)	(Note 1)
	Cash dividends yield rate (Note5)			2.94	(Note 2)	(Note 1)

Note1: Up until the printing date, Q1/2013 financial report is not yet available.

Note2: Distributed earnings of 2012 have not yet been approved by shareholders' meeting as at printing date. The related information will be available on Market Observation Post System after the meeting.

Note3: Price/Earnings ratio = Average Market Closing Price per Share /Earning per Share

Note4: Price/Dividend ratio = Average Market Closing Price per Share/Cash Dividend per Share

Note5: Cash dividends YTM = Cash Dividends per Share/Average Market Closing Price per Share

(6) Dividend policy and Status:

A. Dividend Policy in the Company's Articles of Incorporation:

Dividend policy is set forth in the Articles of Incorporation, the distribution priority orders are listed as follows:

- a. Offset prior years' operation losses;
- b. Set aside 10% of the retained earnings as a legal reserve till to the amount of the Company's total capital;
- c. Set aside special reserve according to operation need of the Company and related laws;
- d. Set aside no more than 1% of the remaining amount after deducting item a, b, and c as directors' and supervisors' remuneration, and no less than 1% of un-appropriated earnings as employees' bonus.

We are locating at the industry which has positive growth potential. We will appropriately watch each step we have and economics status we are facing. We will continue to expand our scale considering viability of economic situation. Our board also focuses on the stable and growing dividend in proposing the appropriation of annual earnings. However, regarding earning distribution of aforementioned item four, the cash dividends shall not be less than 10% of earnings distributed to shareholders. If the cash dividends is less than 0.5 per share, the Company could distribute stock bonus.

B. Proposed Distribution of Dividend:

Up until the printing date, the Board has not yet approved the employees' bonus and remuneration of directors and supervisors. Thus, related information will be available on Market Observation Post System when approved.

(7) Impact of Stock Dividends on Operating Results, EPS, and ROE:

Not Applicable

(8) Employee Bonus and Directors' & Supervisors' Remuneration:

A. The Percentages or Ranges with Respect to Employee Dividends and Director/supervisor Compensation, as set forth in the Company's Articles of Incorporation:

Please refer to (6) Dividend policy and implementation thereof.

B. Accounting Treatments when Differences Occurred between Estimated and Actual Distributed Amount of Employee Bonus and Compensation of Directors and Supervisors.

Not Applicable (There is no difference between the estimated and actual amounts of employee bonus and compensation of directors and supervisors.)

C. Information on any Employee Dividend Distribution Proposals adopted at Board Meetings:

Up until the printing date, the Board has not yet approved the employees' bonus and remuneration of directors and supervisors. Related information will be available on Market Observation Post System when approved.

D. Earning Distribution Information of the 2011 Employee Bonus and Directors' & Supervisors' Remuneration

The information of approved distribution earning of 2011 are listed as follows:

Unit: NTD; Shares

Details	As approved by the Shareholders' Meeting	As recommended by the Board of Directors	Differences
Distribution Status			
1. Employee bonus			
(1) Stock bonus amount	-	-	None
Stock bonus shares			
Market price per share (ex-right and ex-dividend factors have been considered)	-	-	-
(2) Cash bonus			
	106,772,328	106,772,328	None
2. Remuneration paid to Directors and Supervisors	3,085,000	3,085,000	None

(9) Share Buy-back History

None.

2. Corporate Bonds

(1) Corporate Bonds

Type	2st domestic unsecured convertible bonds issued in 2011	
Issue date	2011/04/27	
Face value	NTD 100 thousand/unit	
Listing Exchange	OTC	
Issue Price	100% of face value	
Total Amount	NTD 4.5 billion	
Coupon rate	0%	
Maturity	5 years Due on : 2015/04/27	
Guarantor	None	
Trustee	Trust Department of China Trust Commercial Bank	
Underwriter	KGI Securities Co., Ltd.	
Legal counsel	Not applicable	
Auditor	(the issued convertible bonds are in immaterial form)	
Conversion and Redemption	Bond holders can convert their bonds into common shares according to article #10 of the bond issuance and conversion procedure or exercise their put options to redeem their bonds according to article # 19 of the procedure. Also , the Company can exercise call options to redeem the bonds in advance according to article #18 of the procedure or the Company will pay in full par value to holders when the issuance period due.	
Principal Payable	NTD 3,667,1000,000	
Redemption	Please refer "The Issuance and Conversion Procedures"	
Covenant	None	
Name of rating company, date and result of rating	None	
Other Obligation	Balance Converted to (exchangeable or warrant) shares, ADRs, or Other Types of Securities as of Printing Date	As of 2013/3/31 · 2nd domestic unsecured CB total amount NT\$ 832,800,000 converted to common shares (4,122,708 shares)
	Policy of Issuing or Converting(exchangeable or warrant)	Please refer to bonds issuance information in website of Market Observation Post System
Impact to the Current Shareholders Due to Dilution	Coupon rate of the convertible bond is 0% and the bonds were issued at premium. Thus, there is no negative impact to the stockholders' rights.	
Name of Custodian	None	

(2) Convertible Bonds' Information

Unit: NTD

Type		1 st domestic unsecured convertible bonds issued in 2009		2 nd domestic unsecured convertible bonds issued in 2011	
Year		2012	2013/03/31	2012	2013/03/31
Market Price	Highest	225.00	NA	121.10	104.30
	Lowest	162.00	NA	100.5	101.60
	Average	184.04	NA	110.63	102.35
Conversion Price		102.06		192.06	
Date of Issuance		2009/12/08		2012/04/27	
Conversion Price at Issuance Date.		106.73		202	
Plans to execute the terms when bonds are converted		Issue new common stocks		Issue new common stocks	

* All the 1st domestic unsecured convertible bonds were all converted to common stocks 48,171,901 shares by 2012/06/28.

* As of 2013/03/31, there were 2nd domestic unsecured convertible bonds converted to common stocks 4,122,708 shares.

(3) Exchangeable Bonds Information:

None

(4) Shelf Registration Information of Corporate Bond Issuance:

None

3. Preferred Stock:

None

4. Global Depository Receipts (GDRs)

Date of Issuance		Global Depository Receipts issued in 2011/06/08	
Content			
Date of Issuance		2011/06/08	
Listing Exchange		Assumed to be issued and traded either at Euro MTF of Bourse de Luxembourg or at an international securities trading market which meets the requirements of the major underwriter and Catcher.	
Issue Amount		Raising USD 220,028 thousand by issuing 6,700 thousand units of GDR(representing 33,500 thousand common shares)	
Listing Price/Unit		USD 32.84 (NTD 189 per common stock share) * at exchange rate of NTD 28.77 to USD 1	
Listing Units		6,700,000 Units	
Underlying Representing Shares		Issue new common shares.	
Number of Total Units and Equivalent Local Shares per Unit		Total units: 6,700,000 units Each unit represents 5 shares of common stock with total issuance of 33,500,000 common shares	
Rights and Obligations of GDR holder		The rights and obligations are the same as common stock holders'.	
Trustee		None	
Depository Bank		JPMorgan Chase Bank	
Custodian Bank		Taipei Branch / JPMorgan chase bank	
Outstanding Balance (Units)		Up to 2013/03/31, outstanding 383,877 units	
Issuing Expense and Maintenance Fees		All by the Company	
Important Terms and Conditions of Depository Agreement and Custodian Agreement		Please refer to Depository Agreement and Custodian Agreement	
Market Price/Unit	2012	Highest	US\$ 39.055
		Lowest	US\$ 20.315
		Average	US\$ 28.681
Market Price/Unit	Up to 2013/3/31	Highest	US\$ 25.681
		Lowest	US\$ 21.3
		Average	US\$ 22.621

5. Employee Stock Option Certificates

None

6. Mergers and Acquisitions or the Issue of New Shares to Acquire Another Company's Shares

None

7. Financing Plans and Execution Status

Content of Project

1. The project was completed but benefits yet to be realized during the past 3 years : None ◦

2. The previous issuance or incomplete Private placement :

(A) The 2nd domestic unsecured convertible bond of 2011

(I) Sources of fund:

- i. Approval of authority : SFC approval # 09900735131, dated Jan. 14, 2011.
- ii. Project Amount : NTD 4.5 billion.
- iii. Sources of Fund : To issue a NT 4.5 billion domestic unsecured convertible bonds, with a tenor of 5 years, 0% coupon, and the other terms.
- iv. The issuance was completed on April 27, 2011 and the detail of this issuance was released on MOPS ◦

(II) The amount of this project and its benefits

- i. Schedule for using of fund :

unit: NTD thousand

Items	Planned Completion Date	Fund needed	2011		
			Q1	Q2	Q3
Equipments Purchasing	Q3 2011	2,000,000	0	1,553,970	446,030
Working capital	Q1 2011	2,500,000	2,500,000	0	0
Total		4,500,000	2,500,000	1,553,970	446,030

ii. Expected benefits

- Equipment Purchasing : To increase the sales volume of 3C mechanical parts to improve operating profits.
- Working capital : To reduce the interest payment, increase profitability, and improve financial structure by more working capital.

(B) GDR of 2011

(I) Sources of fund:

- i. Approval of authority : SFC approval # 0990073513, dated Jan. 14, 2011
- ii. Project Amount : NTD 6,330,646 thousand.
- iii. Sources of Fund : To issue 6.7 million GDS (representing 33.5 million common shares), with an offering size of USD 220,028 thousand and the other terms.
- iv. The issuance was completed on June 13, 2011 and the detail of this issuance was released on MOPS ◦

(II) The amount of this project and its benefits

i. Schedule for using of fund :

unit: NTD thousand

Items	Planned Completion Date	Fund needed	2011			
			Q1	Q2	Q3	Q4
China Investment	Q4 2011	3,368,684	0	3,163,079	0	205,605
Foreign material purchasing	Q4 2011	2,961,962	0	230,176	1,898,952	832,834
Total		6,330,646	0	3,393,255	1,898,952	1,038,439

ii. Expected benefits

- China Investment : To increase capacity & product lines, control the upstream material cost, and strengthen the company's competitiveness in casing and other parts. With the gradually completion of this project, the benefits will be shown accordingly.
- Foreign material purchasing : To reduce the interest expenses, increase profitability, and improve financial structure. Overall, those benefits will help the company's operation and competitiveness.

Project Status

(A) The 2nd domestic unsecured convertible bonds of 2011 :

Catcher raised capital on 2011/04/27. The project was completed in Q3 2012 with total amount NTD 4,500 million (to purchase the equipments NTD 200 million, and enriching the working capital NTD 2,500 million) .

(I) Project Status

The status of 2nd domestic unsecured convertible bonds of 2011 until Dec.31, 2012 :

until April 10, 2011 : Unit: NTD thousand

Items	Status			Balance	Remark
	Amount	Planned	Actual		
Equipments Purchasing	Amount	Planned	2,000,000	0	Completed in Q3 2012.
		Actual	2,000,000		
	%	Planned	100		
		Actual	100		
Working capital	Amount	Planned	2,500,000	0	Completed in Q3 2012.
		Actual	2,500,000		
	%	Planned	100		
		Actual	100		
Total	Amount	Planned	4,500,000	0	Completed in Q3 2012.
		Actual	4,500,000		
	%	Planned	100		
		Actual	98.13		

(II) Benefits

i. Equipments Purchasing

The NTD 2 billion spending was planned to purchase the equipments for mid-high end metal parts capacity. Until Q3 2012, Catcher had spent NTD 2 billion on equipment procurement. The manufacturing units, sales revenues, and operating profits were expected to increase in accordance with the completion of equipments purchasing.

ii. Working capital

The amount of NTD 2,500 million for enriching the working capital was completed in the 3Q 2012. Based on 1.5% interest rate for a long term unsecured borrowing, this project was expected to save interest expenses by around 37.5 million, and will help the company's overall operation and competitiveness.

(B) GDR of 2011

Catcher had completed the GDR issuance in June 2011. The schedule for spending of this project was slightly behind, due to the delay of this GDR offering. The project was 100% completed in Q4 2012 with total amount NTD 6,330,646 thousand. (NTD 3,368,684 thousand for China investment and NTD 2,961,962 thousand for foreign material purchasing). With the gradually completion of this project, the benefits will also show accordingly.

(I) The Project status after amendment until Dec.31, 2012

unit: NTD thousand

Items	Status			Remarks
China Investment	Amount	Planned	3,368,684	Completed in Q4 2011.
		Actual	3,368,684	
	%	Planned	100	
		Actual	100	
Foreign Material Purchasing	Amount	Planned	2,961,962	Completed in Q4 2011.
		Actual	2,961,962	
	%	Planned	100	
		Actual	100	
Total	Amount	Planned	6,330,646	Completed in Q4 2011.
		Actual	6,330,646	
	%	Planned	100	
		Actual	100	

(II) Benefits

i. China Investment

The project amount of China Investment was 3,368,684 thousand and was completed in Q4 2011. including expenditure in land, buildings, and equipments, was expected to show its benefits in the future as soon as the manufacturing scale, revenues, and profits expand.

ii. Foreign Material Purchasing

The project amount of foreign material purchasing was 2,961,962 thousand, mainly spent for the growth material demand in NB, ultrabook, tablet, and smartphone market. It was completed in Q4 2011. This project was expected to save NTD 9,891 thousand interest expenses, based on a long term unsecured borrowing 1.5% interest rate, and will help the company's overall operation and competitiveness.

Five - Overview of the Business Scope

1. Description of The Business

(1) Major Business

A. Major Business:

- a. Manufacturing, processing, and sales of molds, alloy products, and touch panels.
- b. Surface treatment, processing, and sales of alloy products.
- c. Related materials' and products' trading business.

B. Major Products and Weights :

Unit : in thousand NTD ; %

Product Item	Net sales in 2012	(%) of Sales
Metal Casing and Internal Components	11,257,989	95.87%
Others	485,047	4.13%
Total	11,743,036	100.00%

C. Current Products and Services:

- a. Metal casing and internal components: Sales and manufacturing of casing, internal components, and thermal modules for mobile devices and 3C products, such as notebooks, mobile phones, MP3 players, PDA and so on.
- b. Others: Sales and manufacturing of molds' and air tools' products .

D. Future Products and Services:

- a. Processing and manufacturing of glass products and components for 3C applications.
- b. Plastic parts and metal stamping components for computer, communication, and consuming electronics products.
- c. Development and manufacturing of special Magnesium, Aluminum, and stainless alloys casing and components.
- d. Development of advanced metal surface treatment techniques.
- e. Non-metal material development for 3C applications.
- f. Development of various materials combination techniques and product applications.
- g. Special heat dissipation techniques development for LED.

(2) Industry Scope

A. Current Industry Products & Development:

Trends of portable and 3C products are toward thin, light, and slim. In addition to the quality and feelings in products' appearance, consumers are paying more attentions in environmental issues. As a result, metals with recyclable performance have become major material for casing and its internal components for portable and 3C products. Reasons for the popularity of metals include:

- a. Stylish outlook.
- b. Metals are stronger and provide higher impact resistance than engineering plastics.
- c. Metals provide better heat dissipation and EMI protection, comparing to engineering plastics.
- d. Metals are abundant in earth.

- e. Popularity of environmental protection has resulted in regulations of recycling IT products in many countries. For example, Japan enacted 「Law for Promotion of Effective Utilization of Resources」 in April 2001; EU passed 「Waste From Electrical and Electronic Equipment」 (WEEE) in February 2003. Metals fit in with the requirement on environmental protection and recycling in Japan and EU.

Table 1 Comparison of structural alloys and engineering plastics

Material	Density (g/cm)	Pull Strength (MPa)	Thermal Conductivity (W/mk)	Thickness Compare (under same resistance)	Thickness Restriction	Anti-electric	Recyclable
Engineering plastics (ABS)	1.07	43	0.28	100	Injection mold above 1mm	Bad	Rarely
Magnesium Alloy (AZ91D)	1.81	240	51.00	33	Die casing: above 0.6mm. Semi-solid state injection: above 0.6mm	Good	Yes
Aluminum Alloy (ADC12)	2.68	295	70	42	-	Good	Yes
Zinc Alloy (ZDC2)	6.60	285	-	-	-	Good	Yes

Source: ITRI (Industrial Technology Research Institute) Material Division

According to Gartner statistics, 2012 sales volume of PC achieved 366 million units, compared with 2011 365 million, only 0.2% YoY. The main reason was that Ultrabook & Win 8 Notebook did not perform well in 2H12. The benefit will be delayed to 2013. According to the estimation, PC will reach to 393 million sets in 2013 (YoY 7%) and 422 million sets in 2014. PC market is quite mature and is increasing steadily.

Gartner estimated 2012 shipments of Notebook were 215 million, compared to 210 million units in 2011, YoY 2.4%. As for 2013, it will reach to 239 million units (YoY 11.4%); and 265 million in 2014 (YoY 10.9%). Ultrabook were still in the early stages of development in 2012, and the average selling price was more than USD 900. These new style notebooks can improve the casing industry's scale and profits. In order to make the casing lighter and thinner, metal penetration rate of Notebook is raising up. We estimate the trend of Windows 8 notebook transition will be benefit to our business.

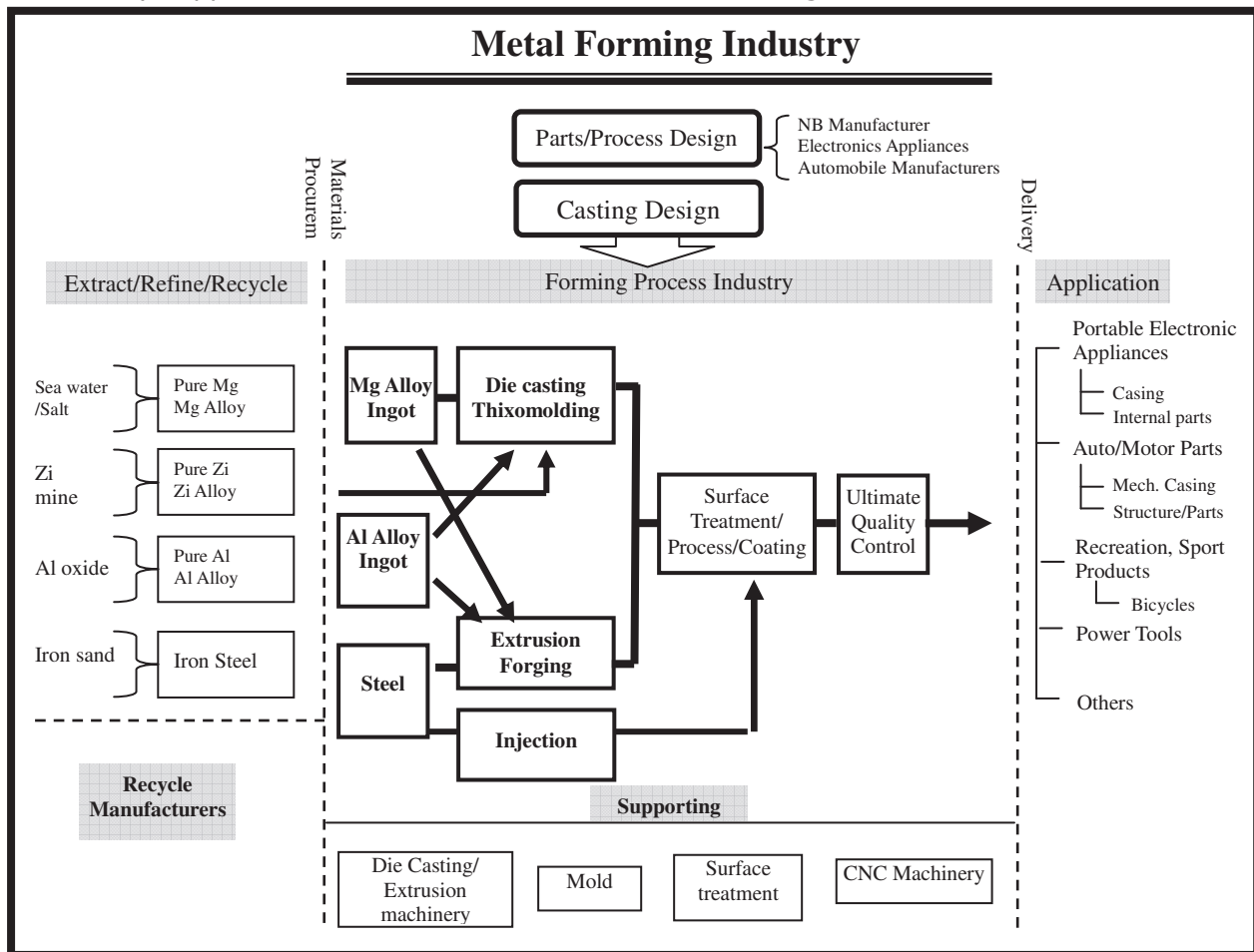
Gartner estimated 2012 shipments of Mobile device (include Smartphone & Tablet) around 821 million units. It will be more than 1 billion in 2013, reach to 1.2 billion with strong growth. Besides, 2012 shipments of mobile phone was more than 1.7 billion, YoY 1.4% only, it was the lowest level in recent 3 years. Compared with the whole mobile phone market, smartphone is still increasing sequentially. IDC estimate that 2012 shipments of Smartphone was 717 million, YoY 45.1% ; and it will reach to 855 million units in 2013. The growth driver for Smartphone is coming from the different platform & networking. Because of the bigger display of the device, the demand of metal casing is increasing, and it is good for the company as well.

The mobile device market is still quite popular, not only the smart phone but also Tablet PC are growing up explosively. Although the iPad still dominates in the tablet market, major NB brand company and mobile phone company will launch new products with Android. Thus, the global tablet PC shipments will spring up in the future. The shipments of Tablet PC in 2011 was around 122 million units, compared with 60 million in 2011. IDC estimate that tablet will continue to grow in 2013 and may reach to 172 million units.

Tablet PC (Tablet) becoming popular, the era of mobile computing was coming. Users desire information anytime and would like to have larger display of the Mobile Phone and Tablet as essential items. Though, Tablet can not replace PC/Notebook completely, it already cannibalized the market of Notebook & Desktop PC. Users enjoy to the internet & entertainment via thinner and lighter mobile devices. When the shipments of Tablet exceed Notebook, it shows that Tablet will be the main stream of the PC market. At the same time, the meaning to the industry is that it is necessary to provide a metal casing which meets the requirements of protecting large sized touch panel and appearance. Hence, metal casing will be the prevalent trend in the future.

B. The Relationship Between Up-, Mid-, and Down-stream Supply Chain Services:

Industry supplier, wholesaler and retailer is shown as diagram below :



Resource from ITRI IEK-IT IS project; Quoted by Catcher

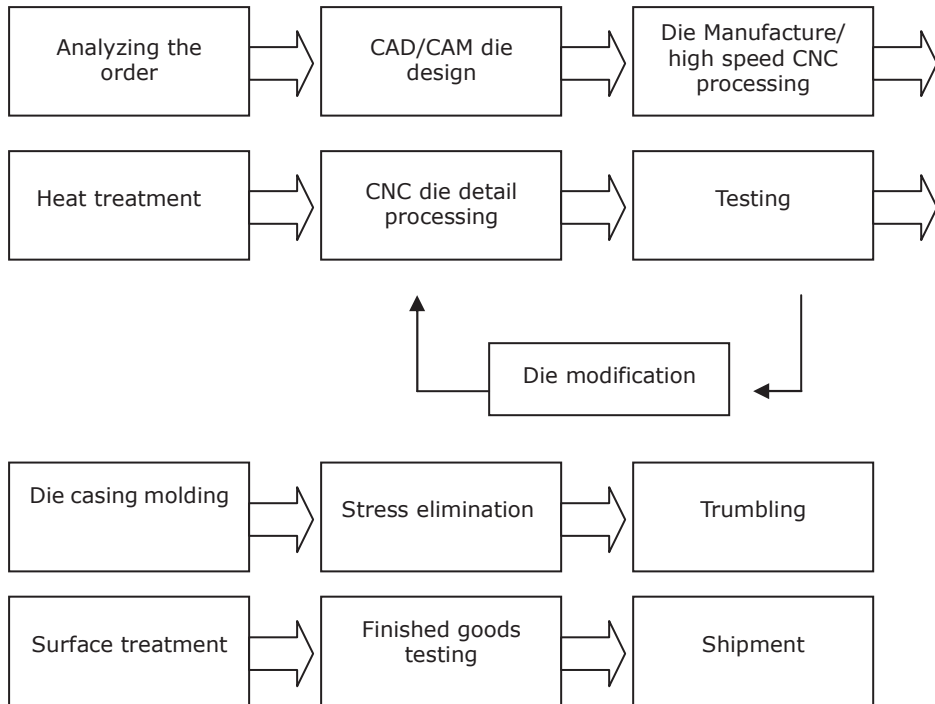
(a) Metal Alloy Upstream

Metal alloy upstream includes extraction of magnesium ore, aluminum ore, zinc ore and iron ore, and manufacturing of metal processing equipments, such as aluminum extrusion machine, forging machine, stamping machine and die-casting machine. Because Taiwan does not have mineral resources, metals are imported from nearby countries, such as China and Australia. In earlier times, the global magnesium alloy extraction and facilities are controlled by few companies, for example, Dow Chemical of United States, American Magnesium Inc. and Dead Sea, etc. But recently, China keeps on extraction and production of magnesium raw materials and has become the biggest magnesium supplier in the world. China is also Catcher's major magnesium materials supplier. On the other hand, aluminum

ingots are supplied by China, Australia and Dubai. Domestic firms allocate and alloy these aluminum ingots into aluminum extrusion, and further reprocess into finisher. Stainless steel forge cloth is made by domestic companies, like Yusco.

(b) Metal Alloy Midstream

Metal alloy midstream is mainly responsible for metal mold manufacturing, shape machining, and surface treatment. Domestic companies include Catcher, Foxconn, Wafer, and Silitech. Die-casting industry wholesalers receive downstream consumer orders, and produce metal alloy merchandises. The manufacturing flow chart is illustrated as below:



(c) Metal Alloy downstream

Metals are suitable for all thin and light products, such as portable electronic devices, car parts, sports products. Car and bicycle industry have used aluminum extrusion and forging product quite earlier, but the requirements are not as strict as 3C industry. Thus, 3C sector initiated the high quality and tensile strength extrusion products. As for stainless steel, it is very difficult to process but provides a strong factor, attracting some smart phone brands. Taiwan has become the manufacturing center for the global ICT products, especially on desktop computers, NBs, and portable devices. Magnesium is the main material for NB and smart phone, and on the other hand, aluminum alloy and Zinc alloy are the key role for 3C industry.

C. Competition Status

Major Competitors:

Company	Main business scope	Major items	Note
Catcher Technology Co. Ltd.	Manufacture and sales of mold and metal casing products; Surface treatment.	Metal casing and other 3C components	Public traded company
Waffer Technology Co., Ltd.	Sales and manufacture of plastic and metal products, Mg alloy products, metal surface treatment technology, and electronics components.	Mg casing and other 3C components	Public traded company
Foxconn Technology Co., Ltd.	Manufacture and sales of monitor and electronics components	Mg casing and other 3C components	Public traded company
Silitech Technology Co., Ltd	Manufacture and sales of rubber dial, rubber roller and cellular phone module and rubber dial on car	Mg casing and other 3C components	Public traded company

(3) Research & Development Achievements and Plans:

A. Research and Development Expenditures:

Year	2012 (consolidated)
R&D expenditures	NT\$ 939,152 thousand

B. Successful Development in Technologies and Products:

During the past few years, Catcher has aggressively extended special processes and technologies to accommodate into existing techniques, creating a "Comprehensive Manufacturing Matrix". The matrix provides customers with a variety of design flexibility and achieves the goal of vertical integration. When integrating these processes into mass production, we also find new application possibilities of combining more different processes. These combinations expand the surface treatments techniques and create new exterior feels. The latest developed products and processes are as follows:

- Cage structure of composite metal material for NB
- Mobile phone metal injection Bezel with vacuum sputtering surface treatments
- High quality metal/plastic integral injection items with many exterior-handling parts for mobile phone and NB
- Etching and multi-color anodic aluminum alloy casing for mobile phone and NB
- Development and application of Big-size integral precision metal extrusion casing
- Development and application of Forging Stainless Steel and Aluminum Unibody design casing
- Special heat dissipation techniques development and relative product design
- Low temperature vacuum sputtering surface treatments for Aluminum
- The combination technology of aluminum and plastic casing.
- The production and application of composite material.

C. Long-term and Short-term Business Development Plan:

The trend toward thin and light, small and short, environment protection, and multi-function has made metals being the main and most popular material in information products. Benefit from the cross-strait operating synergy, Catcher meets customers' need by providing vertically integrated one-stop-shopping capabilities and achieves a win-win situation. In addition to cultivating and stabilizing existing market and clients, Catcher devotes itself in developing and researching new substitutes and manufacture processes in a hope to stay ahead of competition. The Company manages to keep the commitment of

technology innovation and customer-oriented service while with a vision of sustainable operation.

2. Market and Sales Conditions

(1) Market Analysis:

A. Major Sales Regions:

Unit : in thousand NTD ; %

Area \ Year		2010		2011		2012	
		Net Sales	%	Net Sales	%	Net Sales	%
Domestic		1,898,467	68.71%	8,239,777	49.72%	5,229,433	44.53%
Export	Asia	854,516	30.93%	3,872,205	23.36%	4,413,379	37.58%
	America	8,874	0.32%	2,912,272	17.57%	1,737,476	14.80%
	Europe	1,086	0.04%	1,549,366	9.35%	362,748	3.09%
	Others	0	0.00%	0	0.00%	0	0.00%
Export subtotal		864,476	31.29%	8,333,843	50.28%	6,513,603	55.47%
Total		2,762,943	100.00%	16,573,620	100.00%	11,743,036	100.00%

B. Market Share:

According to market survey, few Taiwan metal casing companies account for the majority market share and lead other companies with a distance in technique, skill and capacity. About magnesium die casting, aluminum and stainless steel unibody, there are high entry barriers because of technical difficulty, production capacity, as well as vertical integration and other factors. The new entrants as well as other vendors do not have the big scale of production, and mass production experience and technology. Therefore, there should not be any significant impact in the short term. The few companies are estimated to account for approximately 80% shipment in metal casing industry. Catcher is one of few manufacturers with completed processing technique, customization capability, and innovative design ability. Catcher has received recognition and orders from global leading brand names. These achievements make the Company leader of metal casing industry in Taiwan.

During the financial crisis, the economic was turning down, and the consumer NB with cost down solution – plastic casing is the main factor for the growth. However, with the gradual economy recovery, most of companies will replace their Nobebooks, and they would like to adopt comercial models with thin and light metal casing.

C. Future Market Supply, Demand, and Growth Potential

According to the IDC, Gartner and many other research institutions, along with the global economic recovery, the volume of notbook has reached about 215 million units in 2012, growth rate 2.4% YoY. . This is around 60% of toal PC market. In terms of the economic recovery, notebook can still maintain a compound annual growth rate with single-digit percentage growth in the future, and the shipments may achieve 239 million units in 2013. In addition to the steady growth of the overall market, the metal casing can provide light weight, strength, protective effect, more durable, good heat dissipation, EMI noise reduction and environmentally friendly recyclable excellent characteristics. Therefore, the metal casing penetration rate is still increasing steadily in recent years. Ultrabook will be the key driver for the lighter and thinner notebook in this year. And we can see more consumer models adopt metal casing, it means that notebook will be the key factor for the growth in the near future.

In the market of mobile phone, research institutions indicate that the 2012 global handset shipments grow by 45.1% YoY in 2011, and the total shipment reached 1.7 billion.

With 3G penetration increased, the mobile internet service, the cheaper cost of the phone application chip, and the enhanced computing speed, the smartphone may reach to 855million units in 2013.

From the product's point of view, smartphone with lager-size display is an indisputable trend. Compared to the plastic casing, metal casing becomes the important functional components. It can provide the thin & narrow frame design, relatively more strength and excellent protection. Besides, according to the evolution of the surface treatment technology, metal casing with metallic luster touch and the impression of high-end products are preferred by consumers.

In future, except the smartphone market continuing to grow up rapidly, Tablet PC will also make more opportunities for metal casing industry. With the significant growth driver by Apple iPad, many brand companies would like to join the market as well. According to the research, Tablet PC will grow up from 60 million units in 2011 to around 122 million units in 2012. Moreover, it will achieve 172 million units in 2013. With the substantial growth of Tablet PC , the demand for metal casing will be another benifital factor for metal casing company.

With the fashinoable desin of mobile phone, NB, tablet and the other consumer electronic products, the precision the manufacture and surface treatment technologies can realize the concept of product design. Because of the structure and design of the metal casing, the requirement of customized and mass production capacity is important. However, there are few manufacturers with both diversified manufacture processes and advanced technology. Catcher has become few of metal casing and internal components manufacturers in Taiwan that are able to meet customers' expectations in quality, yield, mass production capability, customization, and innovative design ability.

D. Competitive Advantages

The company focus on the manufacture of metal casing (Al, Mg, Zn, Stanless Steel...) and internal frame. It include the process of Die Casting, Extrution, Forging, Stamping , CNC machining, Anodizing and many kinds of sureface treatment technology. Thses technology can be adopted in NB, mobile phone, Tablet, MP3 player and all the other 3C products. Catcher is one of the few metal casing and internal components manufacturers that are able to meet customers' expectations in quality, yield, mass production capability, customization, and innovative design ability. The following strengths contribute to Catcher's achievements aforementioned :

- a. The Company possesses strong research and development programs and leverages its ability in technology development.
- b. The Company provides one-stop-shopping solution, and ensures time-to-market and quality control issue.
- c. The Company's vertically integrated technology in mechanical design, precision mold design and fabrication, molding, decoration, second processing, and sub-assembly also enable it to meet time-to-market and volume production requirements while having the competence to handle the rapid changes in product designs.
- d. The Company's technologies and quality have been proven and recognized by customers.
- e. The Company consistently develops new products and new applications to meet customers' demand.

With the idea of steady growth and innovation commitment, Catcher builds competitive advantages in R&D, manufacturing, and sales. The Company also has a solid financial structure and fine-tuning of the manufacturing process accompanying with professional employees' recruiting programs. These factors make the Company a reliable and close partner to customers.

Since many of our main customers' headquarter are located in northern Taiwan, we also set up our operating center in Taipei. The operating center has been officially opened in

March 2010. In the future, we will be able to serve our customers and recruit manpower for R&D, sales, finance, and marketing. We are also able to strengthen our relationship with financial institutes and investors' relationship. In addition, we plan to set up a market analysis department to help our research team understand the market's demand, develop new products, and lower decision making mistakes and avoid unnecessary resources wasted to create the Company's profitability.

E. Positive and Negative Factors Relating to Future Development

a. Favorable Factors

➤ Expansion of the Industry in New Applications

Superior physical characteristics of metals result in the popular applications of metals. Besides NB, smartphone, tablet, camera, and 3C products are constructed thinner and larger-size display in order to strengthen the structure, save the space and make better outlook. Therefore, the applications for metals are in growth and the industrial outlook is optimistic.

➤ Downstream Applications and Diversified & Stable Customer Base

Due to the boosting of Internet and multimedia, the market of mobile devices and 3C products is booming up. In addition, the effort in the information industry from private sectors and government for over ten years, a completed and well-operating supply chain was established. As a result, the market share of many kinds of 3C products in Taiwan achieves No.1 around the world. Catcher is one of few suppliers qualified in quality, yield rate, and capacity. The company already cooperated with brand companies and ODMs for many years, because of the rapid growth of the smartphone in recent years, the Company also have cooperation with smartphone, mobile devices company brand company. The diversified and stable customer base is the important factor for the sustainable development.

➤ High Entry Barrier in the metal casing industry

As per the technology progress of notebooks, smartphones, tablet PCs, MP3, digital cameras and the other consumer products, the demand for those products are also growing quickly. However, because of the highly customized structure and design, the key technologies – the ability to make the mold and tooling, and the variety of surface treatment technology, it requires abundant mass production experience to improve the yield rate of products and processes. In recent years, more and more notebook and smartphones adopt Unibody design of aluminum metal casing, the extensive use of extrusion and CNC machining make more creative design of casing outlook. Meanwhile, there are high entry barriers of capital and technology in the metal casing manufacturing industry. In addition to a lot of machines and equipments, there are still complicated 2nd operating process, which can not be replaced by automatic robots or machines. It is not an easy thing to maintain long-term profitable operations if the company did not optimize the use of limited human and resources and control the cost.

The life cycle of 3C products is getting shorter, the Company need to have R & D ability and make mass production within a short period in order to grasp the market. The new manufacturers have initial huge investment for equipments and the insufficient technical experience. Thus, it is not easy for them to improve the yield rate of products and processes in short term, and it will take for quite long time to achieve breakeven. There might be the potential threat in medium-and long-term, but it is not simple thing to catch up with the Company in short-term. The Company already entered in this industry for quite long time, and had solid R&D team and experience for deliver and quality. All above competitive advantages can make the company become outstanding in the serious competition.

➤ **Research and Development Specialty**

Considering 3C products' characteristics as complicated in design and ever changing in research development, high quality requirement becomes the competitive advantage for the components manufacturers. The Company has excellent management team in this related field and strong R&D team for backing-up. Back to 1990's , the Company realized the importance of Mg alloy materials , and embarked the research since ever. With this accomplishment, the Company becomes the first mass production manufacturer in Taiwan for NB Mg alloy casing. In recent years, the Company also actively makes efforts in research and development for new technologies, new processes, and new materials. Besides, we standardize our products into module, and it is recognized by the world's most prestigious companies, which represents that the technology skill experience of the Company achieves the worldwide standard. The Company will continue to invest in research based on past achievement and enhance employee quality to maintain the competitive advantages in innovation and new product development earlier than other competitors.

➤ **Leading Position, Economies of Scale, and Time-to-market Capabilities**

We position ourselves as a one-stop-shopping service for metal technology and components manufacturing. We have developed vertically integrated manufacturing capabilities from design to manufacturing and logistics covering modeling design, multi-forming, CNC machining, variety of surface treatment, powder coating/painting and assembly, which enables the fast time-to-market capability, quality assurance to meet global brand name clients' need. In addition to the development of special process and technology, the company's existing comprehensive manufacturing matrix enable the company to become one of the few metal casing manufactures with good quality, yield rate, production capacity and customized and innovative design, and all of these can achieve customer's requirements.

In addition, the Company expands its productivity in plastic products providing our customer in an integrity way. Since the surface treatment processing in attached device of big-sized plastic products is complicated, we have been made more effort in developing new techniques in different surface treatment technology. We will make the investment for capacity according to the market situation and we believe that the potential growth are predictable in the upcoming year.

b. Negative Factors

➤ **Uncertainty of Global Economy , Industry Competition, and compressed Gross Margin**

After the financial crisis, the economy did not totally recover in recent years. Moreover, European sovereign debt crisis made the global economy in the uncertainty again and the demand for the 3C products was uncertain. The electronics products technology is advancing, given shorter products life cycle, resulting in margin contraction. In the view of potential metal casing growth, there are a handful of new entrants stepped into this industry. Those companies, who originally focus on stamping, plastic molding, stainless steel manufacture, molding and assembly, would like to make metal casing as well. Due to the severe competition, the Company may have some potential operating pressure in the following years.

Although, the general profit margin in the metal casing industry is relative higher than others, basically, the different products' profits may vary for new competitors, the attractive factors are that if they will be able to drive their growth in sales with a better profit margin, if they can get meaningful orders from

customers, and if they have enough capacity for mass production.

■ **Action Plans**

- i. Ramp up the production capacity to lower production cost with economies of scale and enhance innovation of more value-added, diversified and high-end premium products sustain the Company's profitability. To expand the scale of production, and have economic scale to reduce the production costs. To enhance R&D innovation, and make value-added, diversified and high-end premium products to sustain the Company's profitability.
- ii. We are proud of providing existing clients with outstanding process technology by strategic alliance extending from handling products designing, mass production, back-up service, products distribution, to post-selling services for solid clients relationship. In addition, based on the superior production standard to increase yield rate remain the Company's core competency.
- iii. We will also emphasize on providing customers with one-stop shopping service, covering from mold design, rapid prototyping, mold flow analysis, mold development and forming, CNC processing, fine polishing, surface anticorrosion treatment, superior coating to assembly, to fulfill clients' need.

➤ **Price Pressure and actively Vertical Integration from Competitors**

Due to the increase of commercial notebook demand, the metal casing penetration rate is rising up. However, because of the high pressure of cost, most companies would like to adopt the cost saving solution, such as "stamping + Mg die casting internal frame" and "stamping + plastic internal frame". In this way, the product can meet the attractive outlook requirement, and reduce the price pressure as well.

Considering ODM & OEM companies are aggressively conducting vertical integration and all the top 4 NB ODM companies have abilities to coordinate with casing vendors, in a long term, at least 50% of casings will be manufactured in-house in ODM. Other ODM companies all held with the same attitudes. Thus, Catcher's market share does not have a clear improvement this year and benefits from transferred orders are still vague.

■ **Action Plans**

- i. Given the current economic scale, we are putting efforts on product and process designs, mechanized, automatized, and rationalized our production processing to lower cost and improve quality.
- ii. To adopt the design of "Stamping + Mg Die Casting Frame" or "Stamping + Plastic Internal Frame", and focus more on value-added surface treatment.
- iii. The major competitive factors in casing industry are mold development and surface treatment technology. Recently, most of domestic NB manufacture companies strategically coordinated with casing manufacture companies, but most of them make plastic casing rather than metal one. Compared with plastic casing, the requirement for capital and technology know-how is important for metal casing manufacture, and the yield rate can not be improved easily in short-term. It may take quite long time to achieve breakeven. Although there are some new competitors and they will become potential threat in the medium and long term, the Company still has the advantage of technology and quality.

➤ **Increase of Entry Level Smartphone.**

Due to the increase of commercial notebook demand, the metal casing penetration rate is rising up. According to the development of the global mobile phone, smartphones are mainly in Europe, United States, and the Japanese market. The penetration for the users in Western Europe is even more than 100%, only if

users are willing to buy high-end models can really make the growth momentum in the future. In the emerging market, there is substantial increase for the demand of low-end or entry-level smartphone in China, India, Eastern Europe, the Middle East, and the other emerging market.

■ **Action Plans**

- i. Vertical integration: To reduce the the outsourcing proportion to save production costs.
- ii. In terms of the lower selling price of 3C products, the Company will not only make the high value-added products, but also provide the cost saving products & process solution. At the same time, we will improve the process and yield rate to reduce the production cost.

➤ **Rising Production Cost in China; Shortage of Labors and Experienced Employees**

Labor force is limited on account of the change of social values; as a result, the recruitment and production costs are increasing. The demands in skilled and experienced employees are strong because the manufacturing process in Mg molding is complicated, the quality requirement is strict, and manpower can not be totally replaced by the automatic machines. Moreover, in terms of the shorter life cycle, and the increase of product demand, the Company need an abundant manpower and experienced employees. In addition, as a result of China's economics rapidly growth, labor cost has been increased a lot, the appreciation of RMB currency, heavier tax, and the inflationd..etc caused the labor costs increased dramatically as well.

■ **Action Plans**

- i. Under the principle in economics scales, we will produce our new developed, high price, high margin products in Taiwan. Through product and manufacture processing designs to less labor force intensive with automation production to achieve high quality performance with lower cost.
- ii. The Company has enough economics scales to lower production cost. With plenty orders and reasonable profitability, we are able to recruit and retain excellent employees by offering well benefits and satisfied salary.
- iii. Increase automatic production in order to reduce the demand for manpower and improve the production stability.

➤ **Potential Substitute Materials**

Metal alloy is not the only structure material for casing, but also the internal components of mobile devices and 3C products. When the related cost of non-metal material is low, the adoption of metal design will slow down. Right now, lower cost plastic casing still has certain share in the market. And the development of new materials of carbon fiber, glass fiber, 3D glass, special metals, composite materials, and so on, may affect the long-term development of the metal casing as well.

■ **Action Plans**

- i. Catcher focuses on R&D and continues to dedicate on developing new potential substitutes. Recently, besides magnesium alloy and aluminum alloy, the Company begins to provide all kinds of metal alloy, such as zinc alloy and stainless steel. The Company also aggressively extended special process and technology to accommodate into existing technique, creating a "comprehensive manufacturing matrix". Thus, the Company provides injection, extrusion, forging as well as die-casting, and all kinds of surface treatments on metal alloy products, such as anode, PVD. Catcher will provide better quality and service diversely, enlarge the difference between

metal and non-metal, and keep improving competence.

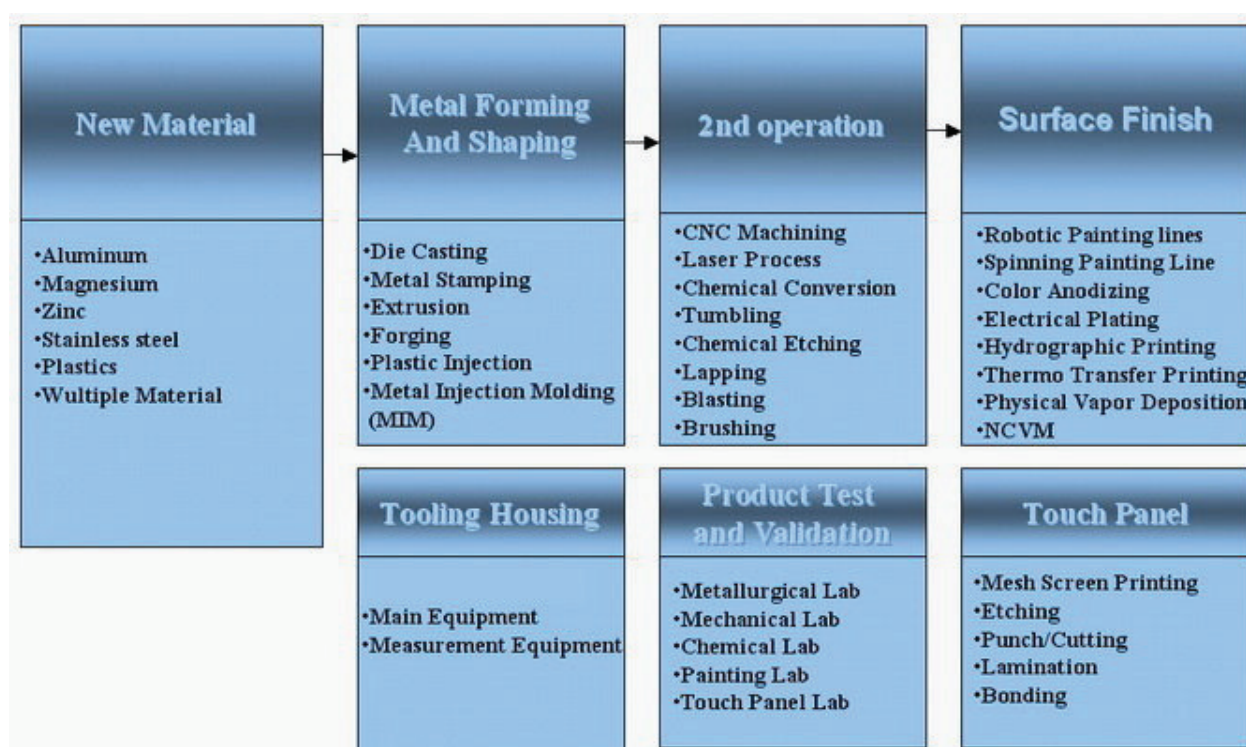
- ii. Catcher's R&D puts efforts on the exploitation and development of new material, and on the upgrading and development of non-metal material. In addition to metal casing, the Company starts to develop plastic casing and composite materials as well. We expect to have a remarkable growth in 2013. We are looking forward to providing customers with one-stop shopping and grow together to reach the goal of win-win situation.

(2) Usage and manufacture Processing in Main Products:

A. Usage in Main Products:

Catcher's main products include the casing and internal components for mobile devices and 3C products. These products are used to protect the body, LCD Panel and components, to dissipate heat, to provide protection from shock, and to prevent EMI.

B. Major Product Technology Process :



(3) Supply situation for the major raw materials

Material Categories	Area	Supply Status
Magnesium Alloy Ingot	Mainland China	Sufficient
Aluminum and Zinc Alloy Ingot	Domestic firms, Mainland China	Sufficient

(4) Major Vendors and Customers

A. Major Customers

Unit: in thousand NTD; %

Item	2011				2012			
	Supplier	Amount	{ % }	Related party	Supplier	Amount	{ % }	Related party
1	I	7,752,424	46.78%	No	I	5,102,659	43.45%	No
2	N	2,923,321	17.64%	No	O	2,311,846	19.69%	No
	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
	Others	5,897,875	35.59%		Others	4,328,531	36.86%	
	Net Sales	16,573,620	100.00%		Net Sales	11,743,036	100.00%	

Note: The variance is primarily resulted from the dynamic market and customer needs.

B. Major Vendors

Unit: in thousand NTD; %

Item	2011				2012			
	Supplier	Amount	{ % }	Related party	Supplier	Amount	{ % }	Related party
1	D	10,035,656	96.94%	Subsidiary	D	6,105,883	89.62%	Subsidiary
2	B	198,129	1.91%	No	B	124,570	1.83%	No
	--	--	--	--	--	--	--	--
	Others	118,297	1.15%		Others	582,567	8.55%	
	Total Purshase	10,352,082	100%		Total Purshase	6,813,020	100%	

Note: The variance is primarily resulted from the consideration on quality of products and price as well as new equipment move-in due to new process technology.

(5) Production Figures

Unit: in thousand NTD ; Thousand pieces

Value Products	Year	2011			2012		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Metal Casing		70,593	62,595	2,069,952	41,560	33,252	4,267,836
Internal Parts							
Others		4	4	370	83	82	1,257
Total		70,597	62,599	2,070,322	41,643	33,334	4,269,093

(6) Sales Figures

Unit: in thousand NTD ; Thousand pieces

Value \ Year	2011				2012			
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Metal Casing Internal Parts	14,724	7,637,053	61,735	8,232,549	11,393	4,791,504	26,673	6,466,485
Others	156	602,723	22	101,295	491	437,929	211	47,118
Net Sales	14,880	8,239,776	61,757	8,333,844	11,884	5,229,433	26,884	6,513,603

3. Employee Analysis

Catcher Technology Co., Ltd. Employee Analysis				
Year		2011	2012	As at 2013/3/31
Employees	Direct Labors	1697	1459	1609
	Indirect Labors	866	1055	1131
	Total	2563	2514	2740
Average Age		29.10	29.10	30.70
Average Years of Employment		2.50	2.50	2.20
Level of Education (%)	Ph.D.	0.51	0.44	0.41
	Masters Degree	4.29	4.71	4.85
	Bachelors/Associate Degree	29.89	29.05	29.28
	High School	26.57	24.49	22.59
	Others	38.74	41.31	42.87

4. Environmental Protection Information

(1) Total losses and fines for environmental pollution for the two most recent fiscal years, and during the current fiscal year up to the date of printing of the annual report

None.

(2) Explanation of the measures to be taken and possible disbursements to be made in the future:

The Company complies with all related regulations of the governmental concerns and standards. We have certified vendors to process our factory wastes. We also reinforce in waste recovering and recycling process, improve the efficiency in the exhaust gas processing, control the Company's working area electricity's' consumption. We have special personnel to handle waste water and residues and take in charge in maintaining environmental protection equipments. There are no expected material expenditures for the environmental issues so far.

5. Labor Relations:

(1) Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interest:

- A. Employee benefit plans are as follows:
- a. Subsidy for festivals, birthdays and consolation money
 - b. Subsidy or compensation for maternity, funeral, and wedding
 - c. Drawing for the Chinese New Year Eve Festival
 - d. Paid vacations and travel funds.
 - e. Subsidy for regular health examination program
 - f. Care for employees who live on site
 - g. Subsidy for insurance and expenses related to business travel
 - h. Education scholarship for employees' children
- B. Continuing education and training: We encourage employees to pursue advanced knowledge and skills for career development. Employees have opportunities to participate in internal or external courses and forums and company will subsidy for those who pass certification programs.
- C. Retirement systems: Company employees enjoy all benefits provided under labor insurance laws. Provisions have also been added to company regulations in accordance with the Labor Standards Law to provide benefits and security for employees when they retire.
- D. Labor relations: The achievement of a company depends highly on the synergy created by human capital. In order to attract, train, and retain talents, Catcher provides great career development paths for our employees and always places importance on maintaining labor relation harmony. We possess the win-win philosophy and design a better working environment of attractive salary, welfares, and training systems in the hope to benefit both the Company and its employees.

(2) Loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report, disclose an estimate of losses incurred to date and indicate mitigation measures being or to be taken:

- A. Catcher has sustain a good relationship with our employees, and there is no loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report. Catcher also estimates that no losses will be incurred in the future due to the labor disputes.
- B. Mitigation measures being or to be taken: None

6. Major Agreements

Contract Type	Name of the Company	Contract Period	Major Content	Limitations
Lease	Taiwan Sugar Co., Ltd.	2000.4.20 2050.4.19	Land rental	The agreement will be terminated or cancelled if violate relative regulations or land pledged without agree written by the landlord.
Long-term Loan	Chang Hua Bank	2008.08.01 2013.12.01	Factory expansion and working capital	It needs to be agreed by the bank if the pledged assets to be disposed by the company.

Six · Overview of the Financial Status

1. Abbreviated Balance Sheets and Income Statements

(1) Abbreviated Balance Sheet

Unit : In thousand NTD

Item	Year	Past Five Fiscal Year (Note1)					As at 2013/03/31 (Note3)
		2012	2011	2010	2009	2008	(Note 3)
Current Assets		11,015,029	12,869,507	3,549,586	5,961,777	2,813,962	—
Funds and Investments		55,901,800	48,150,506	34,431,611	32,467,313	29,669,705	—
Property, Plant and Equipment		5,889,284	4,951,078	2,628,268	2,649,935	3,188,452	—
Intangible Assets		7,928	9,009	10,090	11,171	12,252	—
Other Assets		542,374	558,512	535,916	525,549	103,652	—
Total Assets		73,356,415	66,538,612	41,155,471	41,615,745	35,788,068	—
Current Liabilities	Before Distribution	11,211,842	5,565,540	2,379,360	1,345,400	2,445,715	—
	After Distribution (Note 2)	11,211,842	9,322,121	6,135,941	2,678,617	3,045,431	—
Long-term Liabilities		5,048,489	6,018,433	8,224,844	3,799,891	0	—
Other Liabilities		113,064	81,301	86,831	88,725	69,447	—
Total Liabilities	Before Distribution	12,325,157	10,727,093	8,479,094	9,657,075	6,334,331	—
	After Distribution (Note2)	12,325,157	14,483,674	12,235,675	10,990,292	6,934,047	—
Capital		7,507,031	7,506,394	6,649,085	6,649,085	5,997,159	—
Capital reserve		16,932,463	16,924,672	5,787,940	5,784,450	5,178,676	—
Retained earnings	Before Distribution	36,151,184	29,014,195	21,098,145	17,998,118	15,880,463	—
	After Distribution (Note 2)	36,151,184	25,257,614	17,341,564	16,664,901	14,681,031	—
Unrealized Gain or Loss on Financial Instruments		35,356	-11,644	- 59,187	601	0	—
Cumulative Translation Adjustments		394,205	2,366,833	- 810,625	1,515,397	2,386,420	—
Unrecognized Pension Cost		0	0	0	0	0	—
Total Equity Total Equity	Before Distribution After Distribution	61,031,258	55,811,519	32,676,377	31,958,670	29,453,737	—
	Before Distribution (Note 2)	61,031,258	52,054,938	28,919,796	30,625,453	28,854,021	—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

Note 2: Because 2013shareholders' meeting has not yet been convened, the amount after distribution in 2012 represents the same as the amount before distribution.

Note 3: Up until the printing date, Q1/2013 financial report is not yet available.

(2) Abbreviated income statement:

Unit : in thousand NTD (EPS: NTD)

Item \ Year	Past Five Fiscal Year (Note1)					As at 2013/03/31 (Note 3)
	2012	2011	2010	2009	2008	
Net Operating Revenues	11,743,036	16,573,620	2,762,943	882,911	3,751,449	—
Gross Profit	3,008,899	4,272,479	684,457	88,558	849,998	—
Operating Income (Loss)	2,467,337	3,900,372	448,186	- 152,176	561,370	—
Non-operating Income	9,820,401	7,685,020	4,364,857	3,756,890	4,410,896	—
Non-operating expenses	369,973	246,752	185,567	43,046	256,769	—
Income (loss) Before Tax From Continuing Operations	11,917,765	11,338,540	4,627,476	3,561,668	4,715,354	—
Income (loss) From Continuing Operations	10,890,485	10,677,233	4,429,844	3,320,083	4,346,384	—
Income (loss) From Discontinued Operations	—	—	—	—	—	—
Extraordinary Items	—	—	—	—	—	—
Cumulative Effect of Change in Accounting Principle	—	—	—	—	—	—
Net income	10,890,485	10,677,233	4,429,844	3,320,083	4,346,384	—
Earnings Per Share (Note 2)	14.51	14.93	6.66	5.01	7.25	—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

Note 2: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.

Note 3: Up until the printing date, Q1/2013 financial report is not yet available.

(3) Names of the Auditors and the Opinions:

Year	CPA Firm	CPA	Auditors' Opinion	Reason for change CPA
2008	Deloitte & Touche	Jia-Ling Chiang Hui-Yin Chiu	Revised unqualified opinion	Job rotation inside CPA firm
2009	Deloitte & Touche	Jia-Ling Chiang Hui-Yin Chiu	Revised unqualified opinion	-
2010	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	Job rotation inside CPA firm
2011	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	
2012	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	

2. Financial Analyses for the Past Five Years

Analysis Items		Financial Information For The Past 5 Years (Note 2)					As at 2012/03/31 (Note 3)	
		2012	2011	2010	2009	2008		
Capital Structure (%)	Debt ratio	16.80	16.12	20.60	23.21	17.70	—	
	Long-term Funds to Fixed Assets	1,053.29	1229.23	1472.26	1516.40	1042.94	—	
Liquidity (%)	Current Ratio	98.24	231.24	149.18	443.12	115.06	—	
	Quick Ratio	94.62	224.26	138.66	430.01	106.69	—	
	Times Interest Earned	13,776.10	12945.41	5337.19	8810.36	13139.89	—	
Operating Performance	Accounts Collection Turnover (times)	2.10	3.83	2.76	1.00	2.93	—	
	Average Collection Days	173.80	95.30	132.24	365.00	125.00	—	
	Inventory Turnover (times)	24.99	43.00	13.41	6.10	20.56	—	
	Average Payable Turnover (times)	3.74	6.36	3.74	1.37	4.32	—	
	Inventory Turnover Days	14.60	8.48	27.21	60.00	18.00	—	
	Fixed asset Turnover (times)	1.99	3.35	1.05	0.33	1.18	—	
	Total asset Turnover (times)	0.16	0.25	0.07	0.02	0.10	—	
Profitability	Return on Assets (%)	15.67	19.96	10.88	8.66	13.78	—	
	Return on Equity (%)	18.64	24.13	13.71	10.81	15.72	—	
	% of Capital	Operating Income	32.87	51.96	6.74	-2.29	9.36	—
		Income Before Tax	158.75	151.05	69.60	53.57	78.63	—
	Net income to Sales (%)	92.74	64.42	160.33	376.04	115.86	—	
	EPS (NTD) (Note 1)	14.51	14.93	6.66	5.01	6.59	—	
Cash Flow (%)	Cash Flow Ratio	30.35	22.68	-14.82	7.51	26.60	—	
	Cash Flow Adequacy Ratio	32.13	13.73	8.18	19.51	29.35	—	
	Cash flow Reinvestment Ratio	-0.55	-2.41	-4.23	-1.21	-4.44	—	
Leverage	Operating Leverage	3.06	2.50	4.00	-3.80	5.49	—	
	Financial Leverage	1.04	1.02	1.25	0.79	1.07	—	

Note1: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.

Note2: The financial information over the past 5 years has been audited by independent auditors.

Note3: Up until the printing date, Q1/2013 financial report is not available

(1) Explanations for Significant Changes (over 20%)

- Current ratio and quick ratio: The ratios decreased because the current liability increased due to the outstanding 2nd convertible bond changed from long-term debt to short-term debt.
- Average account receivable turnover rate, fixed assets turnover rate, total assets turnover: According to the shipment destination and sales strategy, the company transferred some mature process & labor intensive process from Taiwan to China subsidiaries. Therefore, the revenue of Taiwan HQ was decreased in 2012, the turnover rate decreased, and average account receivable days increased.
- Inventory turnover rate, Inventory turnover days, Average payable turnover: Due to the change of customer's orders, the revenue of Taiwan HQ was decreased in 2012, and the operating cost decreased as well. Therefore, inventory turnover rate decreased and the inventory turnover days increased.

- ROA, ROE, Net income to sales ratio:
Recognition more investment gain from subsidiaries makes 2012 ROA and ROE decreasing, but the ratio of net income to sales improved.
- Operating income to capital ratio:
According to the shipment destination and sales strategy, the company transferred some mature process & labor intensive process from Taiwan to China subsidiaries. Therefore, the revenue of Taiwan HQ was decreased in 2012, and the operating income to capital ratio decreased.
- Cash flow ratio, Cash flow adequacy ratio: Better ratio was mainly due to increased collection of account receivable and therefore more operating cash inflow generated in the year.
- Cash reinvestment ratio: Ratio improved due to increased collection of account receivable and therefore more operating cash inflow generated in the year..
- Operating leverage: The ratio became better due to the decrease of sales revenue and operating profits.

(2)Formula for Financial Analysis :

A. Capital Structure

- Debt ratio = Total liabilities/Total assets
- Long-term funds to fixed assets = (Stockholders' equity + Long-term Liabilities) / Net Fixed Assets

B. Liquidity

- Current ratio = Current assets/Current liability
- Quick ratio = (Current asset-Inventories-Prepaid Expense - Current Deferred Income Tax) /Current Liability
- Times interest earned = Earnings before interest and Taxes/Interest Expense

C. Operating Performance

- Accounts collection turnover(times) (including accounts receivable and notes receivable from operating) = Net Sales / Average Trade Receivable (including accounts receivable and notes receivable from operating)
- Average collection days = 365 / Average Collection Turnover (Times)
- Inventory turnover times = Cost of Goods Sold / Average Inventory
- Average payable turnover (times)(including accounts payable and notes payable from operating) = Cost of Goods Sold /Average Trade Payables (including accounts payable and notes payable from operating)
- Inventory turnover days = 365 / Inventory Turnover (times)
- Fixed assets turnover (times) = Net Sales / Average Fixed Assets
- Total assets turnover (times) = Net sales / Average Total Assets

D. Profitability

- Return on total assets = [Net Income after Tax+ Interest Expense× (1- Tax Rate)] / Average Total Assets
- Return on Equity = Net Income after Tax / Average Stockholders' Equity.
- Net income to sales = Net Income after Tax / Net Sales.
- EPS = (Net Income after Tax-Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

E. Cash Flow

- Cash flow ratio = Net operating cash flow/Current liability.
- Cash flow adequacy ratio = Net operating cash flow over the last 5 years/over the last 5 years (capital expense + inventory + cash dividend)
- Cash flow reinvestment ratio = (Net operating cash flow-cash dividends) / (Gross fixed assets + long-term investment+other assets + working capital)

F. Leverage

- Operating leverage=(Net Sales-Variable Cost & expense) / Income from Operations
- Financial leverage=Income from Operations/(Income from Operations-Interest Expenses)

3. Supervisors' Report

Supervisors' Report

The board of directors has prepared and submitted to us the Company's audited 2012 financial statements and consolidated financial statements. We, as the Supervisors of the Company, have reviewed these statements. The financial statements and consolidated financial statement present fairly to the financial position of the Company and the results of its operations and cash flows. According to article 219 of the Company Law, we hereby submit this report.

Catcher Technology Co., Ltd.

Supervisor: Janice Lin

Supervisor: Wen-Chich Huang

Supervisor: Chen Jiunn Rong

March 25, 2013

4. Financial Statement

Please refer to appendix 1

5. Consolidated Financial Statements

Please refer to appendix 2

6. Financial Difficulties Information

None.

Seven · Financial Position, Business Performance and Risks

1. Financial Position

Analysis of Financial Position

Unit: in thousand NTD

Item \ Year	2012	2011	Difference	
			Amount	%
Current Assets	11,015,029	12,869,507	(1,854,478)	(14)
Funds and Investment	55,901,800	48,150,506	7,751,294	16
Fixed Assets	5,889,284	4,951,078	938,206	19
Intangible Assets	7,928	9,009	(1,081)	(12)
Other Assets	542,374	558,512	(16,138)	(3)
Total assets	73,356,415	66,538,612	6,817,803	10
Current Liabilities	11,211,842	5,565,540	5,646,302	101
Long-term Liabilities	1,000,000	5,048,489	(4,048,489)	(80)
Other Liabilities	113,315	113,064	251	0
Total liabilities	12,325,157	10,727,093	1,598,064	15
Capital	7,507,031	7,506,394	637	0
Capital Reserve	16,932,463	16,924,672	7,791	0
Retained Earnings	36,151,184	29,014,195	7,136,989	25
Shareholders' Equity - others	440,580	2,366,258	(1,925,678)	(81)
Total Equity	61,031,258	55,811,519	5,219,739	9

(1) Explanations for Significant Changes in Financial Position

- Increase in current liabilities and decrease in long-term liabilities were due to the the outstanding convertible bonds' first put date falling within one year, and therefore reallocate from long term debt to short term.
- Increase in retain earnings was due to the recognition of the profit from subsidiaries.
- Decrease in shareholders' equity-others was due to the appreciation of New Taiwan Dollars against US dollars, which caused decrease in accumulative translation adjustments.

(2) Significant Influences by the Changes

No material influences.

(3) Action Plans for the Influences

Not Applicable

2. Operating Results

(1) Analysis of Operating Results

Unit: in thousand NTD

Item \ Year	2012	2011	Increase (Decrease) Amount	Percentage of change (%)
Net sales	11,743,036	16,573,620	(4,830,584)	(29)
Operating Costs	8,734,137	12,301,141	(3,567,004)	(29)
Gross Profit	3,008,899	4,272,479	(1,263,580)	(30)
Operating Expenses	541,562	372,107	169,455	46
Operating Income (Loss)	2,467,337	3,900,372	(1,433,035)	(37)
Non-Operating Income	9,820,401	7,685,020	2,135,381	28
Non-Operating Expenses	369,973	246,752	123,221	50
Income before Income Tax	11,917,765	11,338,640	579,125	5
Income Tax	1,027,280	661,407	365,873	55
Net Income	10,890,485	10,677,233	213,252	2

A. Explanations for Significant Changes

- Decrease in net sales, costs, gross profits, operating income, were mainly due to the customer changed the business model. Therefore, the decrease of sales revenue for the parent Company. (The total sales revenue of Catcher Group was increased.)
- Increase in operating income was due to the R&D for new technology and different metal material.
- Increase in non-operating expense & loss was mainly due to the increase foreign exchange loss.
- Increase of income tax was mainly due to the increase of undistributed earning tax in 2011.

B. Sales Quantities Estimation for Next Year

None.

3. Analysis on Cash Flow

Unit: in thousand NTD

Cash Balance at the Beginning of the Year (A) (2011.12.31)	Net Cash Provided by Operating Activities (B) (2012)	Net cash Provided from Investing and Financing Activities (C) (2012)	Balance of Net Cash (A+B+C) (2012.12.31)	Remedy for cash shortfall	
				Investment Plan	Finance plan
\$4,576,804	\$3,402,928	- \$1,883,459	\$6,096,273	—	—

(1) Analysis Cash Flow Changes during the Most Recent Fiscal Year

➢ Operating Activities

Cash inflow approximately NTD 3,402,928 thousand was mainly due to the realization of account receivables and the cash flow from operating activities.

➤ **Investing Activities**

Cash outflow approximately NTD 499,433 thousand was mainly due to the increase in purchasing fixed assets.

➤ **Financing Activities**

Cash outflow approximately NTD 1,384,026 thousand was mainly from distribution of cash dividend.

➤ **Action Plans to Improve the Cash Flow**

Not Applicable

4. Impact on the Company's Financial Operations and Contingency Action Regarding Major Capital Expenditures

(1) Major Capital Expenditures

Unit: in thousand NTD

Plan	Actual or Expected Sources of Capital	Actual or Planned Completion Date	Total Capital Expenditure	Capital Expenditure		
				2010	2011	2012
-Construction of Factories -Machinery and Equipment	-Self owned capital -Bank loans -Bonds	In progress	4,473,496	203,916	2,781,744	1,487,836

(2) Expected Benefits from Capital Expenditures

A. Construction of Factories

In order to sustain the Company's operation and provide a good working environment.

B. Purchase of Machinery and Equipment

Capacities expansion can increase the Company's competitiveness, operation efficiency, and benefit the shareholders.

5. Investment Policy, Causes of Profit/Loss and Future Investment Plans

(1) Investment Policy

Our investment policy focuses on the related industry to strengthen the competitiveness. Every investment case is only executed after comprehensive analysis and consideration. In addition, the Company carefully monitors and evaluates its investment companies' operation and performance.

(2) Causes of Profit / Loss

The Company has recognized gains from the subsidiaries were \$9,715,483 thousand in 2012. These gains were mostly contributed from wholly-owned subsidiaries.

(3) Investment Plans

Based on the Company's global strategy, the Company will set up manufacturing site or sales centers in key global area which will be able to provide service and inventory to our customers in a timely basis. In addition, Depending on the business development, the Company may expand its scale by setting up subsidiaries.

6. Risk Management and Evaluation

(1) Impact on Corporate Profitability from Fluctuating Interest Rates, Exchange Rates, and Inflation

A. Interest Rate Risk

The Company's interest rate risk is generated from the long-term liabilities of operating activities. To lower the risk, fixed rate finance instruments are used for long-term liabilities. For the respect of assets, we mostly invest in high-mobility, short-term fixed-income bonds in order to protect capital and reduce risks.

B. Exchange Rate Risk

The Company mostly charges US dollars from sales, and most payable for machinery/equipment by Japanese yen. The Company's foreign currency policy is relative conservative by dynamically adjusting assets and liabilities positions and engaging in hedge instruments to lower exchange rate risk.

C. Inflation Risk

The international gasoline and raw material prices have been returned to a normal level and the inflation risk has been turned down as well. In the long term, the Company will adjust its inventory stock level to reduce possible impact from inflation risk.

(2) Profit or Loss from Activities in High Risk and Highly Leveraged Investments, Loans Provided to Others, Endorsements and Guarantees, and Derivatives

Catcher did not engage in any high-risk investment or any leveraged investment. Parties who were given endorsements or loans by Catcher were all subsidiaries or operation needed. The endorsements and loans policy are all followed by the Company's Endorsement and Guarantee Procedure and Lending of Capital Procedure. All the derivatives engaged by the Company were under non-trading purpose. They are mainly to lower the risk of the exchange rate. We comply with the Company's Procedures of Asset Acquisition and Disposition where regulates in conducting derivatives transactions.

(3) Upcoming R&D Plans and Their Status

Please refer to the disclosure information of R&D status in the section of "Reports to the Shareholders" for details.

(4) Impact on the Company's Financial Operation and Contingency Action Regarding Recent Changes in Domestic and International Policies and Regulations

The Company has dedicated staff to follow the important domestic and international policy and legal changes at any time; responding for seeking professional advices such as lawyer and accountant and plan preventative actions. During 2012, such changes have no major impact on our operation.

(5) Impact on the Company's Financial Operations and Contingency Action Regarding Recent Changes in Technology

We pay full attention on collecting and analyzing the market and technology's development changes of various alloy products. Thus, we are able to minimize the impact from technology changes. In addition to enhance in value-added and high profit products' developments, we continue to focus on diversity in product and profit improvement. . Also we emphasize on keeping long-term relationship with our customers by providing total solutions of product designs, mass production, logistic supports, sales distribution, and customer services. Thus, we can reduce the impacts on changes in technology.

(6) Impact on the Company's Risk Management and Contingency Action Regarding Recent Changes in Corporate Image

Our Company has always upheld integrity and abides by the law and fulfills social

responsibility; hence our corporation image has been superior. As of the date of publishing this annual report there are no matters risking the Company's normal operation or corporate image.

(7) Risk from the Company's Any Merger and Acquisitions

As of the date of publishing this annual report there is no such issues incurred.

(8) Risk of Excess Capacity from Fluctuating Economics Conditions

After appropriate analysis in the industry, market status, cost, and production of the Company in different bases, we has maintained a leading position in technology and processing within the industry. We aim to improve the productivity and yield for cost advantages, as well as decreasing the risk of expanding the plants; hopefully this would significantly boost the corporation profit performance.

(9) Risk of Profit/Loss if Sales/Material are Concentrated on a Single or Few Customers/Suppliers, and a Major Customers/Supplier Reduces its Orders/Supplies

A. Risk of Sales Concentrated

Major customers are disclosed in operation overview section. Although the major operating revenues are from international big brand customers, there is no material risk in sales concentrated. However, the Company's sales still depends on the status of prosperity of the economics status, customers' product designs, outsourcing strategy and inventory adjustment.

B. Risk of Suppliers concentrated

The major vendors are disclosed in operation overview section. There is no material purchase concentrated situation.

From the perspective of Catcher and the industry, it is better toward to dispersion in purchase and sales. We will continue putting efforts and keeping the business in a balance and conservative status.

(10) Risk of Change of Control and Stock Price Fluctuation from Large Scale Transfer of Shares

Directors and major shareholders all keep a positive perspective to Company. However, shareholders may have their personal considerations regarding their portfolios or tax concerns. When our directors and major shareholders (>10% holding) are planning to take a major transfer, they might communicate with the Board and managements. Thus, there is no negative impact to the Company's operation and shareholders' equity. We follow the regulations and consider the Company's profit and shareholders' benefit at first priority. Up until the printing date, there is significant or negative impact/risk to the Company due to the large scale transfer of shares.

(11) Risk of the Company Losing One or More Key Personnel without Adequate Replacement Due to Any Change of Company Control

There is no change in governance personnel being taken during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

(12) Litigation and Non-litigated Incidents

The financial report has full disclosure the related litigation and non-litigation matters and their effects.

(13) Other Significant Risks

Part of the production processes were suspended due to the environmental issues (smell problem) involving odors generated in our subsidiaries - Topo Technology Co., Ltd. and Meecca Technology Co., Ltd. So far, we have not received the formal document approval for resumption from the Government. The Company keeps its improvement, including equipment and tasks, and tries to communicate with the authorities. Currently, there is no

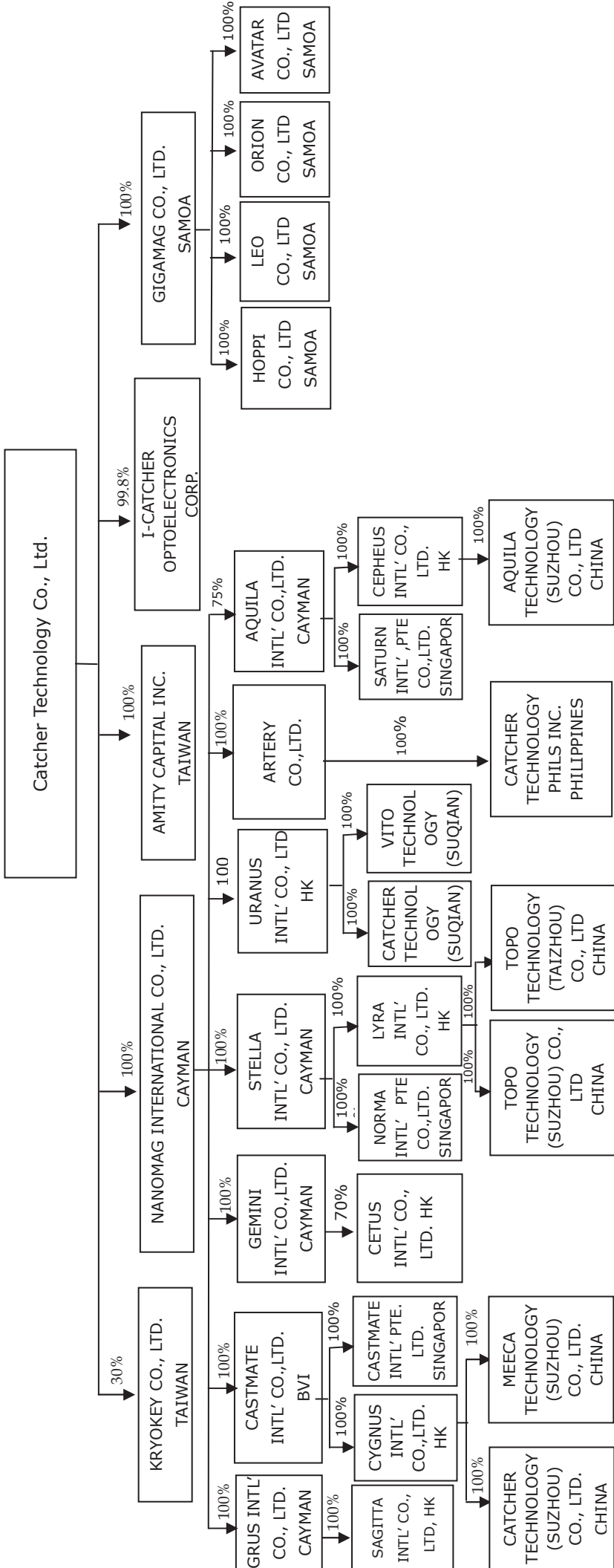
significant impact to the Company's operating and production.

7. Other Necessary Supplements

None

Eight、 Special items to be included

1. Summary of Affiliated Enterprises (1) The Consolidated Operating Report A. Organizational Chart (2012.12.31)



B. Basic Information of the Company's Affiliated Enterprises:

2011/12/31; Unit: in thousand NTD

Name of Corporation	Date of incorporation	Address	Capital	Major Business
Nanomag International Co., Ltd.	2001.07.19	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	5,983,389	Investment activities
Gigamag Co., Ltd.	2000.12.15	Offshore Chambers, P.O.Box 217, Apia, Samoa	484,941	Investment activities
Amity Capital Inc.	2007.06.13	1F., No.10, Ln. 138, Ren-Ai St., Yongkang City, Tainan County 710, Taiwan (R.O.C.)	29,000	Investment activities
I-Catcher Optoelectronics Corp.	2007.09.26	1F., No.10, Ln. 138, Ren-Ai St., Yongkang City, Tainan County 710, Taiwan (R.O.C.)	5,000	Manufacturing and marketing of aluminum and magnesium alloy parts/molds
Grus international Co., Limited	2009.09.24	Scotia Centre, 4th Floor, P.O.Box 2804, George Town, Grand Cayman, Cayman Islands	673,807	Investment activities
Castmate International Co., Ltd.	1998.04.15	P.O. Box 3443 Road Town, Tortola, British Virgin Islands	1,039,934	Investment activities
Gemini International Co., Ltd.	2005.04.01	Scotia Centre, 4th Floor, P.O.Box 2804, George Town, Grand Cayman, Cayman Islands	89,145	Investment activities
Stella International Co., Ltd.	2003.11.13	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	1,424,154	Investment activities
Uranus International Co., Limited	2007.11.07	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	3,027,735	Investment activities
Artery Co., Ltd.	2001.11.01	Offshore Chambers, P.O.Box 217, Apia Samoa	19,149	Investment activities
Aquila International Co., Ltd.	2005.01.06	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	42,385	Investment activities
Sagitta International Co., Limited	2009.10.21	12th Floor, Ruttonjee House, 11 Duddell Street, Central, Hong Kong	721,598	Investment activities
Cygnus International Co., Limited	2007.11.07	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	4,218,678	Investment activities
Castmate International Pte. Ltd.	2007.11.15	6 TEMASEK Boulevard Suntec Tower Four #09-05 Singapore 038986	3,028	Investment activities
Cetus International Co., Limited	2009.12.02	12th Floor, Ruttonjee House, 11 Duddell Street, Central, Hong Kong	127,155	Investment activities
Norma International Pte. Ltd.	2007.11.16	6 TEMASEK Boulevard Suntec Tower Four #09-05 Singapore 038986	3,028	Investment activities
Lyra International Co., Limited	2007.11.07	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	2,331,625	Investment activities

Saturn International Pte. Ltd.	2007.11.15	Chai, Hong Kong 6 TEMASEK Boulevard Suntec Tower Four #09-05 Singapore 038986	3,028	Investment activities
Cepheus International Co., Limited	2007.11.09	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	42,385	Investment activities
Catcher Technology (Suzhou) Co., Ltd.	2001.04.20	201 Suhung Central Rd. Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC.	1,845,678	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Topo Technology (Suzhou) Co., Ltd.	2003.12.22	No 111, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	3,849,285	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Meecca Technology (Suzhou) Co., Ltd.	2006.03.14	No 107, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	4,327,075	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Catcher Technology (Suqian) Co., Ltd.	2008.12.09	No.4, Industrial Square, Suqian Industrial Park, Suqian City, Jiangsu Province, the PRC	3,210,319	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Aquila Technology (Suzhou) Co., Ltd.	2005.03.11	No 7, Chun Hwei Rd., Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	55,674	Manufacturing and marketing of electronic parts and molds
Catcher Technology Phils Inc.	2000.11.08	No.24 Innovative Street Subic Bay Industrial Park Phase-1, Subic Bay Freeport Zone, Philippines	4,114	Manufacturing and marketing of aluminum and magnesium alloy parts/molds
Hoppi Co., Ltd.	2001.07.18	Offshore Chambers,P.O.Box 217, Apia Samoa	139,227	International Trading
Avatar Co., Ltd.	2001.07.18	Offshore Chambers,P.O.Box 217, Apia Samoa	210,051	International Trading
Leo Co., Ltd.	2008.11.20	Offshore Chambers,P.O.Box 217, Apia Samoa	454,125	International Trading
Orion Co., Ltd.	2008.11.20	Offshore Chambers,P.O.Box 217, Apia Samoa	151,375	International Trading
VITO Technology (Suaian) Co., Ltd.	2012.07.11	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	2,899,137	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Topo Technology (Suzhou) Co., Ltd.	2012.06.12	Taizhou Economic Development Zone North of West Zhenxing Road, Economic Standard factory) West of South Wuling Road(Photoelectronic Industrial Park of Taizhou	960,993	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold

C. Information for Common Shareholders of Treated-as Controlled Companies and Affiliates

None.

D. Business of Catcher's Affiliates and their relationship

Major Business	Name of Affiliated Enterprises	Relationship in between
Investment activities	Nanomag International Co., Ltd.	Invest in Artery Co., Ltd. ∙ Castmate International Co., Ltd. ∙ Stella International Co., Ltd. ∙ Gemini International Co., Ltd. ∙ Aquila International Co., Ltd. ∙ Uranus International Co., Limited ∙ Grus international Co., Limited ∙ Draco International Co., Ltd.
Investment activities	Gigamag Co., Ltd.	Invest in Hoppi Co., Ltd. ∙ Avatar Co., Ltd. ∙ Leo Co., Ltd. ∙ Orion Co., Ltd.
Investment activities	Amity Capital Inc.	100% owned by Catcher Technology Co., Ltd.
Manufacturing and sales of electronics products	I-Catcher Optoelectronics Corp.	99.80% owned by Catcher Technology Co., Ltd.
Investment activities	Grus international Co., Limited	Invest in Sagitta International Co., Limited
Investment activities	Castmate International Co., Ltd.	Invest in Castmate International Pte. Ltd. ∙ Cygnus International Co., Limited
Investment activities	Gemini International Co., Ltd.	Cetus International Co., Limited
Investment activities	Stella International Co., Ltd.	Invest in Norma International Pte. Ltd. ∙ Lyra International Co., Limited
Investment activities	Uranus International Co., Limited	Invest in Catcher Technology (Suqian) Co., Ltd.
Investment activities	Artery Co., Ltd.	Invest in Catcher Technology Phils Inc.
Investment activities	Aquila International Co., Ltd.	Invest in Saturn International Pte. Ltd. ∙ Cepheus International Co., Limited
Investment activities	Sagitta International Co., Limited	100% owned by Grus international Co., Limited
Investment activities	Cygnus International Co., Limited	Invest in Catcher Technology (Suzhou) Co., Ltd. and Meeca Technology (Suzhou) Co., Ltd.
Investment activities	Castmate International Pte. Ltd.	100% owned by Castmate International CO., Ltd.
Investment activities	Cetus International Co., Limited	70% owned by Gemini International Co., Ltd.
Investment activities	Norma International Pte. Ltd.	100% owned by Stella International Co., Ltd.
Investment activities	Lyra International Co., Limited	Invest in Topo Technology (Suzhou) Co., Ltd.
Investment activities	Saturn International Pte. Ltd.	100% owned by Aquila International Co., Ltd.
Investment activities	Cepheus International Co., Limited	Invest in Aquila Technology (Suzhou)Co., Ltd.
Manufacturing and sales of electronics products	Catcher Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Topo Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Meeca Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Catcher Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Aquila Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products and molds
Manufacturing and sales of electronics products	Catcher Technology Phils Inc.	Manufacturing and sales of alloying products
International Trading	Hoppi Co., Ltd.	Sales of business group's products
International Trading	Avatar Co., Ltd.	Procurement logistics base of business group

International Trading	Leo Co., Ltd.	Sales of business group's products
International Trading	Orion Co., Ltd.	Procurement logistics base of business group
Manufacturing and sales of electronics products	VITO Technology (Suaian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Topo Technology (Taizhou) Co., Ltd.	Manufacturing and sales of alloying products

E. Directors, Supervisors and General Manager of Affiliated Enterprises

Unit: Share, %

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	%
Nanomag International Co., Ltd.	Director & General Manager	Catcher Technology Co., Ltd. Representative: Allen Hung	—	—
	Director	Catcher Technology Co., Ltd. Representative: David Hung	—	—
Gigamag Co., Ltd.	Director & General Manager	Catcher Technology Co., Ltd Representative: Allen Hung	—	—
	Director	Catcher Technology Co., Ltd Representative: David Hung	—	—
Amity Capital Inc.	Director & Chairman	Catcher Technology Co., Ltd. Representative: Allen Hung	—	—
	Director	Catcher Technology Co., Ltd. Representative: Peter Su	—	—
	Director	Catcher Technology Co., Ltd. Representative: Amy Chen	—	—
	Supervisor	Bothhand Enterprise Inc. Representative: Irene Lin	—	—
	Director & Chairman	Catcher Technology Co., Ltd. Representative: Allen Hung	—	—
I-Catcher Optoelectronics Corp.	Director	Catcher Technology Co., Ltd. Representative: Amy Chen	—	—
	Director	Catcher Technology Co., Ltd. Representative: Peter Su	—	—
	Supervisor	Catcher Technology Co., Ltd. Representative: Irene Lin	—	—
Grus international Co., Ltd.	Director	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
Castmate International Co., Ltd.	Director & General Manager	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: David Hung	—	—
Gemini International Co., Ltd.	Director & Chairman	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director & General Manager	Nanomag International Co., Ltd. Representative: David Hung	—	—
Stella International Co., Ltd.	Director & General Manager	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: David Hung	—	—
Uranus International Co., Ltd	Director	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director & General Manager	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
Artery Co., Ltd.	Director	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director & General Manager	Nanomag International Co., Ltd. Representative: David Hung	—	—
Aquila International Co., Ltd.	Director & Chairman	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director & General Manager	Nanomag International Co., Ltd. Representative: David Hung	—	—
Sagitta International Co., Ltd.	Director	Grus International Co., Ltd. Representative: Allen Hung	—	—
	Director	Castmate International Co., Ltd. Representative: Allen Hung	—	—
Cygnus International Co., Ltd	Director	Castmate International Co., Ltd. Representative: Allen Hung	—	—
	Director	Castmate International Co., Ltd. Representative: David Hung	—	—
Castmate International Pte. Ltd	Director	Jia-Guei Wang	—	—
	Director	Gemini International Co., Ltd. Representative: Allen Hung	—	—
Cetus International Co., Ltd	Director	Gemini International Co., Ltd. Representative: Amy Chen	—	—
	Director	Wistron Corporation Representative: Po-Pu Huang	—	—

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	%
Norma International Pte. Ltd	Director	Stella International Co., Ltd. Representative: Allen Hung	-	-
	Director	Stella International Co., Ltd. Representative: David Hung	-	-
	Director	Jia-Guei Wang	-	-
	Director	Stella International Co., Ltd. Representative: Allen Hung	-	-
Lyra International Co., Limited	Director	Aquila International Co., Ltd. Representative: Allen Hung	-	-
	Director	Aquila International Co., Ltd. Representative: Allen Hung	-	-
	Director	Aquila International Co., Ltd. Representative: David Hung	-	-
	Director	Jia-Guei Wang	-	-
Cepheus International Co., Limited	Director	Aquila International Co., Ltd. Representative: Allen Hung	-	-
	Executive Director & General Manager	Cygnus International Co., Limited Representative: Nikken Fang	-	-
	Director	Cygnus International Co., Limited Representative: Peter Su	-	-
	Director	Cygnus International Co., Limited Representative: Jay Tseng	-	-
Catcher Technology (Suzhou) Co., Ltd.	Supervisor	Cygnus International Co., Limited Representative: Pi-Fen Huang	-	-
	Executive Director & General Manager	Lyra International Co., Limited Representative: Jimmy Chen	-	-
	Director	Lyra International Co., Limited Representative: Nikken Fang	-	-
	Director	Lyra International Co., Limited Representative: Jay Tseng	-	-
Topo Technology (Suzhou) Co., Ltd.	Supervisor	Lyra International Co., Limited Representative: Pi-Fen Huang	-	-
	Executive Director & General Manager	Cygnus International Co., Limited Representative: Jimmy Chen	-	-
	Director	Cygnus International Co., Limited Representative: Nikken Fang	-	-
	Director	Cygnus International Co., Limited Representative: Jay Tseng	-	-
Meeca Technology (Suzhou) Co., Ltd.	Supervisor	Cygnus International Co., Limited Representative: Jay Tseng	-	-
	Executive Director & General Manager	Cygnus International Co., Limited Representative: Pi-Fen Huang	-	-
	Director	Uranus International Co., Ltd. Representative: Jay Tseng	-	-
	Director	Uranus International Co., Ltd. Representative: Peter Su	-	-
Catcher Technology (Sugian) Co., Ltd.	Supervisor	Uranus International Co., Ltd. Representative: Jay Tseng	-	-
	Executive Director & General Manager	Uranus International Co., Ltd. Representative: Peter Su	-	-
	Director	Uranus International Co., Ltd. Representative: Jodan Yang	-	-
	Supervisor	Uranus International Co., Ltd. Representative: Pi-Fen Huang	-	-
Aquila Technology (Suzhou) Co., Ltd.	Executive Director & General Manager	Cepheus International Co., Limited Representative: Jimmy Chen	-	-
	Director	Cepheus International Co., Limited Representative: Lawrence Kuo	-	-
	Director	Cepheus International Co., Limited Representative: Jia-Guei Wang	-	-
	Supervisor	Cepheus International Co., Limited Representative: Pi-Fen Huang	-	-
Catcher Technology Phils Inc.	Director & General Manager	Artery Co., Ltd. Representative: Allen Hung	-	-

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	%
Hoppi Co., Ltd.	Director	Artery Co., Ltd. Representative: David Hung	-	-
	Director & General Manager	Gigamag Co., Ltd. Representative: Allen Hung	-	-
	Director	Gigamag Co., Ltd. Representative: David Hung	-	-
Avatar Co., Ltd.	Director & General Manager	Gigamag Co., Ltd. Representative: Allen Hung	-	-
	Director	Gigamag Co., Ltd. Representative: David Hung	-	-
Leo Co., Ltd.	Director	Gigamag Co., Ltd. Representative: Michael Yeh	-	-
Orion Co., Ltd.	Director	Gigamag Co., Ltd. Representative: Jennifer Lin	-	-
VITO Technology (Suaian) Co., Ltd.	Director	Uranus International Co., Ltd. Representative: Peter Su	-	-
	Director	Uranus International Co., Ltd. Representative: Nikken Fang	-	-
	Director	Uranus International Co., Ltd. Representative: Jodan Yang	-	-
	Director	Uranus International Co., Ltd. Representative: Pi-Fen Huang	-	-
	Director	Uranus International Co., Ltd. Representative: Nikken Fang	-	-
	Director	Uranus International Co., Ltd. Representative: Jodan Yang	-	-
	Director	Uranus International Co., Ltd. Representative: Peter Su	-	-
TOPO Technology (Taizhou) Co., Ltd.	Director	Uranus International Co., Ltd. Representative: Pi-Fen Huang	-	-
	Director	Uranus International Co., Ltd. Representative: Pi-Fen Huang	-	-

F. Summarized Operation Results of Affiliated Enterprises

2012/12/31; Unit: in thousand; NTD

Name of Corporation	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income (Loss)	Net Income (Loss)	Earnings Per Share (\$)
Kryokey Co., Ltd.	29,000	9,297	199	9,098	0	(365)	(62)	(0.02)
Amity Capital Inc.	5,000	4,010	0	4,010	0	(12)	22	0.04
I-Catcher Optoelectronics Corp.	0	0	0	0	0	(252)	(122)	0.00
Nanomag International Co., Ltd.	5,983,389	47,950,084	82	47,950,002	0	(754)	5,649,004	28.94
Gigamag Co., Ltd.	484,941	19,795,290	11,021,790	8,773,500	963,410	198,412	3,966,786	275.90
Grus international Co., Limited	871,305	953,702	0	953,702	0	(121)	6,148	0.20
Sagitta International Co., Limited	917,147	1,004,418	61	1,004,357	0	(119)	6,742	0.23
Gemini International Co., Ltd.	85,508	1,263	0	1,263	0	1	(461)	(0.16)
Cetus International Co., Limited	0	0	0	0	0	(134)	(661)	0.00
Castmate International Co., Ltd.	997,512	23,011,546	0	23,011,546	0	(54)	2,519,942	73.36
Castmate International Pte. Ltd.	0	0	0	0	0	(163)	(158)	0.00
Cygnus International Co., Ltd.	4,046,586	21,409,054	72	21,408,982	0	(111)	2,475,397	17.76
Stella International Co., Ltd.	1,366,059	15,945,176	0	15,945,176	0	(254)	1,962,521	41.72
Norma International Pte. Ltd.	0	0	0	0	0	(163)	(158)	0.00
Lyra International Co., Ltd.	2,236,512	14,225,679	61	14,225,618	0	(62)	1,937,675	25.16
Uranus International Co., Ltd.	5,779,185	7,685,803	0	7,685,803	0	170	892,936	4.49
Aquila International Co., Ltd.	40,656	378,514	4,705	373,809	0	(343)	73,471	52.48
Saturn International Pte. Ltd.	0	0	0	0	0	(169)	(164)	0.00
Cepheus International Co., Ltd.	40,656	371,807	0	371,807	0	(4,468)	73,758	52.68
Artery Co., Ltd.	18,368	1,555	465	1,090	0	0	(230)	(0.36)
Catcher Technology Phils Inc.	4,213	1,697	151	1,546	0	(135)	(230)	(0.40)

Avatar Co., Ltd.	133,547	5,288,032	377,678	4,910,354	2,551,845	2,551,845	2,360,663	513.33
Hoppi Co., Ltd.	435,600	2,104,952	1,656,665	448,288	6,839,101	35,914	3	0.00
Leo Co., Ltd.	1,774,726	6,929,427	1,991,007	4,938,420	6,001,192	1,766,601	1,365,955	0.00
Orion Co., Ltd.	4,160,731	18,518,646	7,032,838	11,485,808	11,589,436	1,489,209	1,141,025	0.00
Catcher Technology (Suzhou) Co., Ltd.	3,701,309	14,016,588	3,710,253	10,306,335	11,381,695	2,477,639	1,919,312	0.00
Meecca Technology (Suzhou) Co., Ltd.	2,899,137	2,949,137	58,149	2,890,988	0	(5,881)	(8,145)	0.00
Topo Technology (Suzhou) Co., Ltd.	0	0	0	0	0	(528)	(528)	0.00
Topo Technology (Taizhou) Co., Ltd.	29,000	9,297	199	9,098	0	(365)	(62)	(0.02)
Catcher Technology (Sugian) Co., Ltd.	5,000	4,010	0	4,010	0	(12)	22	0.04
VITO Technology (Sugian) Co., Ltd.	0	0	0	0	0	(252)	(122)	0.00
WIT Technology (Taizhou) Co., Ltd.	5,983,389	47,950,084	82	47,950,002	0	(754)	5,649,004	28.94
Aquilia Technology (Suzhou) Co., Ltd.	484,941	19,795,290	11,021,790	8,773,500	963,410	198,412	3,966,786	275.90

(2)Consolidated Financial Statements Covering Affiliated Enterprises

Letter of Representation

The Companies represented in the consolidated financial statements of "Catcher Technology Co., Ltd. and its Affiliated Enterprises" for the year ended December 31, 2012 made in accordance with "The Rules Governing Preparation of Affiliated Enterprises Consolidated Operating Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report" are the identical companies represented in the consolidated financial statements of Catcher Technology Co., Ltd. and Subsidiaries made in accordance with ROC Statement of Financial Accounting Standards No. 7. The disclosures to the consolidated financial statements of affiliated enterprises are fully presented in the consolidated financial statements of "Catcher Technology Co., Ltd. and Subsidiaries". Accordingly, we will not present separately consolidated financial statements of affiliated enterprises".

Catcher Technology Co., Ltd.

Chairman: Allen Hung

2013/03/22

(3) Report on Affiliations:

None.

2. Issuance of Private Placement Securities

None.

3. Acquisition or Disposal of Catcher's Shares by Subsidiaries

None.

4. Other Necessary Supplements

None.

Nine · Disclosures of Events which may Have a Significant Influence on Stockholders Equity or Share Price, in Compliance with Item 2, Paragraph 2 In Article 35 of the Securities and Exchange Law of the R.O.C.

None.

**Appendix 1 、 Financial Statements audited by
accountant during the most recent fiscal year**

Catcher Technology Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

March 22, 2013

Notice to Readers

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

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

CATCHER TECHNOLOGY CO., LTD.

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

ASSETS	2012		2011		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Cash and cash equivalents (Notes 2 and 4)	\$ 6,096,273	8	\$ 4,576,804	7	\$ 3,732,000	5	\$ 650,962	1
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	-	-	692	-	37,772	-	49,508	-
Available-for-sale financial assets - current (Notes 2 and 6)	54,480	-	906,372	1	227,774	-	529,668	1
Notes receivable	30	-	-	-	1,631,246	2	2,267,351	3
Accounts receivable, net (Notes 2 and 7)	4,258,581	6	6,512,857	10	690,058	1	609,653	1
Account receivable - related parties (Note 21)	77,407	-	313,514	-	593,594	1	570,003	1
Other receivable	107,597	-	49,838	-	2,393	-	5,418	-
Other receivable - related parties (Notes 10 and 21)	13,872	-	121,374	-	178,203	-	149,914	-
Inventories (Notes 2 and 8)	340,355	1	358,784	1	3,487,922	5	-	-
Deferred income tax assets - current (Notes 2 and 17)	21,233	-	-	-	606,667	1	700,000	1
Other current assets	45,201	-	29,272	-	4,213	-	9,276	-
Total current assets	11,015,029	15	12,869,507	19	11,211,842	15	5,565,540	8
INVESTMENTS								
Investments accounted for by the equity method (Notes 2 and 10)	55,817,354	76	48,082,276	72	-	-	3,441,822	5
Available-for-sale financial assets - noncurrent (Notes 2 and 6)	84,446	-	68,230	-	1,000,000	2	1,606,667	3
Total investments	55,901,800	76	48,150,506	72	1,000,000	2	5,048,489	8
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11, 21 and 22)								
Cost								
Land	1,672,217	2	1,245,156	2	12,596	-	12,596	-
Buildings	1,103,654	2	568,613	1	-	-	-	-
Machinery and equipment	4,188,847	6	3,080,535	5	7,175	-	18,743	-
Transportation equipment	11,453	-	10,113	-	82,659	-	65,906	-
Furniture and fixtures	29,089	-	28,693	-	10,885	-	15,819	-
Rental assets	314,974	-	314,974	1	-	-	-	-
Miscellaneous equipment	258,470	-	228,951	-	100,719	-	100,468	-
Total cost	7,578,704	10	5,477,035	9	12,325,157	17	10,727,093	16
Revaluation increment - land of rental assets	43,615	-	43,615	-	-	-	-	-
Cost and revaluation increment	7,622,319	10	5,520,650	9	-	-	-	-
Less: Accumulated depreciation	1,846,277	2	1,317,551	2	-	-	-	-
Construction in progress and prepayments for equipment	5,776,042	8	4,203,099	7	-	-	-	-
Total property, plant and equipment	113,242	-	747,929	1	-	-	-	-
Reserve for land value increment tax (Note 11)	5,889,284	8	4,951,078	8	7,507,031	10	7,506,394	11
INTANGIBLE ASSETS								
Land use rights (Notes 2 and 23)	7,928	-	9,009	-	7,457,347	10	7,457,347	11
OTHER ASSETS								
Refundable deposits	3,326	-	3,360	-	9,245,068	13	9,239,097	14
Other assets - other (Notes 2, 11 and 15)	539,048	1	555,152	1	14,290	-	12,092	-
Total other assets	542,374	1	558,512	1	215,758	-	216,136	-
Retained earnings (Note 16)								
Legal reserve					16,932,463	23	16,924,672	25
Special reserve					4,452,426	6	3,384,703	5
Unappropriated earnings					-	-	858,793	2
Total retained earnings					31,698,728	43	24,770,699	37
Other equity (Notes 2, 11 and 16)					36,151,184	49	29,014,195	44
Cumulative translation adjustments					394,205	1	2,366,883	4
Unrealized loss on financial instruments					-	-	(11,644)	-
Unrealized revaluation increments on properties					11,019	-	11,019	-
Total other equity					440,580	1	2,366,258	4
Total stockholders' equity					61,031,258	83	55,811,519	84
TOTAL	\$ 73,356,415	100	\$ 66,538,612	100	\$ 73,356,415	100	\$ 66,538,612	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 22, 2013)

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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

(Continued)

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 11,917,765	102	\$ 11,338,640	68
INCOME TAX (Notes 2 and 17)	<u>1,027,280</u>	<u>9</u>	<u>661,407</u>	<u>4</u>
NET INCOME	<u>\$ 10,890,485</u>	<u>93</u>	<u>\$ 10,677,233</u>	<u>64</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 15.88</u>	<u>\$ 14.51</u>	<u>\$ 15.86</u>	<u>\$ 14.93</u>
Diluted	<u>\$ 15.51</u>	<u>\$ 14.18</u>	<u>\$ 15.07</u>	<u>\$ 14.20</u>

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD.

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

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

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

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

CATCHER TECHNOLOGY CO., LTD.

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

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

(Continued)

CATCHER TECHNOLOGY CO., LTD.

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

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

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

1. ORGANIZATION AND OPERATIONS

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Significant accounting policies are summarized as follows:

Foreign-currency Transactions

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

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

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

Accounting Estimates

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

Current and Noncurrent Assets and Liabilities

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

Cash Equivalents

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

Financial Assets and Liabilities at Fair Value Through Profit or Loss

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

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

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

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

Available-for-sale Financial Assets

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

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

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

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

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

Financial Assets Carried at Cost

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

Impairment of Accounts Receivable

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

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

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

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

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

Impairment of Assets

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

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

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

Allowance for Sales Returns

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

Inventories

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

Investments Accounted for by the Equity Method

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

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

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

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

Property, Plant and Equipment

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

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

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

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

Land Rights

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

Deferred Expenses

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

Capitalized and Current Expenditures

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

Convertible Bonds

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

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

Pension Costs

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

Income Tax

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

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

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

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

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

Revenue Recognition

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

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

3. ACCOUNTING CHANGE

Financial Instruments

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." The main revisions include (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Company are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost when a debtor has financial difficulties and the terms of obligations have been modified; and (5)

accounting treatment by a debtor for modifications in the terms of obligations. This accounting change did not have significant effect on the Company's financial statements as of and for the year ended December 31, 2011.

Operating Segments

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

4. CASH AND CASH EQUIVALENTS

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

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

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

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

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

a. Forward exchange contracts

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

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

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

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

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

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

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

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

7. ACCOUNTS RECEIVABLE

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

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

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

8. INVENTORIES

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

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

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

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

9. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

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

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

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

10. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

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

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

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

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

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

- b. In November 2000, Castmate incorporated Catcher Technology Phils., Inc. (“Catcher Phils”, a 100% owned subsidiary), which mainly processes and sells aluminum and magnesium die casting products. For the group reorganization purpose, the Company transferred its investment in Catcher Phils to Artery Co., Ltd. (“Artery”), incorporated in November 2001 and 100% owned by Nanomag. The Company terminated the operation of Catcher Phils in 2006.
- c. In April 2002, the Company incorporated Gigamag Co., Ltd. (“Gigamag”, a 100% owned subsidiary) for indirect investment in Hoppi Co., Ltd. (“Hoppi”), Avatar Co., Ltd. (“Avatar”), Leo Co., Ltd. (“Leo”) and Orion Co., Ltd. (“Orion”), all 100% owned subsidiaries and engaged in international trade.

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

- d. In May 2007, the Company, Bothhand Enterprise Inc. and other investors incorporated Kryokee Co., Ltd. which mainly engages in research and development. However, in their casual meeting, the stockholders decided to dissolve Kryokee. Kryokee was liquidated in December 2012. The Company reclassified the net book value NT\$13,872 thousand of Kryokee as other receivable - related parties.
- e. In June 2007, the Company incorporated Amity Capital Inc. which mainly engages in investing.
- f. In September 2007, the Company and other investors incorporated I-Catcher Optoelectronics Corp. which mainly engages in manufacturing and selling electron components.
- g. In October 2007, the Company invested NT\$111,000 thousand and acquired 30% equity of Sinher Technology Co., Ltd. which is engaged in manufacturing electron components.

- h. The Company's investment in Epileds was previously classified as financial assets carried at cost - noncurrent. In June 2009, the Company can exercise significant influence over Epileds's operating and financial policy decision because the chairman of the Company was elected as the chairman of Epileds. Therefore, the Company accounted for the investment by the equity method. The carrying amount of the investment as of January 1, 2009 was its deemed cost for the purpose of applying the equity method. The difference of NT\$1,981 thousand between the cost and the Company's share in the investee's net assets is amortized over 5 years. As of December 31, 2012, the unamortized amount was NT\$396 thousand.
- i. Since employee's bonus transferred to capital of Shiner in June 2012, the Company recorded the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited to capital surplus; the amount was NT\$734 thousand. In 2011, because of employee stock options and the valuation of employee stock option of Epileds, and employee's bonus transferred to capital and disposal of stocks of Sinher, the Company recorded the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited to capital surplus; the amount was NT\$8,279 thousand. The Company sold 278 thousand shares of Sinher for NT\$24,391 thousand in May 2011, and 101 thousand shares of Epileds for NT\$3,030 thousand in November 2011. The gains on these disposals were NT\$13,563 thousand and NT\$1,231 thousand, respectively.
- j. In December 2009, the Company invested NT\$3,000 thousand and acquired 30% equity of Yue-Kang Health Control Technology Inc. which is engaged in health and medical treatment consultancy services. In 2011, the Company invested NT\$2,000 thousand and NT\$1,000 thousand. Therefore, the ownership increased from 30% to 40%. Because the Company subscribed newly issued shares at a percentage differently from percentage of ownership in the investee, the Company recorded the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount debited to capital surplus; the amount was NT\$338 thousand. In April and December 2012, the Company invested a total of NT\$4,000 thousand for 400 thousand shares in proportion with the holding percentage.
- k. In July 2011, the Company invested NT\$50,000 thousand and acquired 40% equity of Kon-Cheng which is engaged in manufacturing and selling of plastic products. The difference of NT\$4,170 thousand between the cost and the Company's share in the investee's net assets is amortized over 5 years. As of December 31, 2012, the unamortized amount was NT\$1,295 thousand.
- l. Investment income (loss) recognized under the equity method was as follows:

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

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

	Year Ended December 31	
	2012	2011
Operation results		
Net sales	\$ 35,989,832	\$ 32,704,558
Operating income	6,784,098	9,269,571
Net income	5,327,203	7,852,765
	December 31	
	2012	2011
Financial position		
Current assets	\$ 30,383,961	\$ 27,127,602
Noncurrent assets	27,024,671	27,223,146
Current liabilities	25,874,227	23,582,897
Noncurrent liabilities	9,048	12,742
Net asset value	31,525,357	30,755,109

- m. Related information of invested companies is provided in Tables 7 and 8.
- n. Except for Epileds, Sinher, Yue-Kang, Kon-Cheng, and Chaohu Yunhai Magnesium Co., Ltd. which are invested indirectly by Nanomag and without effective control, all other subsidiaries were consolidated companies in the consolidated financial statements as of and for the years ended December 31, 2012 and 2011.

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

- a. Property, plant and equipment

Accumulated depreciation was as follows:

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

Information about capitalized interest was as follows:

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

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

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

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

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

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

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

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

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

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

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

12. SHORT-TERM LOANS

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

13. LONG-TERM DEBT

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

14. BONDS PAYABLE

First Domestic Unsecured Bond

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

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

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

Periods restricted for conversion:

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

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

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

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

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

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

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

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

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

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

Second Domestic Unsecured Bond

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

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

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

Periods restricted for conversion:

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

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

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

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

- a. Between October 28, 2011 and March 18, 2016, if the closing price of the Company's stock reaches 130% of the conversion price for 30 consecutive trading days.
- b. Between October 28, 2011 and March 18, 2016, the outstanding balance is lower than 10% of the original issuance amounts.

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

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

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

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

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

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

15. PENSION PLAN

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

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

Information about the defined benefit pension was as follows:

a. Components of net periodic pension cost

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

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

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

c. Actuarial assumptions

	December 31	
	2012	2011
Discount rate used in determining present values	1.875%	2%
Future salary increase rate	1.875%	2%
Expected rate of return on plan assets	1.875%	2%
	Year Ended December 31	
	2012	2011
d. Contributions to the fund	<u>\$ 2,095</u>	<u>\$ 1,955</u>
e. Payments from the fund	<u>\$ -</u>	<u>\$ 3,748</u>

16. STOCKHOLDERS' EQUITY

Issuance of Global Depositary Receipts (GDRs)

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

Capital Surplus

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

Appropriation of Earnings and Dividend Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unrealized Gain or Loss on Financial Instruments

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

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

Unrealized Revaluation Increment on Properties

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

17. INCOME TAX

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

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

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

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

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

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

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

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

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

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

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

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

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

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

19. EARNINGS PER SHARE (EPS)

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

a. Numerator, net income

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

b. Denominator - thousand shares

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

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

20. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

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

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

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

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

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

- d. Valuation gains (losses) from changes in fair value of financial instruments determined by using valuation techniques were gain of NT\$11,044 thousand and gain of NT\$21,025 thousand for the years ended December 31, 2012 and 2011, respectively.
- e. As of December 31, 2012 and 2011, financial assets exposed to fair value interest rate risk amounted to NT\$2,907,269 thousand and NT\$2,586,822 thousand, respectively, financial liabilities exposed to fair value interest rate risk amounted to NT\$3,487,922 thousand and NT\$3,441,822 thousand, respectively, financial assets exposed to cash flow interest rate risk amounted to NT\$3,187,982 thousand and NT\$1,986,056 thousand, respectively, and financial liabilities exposed to cash flow interest rate risk amounted to NT\$5,338,667 thousand and NT\$2,957,629 thousand, respectively.
- f. The interest income (expense) associated with financial assets (liabilities) other than at FVTPL was as follows:

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

- g. Financial risk
- 1) Market risk

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

- 2) Credit risk

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

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

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

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

3) Liquidity risk

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

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

4) Cash flow interest rate risk.

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

21. RELATED PARTY TRANSACTIONS

a. Related parties and their relationships with the Company

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

(Continued)

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

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

1) Sales

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

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

2) Purchases

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

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

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

3) Supplies

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

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

	Amount	% to Total Purchases
Epileds	\$ 1,373	1
Kon-Cheng	1,156	-
Leo	<u>683</u>	<u>-</u>
	<u>\$ 3,212</u>	<u>1</u>

4) Purchases of property, plant and equipment

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

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

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

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

5) Guarantees

The Company had provided guarantees to related parties as follows:

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

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

	Year Ended December 31			
	2012		2011	
	Maximum Balance	Ending Balance	Maximum Balance	Ending Balance
Hoppi	\$ 245,749	<u>\$ -</u>	\$ 457,010	<u>\$ 245,749</u>

c. Year-end balance

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

d. Compensation of directors, supervisors and management personnel:

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

22. MORTGAGED OR PLEDGED ASSETS

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

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

23. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

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

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

- b. The unbilled amounts for purchases of properties and materials were NT\$353,157 thousand and NT\$29,929 thousand, respectively.
- c. Guarantees for letters of credit provided by the Company to Avatar, Gigamag, Orion, Meecca Suzhou, Topo Suzhou and Catcher Suqian amounted to NT\$29,666,320 thousand.

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

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

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

25. OTHER

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

26. ADDITIONAL DISCLOSURES

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

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

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

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

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

b. Investment in Mainland China

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

27. OPERATING SEGMENT INFORMATION

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2012			Note
				Units or Shares	Carrying Value	Percentage of Ownership (%)	
Catcher Technology Co., Ltd.	Yi-Inn Unsecured Convertible Bond I	100% owned subsidiary	Available-for-sale financials assets - current	50,000	\$ 5,030		The difference is the adjustment to unrealized gain on downstream intercompany transactions between subsidiaries.
	Mega Unsecured Convertible Bond I		500,000	49,450			
	Giantplus Technology Co., Ltd.		10,198,783	54,480	2.0	84,446	
	Asia Pacific Telecom Co., Ltd.		1,205,000	-	-	-	
	Light Tek Co., Ltd.		611,374	-	1.0	-	
	Gigamag Co., Ltd.		14,377,642	7,224,360	100.0	8,773,500	
	Nanomag International Co., Ltd.		195,209,016	47,950,002	100.0	47,950,002	
	Amiby Capital Inc.		2,900,000	9,098	100.0	9,098	
	Yue-Kang Health Control Technology Inc.		1,000,000	1,927	40.0	1,927	
	I-Catcher Optoelectronics Corp.		499,000	4,002	99.8	4,002	
Gigamag Co., Ltd.	Sinher Technology Co., Ltd.	16,652,289	435,673	27.2	435,673	The difference is the adjustment of net equity.	
	Epiledis Technology Inc.	7,347,144	142,692	7.3	143,088		
	Kon-Cheng Accuracy Co., Ltd.	5,000,000	49,600	40.0	50,895		
	Hoppi Co., Ltd.	4,598,742	4,910,354	100.0	57,368,185		
	Avatar Co., Ltd.	6,938,100	784,899	100.0	1,962,071		
	Leo Co., Ltd.	15,000,000	448,287	100.0	448,287		
	Orion Co., Ltd.	5,000,000	(157,190)	100.0	227,599		
	JPMorgan Funds - US Aggregate Bond Fund	1,180,027	436,917	-	436,917		
	JPMorgan Funds - Global Corporate Bond Fund	1,049,685	445,964	-	445,964		
	Artery Co., Ltd.	632,495	1,090	100.0	1,090		The difference is the adjustment to unrealized gain on downstream intercompany transactions between subsidiaries.
Gemini International Co., Ltd.	2,944,500	1,263	100.0	1,263			
Casmate International Co., Ltd.	34,349,591	23,002,719	100.0	23,011,546			

(Continued)

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL YEAR ENDED DECEMBER 31, 2012

(Amounts in Thousands of New Taiwan Dollars, except Foreign Currency in Dollars)

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

(Continued)

Note 1: Including incremental investment US\$15,000,000, and gain in valuation of fair value US\$3,56,892.93.

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

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

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

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

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL YEAR ENDED DECEMBER 31, 2012
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Casmate International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd. Catcher Technology (Suqian) Co., Ltd.	Same parent company Ditto	\$ 755,040 435,600	- (Note 1) -	- -	Not applicable Not applicable	\$ - 435,600	- -
Stella International Co., Ltd.	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	1,452,000	- (Note 1)	-	Not applicable	-	-
Topo Technology (Suzhou) Co., Ltd.	Leo Co., Ltd. Catcher Technology (Suqian) Co., Ltd.	Same parent company Ditto	240,502 2,075,480	5.70 -	- (Note 3)	- Not applicable	240,502 411	- -
Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd. Leo Co., Ltd. Topo Technology (Taizhou) Co., Ltd.	Same parent company Ditto Ditto	2,472,017 762,887 1,043,157	- 4.25 -	- (Note 3) (Note 3)	Not applicable -	1,795 762,887 -	- -
Catcher Technology (Suqian) Co., Ltd.	Leo Co., Ltd.	Same parent company	453,565	1.06	-	-	453,565	-
Aquila Technology (Suzhou) Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Same parent company	161,125	2.71	-	-	97,274	-
Leo Co., Ltd.	Catcher Technology Co., Ltd.	Parent company	1,603,162	3.18	-	-	1,603,162	-
Orion Co., Ltd.	Topo Technology (Taizhou) Co., Ltd. Catcher Technology (Suqian) Co., Ltd.	Same parent company Ditto	614,678 252,501	- (Note 3)	-	Not applicable	614,678 237,882	- -
	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	119,783	1.25	-	-	63,274	-
			36,280	- (Note 3)	-	Not applicable	3,906	-
			<u>\$ 1,56,063</u>					
Cygnus International Co., Ltd.	Catcher Technology (Suzhou) Co., Ltd.	Same parent company	381,269	- (Note 2)	-	Not applicable	-	-

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

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

Note 1: Manufacturing and selling molds and electronic parts.

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

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

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2012

(Amounts in Thousands of New Taiwan Dollars, Except Foreign Currency in Dollars)

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

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

Note 1: The investing methods are categorized as follows:

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

(Continued)

Note 2: In the column:

- 1: This means the investee is under initial preparation and there were no gains or losses on investment.
 - 2: The recognition of gains or losses on investment is based on:
 - (1) The financial statements audited by global accounting firms, which are affiliated with the accounting firms in the Republic of China.
 - (2) The financial statements audited by the certified public accountant of the parent company in Taiwan.
 - (3) The financial statements were not audited by the certified public accountant
 - (4) Others.
- Note 3: The upper limit on investment in Mainland China is calculated as: $\$61,031,258 \times 60\% = \$36,618,755$.
- Note 4: The paid-in capital of US\$6,670,000, which is self-owned funding of Nanomag International Co., Ltd., is invested in Topo Technology (Suzhou) Co., Ltd. through Stella International Co., Ltd., and the paid-in capital of US\$33,300,000 is earning distributed in the third quarter 2011.
- Note 5: The paid-in capital of US\$30,000,000 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., and then reinvested in Topo Technology (Suzhou) Co., Ltd.
- Note 6: The paid-in capital of US\$106,000,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd., then invested in Meeea Technology (Suzhou Industrial Park) Co., Ltd., and the paid-in capital of US\$16,670,000 is earning distributed in third quarter 2011.
- Note 7: The paid-in capital of US\$5,001,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd. and then invested in Catcher Technology (Suqian) Co., Ltd.
- Note 8: The paid-in capital of US\$16,670,000 is earnings distributed in the third quarter 2011.
- Note 9: The paid-in capital of US\$2,900,977 is earnings distributed from Stella International Co., Ltd. to Topo Technology (Suzhou) Co., Ltd. and then invested in Topo Technology (Taizhou) Co., Ltd.
- Note 10: The paid-in capital of US\$99,000,000 is earnings distributed from Nanomag International Co., Ltd. to Uranus International Co., Ltd. and then invested in Vito Technology (Suqian) Co., Ltd.
- Note 11: The exchange rate is one US\$ for 29.04 New Taiwan dollars on December 31, 2012.
The exchange rate is one RMB for 4.6202 New Taiwan dollars on December 31, 2012.
- Note 12: WIT Technology (Taizhou) Co., Ltd. was dissolved in June 2012, and the rest amount of capital has not been wired back Taiwan.

(Concluded)

CATCHER TECHNOLOGY CO., LTD.

SIGNIFICANT DIRECT OR INDIRECT TRANSACTIONS WITH THE INVESTEES, PRICES AND TERMS OF PAYMENT, UNREALIZED GAIN OR LOSS
YEAR ENDED DECEMBER 31, 2012

(Amounts in Thousands of New Taiwan Dollars)

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

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

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

**Appendix 2 · Consolidated Financial Statements audited by
accountant during the most recent fiscal year**

Catcher Technology Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

March 22, 2013

Notice to Readers

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

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

ASSETS	2012		2011	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	\$ 45,725,615	45	\$ 40,197,831	45
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	-	-	117,765	-
Available-for-sale financial assets - current (Notes 2 and 6)	937,361	1	1,343,321	2
Notes receivables	30	-	-	-
Accounts receivable, net (Notes 2 and 7)	15,173,226	15	12,322,837	14
Other receivable	212,834	-	167,411	-
Inventories (Notes 2 and 8)	2,449,094	3	2,537,880	3
Deferred income tax assets - current (Notes 2 and 17)	89,763	-	103,972	-
Other current assets	2,044,791	2	1,203,798	1
Total current assets	66,632,714	66	57,994,815	65
INVESTMENTS				
Investments accounted for by the equity method (Notes 2 and 10)	1,633,938	2	1,356,340	2
Available-for-sale financial assets - noncurrent (Notes 2 and 6)	84,446	-	68,230	-
Total investments	1,718,384	2	1,424,570	2
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 22)				
Cost				
Land	1,672,217	2	1,245,156	2
Buildings	7,826,304	8	7,099,927	8
Machinery and equipment	28,604,725	28	26,714,711	30
Transportation equipment	75,976	-	66,456	-
Furniture and fixtures	918,890	1	731,270	1
Rental assets	314,974	-	314,974	-
Leasehold improvement	8,784	-	8,991	-
Miscellaneous equipment	387,888	1	338,139	-
Total cost	39,809,758	40	36,519,624	41
Revaluation increment - land of rental assets	43,615	-	43,615	-
Cost and revaluation increment	39,853,373	40	36,563,239	41
Less: Accumulated depreciation	11,144,371	11	9,477,309	11
	28,709,002	29	27,085,930	30
Construction in progress and prepayments for equipment	2,289,038	2	1,322,310	2
Total property, plant and equipment	30,998,040	31	28,408,240	32
INTANGIBLE ASSETS				
Land use rights (Notes 2 and 11)	697,916	-	429,991	-
OTHER ASSETS				
Refundable deposits	18,501	-	18,341	-
Deferred income tax assets - noncurrent (Notes 2 and 17)	127,333	-	4,004	-
Restricted assets - noncurrent (Note 22)	-	-	244,698	-
Other assets - other (Notes 2, 11 and 15)	732,955	1	753,648	1
Total other assets	878,789	1	1,020,691	1
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 12)	\$ 24,439,799	24	\$ 17,040,191	19
Notes payable	308,002	-	136,454	-
Accounts payable	2,980,944	3	3,085,509	4
Accounts payable - related parties (Note 21)	49,262	-	35,971	-
Income tax payable	1,275,657	1	1,119,544	1
Accrued expenses	2,620,698	3	2,464,325	3
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 14)	37,772	-	49,508	-
Current portion of bonds payable (Notes 2 and 14)	3,487,922	3	-	-
Current portion of long-term debt (Notes 13 and 22)	839,417	1	983,255	1
Deferred income tax liabilities - current (Notes 2 and 17)	-	-	38,544	-
Other current liabilities	701,901	1	827,610	1
Total current liabilities	36,741,374	36	25,750,911	29
LONG-TERM LIABILITIES				
Bonds payable (Notes 2 and 14)	-	-	3,441,822	4
Long-term debt (Notes 13 and 22)	2,862,875	3	3,970,752	4
Total long-term liabilities	2,862,875	3	7,412,574	8
RESERVE FOR LAND VALUE INCREMENT TAX (Note 11)				
	12,596	-	12,596	-
OTHER LIABILITIES				
Guarantee deposit received	16,224	-	31,485	-
Deferred income tax liabilities - noncurrent (Notes 2 and 17)	82,659	-	65,906	-
Total other liabilities	98,883	-	97,391	-
Total liabilities	39,715,728	39	33,273,472	37
STOCKHOLDERS' EQUITY OF PARENT COMPANY				
Capital stock - common stock, NT\$10 par value (Notes 14 and 16)				
Authorized - 2012 and 2011: 1,000,000 thousand shares (including 23,000 thousand shares for employee stock option)				
Issued - 2012: 750,703.1 thousand shares and 2011: 750,639.4 thousand shares	7,507,031	8	7,506,394	8
Capital surplus (Notes 2, 10, 14 and 16)				
Additional paid-in capital	7,457,347	8	7,457,347	9
Bond conversion premium	9,245,068	9	9,239,097	10
Long-term investments	14,290	-	12,092	-
Stock options	215,758	-	216,136	-
Total capital surplus	16,932,463	17	16,924,672	19
Retained earnings (Note 16)				
Legal reserve	4,452,426	5	3,384,703	4
Special reserve	-	-	858,793	1
Unappropriated earnings	31,698,758	31	24,770,699	28
Total retained earnings	36,151,184	36	29,014,195	33
Other equity (Notes 2, 11 and 16)				
Cumulative translation adjustments	394,205	-	2,366,883	3
Unrealized loss on financial instruments	35,356	-	(11,644)	-
Unrealized revaluation increments on properties	11,019	-	11,019	-
Total other equity	440,580	-	2,366,258	3
Total stockholders' equity of parent company	61,031,258	61	55,811,519	63
MINORITY INTEREST				
	178,857	-	193,316	-
Total stockholders' equity	61,210,115	61	56,004,835	63
TOTAL	<u>\$ 100,925,843</u>	<u>100</u>	<u>\$ 89,278,307</u>	<u>100</u>

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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

(Continued)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	Capital Stock	Capital in Excess of Par Value		Capital Surplus		Retained Earnings		Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment on Properties	Minority Interest	Total Stockholders' Equity
		Capital in Excess of Par Value	Bond Conversion Premium	Long-term Investments	Stock Options	Legal Reserve	Special Reserve					
BALANCE, JANUARY 1, 2011	\$ 6,649,085	\$ 1,583,179	\$ 3,909,701	\$ 4,151	\$ 290,909	\$ 2,941,719	\$ -	\$ 18,156,426	\$ (59,187)	\$ 11,019	\$ 177,500	\$ 32,853,877
Issuance of capital stock for CDRs - June 7, 2011 (Note 16)	335,000	5,874,168	-	-	-	-	-	-	-	-	-	6,209,168
Appropriation of the 2010 earnings (Note 16):	-	-	-	-	-	442,984	858,793	(442,984)	-	-	-	-
Legal reserve	-	-	-	-	-	442,984	858,793	(442,984)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(858,793)	-	-	-	-
Cash dividends - 36.8%	-	-	-	-	-	-	-	(2,761,183)	-	-	-	(2,761,183)
Change in unrealized gain on available-for-sale financial assets (Note 16)	-	-	-	-	-	-	-	-	47,543	-	-	47,543
Consolidated net income in 2011	-	-	-	-	-	-	-	10,677,233	-	-	(12,449)	10,664,784
Equity component of convertible bonds (Note 14)	-	-	-	-	264,756	-	-	-	-	-	-	264,756
Conversion of convertible bonds (Note 14)	522,509	-	5,329,396	-	(339,529)	-	-	-	-	-	-	5,512,176
Adjustment arising from change in percentage of ownership in investees (Note 10)	-	-	-	7,941	-	-	-	-	-	-	-	7,941
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	11,731	3,182,595
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	16,534	16,534
Change in translation adjustment from investees accounted for by the equity method	-	-	-	-	-	-	-	6,644	-	-	-	6,644
BALANCE, DECEMBER 31, 2011	7,506,594	7,457,347	9,239,097	12,092	216,136	3,384,703	858,793	24,770,699	(11,644)	11,019	193,316	56,004,835
Appropriation of the 2011 earnings (Note 16):	-	-	-	-	-	1,067,723	(858,793)	(1,067,723)	-	-	-	-
Legal reserve	-	-	-	-	-	1,067,723	(858,793)	(1,067,723)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	858,793	-	-	-	-
Cash dividends - 50%	-	-	-	-	-	-	-	(3,753,496)	-	-	-	(3,753,496)
Cash dividends distributed to minority interest	-	-	-	-	-	-	-	-	-	-	(25,299)	(25,299)
Change in unrealized loss on available-for-sale financial assets (Note 16)	-	-	-	-	-	-	-	-	47,000	-	-	47,000
Consolidated net income in 2012	-	-	-	-	-	-	-	10,890,485	-	-	18,538	10,909,043
Conversion of convertible bonds (Note 14)	637	-	5,971	-	(378)	-	-	-	-	-	-	6,230
Adjustment arising from change in percentage of ownership in investees (Note 10)	-	-	-	2,198	-	-	-	-	-	-	-	2,198
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	(6,817)	(1,970,896)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	(901)	(901)
Change in translation adjustments from investees accounted for by the equity method	-	-	-	-	-	-	-	(8,599)	-	-	-	(8,599)
BALANCE, DECEMBER 31, 2012	<u>\$ 7,507,031</u>	<u>\$ 7,457,347</u>	<u>\$ 9,245,068</u>	<u>\$ 14,290</u>	<u>\$ 215,758</u>	<u>\$ 4,452,426</u>	<u>\$ -</u>	<u>\$ 31,698,758</u>	<u>\$ 35,356</u>	<u>\$ 11,019</u>	<u>\$ 178,857</u>	<u>\$ 61,210,115</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 22, 2013)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

1. ORGANIZATION AND OPERATIONS

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

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

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

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

The subsidiaries were as follows:

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Significant accounting policies are summarized as follows:

Basis of Consolidated Financial Statements

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

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

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

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

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

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

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

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

Accounting Estimates

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

Current and Noncurrent Assets and Liabilities

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

Cash Equivalents

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

Financial Assets and Liabilities at Fair Value Through Profit or Loss

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

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

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

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

Available-for-sale Financial Assets

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

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

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

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

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

Financial Assets Carried at Cost

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

Impairment of Accounts Receivable

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

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

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

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

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

Impairment of Assets

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

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

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

Allowance for Sales Returns

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

Inventories

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

Investments Accounted for by the Equity Method

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

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

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

Property, Plant and Equipment

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

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

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

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

Intangible Assets

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

Deferred Expenses

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

Capitalized and Current Expenditures

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

Convertible Bonds

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

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

Pension Costs

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

Income Tax

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

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

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

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

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

Revenue Recognition

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

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

3. ACCOUNTING CHANGE

Financial Instruments

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

Operating Segments

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

4. CASH AND CASH EQUIVALENTS

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

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

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

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

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

a. Forward exchange contracts

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

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

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

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

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

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

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

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

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

7. ACCOUNTS RECEIVABLE

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

Movements of the allowance for doubtful accounts were as follows:

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

Movements of the allowance for sales returns were as follows:

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

8. INVENTORIES

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

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

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

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

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

9. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

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

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

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

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

10. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

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

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

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

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

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

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

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

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

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

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

a. Property, plant and equipment

Accumulated depreciation was as follows:

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

Information about capitalized interest was as follows:

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

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

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

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

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

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

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

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

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

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

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

b. Land use rights

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

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

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

c. Other assets - other

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

12. SHORT-TERM LOANS

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

13. LONG-TERM DEBT

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

14. BONDS PAYABLE

First Domestic Unsecured Bond

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

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

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

Periods restricted for conversion:

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

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

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

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

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

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

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

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

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

Second Domestic Unsecured Bond

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

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

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

Periods restricted for conversion:

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

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

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

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

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

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

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

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

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

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

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

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

15. PENSION PLAN

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

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

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

Information about the defined benefit pension was as follows:

a. Components of net periodic pension cost

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

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

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

c. Actuarial assumptions

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

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

16. STOCKHOLDERS' EQUITY

Issuance of Global Depositary Receipts (GDRs)

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

Capital Surplus

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

Appropriation of Earnings and Dividend Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unrealized Gain or Loss on Financial Instruments

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

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

Unrealized Revaluation Increment on Properties

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

17. INCOME TAX

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

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

19. EARNINGS PER SHARE (EPS)

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

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

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

- b. Denominator - thousand shares

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

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

20. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

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

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

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

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

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

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

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

- g. Financial risk

1) Market risk

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

2) Credit risk

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

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

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

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

3) Liquidity risk

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

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

4) Cash flow interest rate risk

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

21. RELATED PARTY TRANSACTIONS

a. Related parties and their relationships with the Group

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

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

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

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

c. Year-end balance

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

d. Compensation of directors, supervisors and management personnel:

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

22. MORTGAGED OR PLEDGED ASSETS

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

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

23. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

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

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

- b. The unbilled amounts for purchases of properties and materials were NT\$4,813,172 thousand and NT\$29,929 thousand, respectively.

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

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

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

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

25. ADDITIONAL DISCLOSURES

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

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

b. Investment in Mainland China

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

26. OPERATING SEGMENT INFORMATION

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

a. Geographical information

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

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

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

b. Information about major customers

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

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

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

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

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

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

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

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

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

(Continued)

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

(Concluded)

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

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

(Continued)

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

(Concluded)

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

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

4) Special reserve at the date of transition to IFRSs

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

5) Exemptions from IFRS 1

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

Business combinations

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

Cost recognition

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

Employee benefits

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

Cumulative translation differences

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

6) Significant differences between ROC GAAP and IFRSs

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

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

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

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

b) Deferred income tax on intercompany transactions

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

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

c) Land value increment tax

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

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

d) Classification of deferred income tax assets or liabilities

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

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

e) Basis of property, plant and equipment

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

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

f) Classification of rental assets and other assets

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

g) Classification of deferred expenses

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

h) Land use rights

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

i) Employee benefits

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

j) Employee benefits - short-term employee benefits

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

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

k) Valuation and classification of financial assets carried at cost

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

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

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

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

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

m) Offsetting between deferred tax assets/liabilities

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

n) Classification of prepayments for equipment

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

o) Investments in associates and joint ventures

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

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

TABLE 1

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2012			Note	
				Units or Shares	Carrying Value	Percentage of Ownership (%)		Market Value or Net Asset Value
Catcher Technology Co., Ltd.	Yi-Jinn Unsecured Convertible Bond I		Available-for-sale financials assets - current	50,000	\$ 5,030		\$ 5,030	The difference is the adjustment to unrealized gain on downstream intercompany transactions between subsidiaries.
	Mega Unsecured Convertible Bond I		Ditto	500,000	49,450		49,450	
	Giantplus Technology Co., Ltd.		Available-for-sale financials assets - noncurrent	10,198,783	54,480	2.0	54,480	
	Asia Pacific Telecom Co., Ltd.		Financial assets carried at cost - noncurrent	1,205,000	-	-	84,446	
	Light Tek Co., Ltd.		Ditto	611,374	-	1.0	-	
	Gigamag Co., Ltd.	100% owned subsidiary	Investments accounted for by the equity method	14,377,642	7,224,360	100.0	8,773,500	
	Nanomag International Co., Ltd.	Ditto	Ditto	195,209,016	47,950,002	100.0	47,950,002	
	Amiby Capital Inc.	Ditto	Ditto	2,900,000	9,098	100.0	9,098	
	Yue-Kang Health Control Technology Inc.	40% equity-method investee	Ditto	1,000,000	1,927	40.0	1,927	
	I-Catcher Optoelectronics Corp.	99.8% owned subsidiary	Ditto	499,000	4,002	99.8	4,002	
Sinher Technology Co., Ltd.	27.2% equity-method investee	Ditto	16,652,289	435,673	27.2	435,673		
Epiledis Technology Inc.	7.3% equity-method investee	Ditto	7,347,144	142,692	7.3	143,088		
Kon-Cheng Accuracy Co., Ltd.	40% equity-method investee	Ditto	5,000,000	49,600	40.0	50,895	The difference is the adjustment of net equity	
Gigamag Co., Ltd.			Investments accounted for by the equity method		55,817,354		57,368,185	
	Hoppi Co., Ltd.	100% owned subsidiary	Ditto	4,598,742	4,910,354	100.0	4,910,354	
	Avatar Co., Ltd.	Ditto	Ditto	6,938,100	784,899	100.0	1,962,071	The difference is the adjustment to unrealized gain on downstream intercompany transactions between subsidiaries.
	Leo Co., Ltd.	Ditto	Ditto	15,000,000	448,287	100.0	448,287	
Hoppi Co., Ltd.			Investments accounted for by the equity method in credit	5,000,000	(157,190)	100.0	227,599	The difference is the adjustment to unrealized gain on downstream intercompany transactions between subsidiaries.
	JPMorgan Funds - US Aggregate Bond Fund		Available-for-sale financials assets - current	1,180,027	436,917	-	436,917	
	JPMorgan Funds - Global Corporate Bond Fund		Ditto	1,049,685	445,964	-	445,964	
Nanomag International Co., Ltd.			Investments accounted for by the equity method	632,495	1,090	100.0	1,090	
	Artery Co., Ltd.	100% owned subsidiary	Ditto	2,944,500	1,263	100.0	1,263	The difference is the adjustment to unrealized gain on downstream intercompany transactions between subsidiaries.
	Castmate International Co., Ltd.	Ditto	Ditto	34,349,591	23,002,719	100.0	23,011,546	

(Continued)

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL YEAR ENDED DECEMBER 31, 2012

(Amounts in Thousands of New Taiwan Dollars, except Foreign Currency in Dollars)

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

(Continued)

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

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

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

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

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

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details		Abnormal Transaction		Notes/Accounts Payable or Receivable Ending Balance	% to Total	Note
			Purchases/Sales	Amount	% to Total	Payment Terms			
Catcher Technology Co., Ltd.	Orion Co., Ltd.	Subsidiary	Sales	\$ 508,714	4	Net 120 days after monthly closing	No comparable prices for general customers	Equivalent	2
	Leo Co., Ltd.	Ditto	Purchases	6,105,883	94	Net 90 days after next month closing	No comparable prices for general suppliers	Equivalent	(85)
Topo Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	Same parent company	Sales	3,186,270	28	Net 30 days after monthly closing	Equivalent	Net 90 to 120 days after monthly closing for general customers	7
	Catcher Technology (Suzhou) Co., Ltd.	Ditto	Sales	186,729	2	Net 90 days after monthly closing	Equivalent	Ditto	2
Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Orion Co., Ltd.	Ditto	Purchases	364,923	8	Net 90 days after monthly closing	Equivalent	Net 30 to 90 days after next month closing for general suppliers	(4)
	Leo Co., Ltd.	Same parent company	Sales	2,005,946	17	Net 30 days after monthly closing	Equivalent	Net 30 to 120 days after monthly closing for general customers	18
Catcher Technology (Suzhou) Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Ditto	Sales	184,059	2	Net 90 days after monthly closing	Equivalent	Ditto	-
	Orion Co., Ltd.	Ditto	Purchases	149,514	2	Net 90 days after monthly closing	Equivalent	Net 60 to 120 days after monthly closing for general suppliers	(11)
Catcher Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	Same parent company	Sales	981,842	16	Net 30 days after monthly closing	Equivalent	Net 30 to 120 days after monthly closing for general customers	1
	Topo Technology (Suzhou) Co., Ltd.	Ditto	Sales	119,996	2	Net 90 days after monthly closing	Equivalent	Ditto	3
Catcher Technology (Suqian) Co., Ltd.	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	Sales	4,639,194	65	Net 30 days after monthly closing	Equivalent	Net 30 to 120 days after monthly closing for general customers	4
	Topo Technology (Suzhou) Co., Ltd.	Ditto	Sales	1,174,736	17	Net 30 days after monthly closing	Equivalent	Ditto	3
Topo Technology (Taizhou) Co., Ltd.	Leo Co., Ltd.	Ditto	Sales	527,616	8	Net 90 days after monthly closing	Equivalent	Ditto	45
	Catcher Technology (Suzhou) Co., Ltd.	Ditto	Sales	236,979	3	Net 30 days after monthly closing	Equivalent	Ditto	1
Aquila Technology (Suzhou) Co., Ltd.	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	Sales	280,767	100	Net 90 days after monthly closing	No comparable prices for general customers	No comparable sales term for general customers	100
	Topo Technology (Suzhou) Co., Ltd.	Same parent company	Sales	344,082	75	Net 120 days after monthly closing	Equivalent	Net 90 to 120 days after monthly closing for general customers	75

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2012
(Amounts in Thousands of New Taiwan Dollars)

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

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

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

(Continued)

Note 1: Manufacturing and selling molds and electronic parts.

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

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

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2012

(Amounts in Thousands of New Taiwan Dollars, Except Foreign Currency in Dollars)

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

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

Note 1: The investing methods are categorized as follows:

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

(Continued)

Note 2: In the column:

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

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

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

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

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

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

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

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

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

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

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

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

The exchange rate is one RMB for 4.6202 New Taiwan dollars on December 31, 2012.

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD.

SIGNIFICANT DIRECT OR INDIRECT TRANSACTIONS WITH THE INVESTEES, PRICES AND TERMS OF PAYMENT, UNREALIZED GAIN OR LOSS
YEAR ENDED DECEMBER 31, 2012

(Amounts in Thousands of New Taiwan Dollars)

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

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

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

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

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

(Continued)

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

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

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

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

(Continued)

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

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

(Concluded)

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